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To: "Direct to Mayor and Council - DL"

CC: "City Manager's Correspondence Group - DL"

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Date: 12/6/2018 2:54:39 PM

Subject: Memo - BC's New Climate Plan (CleanBC)

Attachments: Memo to Mayor and Council - BC's New Climate Plan (CleanBC).pdf

Greetings Mayor and Council,

Please find attached a memo from Gil Kelley, GM of Planning, Urban Design and Sustainability, regarding BC's new CleanBC climate plan. In summary –

- On December 5, 2018, BC released its new climate plan, CleanBC.
- In launching the plan, Premier Horgan emphasized the need to work together to transition away from fossil fuels to renewable energy.
- CleanBC is ambitious and comprehensive, and aligns well with many of Vancouver's goals.
- The work Vancouver is doing on buildings, transportation and waste positions us to play a leading role in the success of CleanBC.
- Phase 1 of the plan is designed to put the province on track for 75% of the reductions it needs to meet its 2030 target. Phase 2 will be developed over the next 18 months.
- Staff will actively engage with the province on the implementation of key Phase 1 commitments and on the identification of Phase 2 actions.

Should you have any questions, please contact Doug Smith, Director of Sustainability at Doug.Smith@vancouver.ca or 604.829.4308.

Best,
Sadhu

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MEMORANDUM

December 6, 2018

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Lynda Graves, Administration Services Manager, City Manager's Office
Rena Kendall-Craden, Communications Director
Katrina Leckovic, City Clerk
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Anita Zaenker, Chief of Staff, Mayor's Office

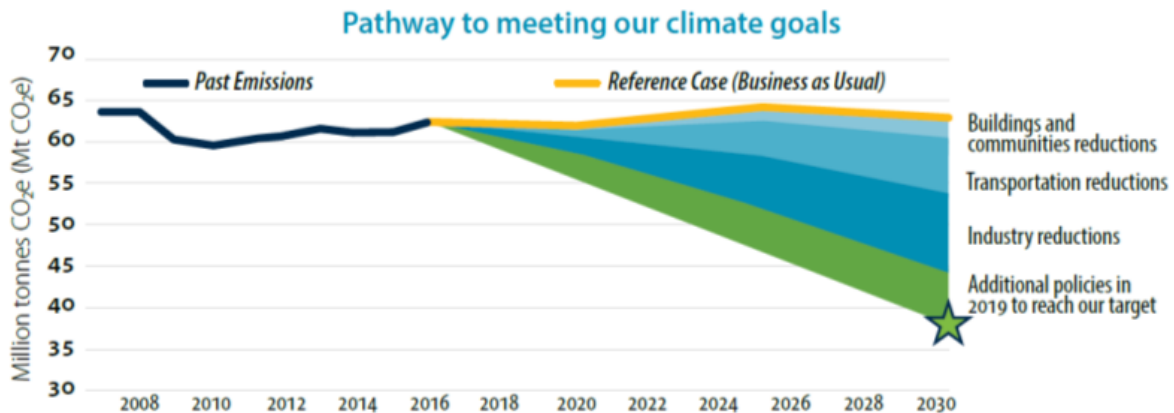
FROM: Gil Kelley
General Manager, Planning, Urban Design and Sustainability

SUBJECT: BC's New Climate Plan (CleanBC)

There was a significant announcement on December 5, 2018 that puts BC back into a climate leadership position in North America on the transition to renewable energy. Through Vancouver's Renewable City work, we're well positioned to play a leading role in the move to zero carbon buildings, active transportation, zero emissions vehicles and renewable natural gas, and to help the province achieve its objectives.

Overview

- On December 5, 2018, BC released its new climate plan, CleanBC. In launching the plan, Premier Horgan emphasized the need to work together to transition away from fossil fuels to renewable energy. With the work Vancouver is doing on buildings, transportation and waste, we are well positioned to play a leading role in that effort.
- Phase 1 of the plan is designed to put the province on track for 75% of the reductions it needs to meet its 2030 target. Many of the new policies and investment in Phase 1 will help Vancouver achieve its targets. Phase 2 (which will be developed in 2019/20) will be designed to close the 25% gap to the 2030 target.
- The reductions achieved by Phase 1 by sector are: 2.7 million tonnes of carbon pollution from buildings and waste, 6 million tonnes from transportation, and 8.4 million tonnes from industry. The additional reductions needed in Phase 2 are 6.1 million tonnes. The anticipated results are shown in the figure below.
- Staff will actively engage with the province on the implementation of key Phase 1 commitments and on the identification of Phase 2 actions.



Policy commitments with greatest impact for Vancouver

The following policy commitments in Phase 1 are likely to be the most material in terms of helping reduce city-wide carbon pollution in Vancouver^{1,2}:

- A zero emissions vehicle mandate that will require an increasing percentage of the light duty vehicles sold in BC to be zero emissions. The specific targets are 10% of sales by 2025, 30% of sales by 2030, and 100% of sales by 2040. The policy will ensure that there are more electric vehicles available when residents and businesses are purchasing a new vehicle.
- A strengthened Low Carbon Fuel Standard, which will require the carbon intensity of transportation fuels to be 20% below 2010 levels by 2030. The current requirement is 10% below 2010 levels by 2020. This policy will support the transition to all types of electric vehicles and increase the supply of renewable diesel and gasoline.
- A renewable natural gas standard that will require 15% of FortisBC's gas supply to come from renewable sources by 2030 (there is currently less than 1% renewable content in the gas grid). This policy will help reduce carbon pollution from buildings and some vehicles in the city, and will help advance renewable natural gas supply projects.
- While it is not a new commitment, the Province reiterated its intent to gradually raise the carbon tax by \$5 per tonne per year from the current \$35 per tonne to \$50 per tonne in 2021. This shift will positively influence the business case for all projects that reduces fossil fuel use.
- CleanBC includes a commitment to significantly improve the building code to reduce energy use in new buildings by 80%. Through Vancouver's Zero Emissions Building Plan, we are on track to achieve similar outcomes ahead of the province's schedule.

¹ CleanBC also includes a number of policies that will reduce carbon pollution from industry (e.g. regulations for the methane emissions from natural gas extraction), that are not detailed in this memo.

² The full Plan is available here: <https://cleanbc.gov.bc.ca/>. The full list of initiatives and estimated reductions are available on page 14 of the 'Highlights' report.

CleanBC also includes a number of additional policy commitments with less detail than the points above. Nonetheless, they signal a willingness to move forward on these other policies that would help Vancouver residents and businesses. The following are of note for Vancouver:

- Changing the BC Utilities Commissions Act to enable greater private sector investment in electric vehicle charging infrastructure.
- Implementing a 'Right to Charge' rule that would ensure residents in stratas could install EV chargers for their electric vehicles.
- Changing the way the carbon tax is applied to renewable fuels, to provide a financial incentive to switch to those fuels.
- New energy efficiency standards for space heaters, water heaters and windows.
- New standards for building upgrades will be developed by 2024, guided by the model National Energy Code.
- An energy rating requirement for homes and buildings across the province at the point of sale or lease, similar to what we've seen on vehicles and appliances for many years.

Budget commitments

CleanBC makes a number of commitments for new government investment, but for most of these commitments, the details won't be available until the February 2019 budget. The commitments likely to provide the most support to Vancouver's efforts to transition to renewable energy include:

- In the next three years, EfficiencyBC (a program that supports heat pumps and other building energy retrofits) will expand significantly to reach more homes and businesses.
- The Province will offer new incentives for builders, developers and manufacturers to stimulate the development and demonstration of innovative, low-carbon building solutions.
- The CleanBC Communities Fund (\$63M initially) will encourage investments community-owned energy generation, access to clean energy transportation, and improved energy efficiency in public buildings.
- \$400 million to support energy retrofits and upgrades for BC's publicly funded housing.
- The Province will establish an active transportation strategy with measures to support new infrastructure, education and incentive programs, and safety improvements for people walking, cycling and using other kinds of active transportation.
- Offering more to support a transition to zero-emission vehicles and fuels in trucking, buses, port and airport ground equipment, and marine vessels (including electric charging and hydrogen fueling infrastructure).
- Continue to provide rebates for light-duty zero emissions vehicles, and expand the reach of those rebates.

Possible Vancouver priorities for Phase 2

In addition to the implementing their Phase 1 commitments, the provincial government will be seeking input on their Phase 2 work in 2019. Some possible priorities for Vancouver include:

- Climate adaptation and resilience.
- The role for local government policies, programs and land-use planning in helping achieve the provincial targets.
- The role for BC Hydro and FortisBC in supporting the transition to renewable energy
- Adding carbon-intensity to the regulatory framework for buildings and space and water heating equipment.
- Extending the work on labelling to include energy benchmarking for large buildings.
- Extending incentives for electric cars to include support for low-income households and support for electric bikes.
- Non-financial incentives to accelerate the transition to zero emissions vehicles and buildings.

Vancouver and other cities have been leading on the transformation to zero emissions buildings and transportation systems and we will need to continue this leadership for this provincial plan to be successful.

Any questions related to this can be directed to Doug Smith, Director of Sustainability at doug.smith@vancouver.ca or 604.829.4308.

A handwritten signature in black ink, appearing to read 'Gil Kelley', with a long horizontal line extending to the right.

Gil Kelley, FAICP
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