

GREEN TRAINWRECKS OF MANITOBA

Why Manitoba is not Smart Green



PRESENTATION TO:
St. Boniface
Rotary Club
January 8, 2008



By Peter Holle



FRONTIER CENTRE
FOR PUBLIC POLICY

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TODAY'S DISCUSSION

- Manitoba Gov't: "Our Province is a "Green" leader"
- Climate Change Politics vs. Good Policy
- Three Green Train wrecks:
 - Ethanol
 - Lake Winnipeg
 - Manitoba Hydro – Transmission line/subsidies
- Principles of Smart Green Policy
- Moving forward

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- ▶ How Will Climate Change Affect Manitoba?
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Leading the Way on Climate Change

Manitoba Works Towards a Climate Change Registry

The Province of Manitoba, the Canadian Standards Association and the Canadian Climate Exchange signed a Letter of Agreement on April 20, 2007 to work together on a conceptual design for a web-based portal as the first phase of a Climate Change Registry in Manitoba. The three parties agree to work together on a variety of possible solutions including a web-based portal for the exchange of information about the supply of emission-reduction projects, demand from organizations wishing to reduce their GHG footprint, and eventual market-based solutions to provide a price signal and financial incentive for emissions reductions.



The Province of Manitoba, the Canadian Standards Association and the Canadian Climate Exchange are committed to collaboration toward providing market based solutions to reduce greenhouse gas emissions in Manitoba and beyond its borders. This partnership will allow Manitoba to continue to be positioned as a climate leader, both within Canada, and globally.

Climate Change Legislation Coming to Manitoba

The Province of Manitoba has announced its intention to introduce climate change legislation to support efforts to reduce greenhouse gas emissions. More information will be coming soon.

Business Week Recognizes Manitoba Climate Leadership

In its special issue on climate change in November 2005, Business Week magazine ranked Manitoba as the number one regional government in the world for battling climate change. The magazine also placed Premier Gary Doer in its list of the top 20 international leaders who are combating climate change.

Canadian Energy Efficiency Alliance (CEEA) National Report Card

Manitoba continues to lead the Canadian provinces in promoting and supporting energy efficiency according to a new national report card authored by the Canadian Energy Efficiency Alliance (CEEA). The CEEA, a leading non-governmental energy efficiency advocate, awarded Manitoba an A for the second year in a row.

Climate Leaders' Summit 2005

In December 2005, Premier Doer co-hosted a Climate Leaders' Summit with Premier Jean Charest of Quebec during the United Nations Climate Change Conference in Montreal. The Summit brought together the heads of government of federated states and regions, including five Canadian premiers, and representatives of major corporations from around the world. Participants presented their best greenhouse gas (GHG) reduction initiatives and demonstrated the economic and social benefits associated with these innovative practices.

Present
Manitoba
government
portrays
itself as a
"Green"
Leader on its
website.



DECEMBER 12, 2005 BATTLING CLIMATE CHANGE/Online Extra

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Table: Individual Achievers

INDIVIDUAL ACHIEVERS

Individuals who stand out for their efforts to cut gases that cause global warming

1 Tony Blair
British Prime Minister



On matters relating to the threat of climate change and actions to mitigate it, Blair has no peer among heads of state. He was the first leader of an industrial nation to look far beyond the Kyoto Treaty, which calls for single-digit cuts in greenhouse gases (GHGs) by 2012. For Britain, Blair pledged an extraordinarily ambitious goal: a 60% reduction by 2050. His influence within the G8 elevated awareness of environmental issues – and he doesn't hesitate to diplomatically berate President George Bush for failing to address the lopsided U.S. role in global warming

2 Franz Josef Schafhausen,
German Ministry of the Environment, Nature Conservation & Nuclear Safety

Maintaining a steady hand despite political vagaries, Schafhausen has already engineered policies that more than meet Germany's Kyoto obligation: GHGs today are 19% lower than 1990 levels. In the process, he has been instrumental in creating 450,000 new jobs in renewable energies, helping to alleviate Germany's high unemployment rate

3 John Drowne
BP Chairman and CEO

Lord Drowne sent seismic shocks through the oil industry in 1997 when he declared that by 2010, BP would reduce GHG emissions by 10% from 1990 levels. That was six months before negotiations on the Kyoto protocols began in earnest. His visionary call for industry action has since proved its worth. BP has reaped huge – and sometimes unexpected – profits while transforming its traditional oil-field culture and drastically shrinking its so-called carbon footprint

4 Arnold Schwarzenegger
California Governor



His resolute climate agenda distresses fellow Republicans and challenges U.S. auto makers. He has issued an executive order that requires California, the world's sixth-largest economy, to slash GHGs by 80% by 2050 – the most

The website also highlights a 2005 BusinessWeek ranking placing our premier alongside Tony Blair and Arnold Schwarzenegger

	he's imposing tough demands on other investments to measure up environmentally. He was behind the greening of the state's 70,000 vehicles
11 Beate Weber Heidelberg (Germany) Mayor	Since her election in 1990, Weber has pushed through stringent initiatives to combat climate change. Her authority may be limited to Heidelberg, but residents are enjoying cleaner air. Regulations on the energy efficiency of public buildings have chopped CO2 emissions by 30% since 1993, and the city now purchases a quarter of its electric power from renewable sources. Also, a non-profit agency has helped thousands of home and small-building owners to install energy-saving systems.
12 Gary Doer Premier of Manitoba	Under Doer, sustainable development has become an economic lynchpin in the Canadian province of Manitoba. His action plan on climate change aims to shrink GHGs by 23%, or almost four times the Kyoto target. By boosting hydro power and planting more wind farms, Manitoba expects to have energy to spare, which can be exported over the electric grid to neighboring provinces. Within Manitoba, Doer has decreed that all gasoline must be mixed with methanol, and he's a fan of grabbing the methane gas that seeps from landfills. The methane or its hydrogen content could power future fuel-cell buses and, since Manitoba is a bus-making hub, put more zip in the provincial economy



Man-Made Climate Change Theory

- Carbon dioxide emissions from human activity is causing global warming
- Our high living standards and affluent consumption-based lifestyles are the problem
- Blames corporations, suburban sprawl (land development patterns), automobile society
- Answer = central planning, government action, United Nations etc. (Why politicians love it...

Man-Made Climate Change Politics

– Class warfare and anti-corporatism

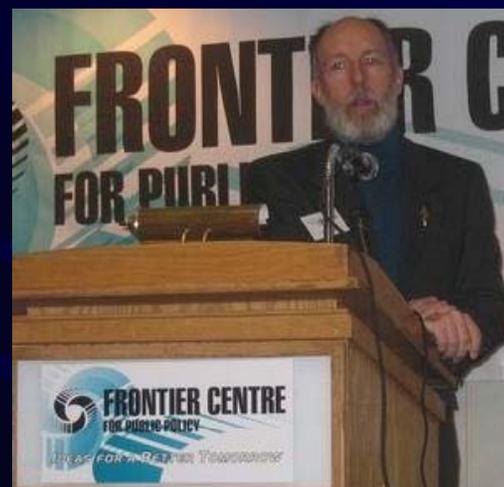
- “Many factors including a lack of science education, a need to perpetuate themselves and "means justifies the end" thinking. The worst aspect is what I describe as the environmental movement has been hijacked by political activists who are using green rhetoric to cloak agendas that have more to do with anti-corporatism and class warfare than with ecology or the environment.”



Patrick Moore, Co-founder of
Green Peace in FC interview

A Great Central Planning Vehicle For Achieving Significant Control Over The Economic Life Of The Nation – The New Socialism

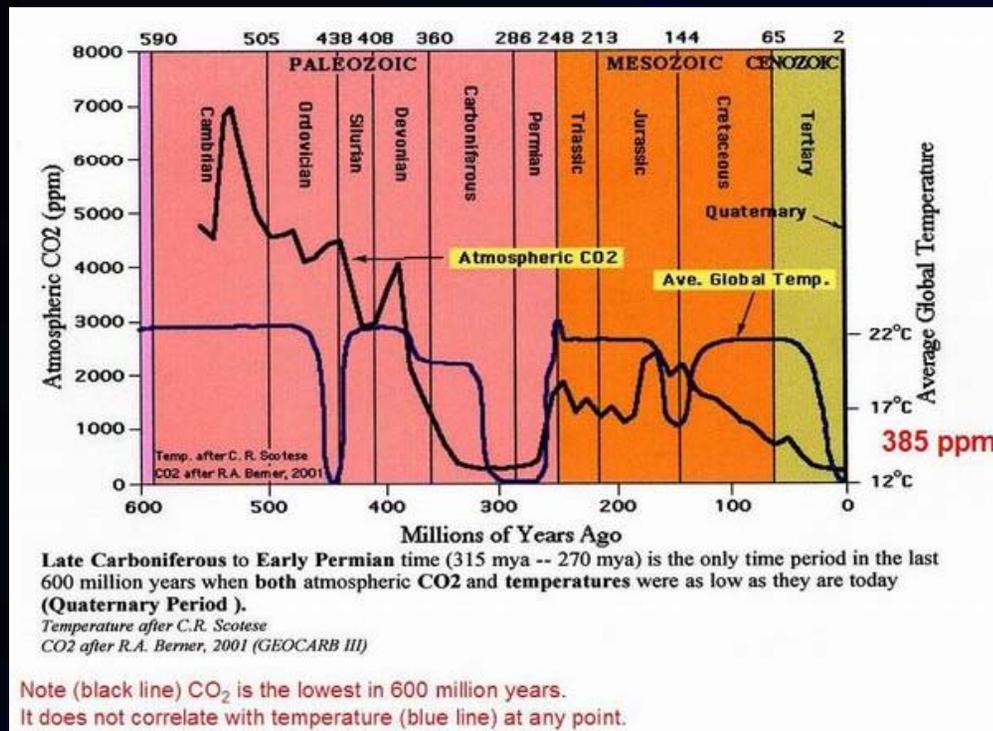
- “The environmental movement has been taken over by the socialists who lost power after the fall of the Soviet Union, because it became difficult to justify being a socialist any more in any realm except for the environmental realm. Polls showed that Americans were opposed to socialism except that they believed in government intervention to protect the environment. So socialists were drawn to the environmental movement and that changed the movement to its own detriment.”



Randall O'Toole, Senior Fellow, Cato Institute in a FC interview

Climate Change Reality - 1

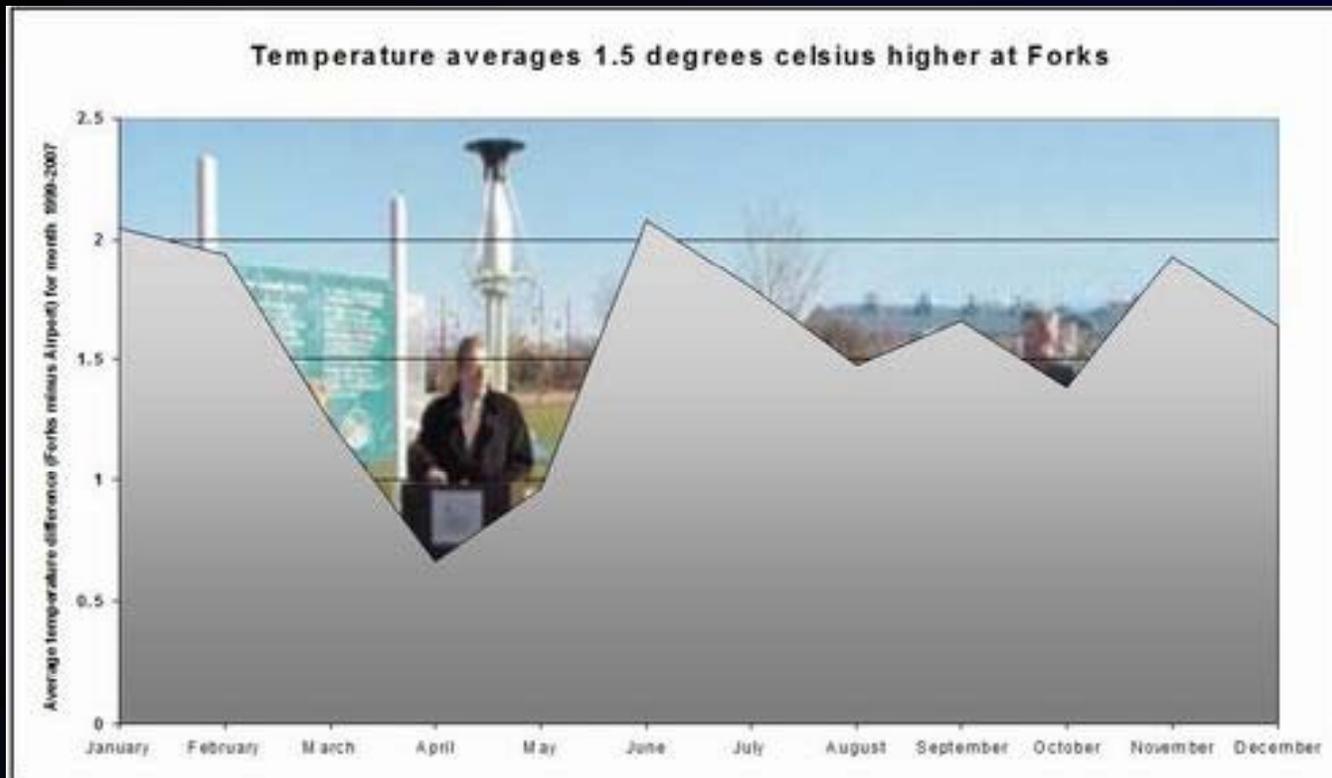
- Global temperature is related to many factors - primarily solar activity – correlates with sunspots
- CO₂ levels do not correlate with temperatures – especially on a geologic time scale



Climate Change Reality – 2

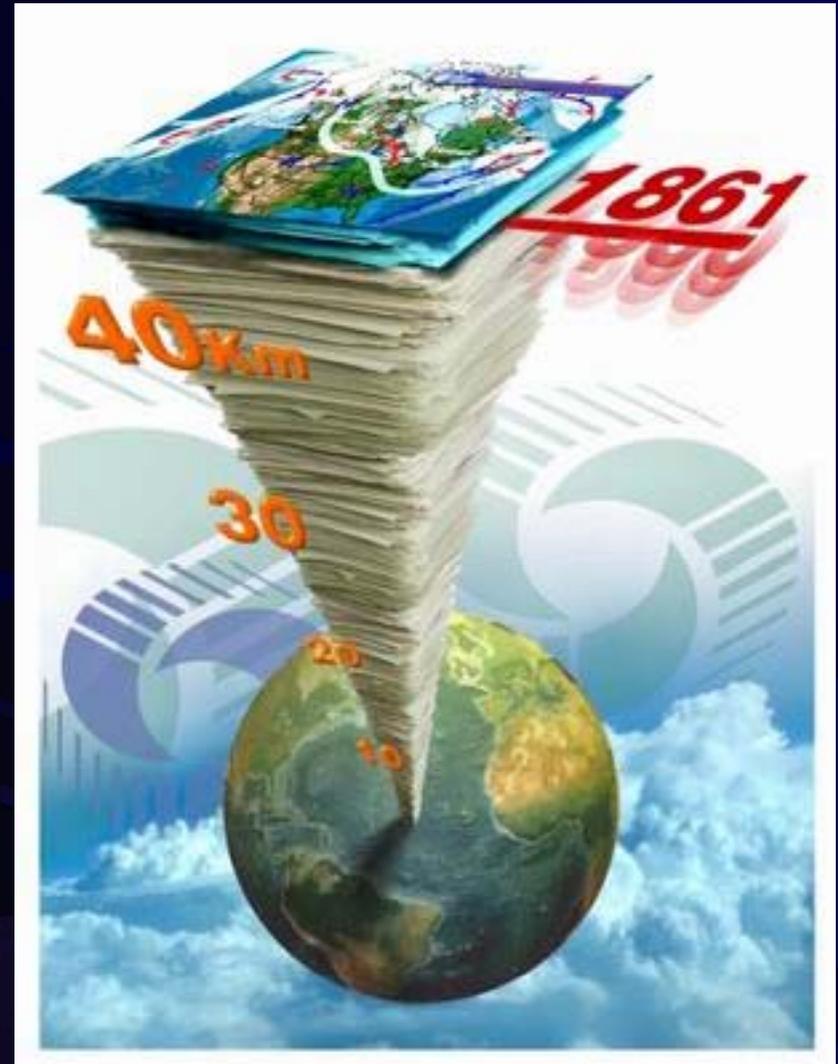
Measurement Issues

- Urban heat island effects = major measurement problems
- Winnipeg Forks always warmer than airport.
- Close airport measurement = global warming



Climate Change Reality - 2

- Lack of Context – surface temperature measurements only started in 1850s.
- If the thickness of a sheet of paper is .10 millimetre, 100 pages would be approximately 1 cm thick.
- Assuming paper records began in the middle 1800s, and that each year represents a sheet of paper, that would give us a small pile of about 150 pages or 1.5 cm of paper. The geological age of the Earth—4.55 billion years—would represent a stack of paper that is about 45.5 km high.
- It is misleading to refer to temperatures recorded in the first 1.5 cm of a paper pile that is 45.5 km high and call them the hottest temperatures in history.



Three Manitoba Green Policy Train Wrecks



■ Lake Winnipeg

■ Ethanol

■ Manitoba Hydro

Lake Winnipeg – Algae Blooms

- There are smart ways to control the nutrient load into Lake Winnipeg.
- But consider how much of the problem is beyond our control.
- According to the December 2006 final report of the Lake Winnipeg Stewardship Board:
 - 53% of the load comes from the U.S. and other provinces
 - 23% comes from natural sources
 - Less than a quarter comes from Manitoba sources with 15% from agriculture (only 1.5% from the much maligned pork industry)
 - 9 % comes from Winnipeg and other municipalities.



Lake Winnipeg – Grey Water Septic Field Fiasco

- To reduce nutrient loads into Lake Winnipeg, Manitoba is moving to ban grey water septic fields.
- It did this without expanding the holding lagoons so there are frequent harmful emergency discharges into natural water systems.
- The situation is so severe at Westhawk that they now dump the lagoons every 6 weeks instead of twice a year (spring and fall).
- Better policy can help Lake Winnipeg, including better policing of grey water fields and the use of newer technologies run on a contract basis (Privately owned and operated sequential batch reactors).

☞ Governments have a conflict of interest when they regulate themselves, so complicated and critical infrastructure should be separated and placed in the commercial sector.

Lake Winnipeg – City of Winnipeg

- The province is requiring Winnipeg to build a \$1.2 billion waste water plant upgrade which will reduce the city's 5% portion of nutrient load going into Lake Winnipeg to about 2.5%.
- It will remove both Phosphorus and Nitrogen, even though the scientific evidence is only strong for Phosphorus as the limiting factor for blue green algae production (many of the algae species can fix atmospheric Nitrogen, and are therefore not limited by Nitrogen in the water).
- This represents approximately \$500 million extra cost for little environmental benefit.

☞ Proper risk and cost benefit analysis would free up resources for other green uses

**From the field
to your fuel tank**



**As of January 1, gasoline sold in
Manitoba will be blended with ethanol.**

Ethanol is a clean-burning, renewable fuel that's made from grain grown right here in Manitoba. It's good for your car. It's good for the environment. And it's good for the economy.

For more information about the benefits of ethanol-blended gasoline and the Manitoba government's commitment to alternative energy and other green initiatives, visit manitoba.ca and click on Seeing Green.

Manitobans are seeing
green



Manitoba 

Ethanol is Green

**“Good for the
environment”**

**“Good for the
economy”**

But is it?

Inflation and Higher Taxes

- Ethanol is distilled from food crops. Pumping ethanol into the gas tank is like pumping food into it; the ethanol that fills a 25-gallon tank takes 450 pounds of corn to make, enough to feed someone for a year.
- Increased demand for corn to make ethanol for fuel rather than food and feed has resulted in food prices arising at twice the rate of inflation. (Mexican food riots).
- All 11 billion bushels of corn produced in 2006 would yield the equivalent of 3.9 million barrels a day of gasoline or less than a fifth of 21 million barrels a day Americans consumed. (Won't make a dent in U.S. energy import dependence)



Ethanol – Undermines Livestock Industry

One of Manitoba's Few Success Stories

- Canada is strategically positioned as a meat exporter and that should cause governments to re-think their devotion to ethanol, says the George Morris Centre, Canada's top agriculture think tank.
- The Centre has released a review of federal/provincial supports for grain-based ethanol, in the context of broader Cdn public policy.
 - "Canada's current plans to develop ethanol are far from strategic, given their effect so far on the country's beef and pork sectors."
 - "Just because the U.S. is developing ethanol does not mean Canada should"
 - "Not only do the two countries have different public policy issues at stake, but "it looks more and more like the U.S. policy is just bad policy, so one sees little reason to emulate it."
 - "Considering the rationales the U.S. has cited for ethanol supports, the idea of Canada, a net exporter of oil, needing ethanol to wean itself from foreign oil dependence can be "immediately rejected as absurd."

- ☞ Ethanol energy input only slightly less than energy output
- ☞ We pay higher taxes to damage the hog industry for little benefit
- ☞ Proper risk and cost benefit analysis would free up resources for other green uses

Manitoba Hydro – West Side Transmission Line

- Extra distance of 455 km – west side
- Line loss:
 - of 28 megawatts a year – enough to power 25,000 homes (all of Brandon).
 - Extra greenhouse gases of 40,000 cars every year
 - Export value of line loss will be hundreds of millions of dollars.
- More expensive, less robust system – smarter to separate lines to insure against weather disruptions



No. 36

A Thread Down a Football Field

Why a West Side Manitoba Hydro Transmission Line is Bad Environmental Policy



by Robert D. Sopuck and James Blatz

December 2007

Manitoba Hydro – Un-Green Price Subsidies

- Hidden subsidies - \$1.2 billion difference between market and cost. (2006)
- Like selling oil for \$35 when market price is \$90.
- Manitoba has among highest power consumption in the world (of clean energy).
- Political pricing cascades down into other subsidy programs (wind farm optics)
- Hidden subsidies for capital, income tax exemptions and more = artificially cheap power.

A SMARTER POLICY MIX ON ELECTRICITY

- PROMOTE WISER ENERGY USE WITH MARKET PRICING
- IF MANITOBA PRICED ELECTRICITY AT MARKET RATES IT WOULD CAPTURE \$1.2 BILLION IN EXTRA REVENUE

Some options –

- End payroll, capital and corporate tax plus school portion of property tax
or
- Double roads budget and eliminate school portion of property tax
or
- Cut income tax by 56%

Tax or Spending item	\$ Mill
Payroll Tax	328
Capital Tax	152.5
Corporate Tax	278.1
Income Tax	2,159
Provincial Sales Tax	1,327
Roads	239
School portion-Property Tax	550
vs Power Subsidy	+1,200

HOW DO WE GET TO GREENER PRICING POLICY MIX?

- Transition programs to ease move to market pricing – “grandfathering”
- Intelligent pricing – peak load pricing to shift demand
- Effective communications
 - Higher prices will promote conservation
 - Lower taxes will create jobs, investment, higher tax revenues
 - A way out of “Have Not” Province Box
- Political leadership – Incompetent political management strengthening privatization case

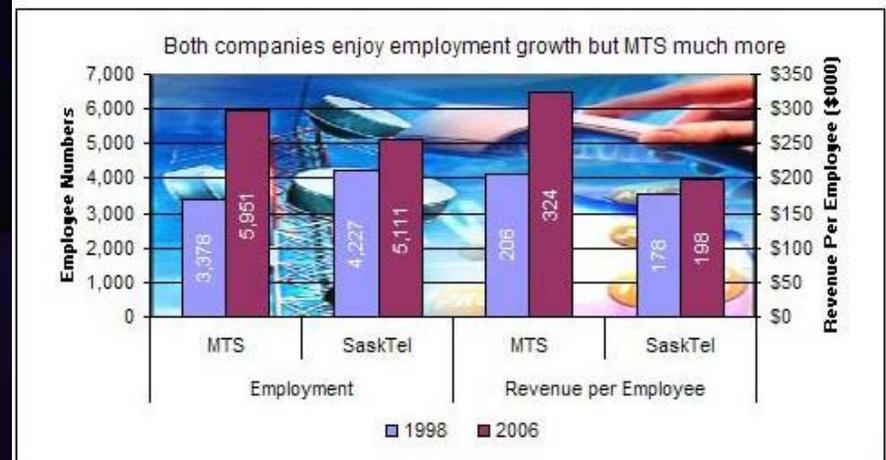
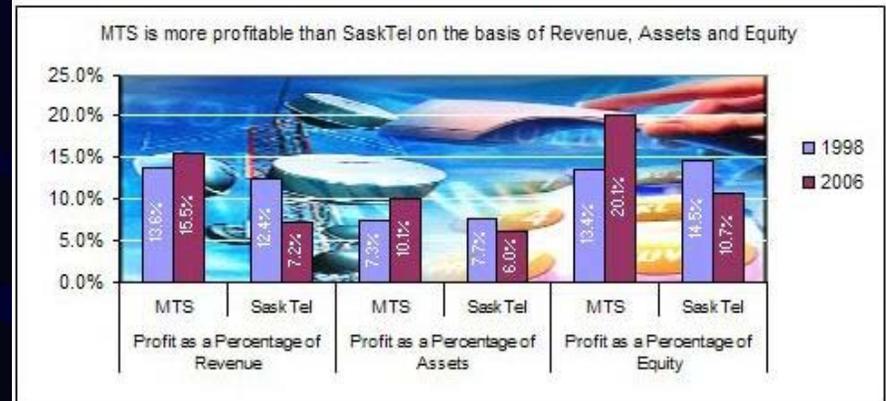
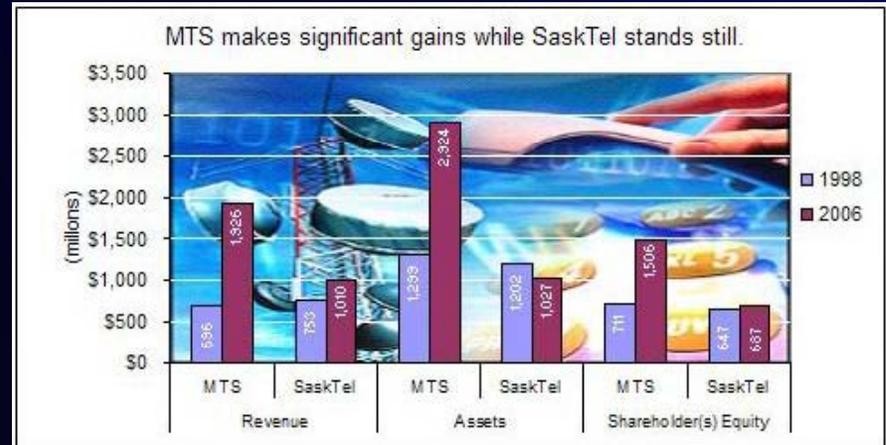
CROWN CORPORATIONS? LET'S MOVE ON

■ A decade on from the Manitoba government's share offering and exit from the telephone business -

- MTS earns twice the revenue of SaskTel.
- MTS has 3 times the assets.
- MTS is more profitable, on the basis of revenue, assets and equity.
- MTS has 20% more jobs.

Manitoba Hydro not run directly by "Green" politicians -

3 Times Bigger?
More jobs
Larger tax base
More investment



Smart Green Principles

Smart Green Principle	Manitoba:
1. Rely on unbiased science	Fail
2. Focus on measurable results	Fail
3. Recognize wealth creation as the wellspring for environmental improvement	Fail
4. Substitute risk and cost benefit analysis for the precautionary principle	Fail
5. Focus on incentives via property rights	Fail
6. Embrace environmentally friendly technology;	Fail
7. Eliminate public sector conflicts of interest by separating resource ownership from regulation.	Fail

See Frontier Policy Series Paper No. 25 – An Environmental Policy for the 21st Century at www.fcpp.org

Smart Green Ideas to Reduce GHGs

Smart Green Ideas for Reducing Greenhouse Gases	Feds:	Manitoba:
Promote telecommuting	Fail	Fail
Remove hidden subsidies that depress energy prices	Fail	Fail
Cut federal equalization subsidies for cheap electricity in Québec and Manitoba	Fail	
Improve traffic flows by eliminating and synchronizing traffic lights		Winnipeg
Expand car scrappage programs	Fail	
Institute cabotage rights for truckers	Fail	
Do smarter bio-energy	Fail	Fail
Pay farmers to conserve the land		Pass
Help end global farm subsidies	Fail	
Consider nuclear power	Pass	NA

There is no Crisis The Environment Has Never Been Better

Environmental Indicators 2000 Report -



- Levels of sulphur dioxide in the air fell roughly 60 percent between 1974 and 1997;
- Ambient lead concentrations fell 88 percent in Canada between 1974 and 1997;
- Levels of nitrogen dioxide measured in the air fell 19 percent between 1974 and 1997;
- Carbon monoxide levels fell 74 percent between 1974 and 1997, and;
- Levels of total suspended particulates fell 53 percent between 1974 and 1997.
- "Although there are still some local air quality concerns in Canada, overall air quality has improved dramatically. We meet the strictest health standards for each of these pollutants," said Laura Jones.

The study provides further evidence of Canada's environmental improvement in other areas:

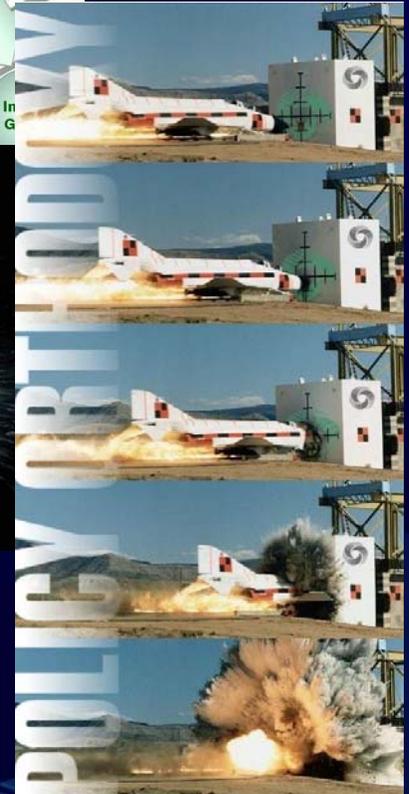
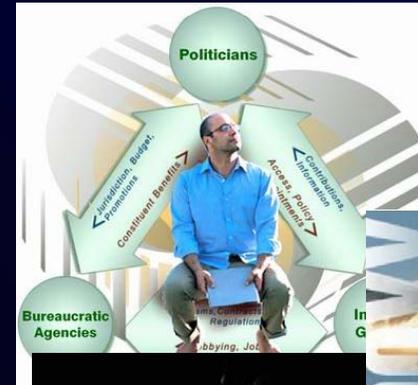
- a 130 percent increase, since 1975, in the percentage of harvested forest area that is replanted;
- an 11 percent decline, since 1984, in the number of provincial water quality readings exceeding local standards;
- a 56 percent increase in paper and glass recycling;
- a 198 percent increase, since 1973, in the amount of land set aside for parks, wilderness, and wildlife; an 84 percent decline, since 1974, in the amount of DDE found in bird eggs near the great lakes;
- a 95 percent drop in the concentrations of dioxins and furans measured in great blue heron eggs on the West Coast, and;
- 21 percent more of the municipal population across Canada was provided with waste-water treatment between 1983 and 1994.

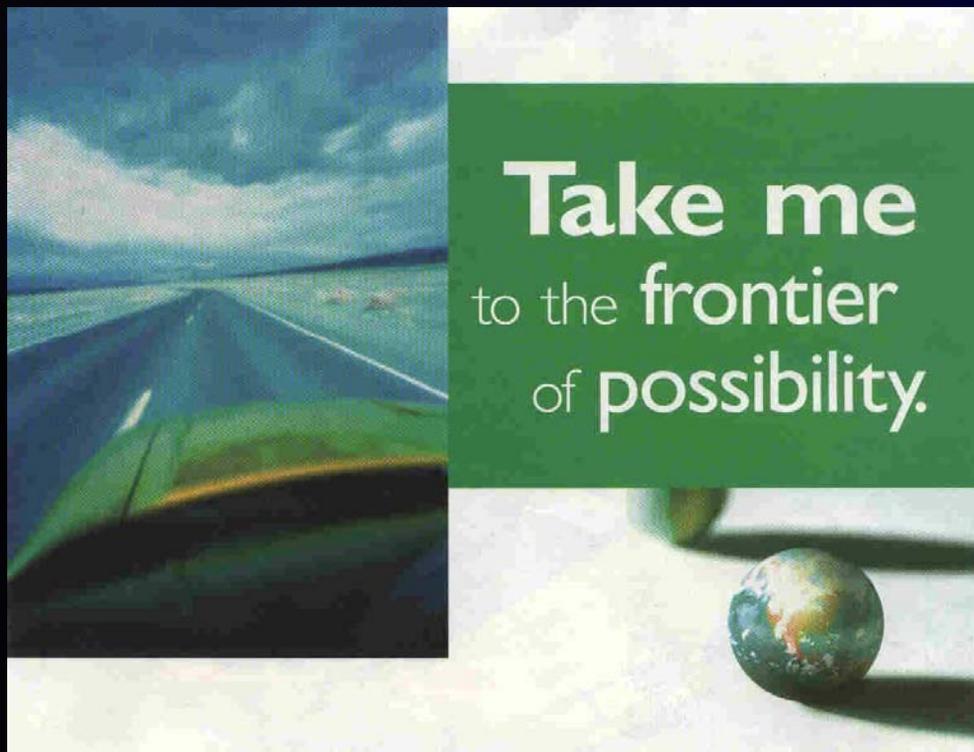
"One of the most serious environmental problems Canada faces today is the large gap between public perception and reality, which can lead to focusing on the wrong problems and the wrong solutions"



SUPPORT THE DISCUSSION ON SMART GREEN POLICY

- Donate to independent think tanks that question the status quo
- Non-partisan and non-political
- No government funding – allows more latitude and freedom from political interference
 - Thought Leadership
 - Stimulate discussion on controversial topics
 - Provide breathing room for politicians scared of interest groups





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