

SUBMISSION

FOCUS: Carbon Pricing in Canada

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KEY POINTS

- A carbon price is a fair, efficient and effective approach to reducing emissions. A well-designed carbon price also spurs clean energy innovation and deployment. Thus, carbon pricing is an essential element of any effective pan-Canadian climate plan.
- Every jurisdiction in Canada should price greenhouse gas pollution. However, we support a flexible approach that allows provinces and territories to craft the approaches that work best for them. (Over time, it makes sense to develop linkages between systems or evolve into a national system, as broader systems usually reduce emissions at lower costs.)
- The federal government should ensure a minimum price on carbon in every Canadian jurisdiction via a regulatory or legislated requirement. Having a price on carbon in every jurisdiction in Canada would contribute to meeting or beating Canada's climate targets and make the carbon pricing system fairer and more effective.
- A national minimum price should:
 - cover the vast majority of emissions
 - quickly reach a level of \$30/tonne (aligned with B.C.'s current price and Alberta's scheduled 2018 price), and
 - increase over time thereafter according to a clear schedule.

LESSONS FROM SUCCESSFUL CANADIAN CARBON PRICING SYSTEMS

Clean Energy Canada has published assessments of the development of two of Canada's successful carbon pricing policies: B.C.'s carbon tax and Quebec's cap and trade system. In both cases, we drew lessons about how to adopt a successful carbon pricing system from candid, confidential interviews with the architects of the policies in question: politicians, officials, and expert stakeholders.

Some of the lessons learned from B.C. and Quebec's experience are very pertinent to the current federal / provincial / territorial policy development process. Those include:

- A carbon price and a thriving economy can co-exist.
- You need strong political leadership to get a carbon price in place.
- Keep it simple: design a policy that's easy to administer thanks to broad coverage and minimal exemptions.
- Start with a low price, but commit to a schedule of price increases right from the outset. Stick to that schedule.
- A carbon price can't do everything: it needs to be one component of a full suite of climate policies.
- Partner with other jurisdictions to create new opportunities and lower the "cost" of participation.

- Invest in education. Develop in-house expertise and learn from others.
- Commit to openness, fairness, and transparency.
- Address valid competitiveness concerns with a “home grown” (jurisdiction-specific) approach.
- Prepare for motivated, vocal, and not necessarily fact-based opposition. You’ll need active, engaged supporters and targeted communications strategies to counter the inevitable critics.
- Expect a cleaner environment, an enhanced reputation, and a thriving clean technology sector.

The full reports—[How to Adopt a Winning Carbon Price](#) and [Inside North America’s Largest Carbon Market](#)—are included with this submission for a more detailed review of their findings.

Thank you for the opportunity to provide these recommendations.

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