



Citizens' Climate Lobby Canada Lobby Climatique des Citoyens

A Solution: The Carbon Fee and Dividend Proposal

Proposed Findings:

1. **Causation:** Whereas scientific evidence indicates that greenhouse gas emissions from burning fossil fuels and other sources are causing rising global temperatures,
2. **Mitigation (Return to 350 ppm or Below):** "Whereas a return from the current concentration of approximately 400 parts per million ("ppm") of carbon dioxide ("CO₂") in the atmosphere to 350 ppm CO₂ or less is necessary to preserve a planet similar to that on which civilization developed and to which life on Earth is adapted,"
3. **Endangerment:** Whereas further increases in global temperatures pose imminent and substantial dangers to human health, the natural environment, the economy and national security and an unacceptable risk of catastrophic impacts to human civilization,
4. **Co-Benefits:** Whereas the measures proposed in this legislation will also benefit the economy, human health and the environment even without consideration of global climate disruption, as a result of reductions in non-greenhouse-gas pollutants,
5. **Benefits of Carbon Fees:** Whereas predictably rising carbon fees on fossil fuels are the most economically efficient, transparent and enforceable mechanism to drive a transition to a low-carbon economy, by giving all businesses and individuals a powerful incentive to reduce their carbon footprints,
6. **Equal Monthly Per-Person Dividends:** Whereas equal monthly dividends (or "rebates") from carbon fees paid to each Canadian household will equitably recycle revenue obtained from carbon fees, and can help ensure that families and individuals can afford the energy they need during the transition to a clean energy economy.

Therefore the following legislation is proposed:

1. **Collection of Carbon Fees/Carbon Fee Trust Fund:** Beginning July 1, 20XX, impose a carbon fee on all fossil fuels (oil, coal, and natural gas) at their first point of sale. Yearly price increases shall continue until Canada's total CO₂ emissions have declined to 10% of the level of Canada's CO₂ emissions for calendar year 1990. Every five years the Ministry of Finance, in consultation with the Ministry of the

Environment, will conduct a study on the economic and environmental impacts of the carbon fee, to determine whether an increase in the rate of annual increase of the carbon fee to greater than \$10/tonne CO₂ /year is required to achieve Canada's short-term greenhouse gas reduction targets. In no case, however, shall the annual increase in the carbon fee be less than \$10 until the target of 10% of calendar year 1990 emissions is reached.

2. Equal Per-Person Monthly Dividend Payments: The revenue collected from carbon fees shall be distributed as equal monthly per-person dividend payments to be made to all Canadians (1/2 per child under 18 years old, with a limit of 2 children per family).

3. Border Adjustments: In order to ensure that Canadian products can remain competitive, Carbon-Fee-Equivalent Tariffs shall be charged for goods entering Canada from countries without comparable Carbon Fees/Carbon Pricing. Carbon-Fee-Equivalent Rebates –may also be used to reduce the price of exports to such countries.

4. Direct use of Fuel: Direct use of a fossil fuel by a producer or importer shall be subject to the carbon fee in the same manner as if the fuel were sold.

5. Emissions from Non-Fossil Fuel Sources: The Ministry of Finance, in consultation with the Ministry of the Environment, will develop assessment procedures to the end that all readily measurable greenhouse gas emissions not arising from fossil fuel combustion (e.g. CO₂ emissions associated with industrial processes; methane release) will also become subject to the Carbon fee, based on their CO₂-equivalent greenhouse gas potential.

6. Phase-Out of Fossil Fuel Subsidies: All existing subsidies of fossil fuels including tax credits shall be phased out over the five years following enactment.

7. Moratorium on New or Expanded Coal-Fired Power Plants: Beginning on the date of enactment, there shall be no new coal-fired power plants permitted or constructed. There shall also be no expansion in capacity of any existing coal power plants.

8. Seeking Treaties: The Government of Canada shall seek treaties with other countries that encourage adoption of programs similar to the ones provided for in this Act to reduce CO₂ and other greenhouse gas emissions.