



CANADA'S CLEAN AIR ACT: SUMMARY

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The federal government tabled its new *Canada's Clean Air Act* legislation today. Highlights are as follows:

- Will establish short-, medium- and long-term targets for air pollutants and GHGs from main human sources (including industry, transportation and certain products).
- Amends *Canadian Environmental Protection Act 1999*, *Energy Efficiency Act*, and *Motor Vehicle Fuel Consumption Standards Act*.
- Will move a number of substances from the list of "CEPA Toxic" substances to new categories, "air pollutants" and "greenhouse gases" (collectively referred to as "air emissions").
- Consultations with industrial sectors will occur over next nine months.
- Targets would be set for both air pollutants (fixed cap approach) and greenhouse gases (emissions intensity approach) for short- (2010-2015), medium- (2020-2025) and long-term (2050). The long-term goal for GHGs would be a 45-65% reduction from 2003 levels by 2050 (A more specific target will be determined later).
- In most cases, efforts will be made to align Canadian standards with those in the U.S.

Substances covered by Canada's Clean Air Act

Air Pollutants: particulate matter less than 10 microns (PM10), Ozone (O3), Nitric Oxide (NO), Nitrogen Dioxide (NO2), Sulphur Dioxide (SO2), Volatile Organic Compounds (VOCs), Gaseous Ammonia (NH3), Mercury (Note: Mercury will remain on list of "CEPA Toxic" substances).

Greenhouse Gases: Carbon Dioxide (CO2), Methane (CH4), Nitrous Oxide (N2O), Some hydrofluorocarbons, some perfluorocarbons, Sulphur Hexafluoride (SF6)

Scope of Proposed Regulatory Actions:

- Transportation, including regulations to reduce smog- and acid rain-forming emissions from on-road and off-road vehicles, engines and fuels in alignment with U.S. EPA, regulations to regulate fuel consumption of road motor vehicles starting in 2011 model year, and actions to reduce emissions from other modes of transportation such as rail and marine.
- Industrial sectors, including fossil-fuel fired electricity generation, upstream oil and gas, downstream petroleum, base metal smelters, iron and steel, cement, forest products and chemical production.

- Consumer and commercial products, including products that may not themselves contain pollutants but whose use may cause air emissions. There is an intention to strengthen energy-efficiency standards and labeling requirements for consumer and commercial products.
- Indoor air, including identification and regulation of products that could result in degradation of indoor air quality.

Regulations Planned for First 12 Months

- Final regulations to further reduce air pollutant emissions from on-road motorcycles.
- Amendments to existing regulations reducing emissions from off-road diesel engines and equipment.
- New regulations to reduce air pollutant emissions from marine spark ignition engines and off-road recreational vehicles.
- New regulations requiring on-board diagnostic systems for on-road heavy duty engines.
- New regulations to reduce air pollutant emissions from off-road large spark-ignition engines.
- Initiate discussions with U.S. EPA on a coordinated approach to administering cleaner vehicles, engines and fuel regulations.
- Regulations to reduce VOC emissions from various consumer and commercial products aligned generally with U.S. requirements. In short-term, these include limiting VOC content in architectural, industrial and maintenance coatings, consumer products and automobile refinishing coatings.

Canadian Chamber Reaction

- This Act moves the discussion away from unrealistic short-term Kyoto targets and allows for the consideration of more practical medium- and long-term targets. This will ensure that Canada takes the time to make the right decisions and that companies have time to develop, implement and commercialize new technologies.
- Intensity-based targets for greenhouse gases do not discriminate against companies that are expanding and will focus on improving productivity and energy efficiency.
- This Act brings a regulatory regime forward that provides some certainty to companies as to what will be expected of them over the medium- and long-term while honouring existing Memoranda of Understanding with certain industry players.
- The Canadian Chamber of Commerce is pleased to see that greenhouse gases and air pollutants are being taken off of the list of “CEPA Toxic” substances and are being placed in more appropriate categories.
- This is a first step that provides a framework for consultations and negotiations between government, industry and other stakeholders over the coming months and years. Until the negotiations are complete, there will be uncertainty as to the impacts of the resulting targets.
- In proposing principles to guide industry regulations, the Canadian Chamber of Commerce was pleased to see included guidelines such as “maintain Canadian competitiveness and reflect the opportunities offered by the capital investment cycle,” “balance of effort among industry sectors and consumers,” “incorporate flexible compliance mechanisms,” “work in partnership...amongst all orders of government,” “promote investment in the development and deployment of new technologies,” “minimize overlap and regulatory duplication.”

The Canadian Chamber of Commerce will keep following the progress on this important file and will keep its members informed of further developments. For more information, please contact Scott Campbell, Policy Analyst, at scampbell@chamber.ca or at (416) 868-6415 ext. 228.