

QUÉBEC'S MITIGATION AMBITIONS LEADING TO BOLD POLICIES



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Québec is well known for its vast territory and abundant water resources which have enabled it to develop its extensive renewable energy potential. Today, with 97 per cent of its electricity production coming from hydraulic and wind energy, this French-speaking State in North America boasts one of the world's best energy track records. Indeed, half of the energy it consumes is from renewable,

locally-produced sources. This gives it a considerable advantage in the fight against climate change.

The challenge of reducing its greenhouse gas (GHG) emissions has nonetheless escalated because Québec needs to focus its GHG mitigation efforts on its other economic sectors. Yet, this did not prevent the Québec government from setting an ambitious GHG emission reduction target of 25 per cent below 1990 levels by 2020. Several measures have already been implemented over the past years to lay the groundwork for this endeavour, which stems from a broader collective willingness to concretely contribute to international efforts to combat climate change, and help Québec society shift to a greener economy. Massive investments have been geared towards the transport sector, which Québec considers a priority since it is responsible for 43 per cent of the State's GHG emissions.

TRANSPORTATION ELECTRIFICATION: THE WAY OF THE FUTURE

It is in this context that Québec has embarked on the path of transportation electrification. With its

significant green electricity production, Québec is counting on this new technological niche to reduce its dependence on imported oil, which accounts for a 12-billion dollar outflow of capital annually. Québec is well positioned to service the new generation of electric vehicles (EVs). Indeed, its power distribution network has the capacity to accommodate the daily charging of one million EVs per day, and most Québec homes are already equipped with exterior electrical outlets easily adaptable to that effect. Initially, an electric vehicle action plan provided Québec consumers with financial support to purchase an EV and fostered the deployment of two public charging networks in Québec. It is therefore not surprising that Québec holds an enviable share of the Canadian EV market relative to the size of its population.

Transportation electrification is not limited solely to the deployment of EVs and the gains in GHG emission reduction associated with it. This new niche of economic activity presents significant potential for value-added jobs in such high-tech sectors as electronics, electrical engineering, and the manufacturing of transport equipment.



Half of the energy consumed in Québec is from renewable sources

Source: Hydro-Québec

To take advantage of this significant economic development potential, the Québec government recently launched the first Québec Transportation Electrification Strategy. The latter is part of a comprehensive economic policy focusing on job creation in Québec. With a budget of half a billion dollars, the strategy aims to optimise Québec's many advantages in this sector. For instance, Quebec can already count on a well-established industrial research sector and a cluster of businesses specialised in the manufacturing of EV components, including batteries, motorisation, smart grids, lightweight materials, and electronics. The strategy also provides for the creation of an electric transportation institute that will serve as a hub linking R&D with these businesses to help them share their knowledge and expertise.

The government also wishes to attract new investors involved in this field by offering its surplus electricity at reduced prices. In addition to these benefits, Quebec can rely on a highly skilled workforce, and its strategic position in North America offers open access to a market of over 460 million consumers. Québec is therefore an ideal home for companies looking for green investments. By using its renewable energy as a tool for economic and social development, Québec is demonstrating to what extent the synergy between the economy and environmental protection can be beneficial!

THE CARBON MARKET IS ALIVE AND WELL IN NORTH AMERICA



Québec's power distribution network has the capacity to charge one million electric vehicles per day

Source: Hydro-Québec

Beyond transportation electrification, Québec has also opted for an economic instrument that is both efficient and flexible to reduce its GHG emissions and accelerate the transition to a low-carbon economy; a cap-and-trade system.

To ensure its system's viability, Québec joined the Western Climate Initiative (WCI), a North American initiative of federated states focused on

creating a regional carbon market. Together with other partners, Québec has actively contributed to defining common rules of operation for its cap-and-trade system. Several precautions have been taken to ensure its reliability, soundness and stability. The system has thus been designed to guarantee a sufficiently high carbon price signal, to avoid the over-allocation of emission units, and to prevent market manipulation, while establishing an offset credit system based on rigor and environmental integrity.

It is on this common ground that Québec's cap-and-trade system was developed and officially launched in January 2013. It currently covers large GHG emitters in the industrial and power generating sectors. Starting in 2015, the system will also cover fossil fuel distributors. At that point, the system will encompass nearly 86 per cent of Québec's total GHG emissions.

The Québec will hold its first cap-and-trade auction on December 3, 2013. Subsequently, in January 2014, Québec will officially link its system to California's, thereby creating the largest carbon market in North America. Collaboration between Québec and California within the WCI framework is an excellent example of North American regional cooperation that is economically as well as environmentally beneficial for both partners. In the medium term, Québec hopes that other North American States and Provinces will join the WCI carbon market, and that, over the long run, it will link up with other carbon markets around the world.

Cap-and-trade revenues will be fully reinvested in initiatives dedicated to reducing GHG emissions and adapting to the impacts of climate change in Québec.

Since climate change knows no borders, Québec's leadership in tackling this phenomenon reflects its firm belief that a collective future with a low carbon footprint is not only necessary, but also beneficial for everyone! ■

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