



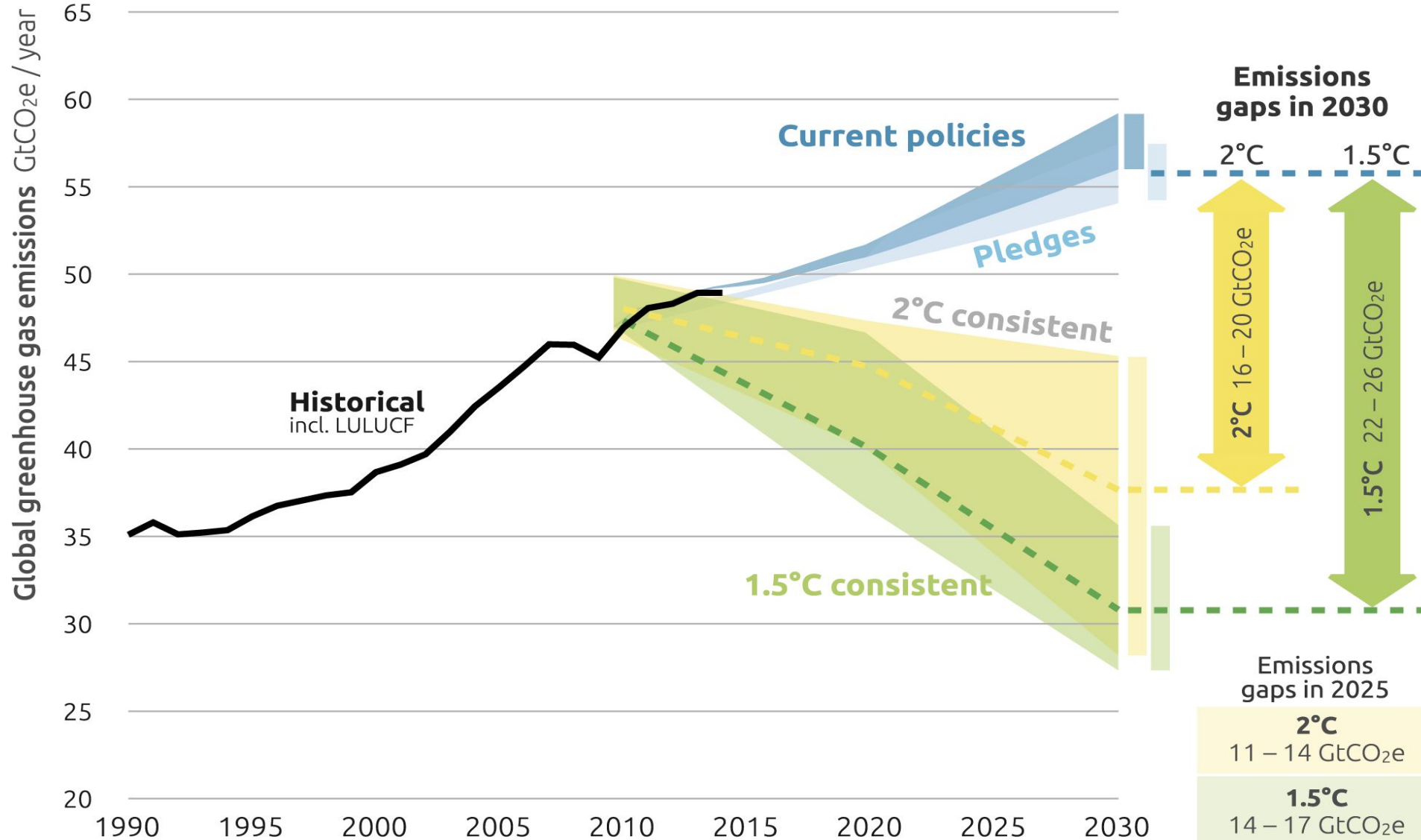
CANADA'S **ECOFISCAL** COMMISSION
Practical solutions for growing prosperity

Canadian Climate Change Policy: Setting the Context

Paul Boothe CM PhD
Ecofiscal Commission

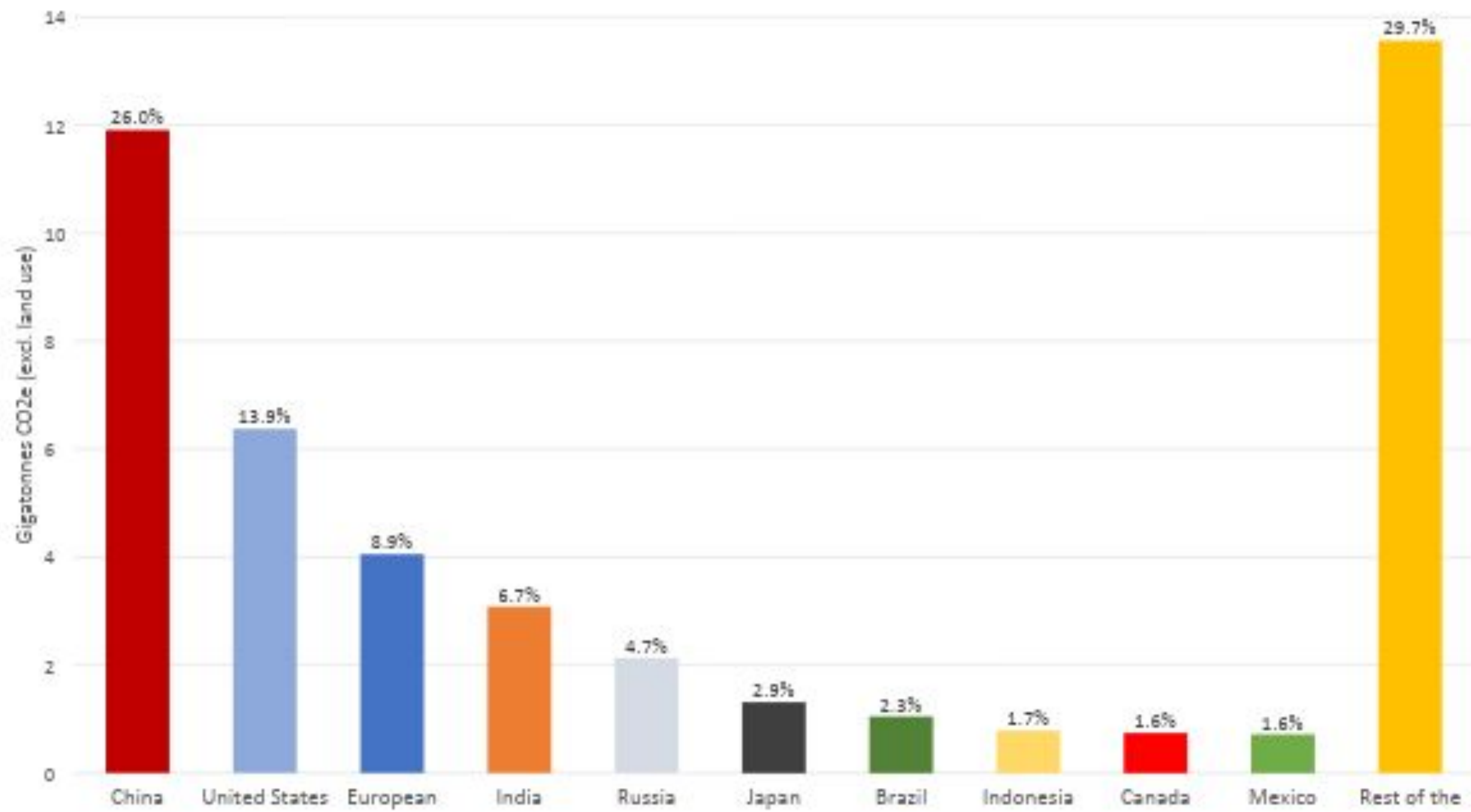
2030 EMISSIONS GAPS

CAT 2017 projections and resulting emissions gaps in meeting the Paris Agreement's temperature goals

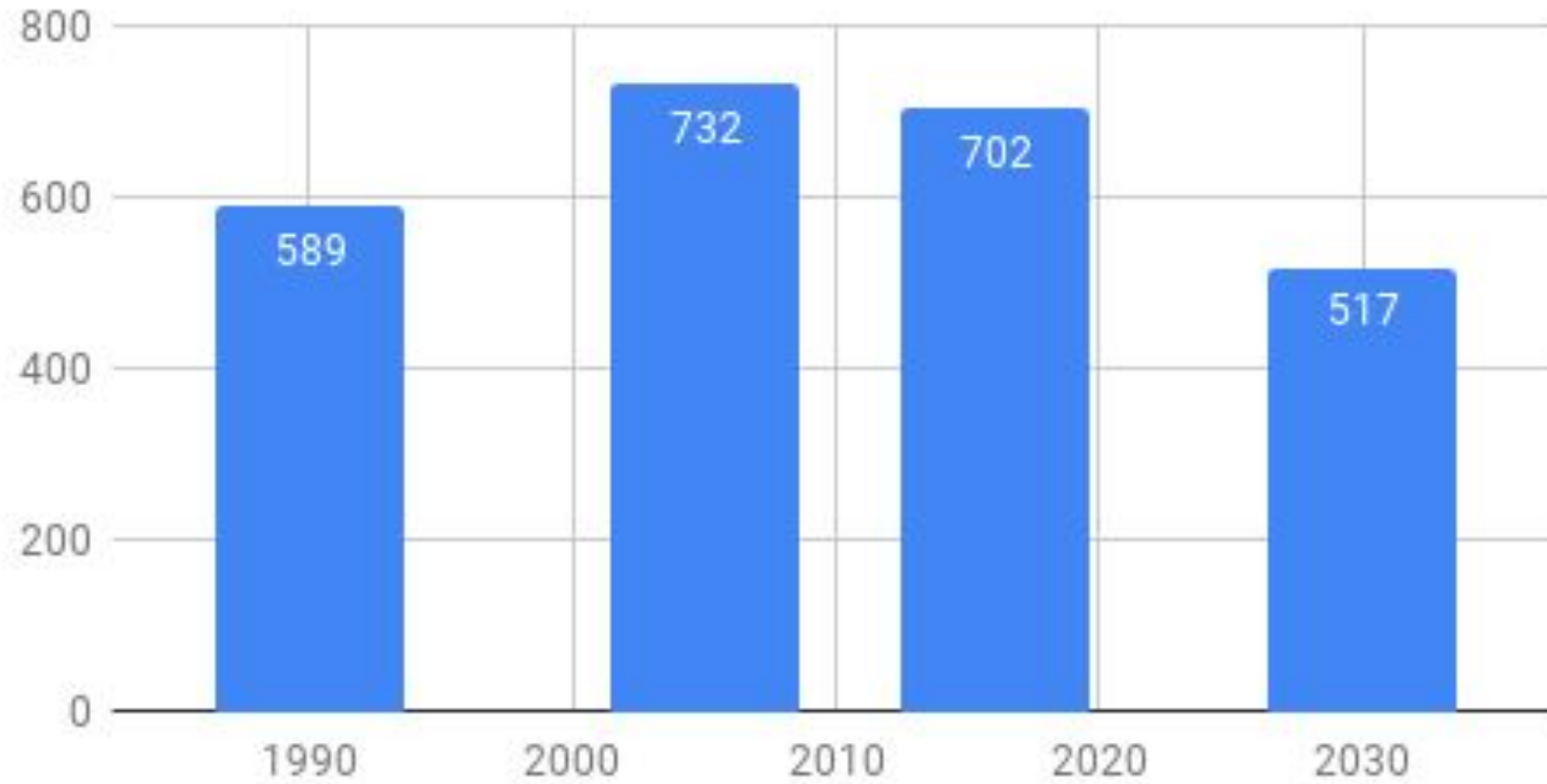


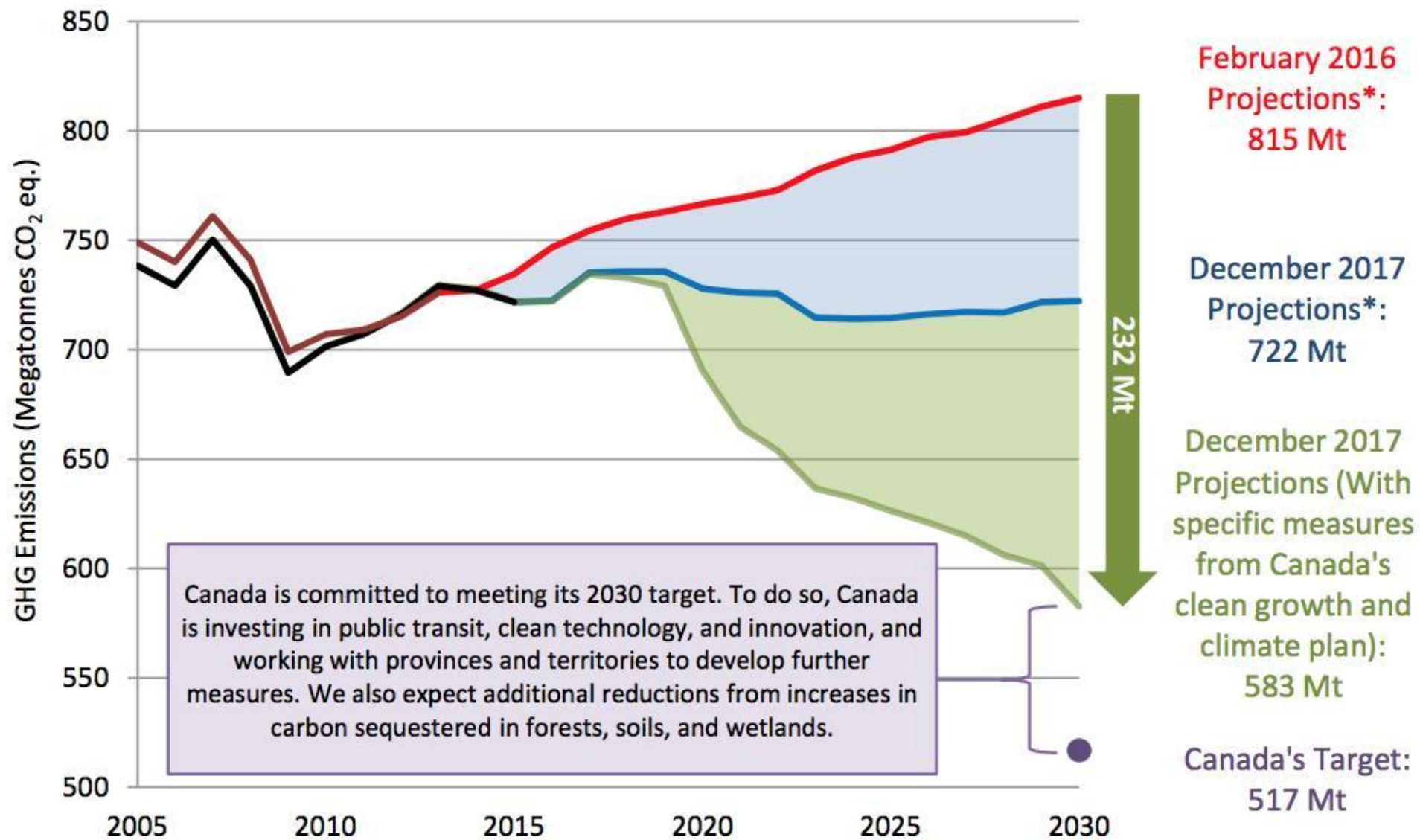
The "gap" range results only from uncertainties in the pledge projections. Gaps are calculated against the mean of the benchmark emissions for 1.5°C and 2°C.

Top 10 global emitters



Canadian CO2 Emissions

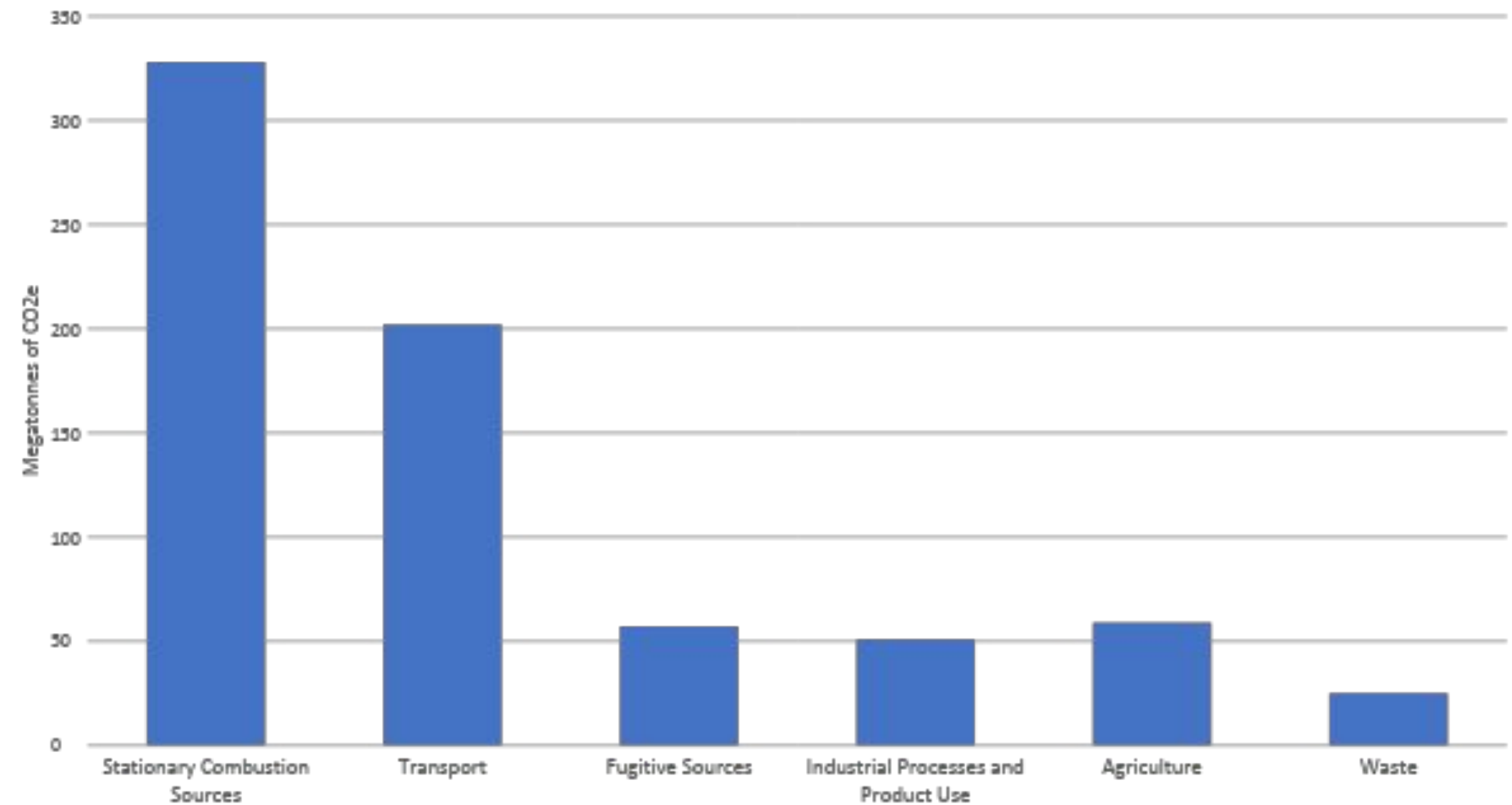




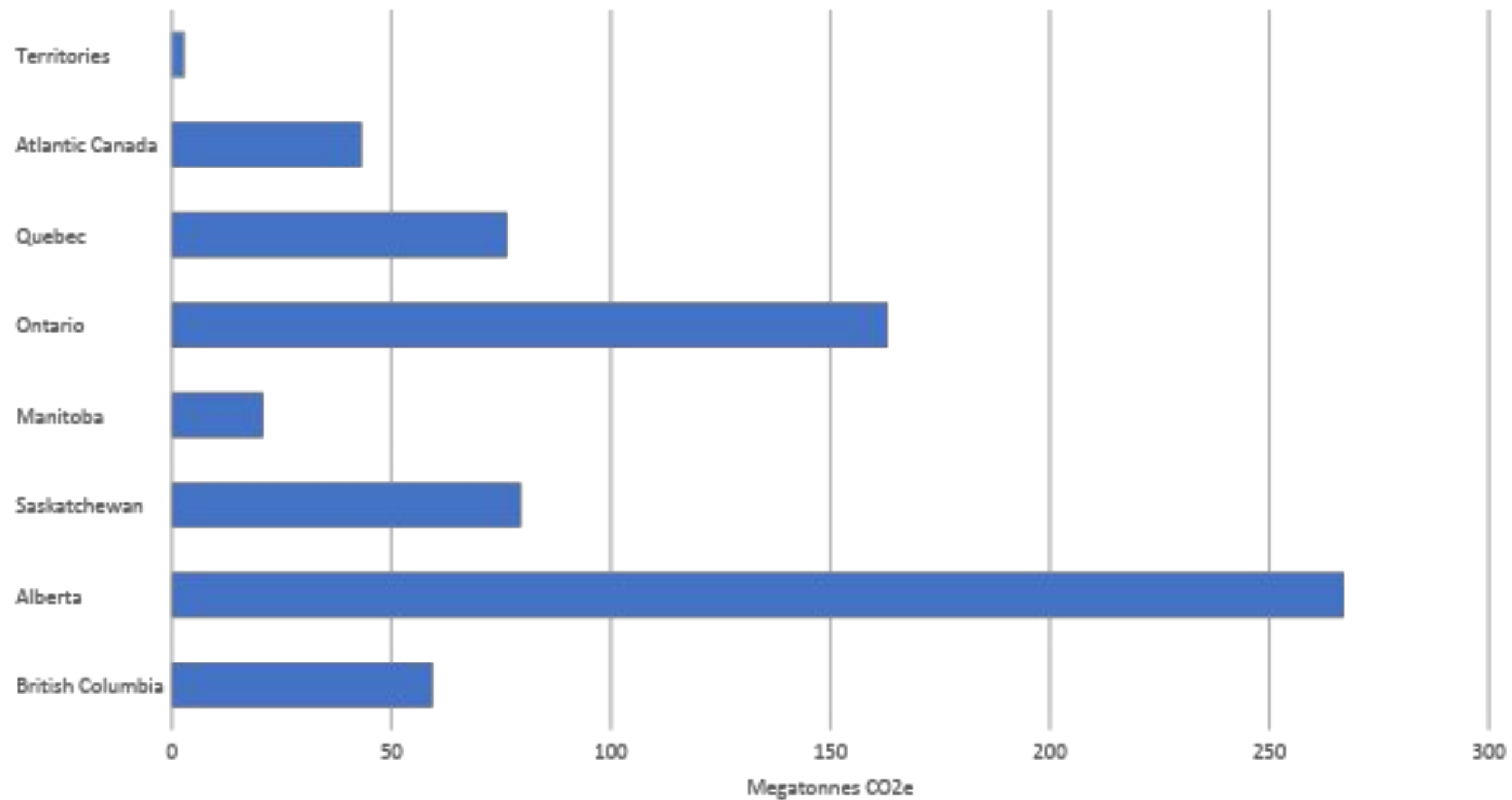
*These scenarios are the "with measures" scenarios as defined by the UNFCCC.

Figure 4: Scenarios of Canadian Emissions to 2020 and 2030 (Mt CO₂ eq) (Excluding Land Use, Land-Use Change and Forestry)

Canadian Emissions by Sector (2015)



Emissions by Province (2015)



Canada's Federal Carbon Price

- Covers Saskatchewan, Manitoba, Ontario, New Brunswick
- \$20/tonne carbon tax starting April 1
- Rise by \$10/tonne a year until 2022
- 90% of revenues rebated to households
- Provinces that opt in to federal plan (e.g. PEI) can spend revenues as they wish (tax cuts, R&D, infrastructure, etc.)
- Separate system for large emitters

Large emitters “output-based pricing” system

Carbon price

+

Output-based
allocations

=

“Output-based carbon
pricing”

- Incentives to reduce emissions
 - Incentives for low-carbon innovation
 - Lowest-cost way to reduce GHGs
-
- Incentives for production and investment to remain **INSIDE** province
-
- Incentives to reduce GHG emissions by improving performance, **NOT** by reducing output

Different Policies, Different Costs

- Meeting Canada's 2030 target
 - Current policies, incl. international trading - \$150/tonne
 - Current policies, no trading - \$220/tonne
- Regulations can come close
 - Well-designed can come *close* to the \$/tonne cost of carbon pricing
 - The more regulations *resemble* carbon pricing, the better they work
 - Gradually increase in stringency over time
 - Allow permit trading
 - Technology-neutral

Bottom Lines

Yes - Canada **can** meet its 2030 CO2 target **without** crippling its economy (including resource producing provinces)

We can do it the **hard** way (regulation), the easier way (pricing + OBAs) or the **easiest** way (pricing + OBAs + trading)

There is a lot of transforming and innovating to do - so we need to **pick up the pace.**