

**The challenge of Canadian climate
and energy federalism:
Explaining the collapse of the
Canadian National Climate Change
Process, 1998 - 2002**

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Format

- The need for national, co-ordinated climate and energy policy
- The proposed Canadian Energy Strategy
- The collapse of the NCCP: institutions, interests of Canada, Alberta, Ontario and Quebec, turning points
- Conclusion: drawing lessons from the NCCP failure

The need for national policy

- Climate as a global, collective-action issue: countries have only one target, which then has to be allocated among sources and provinces
- Canadian energy geography and differing interests: hydro province, carbon province
- The need for both federal and provincial action
 - Challenge of solely federal action
 - Challenge of solely provincial action

The challenge of Canadian intergovernmental policy making

- Weak institutions (consensual, right of opt-opt) a major challenge
- Intergovernmental policy capacity varies among policy fields – is possible
- Strategies, actions of governments matter
- Climate/energy a particular challenge: 1) large provinces (BC, Alberta, Ont., Quebec) have always challenged federal on environment; 2) differing interests; 3) high-stakes issue

Canadian energy strategy, 2007-15

- Focus energy, climate has to be included
- Federal government out, then in, then out again
- Alberta playing lead role due to need for pipeline approvals
- Weak institutional forum, provinces can opt out
- Weakness due to absence federal sticks and carrots
- Inherently distributive, eg pipelines costs, benefits; differing provincial energy sources

NCCP 1998-2002

- Focus climate, energy very much there (implicitly)
- For Canadian intergovernmental relations, relatively strong institutional capacity: Joint Meetings Ministers (JMM), supporting committees
- 1992 UNFCCC commitment, start JMM
- 1997 “Regina betrayal” Kyoto commitment
- 1998 renewed JMM process, co-chair Alberta and Canada
- 2002 Kyoto ratification, end NCCP
- 2003 – 2015 federal alignment with US federal; provinces/US states; otherwise all unilateral

Interests four governments

- Canada: national, co-ordinated policy, but weak commitment due to perceived option unilateral federal regulation
- Alberta: protect economic interest, leads to strong participation NCCP
- Ontario: less economic threat, less engagement
- Quebec: credit for early action (hydro), provincial allocation, avoid Alberta sweet-heart deal

Turning points

- Dec. 1997 First Ministers Meeting: adopts principle “no region undue cost”, no decision yet on Kyoto ratification
- March 27-28, 2000 JMM Quebec walks out because no provincial allocation
- Oct. 16-17, 2000 JMM Ontario kills Framework Agreement
- March, 2001 US pulls out of Kyoto
- July, 2001 Bonn CoP Canada gets credit for sinks, target reduced; Chretien says might ratify
- May, 2002 federal discussion paper on unilateral regulation; Alberta pulls out of NCCP
- December, 2002 federal government ratifies Kyoto over objections *all* provinces: NCCP ends

Explaining the failure

- Institutions too weak, cost differences too great; same challenge as CES; beyond that:
- Federal: 1) 1997 Kyoto target damaged provincial trust in process; 2) refusal to consider provincial allocation, federal spending, other means to make cost distribution more equitable; 3) 2002 abandoned the NCCP
- Ontario: continual criticism, kill agreement
- Alberta: abandoned the NCCP
- All except Quebec: refusal to explicitly address distributive issues

Lessons for CES or other national climate/energy effort

- Need to strengthen institutional context: increase political cost for governments walking away; eg, use FMM, Framework Agreement
- Federal government has to be committed, involved
- All involved must recognize and explicitly address the inherently distributive implications