



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

Standing Committee on Environment and Sustainable Development

EVIDENCE

NUMBER 005

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Thursday, October 2, 2025

Chair: Angelo Iacono



Standing Committee on Environment and Sustainable Development

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• (1215)

[*English*]

The Vice-Chair (Ellis Ross (Skeena—Bulkley Valley, CPC)): We are resuming the meeting. We are in public now. We are out of in camera.

We are commencing a study on the effectiveness, potential improvements and capability of Canada's 2030 emissions reduction plan.

We have witnesses with us today. I will start by allowing each witness to introduce themselves. They have up to five minutes apiece.

We'll start with Mr. Normand Mousseau.

[*Translation*]

Normand Mousseau (Scientific Director, Trottier Energy Institute, Polytechnique Montréal, As an Individual): Good afternoon, Mr. Chair and members of the committee.

Every three years, the Trottier Energy Institute publishes a document on the Canadian energy outlook it has established. Among other things, it presents techno-economic models that assess the impact of existing measures in a baseline scenario and compare these results with the transformations required to achieve Canada's climate goals.

[*English*]

The Vice-Chair (Ellis Ross): I'm sorry. I'm going to interrupt you there. I'm going to see if our translation is....

I'm sorry about that. Please resume.

[*Translation*]

Normand Mousseau: The latest edition of our energy outlook is unequivocal: Even including the clean electricity and zero-emission vehicle regulations, the reduction of greenhouse gas, or GHG, emissions in Canada from the 2005 level will be at best 14% in 2030 and 25% in 2040—a far cry from the legal targets of 40% to 45% for 2030 and 50% for 2050.

Those results did not surprise us. In 2021, we had already published a report that showed the gap between the necessary changes on the ground and the measures being implemented.

There are a number of reasons for this.

First, with the exception of regulations on fugitive emissions and the two others previously mentioned, the deployed measures are neither transformative nor foundational.

Second, opposition is significantly slowing down the development of appropriate measures. It has descended into a denial of the need for a successful energy transition.

Third, provinces have largely taken a wait-and-see approach. They have barely deployed any meaningful measures to truly advance decarbonization initiatives.

Fourth, the industrial carbon market is not working to reduce emissions in the sector.

In our North American bubble, Canada's failure may seem insignificant. That is not the case. While Canada is treading water, our competitors are transforming themselves. They are meeting and exceeding their ambitious targets, and using the energy transition to modernize their economy, develop new and better technologies and roll out high-value-added products.

These efforts, led by China, the EU countries and a few others, are based on massive electrification, which promotes advanced technologies in transportation, heating and industry—technologies that can more easily integrate sophisticated monitoring approaches, increasingly driven by artificial intelligence.

Between 2005 and today, China's share of electricity in final energy consumption has gone from 15% to over 30%. During the same period, the share of electricity in the Canadian economy remained constant at around 23%. In other words, as China rapidly adopts higher-performing technologies, Canada continues to pretend that nothing has changed, and is relying on yesterday's methods to secure its place in the global economy.

However, electricity-related transformation is accelerating based on recent successes—successes we ignore and don't want to see in Canada.

As a result, Canada is losing ground on a daily basis. It does not develop the intellectual property associated with the most modern technologies and does not build up know-how in this field. Thus, its industry is losing competitiveness, forcing it to erect insurmountable barriers to prevent superior products, such as Chinese electric vehicles, from tearing down its own industry, which is slow to modernize.

Given the clear inability of Canada to meet its greenhouse gas emissions reduction targets, there needs to be a change in strategy, as we explain in some of our reports, which I will provide to the committee.

First of all, we need to look at climate policy as an industrial and economic policy, not an environmental one.

We must stop counting tonnes of GHG emissions and focus instead on in-depth transformations in various sectors. These include the electrification of passenger transportation and much of the transportation of goods; the mass deployment of heat pumps in the building, manufacturing and industrial sectors; and the large-scale deployment of carbon capture and sequestration solutions.

All of this must be supported not only by a major and rapid increase in the production and distribution of clean electricity, but also by a vision that will integrate these transformations into the major technological disruptions of the day, such as automation and artificial intelligence.

To accomplish this, we need to identify technologies in which Canada can still carve out a place for itself while welcoming others without hesitation. Such an approach requires proactive and guiding action on the part of governments.

Canada's future prosperity is not guaranteed. It can sink into irrelevance by continuing to defend outdated approaches, or it can choose to integrate itself into global economic transformations.

Thank you.

[English]

The Vice-Chair (Ellis Ross): Thank you very much.

Now, representing Climate Action Network Canada, we have Ms. Caroline Brouillette.

[Translation]

Caroline Brouillette (Executive Director, Climate Action Network Canada): Mr. Chair, ladies and gentlemen of the committee, thank you very much for welcoming us to your proceedings.

[English]

I'll just note for the translators that I'm going to switch between French and English.

I lead Climate Action Network Canada, which is a coalition of over 180 organizations, and not only those in the environmental sector. It also brings together private and public sector unions and first nations from coast to coast to coast.

Today I want to talk about competitiveness. In 2025, competitiveness means ensuring that Canadian workers, industries and citizens are fully equipped and well positioned to thrive in global markets that are shifting, as Normand was saying, to the technologies of the future.

Canada's being competitive does not mean we should move back on our existing climate commitments, including our 2030 targets and our 2035 ones. The United States may have capitulated to the interests of oil and gas lobbyists and executives. President Trump may be clinging to the technologies of the past and bullying the world into further dependence on volatile fossil fuels, but it would be very ill-advised for Canada to follow suit.

Instead, we should be paying attention to where a majority of countries are going, scaling up renewable energy and electric-based

technology. The European Union, our second-largest trading market, has a carbon border adjustment mechanism that will become fully implemented in 2026. It's already targeting some key sectors of our economy. China is rapidly dominating key sectors of industry, such as electric vehicles, batteries and solar photovoltaics, which are rapidly taking off across the world.

• (1220)

[Translation]

To realize this economic potential, we must redouble our efforts to meet our targets rather than weaken them. Businesses and industry sectors need certainty rather than increased instability.

Canada's greenhouse gas emissions reduction plan provides clear direction for the economy as a whole and for each of its sectors. This will enable us to increase our innovation performance and boost our exports in high value-added sectors, rather than perpetuating what I would frankly call a "colony-trading post" position in an increasingly underperforming North America.

The latest data on greenhouse gas emissions paint a very clear picture: We are not on the right track. GHG emissions are stagnating in Canada due to increased emissions from the oil and gas sector, even as other sectors of the economy are making efforts to reduce theirs. For example, there has been a reduction in greenhouse gases in the building, electricity, and heavy industry sectors.

Mathematically, we cannot pull megatonnes of GHGs out of a hat. Therefore, there can be no backtracking on capping emissions from the oil and gas sector without putting forward an alternative solution that will allow us to make up for the delay that this sector is imposing on all Canadians and the world.

We are nowhere near achieving our goals. The latest modelling from the Climate Institute of Canada shows that, if the trend continues, we will reduce our GHG emissions by about 20% to 25% by 2030, whereas the target set out in the law is a 45% reduction. Now is not the time to backtrack on policy.

[English]

The ERP not only is a legal obligation that we have collectively set for ourselves but also is key to Canada's future planning and Canada's competitiveness, not just in this unprecedented treacherous moment but also in the long term. With the high geopolitical turbulence and economic uncertainty, Climate Action Network Canada hopes that MPs across the aisle in this committee and beyond, as well as policy-makers across jurisdictions, will help guard against the risk of Canada being left behind in rapidly changing global markets and will also seize the opportunity before us to transform our economy for the better in a way that benefits citizens, workers, industries and the planet.

Thank you so much.

The Vice-Chair (Ellis Ross): Thank you.

Now, by video conference, we have Professor Simon Donner.

Professor, the floor is yours.

Simon Donner (Professor, Net-Zero Advisory Body): Thank you.

My name is Simon Donner. I'm a professor at the University of British Columbia and a climate scientist. I'm also co-chair of Canada's Net-Zero Advisory Body. I join you today from Vancouver, which is situated on the unceded traditional territories of the Musqueam, the Squamish and Tsleil-Waututh nations.

The Net-Zero Advisory Body is mandated to provide the Minister of Environment and Climate Change with independent advice on the most likely pathways for Canada to achieve net-zero emissions by 2050 and also to advise on the setting of interim emissions reduction targets.

I'll say there is some irony to joining you on this day of all days on the calendar to discuss the 2030 emissions reduction plan. Today is Yom Kippur, the day of atonement for the Jewish people. It is a day when we are supposed to fast in order to reflect, to repent for our sins and to take the lessons forward into the new year.

The 2030 emissions reduction plan is the most comprehensive climate policy package in Canada's history. However, the plan is not sufficient to meet the 2030 emissions reduction target, and several of its key components have now been cancelled or are at risk.

In 2021, our body provided sectoral advice for the plan. That advice appears in the appendix of the plan itself. Last year, upon request of the minister, we also provided advice on how to close the gap between the plan and Canada's 2030 target. We also recently conducted follow-up research on ways to work with the provinces to unlock investments and reduce emissions.

In my reading of all of our work, three relevant findings emerged. The first is that the initial emissions reduction plan was insufficient to reach the 2030 target. The government's own modelling indicated that the plan could, at best, achieve a 36% reduction by the year 2030. That analysis presumes every element of the plan is fully implemented and works precisely as intended. That result was only ever best interpreted as a theoretical limit of the possible emissions reductions, not a likely outcome of the plan.

The second main finding is that the implementation of the plan has been insufficient. That's leading Canada even further off the path to the 2030 target. In 2024, we wrote a report called "Closing the Gap", with advice to the minister, in which we advised taking a series of actions in order to achieve those modelled emissions reductions. These actions included implementing measures that were announced but not finalized. Those are things like the clean electricity regulations and included strengthening the industrial pricing system, which was not performing as intended, and included securing emissions reductions from the oil and gas sector, which is responsible for about 30% of Canada's emissions.

We then recommended a small set of additional actions that could close the gap from the modelled emissions reductions and the

actual 2030 target. Those included strengthening the oil and gas methane regulations and promoting low-emission modes of transportation.

The government has not as yet adopted any of this advice. Instead, some of the measures in the emissions reduction plan, like the consumer carbon price, were cancelled. The status of others, like the electric vehicle availability standard and the oil and gas sector measures are uncertain.

Our third finding from more recent research is it's very clear that good climate policy is also good economic policy. Clean growth investment in Canada is basically being held back because of climate policy uncertainty and regulatory overlap. Removing and weakening climate policies without a plan negotiated with the provinces to strengthen other measures will only further undermine clean growth by raising investor uncertainty.

Our latest research, which was conducted with the Canadian Climate Institute, reiterates immediate steps the government could take to unlock investment and get climate policy back on track. These include strengthening the industrial pricing system and the carbon market system. They include developing more accountable and transparent implementation deals with the provinces and include grabbing the low-hanging fruit, things like the methane regulations and heat pump incentives for low-income households.

Most of all, this latest research is a reminder that climate policy is not a luxury good that you cast aside during times of stress. Climate policy is an investment in our long-term resilience, security and economic strength. The question Canada faces right now is not whether to protect the environment or to protect the economy. It is whether we have the wisdom to make the upfront investments in policy and infrastructure today that will build the low-carbon industries of tomorrow and help deliver long-term prosperity.

Thank you.

• (1225)

The Vice-Chair (Ellis Ross): Thank you very much to all of our witnesses for being here, and I apologize for our being late.

Thank you for being very concise in your remarks. You actually came under the five-minute mark.

Now we will open it up for questions.

We will start with the Conservative Party, Mr. Leslie, for six minutes.

Branden Leslie (Portage—Lisgar, CPC): Thank you, Mr. Chair. I'd like to start with Mr. Donner. During your opening statement, you mentioned that good climate policy is good economic policy.

Given the results that we've seen after the last 10 years of stagnant, non-existent growth, a cost of living crisis, food bank use through the roof and, simultaneously, environmental policy that has led to reaching nowhere near our targets, as set out by your advisory board, is it fair to say that we've had both bad economic and bad environmental policy?

• (1230)

Simon Donner: I think the point we're trying to make here is that this is really about a choice about whether we're just investing for today or planning for tomorrow.

There are a lot of measures in the emissions reduction plan that the Net-Zero Advisory Body agreed with. Keep in mind that we did not author the targets or author the plan. We just give advice towards it. All of our advice is aiming towards what will get Canada on a long-term—

[Translation]

Patrick Bonin (Repentigny, BQ): I have a point of order, Mr. Chair.

There's no interpretation.

[English]

Simon Donner: Okay.

[Translation]

Patrick Bonin: I'm sorry to interrupt you, but there is no longer any interpretation into French.

[English]

The Vice-Chair (Ellis Ross): I'm sorry about that. It is basically a point of order, but our interpretation.... It's basically the audio quality. I assume we're going to try to fix it, or should we just carry on?

[Translation]

Patrick Bonin: The problem seems to be resolved, Mr. Chair.

[English]

The Vice-Chair (Ellis Ross): To our witnesses, we do have technology here that's not currently working in terms of interpretation. We can't figure it out. I don't think we'll have interpretation for the rest of this meeting. I'm sorry about that. Our technicians are still working on it.

Is that going to be okay for awhile? I'm sorry about that. Please resume.

Simon Donner: My apologies. I guess I'll just continue with my comments to the member.

To summarize, I appreciate the question. I think some of this is about what is good long-term economic policy. Our job is to—

[Translation]

Patrick Bonin: Mr. Chair, I'm sorry to interrupt the witness, but I'm not hearing any interpretation into French.

[English]

The Vice-Chair (Ellis Ross): Okay, let's suspend the clock again.

Branden Leslie: Let's go back to the start, Mr. Chair.

The Vice-Chair (Ellis Ross): I'm sorry about this. It comes down to our interpretation technology. A number of us are not getting the interpretation. I'm sorry, but there doesn't seem to be a fix. Our IT ambassador will be contacting some of our members, I'm told, but we don't have a quick fix here.

For continuity's sake, we've been very disjointed in this first round of questioning. I propose that we carry on. We'll start the clock again and start with your initial question.

Branden Leslie: Sure. I'll go to the room here. I'll redirect.

You said something similar during your testimony that climate policy is related to economic policy. I won't regurgitate the entirety of the question, but we've seen terrible results in economic policy, with stagnant growth, and we've seen lacklustre and failing results, according to your testimony here. Have we seen both bad economic and bad environmental policy?

Caroline Brouillette: Simon, are you taking this?

[Translation]

As Mr. Donner was saying, the idea is to make long-term investments that will necessarily transform the sectors in which we are competitive.

It is therefore possible that certain sectors of the economy that, coincidentally, are responsible for the largest share of our greenhouse gas emissions, such as the oil and gas sectors, and that, in the long term, because of global demand—

[English]

Branden Leslie: Thank you. That wasn't quite the question I asked.

During the campaign, we knocked on a lot of doors, and a lot of people talked to me about energy prices, gas prices, food prices, the cost of living and the number of people who are volunteering at food banks now.

Do you think any of the policies that we've seen over the last 10 years have led to that? Do you think they could have been done better to actually achieve any environmental outcomes? I'll add to that. Now that you've seen the new government unload some new policies, can you comment on those and what they are going to do to our economic and environmental policy?

Caroline Brouillette: Thank you for asking that question.

It actually turns out that fossil fuels were driving the major inflation crisis that we saw from 2022 to 2024. In fact, economist Jim Stanford calculated that, on average, this fossil fuel-driven inflation cost \$12,000 per Canadian household.

I think we have to really grapple with the fact that the affordability crisis that Canadians are facing right now intersects with the very real climate impacts. The thousands of Canadians who were evacuated from their communities—

• (1235)

Branden Leslie: Thank you, Ms. Brouillette. I was hoping for a more focused response.

Wade Grant (Vancouver Quadra, Lib.): I have a point of order.

The Vice-Chair (Ellis Ross): Go ahead on a point of order.

Wade Grant: I was listening intently to what the witness said. I would like to allow the witnesses to finish their thoughts before interruption, if that's okay.

The Vice-Chair (Ellis Ross): I don't think that's a point of order. I think it's up to the members to determine their own time with their questions and answers. We'll return to the questions and answers from the member.

Mr. Leslie.

Branden Leslie: Sometimes I answer the question that I wish I was asked, too.

I'll move to Mr. Mousseau.

Do you have any faith that this government is going to meet its current targets for 2030 or 2035?

[*Translation*]

Normand Mousseau: No, it's not currently possible to meet the targets, because we haven't implemented the necessary changes. Building the electricity grid, for example, is going to take years, and it must be done quickly. We also need to decarbonize sectors. I would say that's essentially the problem. In recent years, we have not put any meaningful measures in place either in transformation or in the creation of a support industry. Such measures would make it possible to increase the positive impacts and economic benefits.

That said, not going in that direction is playing the same hand as South American countries when they failed to modernize at the beginning of the 20th century. They retained approaches from the previous century, from the 19th century, and their activities have faltered.

Canada is not immune to such a situation if it maintains technologies and energies that are not those of the 21st century.

[*English*]

Branden Leslie: Thank you.

I could see us going down the path of Venezuela. I fully agree.

I took note that this government has announced plans for a carbon competitiveness strategy. The reason it would unveil something like that seems to only lead to the understanding that we have become less competitive.

I'll ask you a similar question, which relates to the connection between economic policy and environmental policy.

While you say that the environmental policies over the last 10 years have failed, and I agree with you, have they also led to terrible economic outcomes for Canadians across this country, and in turn we need a competitiveness strategy to try to get back on track?

[*Translation*]

Normand Mousseau: Yes, Canada has to do so because it has not modernized. For example, the cars we will produce in Canada are less and less attractive to the rest of the world. We don't have the technologies to export. There's no electrification or transformation in our heating systems industry, and that explains why Canada is less competitive.

I agree with you on that.

[*English*]

Branden Leslie: What are your general thoughts on this government's current announcements regarding the removal of the consumer carbon tax and the impact it may have on the achievement of our intended reduction targets, as well as their floating the idea of the emissions cap being removed or altered?

[*Translation*]

Normand Mousseau: On the carbon tax, it's not a disaster, in the sense that we can offset the absence of such a tax with other measures to lower the cost of clean technology. In a nutshell, that's what these measures are about. For example, if we let Chinese vehicles in, or if we had Chinese vehicles built in Canada, we could have lower prices, which would bring us back to the same context of moving things forward.

In fact, a number of technologies exist, and we can also develop strategies.

[*English*]

Branden Leslie: I have a quick question.

China has been mentioned a lot here. There seems to be a lot of admiration for the work that China is doing to allegedly lower emissions.

Are there any other reasons that China might be trying to get off western oil and gas that are not related to the climate, given that it is still building, on average, two coal power plants a week?

[*Translation*]

Normand Mousseau: The Chinese are still reducing their GHG emissions and, above all, they are in the process of controlling the intellectual property of clean technologies.

While we stand by and watch, they are developing technologies. We're already seeing it with electric cars—we're unable to produce electric vehicles of the same quality as Chinese vehicles.

That's a problem. We're talking about a country that, only a few years ago, was still copying our ways of doing things.

[English]

Branden Leslie: [*Inaudible—Editor*] slave labour.

[Translation]

Normand Mousseau: In fact, you should really go and see the factories there.

[English]

Branden Leslie: What's the difference? How have the investments that this government has made helped enhance our EV market here in Canada, then?

[Translation]

Normand Mousseau: The factories there are not using workers. They are highly automated, at a level that Canada is unable to achieve. There are real competitiveness issues.

That said, the transformation is also achieved by integrating artificial intelligence and communication technologies.

It is essentially the creation of tomorrow's economy that we are leaving to a country that, a few short years ago, had to copy everything we were doing in order to develop.

• (1240)

[English]

The Vice-Chair (Ellis Ross): I'll intervene here.

Thank you for that line of questioning.

Mr. Leslie, I did give you extra time, given all of the interruptions regarding our translation.

We will now go to the Liberal Party. We will start with Mr. Wade Grant.

Wade Grant: Thank you, Mr. Chair.

Thank you to the three of you for being here today and for providing your testimony.

I'll start with Mr. Donner.

Thank you for acknowledging the territory where I come from, the Musqueam nation, where my son and my daughter are currently. For me, this is a very important topic for them, with my son going into university next year and entering the workforce very soon, but it's also important for them and their future.

Are you able to expand on why industrial carbon pricing is essential if Canada is to both protect the environment and move forward as an energy superpower?

Simon Donner: Thank you for the comments.

The industrial carbon pricing system basically—

[Translation]

Patrick Bonin: I have a point of order, Mr. Chair.

[English]

The Vice-Chair (Ellis Ross): We're going to check on the audio.

Let's do a test. Please continue. Let's see if our interpretation—

Simon Donner: Okay. I will continue.

We've been doing research together with the Canadian Climate Institute. One of the things that becomes clear is that the industrial pricing system could be the workhorse of Canada's climate policy in terms of delivering the most substantial emissions reductions.

The most important thing about the industrial pricing system is also that it can help you set up for the economy of the future, because it encourages companies and industries to invest in, first of all, technologies that can then help to reduce emissions, and it also helps by investing in new areas of growth, new areas of clean technology, that are just lower emitting in practice.

There are a lot of examples where, through the industrial pricing system, you could incentivize. It will especially incentivize businesses and industries in Canada to develop technologies that include carbon capture and storage and that are marketable outside of Canada.

Wade Grant: Thank you very much.

Mr. Mousseau, are you able to highlight the kinds of investments in job creation that we've already seen as a direct result of industrial carbon pricing?

[Translation]

Normand Mousseau: No, I can't really.

To date, this market has had very little impact, because industries pay virtually no emissions fees. The system as it is currently designed hardly works.

Not only should it be reviewed, but it should also be accompanied by real industrial strategies for the development of specific technologies.

[English]

Wade Grant: Thank you for the answer.

Ms. Brouillette, as Canada expands its trade relationships, how will strong industrial carbon pricing ensure Canadian businesses are not placed at a competitive disadvantage?

Caroline Brouillette: As I mentioned during my remarks, we're seeing an increasing number of jurisdictions, including the European Union, our second-largest trading partner, putting in place carbon border adjustment mechanisms, which basically require Canadian companies that are trading to disclose their emissions profile. Increasingly, the companies that are going to be able to enter that market and not face financial penalties are those that are the most efficient from a carbon perspective.

Wade Grant: This is open for anyone who may want to chime in.

The Supreme Court has confirmed federal authority to regulate greenhouse gas pollution. In your view, how can that national role be reconciled with provinces pursuing their own unique paths to net zero?

Go ahead, Ms. Brouillette.

Caroline Brouillette: Climate action is a team effort. We need each level of jurisdiction—federal, provincial, territorial and also municipal—to really use all levers at their disposal. In fact, recent data from the Canadian Climate Institute show that the biggest greenhouse gas emission reduction comes from policy that is shared between federal and provincial jurisdiction.

In 2030, 53% to 58% of emissions reductions would come from policies that are harmonized between levels. It means that the federal government should really be playing a strong role. At the same time, provincial and territorial action matters as well.

• (1245)

Wade Grant: Thank you.

Mr. Donner and Mr. Mousseau, would you have anything to add?

[*Translation*]

Normand Mousseau: If the provinces are opposed to federal policies, as we can see, or are extremely static, the federal government has relatively little power based solely on the environmental issue.

As I said in my remarks, Canada needs technology transformation strategies. We have to stop counting tonnes of carbon and make a decision to completely transform the building sector.

The problem is that it affects sectors that are not directly related to the environment. So we need to find other tools or approaches that go beyond the environmental issue.

[*English*]

Wade Grant: Thank you.

Mr. Donner, I think I only have about 30 seconds left in my time, so a quick—

The Vice-Chair (Ellis Ross): Member, because of that slight break, I'll give you an extra 15 seconds.

Wade Grant: Thank you very much.

You have 45 seconds, Mr. Donner.

Simon Donner: To build on what Professor Mousseau is saying, the research the Canadian Climate Institute did we did with them. The really key finding of that was these equivalency agreements with the provinces are vital, but right now they're not transparent enough. They need to be monitored more closely, and one example is within the industrial pricing system.

Wade Grant: Thank you, Mr. Chair.

The Vice-Chair (Ellis Ross): Thank you very much.

Now we will go to Mr. Bonin for six minutes.

[*Translation*]

Patrick Bonin: Thank you, Mr. Chair.

Ms. Brouillette, since the Carney government came to power, we've essentially seen the abandonment of carbon pricing; Bill C-5 to authorize, for example, major liquefied natural gas, or LNG, projects; and the abandonment or postponement of the zero-emissions act, which was supposed to drive the introduction of electric vehicles. In addition, there has been a decline in heat pump installation and energy efficiency incentives.

We see that the government is no longer committed to meeting its 2030 greenhouse gas reduction target.

Do you see the same thing, that there have only been climate setbacks since Mr. Carney came to power?

Caroline Brouillette: Thank you for the question.

We are waiting for the government to reveal its plans. We've heard about a climate competitiveness strategy, and we're quite eager to learn more.

That said, given that we're not on track to meet our greenhouse gas reduction targets by 2030, I would say the setbacks are worrying. A policy is being eliminated without proposing any alternative. Mathematically speaking, as I said earlier, we can't pull megatonnes of GHGs out of a hat.

We are therefore eager to see what policies the government will put in place to meet the targets set out in the climate legislation.

Patrick Bonin: From what I understand, you have seen nothing but setbacks so far from the new government in terms of climate policy.

Is that correct?

Caroline Brouillette: We have seen setbacks so far. We're waiting to see what proposals the climate competitiveness strategy contains.

Patrick Bonin: Okay.

My next question is for all three witnesses.

The Canadian Net-Zero Emissions Accountability Act includes a target to reduce GHGs by 2026, which is a 20% reduction from 2005 levels.

Based on what I'm hearing from you, the government will be unable to meet that target.

Can you confirm that?

Can you also explain what purpose of this net-zero legislation serves if it provides no certainty and allows the government to miss its target?

Are there examples around the world of more robust legislation that could have forced the Government of Canada to meet its targets, which it is currently failing to do?

Normand Mousseau: I'll jump in, if I may.

First of all, some countries are making progress. Those countries have set very strict targets. They are making progress and meeting their targets. Some are exceeding them. Two examples of that in Europe are the United Kingdom and Germany. Clearly, it's not impossible to meet our targets.

To do so, we need to implement structural transformations. That's the challenge we have to overcome. You can't make marginal changes. For example, in the approach to heat pumps, rather than structuring a price drop at the time of installation, building the willingness to install and banning natural gas in new buildings, they opted for costly subsidies. Those don't really create the momentum required to irreversibly integrate heat pumps and move away from using natural gas and other fossil fuels in buildings.

That's the kind of approach we need to take, and we have to forget about the 2026, 2030 and probably 2035 targets to reframe our approach and meet our 2050 targets.

• (1250)

Patrick Bonin: My next question is again for all the witnesses.

If you had two priority measures to propose in terms of reducing greenhouse gas emissions in Canada, what would they be?

Caroline Brouillette: Mathematically speaking, setbacks mean that we are eroding our ability to meet our targets not only for 2030, but also for 2035.

In the oil and gas sector, GHG emissions continue to rise, while other sectors of the economy are doing their part. The one measure that would have gotten us to our targets and still can get us to our targets is an oil and gas emissions cap. There has been a delay in its implementation, and now there's uncertainty around that. This is a critical aspect.

My colleagues have mentioned the importance of strengthening our industrial carbon pricing system and addressing the significant gaps in it. The shortfall is well documented in this regard. In terms of climate competitiveness, this is an important opportunity.

I would also note that the methane regulations are nearing completion. Again, reducing methane emissions is an extremely effective and low-cost lever, and we should not deprive ourselves of that.

[English]

Simon Donner: I'll add as well the two most important things at this point. Number one is increasing the effectiveness of the industrial pricing system. It can be the workhorse of climate policy in Canada, but the markets are not working well enough, and simply connecting the provincial markets isn't going to be effective enough. We need to increase the performance standards or set more of a price floor and make sure that the federal government has negotiated clearly with the provinces to make sure that the industrial pricing system is as effective as possible. It's helping to unlock a lot of low carbon investment as well.

The second thing is looking at all of the different regulations and policies that we have to make sure they're overlapping and working together in positive ways rather than in negative ways. We need to make sure that they're all implemented.

Our number one piece of advice in our annual report last year about how to get to the 2030 target was simply to finalize the announced policies. The previous government put a lot of policies in the works. They're listening to the emissions reduction plan, but not enough of them were put into action. They are not implemented as of yet.

The Vice-Chair (Ellis Ross): Thank you very much.

We will now go to Mr. Bexte.

David Bexte (Bow River, CPC): Thank you, Chair.

Thank you to all of the witnesses who have come today. I really appreciate your time, as do Canadians.

Ms. Brouillette, you've been an outspoken advocate on carbon pricing in the past. Is the Climate Action Network actively lobbying the government to take a look at the consumer carbon tax that was recently removed?

Caroline Brouillette: Climate Action Network Canada is registered according to the Lobbying Act. We're not currently working on the consumer side.

David Bexte: You're not currently lobbying the government on the consumer tax. Okay.

Have you met with the recently formed Liberal environment caucus on carbon taxes at all?

[Translation]

Caroline Brouillette: Last week, we took part in a meeting organized by Eric St-Pierre, an MP. We've talked about a number of climate policies, including carbon pricing, especially as it relates to industry.

[English]

David Bexte: What data did you provide to them to justify increasing the carbon tax or an alternative, the consumer carbon tax?

[Translation]

Caroline Brouillette: No data was provided, because it wasn't part of our discussion at the time.

[English]

David Bexte: I'm sorry. I had my microphone off. Did you hear my question?

• (1255)

[*Translation*]

Caroline Brouillette: Yes, I heard that.

There was no data provided by Climate Action Network Canada on that, because it wasn't part of our discussion at the time.

[*English*]

David Bexte: What would you say to them if you had the chance to ask them and that was a topic of discussion?

Eric St-Pierre (Honoré-Mercier, Lib.): I have a point of order.

I believe that Madam Brouillette referred to the member of Parliament Eric St-Pierre and not the climate caucus. I just want to make that clarification.

The Vice-Chair (Ellis Ross): Thank you.

David Bexte: Again, to reiterate, if you had the chance, what would you ask them to do? What would you ask this caucus to do, this Liberal government to do, related to climate pricing?

[*Translation*]

Caroline Brouillette: I'm going to follow the example of several politicians who don't answer hypothetical questions. I'm not going to waste time on hypotheticals.

[*English*]

David Bexte: Okay. I understand that, I suppose.

You made a point that about \$12,000 per household is a big part of the inflation related to fossil fuels. That's suspiciously close to the cumulative amount of the consumer carbon tax that households are facing. How do you square that math? The inflation was related to the carbon tax, and the carbon tax is off, so the extra price that people were.... You claimed the math....

Could you comment on that?

Caroline Brouillette: There's a perception that climate policies are costly. The reality is that climate impacts are costly to people, including the impacts of an economy that has an overreliance on very volatile commodities in the form of fossil fuels.

As I mentioned earlier, from 2022 to 2024, there was a spike in oil prices, which meant a rise in energy prices. That was the \$12,000 figure that I referred to.

David Bexte: Yes. That was a transitory, short-term thing. It was not really a systemic thing. It's just the nature of the energy markets globally.

I'd like to switch.

Mr. Donner, the advisory body previously stated that Canada needs to adopt a 55% emissions reduction target by 2035. However, the government has only succeeded in reducing emissions by 8.5% from their 2005 levels.

You stated that you still hold this belief that this is the target, but with the government not even reaching a quarter of this objective by 2035, with only five years left until the deadline, what gives?

Simon Donner: We had the legislated duty to give advice on the interim emissions reduction targets. That's our duty under the Cana-

dian Net-Zero Emissions Accountability Act. The minister asked us to give advice on what we thought the 2035 target should be. To be clear, on that advice, we take into account not only Canada's domestic situation, but also Canada's role in international obligations. Therefore, that target which we advised on was based on what would be necessary, we think—

David Bexte: I'm sorry. Maybe I wasn't clear. The nature of the question was whether you still hold the belief that this is achievable and how.

Simon Donner: I think that's the wrong way to ask the question, to be honest.

The question is this: What is an appropriate target that will keep us on the path to net zero by 2050 and that is consistent with other countries?

David Bexte: I'm sorry, but it's not a question of the target. The target's fine. Irrespective of the target, is it achievable and how?

Simon Donner: For one, we need to dramatically change course right now because we need to finish implementing the things that are in the emissions reduction plan and then move on to additional measures beyond that. That's all contained in our advice from last year.

David Bexte: Is that a yes, possibly?

The Vice-Chair (Ellis Ross): I'll intervene here.

I forgot to mention that on the second round, the rounds of questions are five minutes and not six minutes. I did allow it to go over time there a bit to try to get the answer in.

Now we will go to Mr. Fanjoy.

Bruce Fanjoy (Carleton, Lib.): Thank you, Chair.

Thank you to the witnesses for joining us today.

Madam Brouillette, earlier in your testimony you said that we may be challenged in meeting our targets, and that it's unevenly distributed across the economy. Some parts of the economy are making good progress while others are lagging. You also talked about the inflationary effects.

I'd like to give you an opportunity to finish what you were saying when you were cut off.

• (1300)

Caroline Brouillette: Thank you.

I think in this moment with the crises that we're facing, whether it's the commercial trade war led by President Trump, whether it's the increasingly devastating and frequent impacts of climate change, including the heartbreaking summer we've just had with thousands of Canadians being displaced, folks in cities choking because of smoke, as well as the affordability crisis that I think we're all feeling, they are intersecting. The inflation we're seeing, as was mentioned earlier, is systemic. It is part of a very volatile fossil fuel-anchored energy system. One of the opportunities we have, in terms of transforming our economy as we seek to reduce our dependence on exports to the United States, a large share of which are oil and gas, is to invest in sectors that are less sensitive to volatility, whether we're talking about renewable energy or electric-based technology. The sun and the wind cannot be controlled by a beligerent world leader. They also are much more affordable. Technologies like heat pumps, energy efficiency, better insulation, electric-based vehicles, e-bikes, etc., are also less costly and can help us in the face of a cost of living crisis.

Bruce Fanjoy: Thank you.

I'd like to talk a bit more about electrification. I've yet to find someone who has electrified transportation or home heating who has wished that they hadn't. In my experience, and there could be exceptions, of course, people find that these technologies are improving their lives, and yet we're moving slowly, perhaps too slowly, in adopting these technologies.

I put this question to all of our witnesses. What would you like to see? What do you think would help Canadians adopt these technologies more rapidly, and how could the government facilitate that?

Normand Mousseau: If I may, we need a real industrial approach to this electrification, which means that we need to structure the service industry to make sure we lower the prices.

We need to have real strategies. Prices can be transformed by installing more, by targeting or changing regulations when needed. We can lower prices for heat pumps. Heat pumps should be much cheaper than they are today. When you look around the world, in fact, electrifying is a way to decrease the cost of these services, because we use much less energy, have much better control, and we improve the quality of the service, as you were mentioning.

It's the same thing for cars. I think we can not only ban the cheaper car around, but we have to see how we can leverage this to move, and we have to move on the other technologies, such as heavy transport.

I would say let's leave oil and gas on the side and focus on changing the use and service while increasing the production of electricity, and we'll get there more efficiently.

Simon Donner: I agree. I think most of the Net-Zero Advisory Body would agree with what Professor Mousseau is saying. I'll add that in terms of specific policies, having incentives for electric vehicles and having an availability standard makes a big difference. It has been very effective in parts of the country, in provinces where there is more of an infrastructure for electric vehicles. It is quite easy to operate an electric vehicle in British Columbia and many parts of Quebec, for example. The policies make a difference.

When it comes to home heating and cooling, one of the things we've talked about in our recent advice to the minister was looking at a program that provides incentives for adopting heat pumps in low-income households, recognizing that the cost is too high right now, but those are upfront costs. It's true with most electric technologies that the upfront costs right now are higher, but the operating costs are lower. We need to help people get over that initial hurdle so they can save money in the long run.

The Vice-Chair (Ellis Ross): Thank you very much for that.

We will now go to Mr. Bonin for two and a half minutes.

• (1305)

[*Translation*]

Patrick Bonin: Thank you, Mr. Chair.

Ms. Brouillette, what do you think of the legislation resulting from Bill C-5?

Projects approved by the government have been designated as being in the national interest. For example, in Quebec, an LNG project would double the production of liquefied natural gas and its export.

Do you think this is a good project in terms of climate competitiveness?

I'll also mention the Pathways Alliance project on carbon sequestration and capture. This project, which is being led by major oil companies, is being funded by the government to the tune of billions of dollars a year.

Do you think these two so-called national projects align with the kind of shift we want to make?

Caroline Brouillette: Environmentalists want to build. There are things we need to build to transform our economy. That's what we've been discussing for some time in this committee. However, people want to build the right things the right way.

Unfortunately, Bill C-5 seems to imply that only the concerted efforts of the provincial and territorial premiers and certain CEOs will help us speed up the construction of infrastructure. However, the literature and experience show us that we will succeed by consulting the communities, by working with them and by respecting the rights and sovereignty of indigenous peoples.

Bill C-5 presents us with an opportunity to improve this by further defining the issue of national interest. The act has a provision that would allow us to do that. We think it's essential that the harmonization of our targets in the fight against climate change be part of it.

I want to be very clear that LNG and its planned export is not beneficial to the climate. I'm not the one saying this, but the Bureau d'audiences publiques sur l'environnement du Québec.

We don't see any benefits because methane is an extremely potent gas. The idea of reducing greenhouse gas emissions by displacing coal simply does not hold water in terms of science and math.

Patrick Bonin: I want to talk a little bit about the big carbon capture and storage project.

I know we don't have a lot of time to talk about this. I would invite you to send us a more detailed answer in writing later.

Caroline Brouillette: We've been hearing about this project for a long time.

[English]

The Vice-Chair (Ellis Ross): Thank you. I'll intervene here.

There was a request to send answers in writing.

We will now go to Mr. Gill for five minutes.

Amanpreet Gill (Calgary Skyview, CPC): My question is for Mr. Donner.

You have said Canada should align with world trading partners, but the U.S. is investing to gain a stronger advantage through initiatives like the Inflation Reduction Act, not carbon taxes. Would it make more sense for Canada to pursue technology investment initiatives instead of taxes and regulations that drive jobs out of our country?

Simon Donner: I think the first thing to be clear is that in terms of Canadian policy, we've been advocating, and I've been advocating, on this call for the importance—the data shows this—and potential value of the industrial pricing system. The industrial pricing system is effectively a way to incentivize technology and to encourage companies to invest in technology. I actually don't think those two things are exclusive. In fact, it's part of the point of having an industrial pricing system.

In terms of aligning with our trading partners, what I was referring to and what I think is really important here is that in setting our long-term targets and everything, we have to look to what the entire world is doing, not just what the United States is doing. We are last in the G7 at reducing greenhouse gas emissions.

When we're thinking about transforming our economy and thinking about electrification in the direction of the clean energy boom that's happening around the world, that's about looking not just to the U.S. but to trading partners around the world as the government seems to be interested in doing. In that, it just points to the importance of paying attention to the decreasing cost in the huge rollout of clean energy around the world, the electrification that's happening with vehicles in other parts of the world, including some of North America. That's part of the motivation and part of the information that's informing our advice.

Amanpreet Gill: Thank you for that.

The Canadian Net-Zero Emissions Accountability Act requires reporting, but there are no real consequences when government misses targets. Would you agree this lies essentially more in the class of politics than policy?

• (1310)

Simon Donner: I'd say that laws like the Canadian Net-Zero Emissions Accountability Act have been quite effective in other countries. As Professor Mousseau was pointing out, in the U.K., France, Germany, etc., the legislation is very similar to our legislation and has been quite effective.

The question really is how we ensure that government is going to implement the plans that are put forward. As I mentioned before, the emissions reduction plan, though not good enough to meet the 2030 target, was the most comprehensive climate policy plan that Canada has ever had. That was an accomplishment. The issue is that enough of it hasn't been implemented, and now some of the measures are being removed or cancelled.

Amanpreet Gill: The government can't even meet the ones they've already made.

Another one is that the Net-Zero Advisory Body is taxpayer funded. What accountability measures are in place to ensure that advice is practical and cost-effective and not just aspirational?

Simon Donner: The Net-Zero Advisory Body members are appointed by the government, and we have very clear terms of reference around considering not just what it takes to reduce emissions but economic prosperity, health and well-being and the environment. Our mandate is not just to advise on what you could do to reduce emissions but what is a realistic pathway for Canada that includes and considers economic and social well-being. It's right there in our mandate.

Amanpreet Gill: Canada has failed to meet every climate target it has ever set. Isn't it hopeless to call for these new, more ambitious promises when the government can't meet the ones it's already made?

Simon Donner: I'll tell you just as an individual that I find that frustrating as well, and I understand why members would ask those questions. These emissions targets are not just about reducing emissions; they're about trying to prepare Canada for the future. It's about trying to reduce the impacts of climate change and to make sure we're ready for a future in which the rest of the world is trying to decarbonize.

Though some of the targets seem a long time away—2050 certainly seems a long time away—the actions we need to take to reduce emissions and prepare for the low-carbon economy require long-term thinking. These require multi-decade transformations. Having these things off in the future help motivate the right decisions today that will help Canada not just reduce the impacts of climate change but be prosperous in low-carbon economies of the future.

The Vice-Chair (Ellis Ross): Thank you very much for that.

I'm looking at the time. I know a lot of members have to get to question period, other meetings and whatnot. In the interest of time and not wanting to disrupt this very robust conversation—we're getting a lot of knowledge here—I'm going to propose that we do one more round of two minutes apiece.

We'll start with Mr. St-Pierre from the Liberal caucus.

[*Translation*]

Eric St-Pierre: Ms. Brouillette, as you know, the provinces have access to many regulatory and legislative tools to reduce greenhouse gas emissions. For example, Quebec has set an emissions reduction target of 37.5% by 2030.

Is Quebec on track to meet its target? If it is, what effect does that have on the federal target?

Caroline Brouillette: Thank you for the question.

Unfortunately, as mentioned earlier, there has been a decline in several provinces and territories, including Quebec.

Quebec is not on track to meet its 2030 target. This is very worrisome, because Quebec was a national leader on climate issues, having adopted an industrial strategy based on hydroelectricity.

In Canada, since the environment and energy issues are a shared jurisdiction, we have to rely on teamwork, as I said earlier.

So it's important for everyone to do their part, at both the provincial and federal level.

Eric St-Pierre: Thank you, Ms. Brouillette.

[*English*]

Mr. Donner, the federal government has existing methane regulations, for example, requiring equivalency agreements. How important is provincial action and implementation towards meeting the federal climate objectives?

● (1315)

Simon Donner: It is absolutely vital. That's why some of our recent advice to the Minister of the Environment was on doing everything we can to make these equivalency agreements more transparent and accountable. For example, methane emissions reductions are really low-hanging fruit for Canada. We have the technology to reduce methane emissions from landfills and from oil and gas. We could meet these targets that the government has created but that have not been finalized and implemented.

The good thing about it is that the technologies required to do that are technologies that Canadian companies could be marketing and exporting overseas. To make this happen, though, because the provinces end up doing some of the implementation and monitor-

ing, we need a solid agreement with the provinces. Without those agreements, we're missing out on not just emission reductions, but we're missing out on economic opportunities.

The Vice-Chair (Ellis Ross): Thank you.

Mr. Bonin, you have two minutes.

[*Translation*]

Patrick Bonin: Thank you, Mr. Chair.

Ms. Brouillette, I believe it was you who mentioned the carbon border adjustment. Europe has such a system in place.

Do you think it would be a good idea to adopt that approach here in Canada?

Caroline Brouillette: When the Prime Minister announced his election platform, he said he would move forward with such a policy. If that's the case, we think that certain mechanisms must be analyzed in terms of the repercussions it could have on countries in the global south, in particular.

Right now, the European adjustment is severely penalizing those countries.

Patrick Bonin: You may have some reservations, but it's something that should be assessed.

Is that correct?

Caroline Brouillette: It looks like the government is going to move forward on this. A little later, I can send you our thoughts on the conceptualization of the policy.

Patrick Bonin: I would appreciate that.

Canada has filed its nationally determined contribution for 2035. Since coming to power, the Carney government has backtracked on a number of measures, including after the contribution was tabled.

Do you think Canada should review this in light of the Paris Agreement? At the next COP30, it must present a new nationally determined contribution.

Do you agree with the fact that the government will no longer fund the attendance of opposition party representatives at COP30?

Caroline Brouillette: I'm going to talk about nationally determined contributions for 2030 and 2035. In terms of science and equity, what is Canada's fair share of the global effort to limit global warming to 1.5°C?

At Climate Action Network Canada, we assessed that Canada's contributions were too low in both cases. In fact, last week, at the United Nations General Assembly in New York, countries tabled their next contribution.

We think the 2035 target, in particular, is extremely weak. Adding more uncertainty to it means that many are wondering whether Canada is still committed to the fight against climate change.

[*English*]

The Vice-Chair (Ellis Ross): Thank you very much to our witnesses and to our members.

Thank you for your indulgence in letting me carry on the conversation over our time limit.

To the witnesses, thank you for your knowledge. I understand how quickly you have to come up with those answers, sometimes on the spur of the moment. I really appreciate your knowledge and your expertise.

With that, I'm going to ask the members if we can agree to adjourn this meeting.

Some hon. members: Agreed.

• (1320)

The Vice-Chair (Ellis Ross): This meeting is adjourned.

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