

Integrating GHG Emissions into IA: The Federal Experience in Canada



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Overview:

Climate & Triggering

Scope of Climate Assessment

Climate Analysis & Review

Climate & Project Decisions

Follow-up on Climate Predictions

Role of Regional & Strategic Assessments

Concluding Thoughts

Triggering

Context

- GHG emissions is quintessential cumulative effects problem.
- Many countries still struggle with an effective decarbonization strategy.
- **This suggests erring on the side of caution in triggering projects that may be inconsistent with decarbonization.**
- **No one threshold will be enough, but need to consider:**
 - Lifetime emissions.
 - Annual emissions.
 - Indirect emissions implications.
 - Whether the activity comes from a sector that helps or hinders decarbonization efforts.

IAA Experience

- The new IAA does not have a project list developed through a climate lens.
 - No thresholds for lifetime emissions or annual emissions in the list.
- Coal mining first sign of considering indirect emissions implications, but through discretion to require assessment, not on the list
- No evidence of focus on hard to decarbonize sectors

Scope

Context

- Many IA processes are just starting to take GHG emissions seriously.
- Important to err on the side of broad scope to explore ways to understand the GHG emissions implications of proposed activities.
- **Important not to confuse decision about what to include from how the information will be used in decision making.**
- **Needs to include (at levels of detail appropriate to the circumstances):**
 - Direct emissions (Scope 1).
 - Upstream, downstream, indirect emissions (Scope 2, 3).
 - Other emissions or emission reductions the proposed activity enables.
 - Implications in and beyond the jurisdiction carrying out the assessment.
 - Efforts to decarbonize the proposed activity, and alternatives.

IAA Experience

- Very few assessments under IAA.
- Given low number & large scale of projects, scope of assessment of GHG emissions is surprisingly narrow.
- Downstream emissions are excluded.
- Net Zero Plan for projects with life span post 2050 .
- Details are in SACC and Technical Guidance.

Analysis and Review

Context Questions: Is the Proposal:

- Consistent with commitments, including those in the Paris Agreement?
- Able to increase ambition over time in line with Paris Agreement?
- **Going to help or hinder decarbonization efforts in jurisdiction & beyond?**
- Better from a GHG emission perspective than alternatives?
- Consistent with any carbon budgets set in affected jurisdictions?
- Economically viable if SCC internalized?
- Going to constrain future development that may be more consistent with decarbonization?

IAA Experience

- Too early reach firm conclusions, as IAs under the IAA are still in early stages.
- Clear that the TISG's do not provide an adequate information basis for thorough analysis.
- Early experience suggests a narrow view of 'climate commitments', and no clarity on relevance to sustainability determination.
- Info from proponents' IS could be supplemented with information from other sources, such as government agencies and intervenors.

Project Decision

Context Questions:

- **What emissions are attributable to the proposed activity?**
- How does the proposed activity compare to reasonable alternative ways to achieve societal objectives, needs, purposes?
- All reasonable efforts made to minimize emissions & contribute to decarbonization?
- **Are any residual emissions warranted in light of other societal benefits?**

IAA Experience

- No project decision made under the IAA when research was carried out.
- Picture of climate implication of projects will likely be incomplete at decision-making.
- Limited scope of alternatives will be a challenge for decision-makers.
- No criteria for weighing climate implications against other predicted impacts and benefits of the project.

Post Approval Follow-up

Context

- **Follow-up should track emission predictions against actual emissions.**
- Should track effectiveness of mitigation measures to reduce emissions.
- Should track compliance with conditions.
- **Need clear & effective ‘consequences’** for emissions beyond those predicted to ensure decarbonization is not undermined.
- Need connection to future assessments to improve predictions about GHG emissions & decarbonization efforts.
- Need clarity that more stringent emission reduction obligations may be imposed as jurisdictions increase ambition to decarbonize in line with the Paris Agreement.

IAA Experience

- No experience to date under IAA.
- Follow-up provisions stronger than under previous legislation, but still gaps on sharing data, on accountability, and on actions required when predictions turn out to be wrong.
- No statutory clarity on what will be tracked.
- No statutory clarity on consequences.
- Will have to wait for terms & conditions of approved projects to know more.

Role of Regional & Strategic Assessments

Context

- **Consider decarbonization on a regional basis**
 - Can help with sustainable economic development path toward decarbonization.
 - Can send important signals to proponents about economic development priorities consistent with climate goals.
- **Consider decarbonization on a sectoral basis**
 - Can help with understanding the upstream and downstream implications in the sector.
 - Can help with implications outside the jurisdiction.
 - Can help with effective mitigation.
 - Can help understand sector's role in decarbonization efforts.
 - Can help with determining sector's contribution to sustainability.

IAA Experience

- Opportunity exists under the new IAA.
- So far no strategic assessment has tried to consider decarbonization of a sector.
- So far, no regional assessment has seriously considered decarbonization.

Conclusion

- IA is a particularly important decarbonization tool for jurisdictions that don't yet have a clear path to full decarbonization.
- Critical for avoiding stranded assets and/or approval of activities that will hinder decarbonization effort.
- Important to broadly consider the GHG implications of proposed activities.
- Efficiencies come from utilizing strategic and regional assessments, not from limiting scope of project assessments.
- For more details, see my publications at: <http://ssrn.com/author=715387> .

Let's continue the conversation!

Post questions and comments via chat in the IAIA22 platform.



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