About CCL and CCL Canada

Citizens’ Climate Lobby (CCL) is an international, non-partisan and grassroots organization that empowers citizens to build political will for what we see as the single most impactful solution to climate change—a national Carbon Fee and Dividend.¹

We have over 600 active chapters in 60 countries² and almost 200,000 members worldwide. In Canada, we cover almost 120 ridings and have approximately 1200 members.³

We build political support for climate action with a variety of tools,⁴ which we use in keeping with our local culture and politics. By focusing on shared values rather than partisan divides, we build relationships with community leaders and with federal elected officials, always starting from a place of respect, gratitude, and appreciation.⁵

Through developing respectful relationships, cultivating and demonstrating local support, and promoting a climate solution that has appeal across the political spectrum, we build political will. That is, we move our leaders towards action that will preserve a healthy climate and a livable world.

Since September 2010, our volunteers in Canada have recorded over 1000 lobby meetings and over 3500 letters to the editor, articles, editorials, and columns published in newspapers by or about us. We have lobbied as a collective on Parliament Hill 14 times. In May 2020, because of the COVID pandemic we conducted our first online conference. In 2020, as of September 5, 2020, our volunteers have recorded 93 lobbying sessions with Parliamentarians in 2020 – most of them on Zoom.

In October 2018, Canada achieved a world first: the passage of a national carbon pricing policy that is quite similar to Carbon Fee and Dividend. We have been told by numerous politicians we were the reason the government chose this policy.

Learn more about us at https://canada.citizensclimatelobby.org/.

How to Use this Booklet

Relationships are at the core of our work. LASER talks are intended to facilitate discussion on the climate crisis in our communities, in our media, and with politicians. They have also been created to respond to topics and questions which will often arise in conversations amongst voters (i.e. co-workers, family, and friends). They were not intended to be presented as monologues. They are resource-rich communication points to share in your own words and ways.

To practice a LASER talk, consider internalizing the information then saying it in your own words with a partner over coffee, in a group, or in front of a mirror. Practice the LASER talks that interest you the most – you don’t have to learn all of them. If you are new to Citizens’ Climate Lobby (CCL) – keep it simple. The first six LASER talks are the most important, along with the ones that might resonate the most with your community.

You can also use the information in this booklet to write letters to the editor or social media posts and offer this booklet to those that might value its information.

With CCL’s core values6 of focus, relationships, integrity, personal power, being nonpartisan, and diversity in mind, you are invited to use this booklet in your communications.

Note, if Canada does not go into an election this fall, we will update this booklet for our proposed November Lobby efforts. We would appreciate editorial (not wordsmithing) in October 2020 to ensure the best resource possible for our proposed lobbying efforts. Please look in the October action sheets for more instructions on how to join this Laser Talk Booklet CCL Canada Action Team.

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# Table of Contents

Carbon Pricing 101  
   The What and Why of Carbon Pricing  
   The Many Ways to Price Carbon  
   Carbon Fee and Dividend  
   Canada’s Carbon Pricing System  
   Carbon Pricing and the Cost of Gas  

Canada’s Challenges and Opportunities  
   Balancing the Budget, Social Concerns, and the Climate  
   Enshrining U.N.D.R.I.P. Under National Law  
   Where Canada’s Emissions Come From  
   Tracking Canada’s Climate Action (2008 - 2020)  
   The Pan-Canadian Expert Collaboration  
CCL Canada’s Climate Accountability Recommendations  

International Climate Policy  
   Carbon Pricing Around the World  
   Border Carbon Adjustments  
   The UK Climate Change Act  
   The Energy Innovation and Carbon Dividend Act in the USA  

Carbon Pricing In-depth  
   Carbon Pricing is the Most Silver-Bulletish Policy that we know of  
   Cost-Effective Complementary Climate Policies  
   Output Based Pricing and CCL Canada’s Position  
   Lessons from the Provincial Court Rulings  
   Fair Path Forward’s Rebate Calculator  

Climate Connections  
   How to respond to an observation that climate activism makes youth anxious  
   Carbon pricing attends to our Climate and Health Emergency  
   The Effect of Pricing Carbon on Farmers  
   The IPCC Report on Climate Change and Land  
   The IPCC 1.5 °C Report
Carbon Pricing 101

The What and Why of Carbon Pricing

Carbon dioxide (CO2) and other greenhouse gases (GHG) are building up in the atmosphere from burning fossil fuels for energy and from other human processes. This carbon pollution is causing severe climate impacts like floods, wildfires, and drought. There are huge costs associated with this pollution, such as the rebuilding of roads, dikes and homes, plus habitat loss, and rising health care issues. All of these costs fall unfairly on the taxpayers, individuals, or businesses. The cost of polluting should be clear so society is not harmed in order to make a profit.

Putting a price on carbon pollution motivates those who create the pollution to reduce the amount of GHGs they emit into the atmosphere. Economists widely agree that introducing a carbon price is the single most effective way for consumers and producers to reduce their emissions and for countries to meet their global carbon reduction targets.

Putting a price on carbon means the real cost of producing and emitting GHGs is accounted for across the whole economy. This helps to level the playing field for renewable energy and other climate solutions by making them more competitive and accessible.

Implementing carbon pricing impacts the status quo of a fossil fuel based economy and is contested by some as being too costly. However, due to the severe impacts of climate destabilization, taking no action is immensely more costly. There are many ways of addressing climate change such as reducing subsidies to fossil fuel companies, regulations that support emissions reductions and subsidizing renewable energy alternatives. However, carbon pricing is seen as the most effective lever for change.

Since 2010, CCL Canada volunteers have advocated for pricing carbon in the form of Carbon Fee and Dividend.
The Many Ways to Price Carbon

Our governments have 6 basic options to confront climate change. They are listed from least transparent to most transparent:

1. **The status quo** – our whole society finances the climate impacts of using fossil fuels – the most expensive option by far.

2. **Regulation** – boots on the ground, eyes on emissions. This approach requires the government to hire regulators to keep tabs on everyone’s emissions and is dependent on the budget for enforcement. This approach is only as effective as the number of sources it can monitor, but hiring regulators is expensive, so it will only catch the largest carbon emitting companies, not the small but cumulative emissions from your car, your neighbour’s lawn mower, or your friend’s boat.

3. **Cap and Trade** – involves putting a cap on emissions, but lets companies trade for the emissions they produce. For example, companies that emit less than their cap can sell unused allowances to companies that pollute more or "bank" their allowances for future use. Therefore it creates an artificial ‘product’ in the market. It still requires hiring regulators to tell us who is emitting how much (and all the problems that come with regulations) and creates a market where a select few people make money and the rest of us are left with a fluctuating fuel market.

4. **Subsidies** – government picks winners and losers by deciding which companies to support financially. However, it can be really hard to predict the future and what will be the best option down the line. We know how this has failed us in the past when the government decided to subsidize fossil fuels.

5. **Carbon Tax** – a sin tax (levy on certain goods deemed harmful to society and individuals). The positive is that carbon taxes are highly effective at reducing carbon emissions because they hold companies monetarily accountable for the negative consequences of the emissions they use, and, if the tax is put at the source (such as the coal mine or the oil refinery) or first point of sale, it won’t require many regulators.

The downside is that, with just a tax on carbon emissions, companies will push the extra cost off to consumers and make products more expensive. When things get more expensive, people won’t be able to afford as much so it will slow down our GDP growth and economy and risk a tax revolt.

6. **Carbon Fee and Dividend** – CCL’s preferred solution. It is simple and effective. Carbon Fee and Dividend includes a fee on carbon emissions at the source, then the revenues from that fee go back to households – it’s this dividend that grows the economy and protects the most vulnerable, thereby addressing the downside of a carbon tax.
Carbon Fee and Dividend

1. Carbon Fee and Dividend is a carbon price that is revenue-neutral (meaning that the revenues do not go to government coffers). It functions as follows:

2. A fee is placed on carbon-based fuels at the source (well, mine, or port of entry).

3. This fee increases steadily each year so that clean energy is cheaper than fossil fuels within a decade.

4. All of the money collected is returned to Canadians on an equitable basis.

5. Under this plan most Canadian households would break even or receive more in their dividend than they would pay for the increased cost of energy, thereby protecting the poor and middle class.7

6. A predictably increasing carbon price will send a clear market signal, which will unleash entrepreneurs and investors in the new clean-energy economy.

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Canada’s Carbon Pricing System

In June 2018, the Greenhouse Gas Pollution Pricing Act achieved Royal Assent and became law of the land in Canada.8

By January 1, 2019, all provinces and territories were required to have had a carbon pricing policy of at least $20 per carbon tonne, raising $10 per tonne each year until 2022, with flexibility for jurisdictions to price carbon directly or implement an equivalent cap and trade system.9 (How equivalency is determined is unclear.) Provinces and territories that do not meet these benchmarks are subject to a federal backstop carbon pricing policy.

The federal backstop carbon price has two elements:

1. A fee on fossil fuels that is generally payable by fuel producers or distributors, with rates for each fuel that are equivalent to $10 per tonne of carbon dioxide equivalent (CO2e) in 2018, rising by $10 per year to $50 per tonne CO2e in 2022. 90% of the revenue is rebated to the citizens in their income taxes under the line 449 “climate action incentive”.10 CCL Canada recommends the price be economy-wide and rise past 2022.11

2. Businesses and industries that qualify may be enrolled in an output-based pricing system (OBPS).12 They pay a carbon price based on their emissions intensity relative to a benchmark set by the government for their industry and surplus credits will be traded. This system will send a market signal because good actions are rewarded.

The OBPS protects emissions-intensive trade-exposed industries from carbon leakage, the movement of businesses and their emissions out of Canada. However, the OBPS may not be stringent enough.13

CCL Canada requests the fee on fossil fuels be economy-wide and the OBPS be temporary and ultimately replaced with border carbon adjustments.

The following is a breakdown of the carbon pricing systems of the provinces and territories:

Currently, Alberta, Saskatchewan, Ontario: Chose not to implement or cancel carbon pricing in their provinces. Therefore, the federal backstop carbon price is applied.14 15

Alberta: In June 2019,16 repealed its carbon price which had met the federal benchmarks. Canada’s Environment Minister announced the backstop will be applied beginning January 1, 2020.17

Yukon, Northwest Territories, and Nunavut: Have asked the federal government to implement the federal

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backstop carbon price.18

British Columbia: A carbon price has been in place since 2008.19

Quebec: Prices carbon through a cap and trade system harmonized with California’s.20

Nova Scotia: Implemented a cap and trade program starting on January 1, 2019.21

Prince Edward Island: Includes the federal OBPS for large emitters and a four-cents-per-litre surcharge on gasoline and diesel.22 Home heating fuels are not subjected to any new taxes.23

New Brunswick: On April 1, 2020 exited the federal backstop but also reduces the provincial excise tax by 4.6 cents. That means the net cost to consumers is now two cents, not the 4.4 charged in 2019-20 or the 6.6 cents for 2020-21.24

Newfoundland and Labrador: Gasoline is taxed at 4.42 cents per litre. Diesel fuel is also taxed, but home heating fuels will not. Large industrial polluters are subjected to annual reduction targets, with exemptions for certain industries.25

Overview of the federal backstop

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Carbon Pricing and the Cost of Gas

Carbon pricing credibly regulates climate-unbalancing greenhouse gases by applying a gradually increasing fee on fossil fuels like oil and gas. In 2019, Canada’s federal backstop carbon price is equivalent to about 4.4 cents per litre of gas. This will increase by the equivalent of about 2.3 cents per litre of gas each year until 2022.

In provinces and territories where the backstop carbon price is in place, the revenues generated stay within the jurisdiction with 90% being returned to households. This way, at least eight out of ten households, especially those with the lowest income, get back more money than they pay in the carbon price.

For a family driving a car with a moderate mileage of 10 L/100 km (23 mpg), the increased cost of gas from carbon pricing is $3 for a single 60 L fill up, or less than $100 per year in 2019, assuming a typical 20,000 km (12,400 miles) of driving per year.

With incremental increases in the carbon price, fossil fuel consumption goes down. Knowledge of the carbon price also encourages people and businesses to invest in technologies, such as electric cars and solar panels, that decrease our dependence on fossil fuels. This investment in climate-friendly technologies makes them more quickly available and drives down their prices.

The price of gas is volatile and can change by more than 20 cents in a month. While carbon pricing makes the cost of polluting more clear, the increased costs are low and gradual, giving us time to adapt. What’s more, 90% of the federal backstop carbon pricing revenues is returned to families to protect consumers.

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Canada’s Challenges and Opportunities

Balancing the Budget, Social Concerns, and the Climate

We are in the midst of a global pandemic. The COVID health crisis has set off economic shockwaves around the world and the climate crisis will be much worse.

In early September 2020, Isabel Schnabel, board member of the European Central Bank, said, "The coronavirus pandemic demonstrates in the clearest terms why central banks must take a bigger role in fighting climate change even if the issue at first appears unrelated to monetary policy."

On September 9, 2020, the US Commodity Futures Trading Commission issued a new and dire report, outlining the serious climate risk facing the US financial system. A major finding that stands out is that without a targeted, explicit price on carbon emissions, “financial markets will operate sub optimally,” with capital helping to exacerbate both risk and cost, while failing to invest in more efficient systems and solutions.

Canada’s COVID Recovery budget will be announced on September 23, 2020 and the climate crisis must be faced head on. To meet or exceed the 2030 target, Canada’s carbon price should continue to increase past 2022 to at least $210 tonne.

To protect poor and middle income families from increased energy costs, revenue from pricing carbon must be returned to households.

To balance the budget, the federal government can reform taxation to be more equitable.

In June 2020, the Parliamentary Budget Office released a report on Canadian family wealth distribution based on 15,349,000 families that collectively possess $10.3 trillion. The top 1% quintile of Canadian families possess more than a quarter of all wealth in Canada, whereas the bottom 40% quintile possess just 1.2% of Canadian wealth.

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A tax overhaul has not been done in Canada since 1960’s. According to the Charter of Professional Accountants, Canada is long due for an overhaul and should be moving to a low-carbon, and climate-resilient economy.\(^{36}\)

While there are many ways to reform taxation, the following four examples are possible avenues that have been mentioned by politicians:

1. **Phasing out fossil fuel subsidies.** During the pandemic Canada is subsidizing much more on fossil fuel energy than clean energy\(^{37}\). In December 2018, billions of dollars in new support was announced for the fossil fuel industry,\(^{38}\) which was already receiving an estimated $1.6 billion a year in federal subsidies.\(^{39}\) Phasing out “inefficient” fossil fuel subsidies is a G20 commitment\(^{40}\) and can also make the market signal of carbon pricing clearer. Reforming subsidies could also help pay for a clean energy revolution.\(^{41}\)

2. **Implementing an inheritance tax.** Canada is the only G7 country without an inheritance tax. CIBC projects that baby boomers under 75 are set to inherit $750 billion within the next decade.\(^{42}\)

3. **Tightening tax havens.** The Parliamentary Budget Officer calculated that in 2018, Canadian corporations may have avoided $25 billion dollars or more in taxes through tax havens.\(^{43}\)

4. **Closing the stock option loophole.** Through the stock option loophole, CEOs and corporate board members avoid paying half their taxes on income from cashing in stock options. Closing the stock option loophole in 2017 could have generated $840 million annually.\(^{44}\)

Addressing the climate crisis, social concerns, and the budget deficit at the same time is doable. We can do this by improving carbon pricing, returning carbon pricing revenues to households and reforming taxation.


Enshrining U.N.D.R.I.P. Under National Law

CCL Canada acknowledges that enshrining the United Nations Declaration of the Rights of Indigenous People (U.N.D.R.I.P.) under national law is part of our Reconciliation process and will also protect the air, water, land, and climate we all depend on. We are grateful for the exceptional work by land defenders protecting lands from exploitation by fossil fuel companies.

Indigenous Peoples play an important role in environmental management. Although, Indigenous rights are enshrined in Section 35 of the Constitution Act of 1982, they only protect their rights in generalized and abstract ways. Indigenous Peoples can only exercise their constitutionally protected rights in the court system. Litigation is very costly, and challenging to assemble evidence.


Under Article 25 of the United Nations Rights of Indigenous People, “Indigenous peoples have the right to the conservation and protection of the environment and the productive capacity of their lands or territories and resources.” Further, Article 25 states: “Indigenous peoples have the right to maintain and strengthen their distinctive spiritual relationship with their traditionally owned or otherwise occupied and used lands, territories, waters and coastal seas and other resources and to uphold their responsibilities to future generations in this regard.”

Free, Prior and Informed Consent (FPIC) is a specific right that pertains to indigenous peoples and is recognised in the U.N.D.R.I.P. It allows them to give or withhold consent to a project that may affect them or their territories.

References:
- https://indigenousfoundations.arts.ubc.ca/constitution_act_1982_section_35/
Where Canada’s Emissions Come From


In 2017, the oil and gas sector was Canada’s largest greenhouse gas emitter, accounting for 27% of reported emissions. (Note that the actual emissions may be significantly higher.) It was followed closely by the transportation sector with 24%. The other economic sectors, namely buildings, electricity, heavy industry, agriculture, and waste and others, each accounted for between 6% and 12%.

A sufficiently robust and gradually rising carbon fee can efficiently do most of the heavy lifting in reducing emissions across sectors, making it a cornerstone of a cost-effective climate plan.

A recent declaration signed by 3554 economists, including 27 Nobel prize winners, states that a carbon fee “offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary.”

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Tracking Canada's Climate Action (2008 - 2020)

In April 2019, Canada’s Commissioner of Environment and Sustainable Development, Julie Gelfand, said, "for decades, successive federal governments have failed to reach their targets for reducing greenhouse-gas emissions, and the government is not ready to adapt to a changing climate. This must change."  

2008-2012: According to Gelfand, Canada's emissions would have gone up significantly between 2008-2012 if it were not for the 2008 recession and actions of the provinces.

2011-2016: Climate Action Tracker (CAT) provides an independent scientific analysis produced by three research organization, tracks progress towards the goals of the Paris Agreement, and ranks countries on their performance. CAT ranked Canada in the lowest category alongside Russian Federation and Saudi Arabia from 2011 to 2015. From 2015 to 2016, Canada's ranking was still at the very bottom.

2017-2020: In 2017, Canada was moved into the next CAT category and is now in the middle of the pack in 2020.

Now, our 2030 Paris Agreement pledge is still woefully inadequate and consistent with a path to a 3 °C rise in global temperatures. This would be catastrophic for humanity. We are in a global emergency. We must strengthen our climate ambitions and treat the climate crisis as a non-partisan issue.

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The Pan-Canadian Expert Collaboration

The climate crisis is a non-partisan issue. To help reflect that, we can use the UK’s Climate Change Act (2008) as a model.51 This was a recommendation of Ontario’s Environment Commissioner in: Climate Action in Ontario: What’s Next?52

As part of the act, an arms-length agency to advise the UK on climate policy was established. In April 2019, Canada initiated a similar process and established a research team designed to give Canadians and their governments credible, authoritative advice on climate change and clean energy development.53

The Pan-Canadian Expert Collaboration includes more than 20 post-secondary institutions and research groups from across the country. It was established to provide independent research and advice in three areas — carbon pricing, clean energy development, and strategies for climate-change adaptation.54 It was also established to “fill existing information gaps and help translate research into useful information for policy decision-making.”

The collaboration will receive up to $20 million from the federal government over the next five years (funding first announced in the 2018 budget) and has a stated purpose to act as “an independent, standalone organization” that will have the power to "set its own agenda and operate independently from government.”55

The climate emergency is complex and a non-partisan issue. Incorporating independent and evidence-based policy advice from a broad range of credible sources is critical to ensuring the health and safety of all.

The federal government can build on the Pan-Canadian Expert Collaboration by establishing legally binding science-based targets.

CCL Canada’s Climate Accountability Recommendations

VERSION ONE OF MANY TO COME: Please note these ideas are still being formulated by Citizens’ Climate Lobby Canada. We will be looking to our members, Canadian Civil Society groups, and our parliamentarians to guide us as we collaborate to respond to the climate emergency and embrace the opportunities a just transition to a low carbon economy can bring to all Canadians.

BACKGROUND: Many countries and jurisdictions including New Zealand/Aotearoa, Denmark (June 2020) and the United Kingdom (2008) have implemented climate accountability frameworks as a way of meeting their long-term climate commitments. Similar frameworks are also found in two Canadian provinces: Manitoba and British Columbia. These jurisdictions provide valuable examples for other Canadian governments looking to implement accountability frameworks.

UK CLIMATE ACT + CONSIDERATIONS IN A CONFEDERATION: In 2008, the United Kingdom enacted the 2008 Climate Change Act which is a climate accountability framework. As the graph above clearly illustrates, the UK has been highly successful in reducing their carbon emissions. However, unlike the UK, Canada is a federation of provinces and territories and that must be considered when planning.

CANADA, NGOs AND CLIMATE ACCOUNTABILITY: Since joining the United Nations Framework Convention on Climate Change (UNFCCC) Canada has never met a climate target. In May 2010, a Climate Accountability private member's bill (Bill C311) passed through the House of Commons and was killed in the Senate without ever being read. In 2018oon after Canada enacted the Greenhouse Gas Pollution Pricing Act, Citizens'
Climate Lobby (CCL) Canada volunteers collectively came to the conclusion that Canada needed climate accountability laws like the UK and began lobbying for them in May 2019. Fortunately, CCL Lobby Canada is not alone in its desire to see climate accountability laws enacted. Canada's largest environmental law association, Ecojustice, the Climate Action Network Canada, the West Coast Environmental Law Association, Environmental Defence, the Pembina Institute, Equiterre and the Canadian Institute of Climate Choices are all working on climate accountability.

**KEY ELEMENTS OF CLIMATE ACCOUNTABILITY:**
Canada is a confederation and has a Westminster model of democracy. Thus, both must be considered when designing climate accountability laws. We want Canada's climate accountability laws to look like we are in an emergency because we are in an emergency. There is also some valuable advice from Canadian NGOs to consider. Here are some general elements we think should be in a climate accountability law for Canada:

1. We recommend five-year GHG budgets, with mandatory public reporting on progress in meeting these targets and budgets. The United Kingdom’s Climate Change Act 2008 provides an example of legislation that implements these concepts.
2. National carbon budgets should be split equitably and with informed expert advice with the provinces and territories.
3. Provincial and territorial carbon budgets must be clearly delineated within the federal budget.
4. The federal budget must be binding.
5. The carbon budget must be determined 10 years in advance so appropriate planning can take place.
6. Climate accountability must be about more than cutting GHGs. It needs to include not only mitigation but also adaptation, equity, First Nations considerations, burden-sharing, and a just-transition for all.

**Key Climate Accountability Resources**

- [https://climatechoices.ca/reports/marking-the-way/](https://climatechoices.ca/reports/marking-the-way/)
- [https://www.wcel.org/sites/default/files/publications/CarbonBudget%20(Web)_0.pdf](https://www.wcel.org/sites/default/files/publications/CarbonBudget%20(Web)_0.pdf)
International Climate Policy

Carbon Pricing Around the World

Summary map of regional, national, and subnational carbon pricing initiatives. IMAGE SOURCE: The World Bank’s Carbon Pricing Dashboard

Around the world, according to the World Bank’s Carbon Pricing Dashboard, carbon pricing initiatives have been implemented or scheduled for implementation in 61 jurisdictions. In total, there are 46 national initiatives and 32 subnational initiatives.

In 2020, these initiatives cover 11 Gt CO2e, representing 20.1% of global GHG emissions. In 2020, these initiatives would cover 12 GtCO2e, representing 22.3% of global GHG emissions. For the most up-to-date information, visit the World Bank’s Carbon Pricing Dashboard.

Additionally, 97 countries have carbon pricing in their commitments to the United Nations.

Lastly, the European Union will have border carbon adjustments enacted by January 2023. Thus, Canada needs an economy-wide carbon price or can expect that our carbon-intensive exports to Europe will soon face a border carbon tariff at the border.
Border Carbon Adjustments

Our Carbon Fee and Dividend policy has a provision built in to protect trade competitiveness: a “Border Carbon Adjustment” (BCA) imposed on carbon-intensive trade-exposed goods [1] that cross our border in either direction. Products imported from a country that does not bear a carbon price equivalent to ours will have to pay a surcharge to make up the difference. Conversely, a Canadian-made product exported to such a country will get a refund for the carbon fee associated with its carbon footprint.

This BCA prevents Canadian manufacturers from being put at a competitive disadvantage in global markets because of the fee. It will also remove the incentive for them to relocate overseas to avoid the carbon fee. In addition, it will encourage foreign countries to adopt their own carbon fee so they would get the money instead of us. Carbon Fee and Dividend’s BCA is designed to comply with international trade law. [2,3]

Note that exported fossil fuels don’t get any special border treatment. Our proposal does not include a refund for Canadian-produced fossil fuels that are exported, and imported foreign oil has the same carbon fee placed on it as domestically produced oil. The BCA applies only to carbon-intensive products, not fuels.

**UPDATE JULY 2020:** The European Union's COVID-recovery package includes putting forward proposals for Border Carbon adjustments in the first semester of 2021 with border carbon adjustments being enacted on January 1, 2023 putting them on track to be the first government in the world to do so. [4]

![Diagram of border adjustment](image_url)

An illustration of how CCL’s border adjustment works. Boxes in blue are subject to the fee, boxes in green are subject to the border adjustment. Carbon intensive goods produced domestically that stay in Canada are not touched; it is assumed they will bear the burden of higher fossil fuel costs because of the upstream assessment point for our fee.

**REFERENCES:**

The UK Climate Change Act

In 2017, Canada’s reported greenhouse gas emissions were 19% higher than in 1990, while the UK’s were 41% lower than in 1990.

In 2008, the UK government passed the UK Climate Change Act, which sets legally binding long-term emissions targets, along with 5-year carbon budgets 12 years in advance. To make sure the UK stays on track, the law covers all emissions in all years.\(^{57}\)

The Act also established the Committee on Climate Change (CCC) to ensure that targets are set and monitored based on non-partisan, evidence-based, and expert advice.\(^{58}\)

The UK outperformed its first two carbon budgets (2008-12 and 2013-17) and is set to outperform the third (2018-22).\(^{59}\) In a June 2018 report, the CCC made specific recommendations for the UK to meet its fourth and fifth carbon budgets (2023-27 and 2028-32).\(^{60}\)

In contrast, according to Environment and Climate Change Canada’s 2018 Climate Pollution Projections report, Canada’s emissions are projected to be less than halfway to our 2030 Paris Agreement target.\(^{61}\)

As part of a plan for Canada to do its fair share in keeping global heating below 1.5 °C, we can use the UK Climate Change Act as a model. This was a recommendation of Ontario’s Environment Commissioner in Climate Action in Ontario: What’s Next?\(^{62}\)


The Energy Innovation and Carbon Dividend Act in the USA

**Question:** What’s in the bill?

**Answer:** The Energy Innovation and Carbon Dividend Act, the first bipartisan climate legislation in a decade, has been reintroduced as H.R.763. It’s based on a CCL framework to account for the hidden costs of burning fossil fuels. If enacted into law, this policy will drive down greenhouse gas (GHG) emissions by stimulating American innovation and ingenuity. Scientists and economists alike say it’s the best first step to reduce the impact of global warming.

Here’s how it works:

- A carbon fee is placed on coal, oil, or natural gas as it enters the U.S. economy.
- The fee starts at $15 per metric ton of CO₂ and increases by $10 – adjusted for inflation – every year until GHG emissions are reduced by 90 percent.
- All of the money is recycled to American residents in equal monthly carbon dividends, helping consumers adapt while businesses compete to reduce their carbon footprints.
- If emission cuts don’t meet mandatory targets, the annual increase can be raised to $15.
- A carbon border fee adjustment is placed on emissions-intensive goods that are imported or exported. This discourages businesses from relocating to where they can pollute more, and also encourages other nations to price carbon.
- This policy would supersede a narrow subset of GHG regulations for 10 years, but if GHG emissions haven’t been cut 30 percent by then, the EPA would be obligated to issue new rules to put us back on track. All other Clean Air Act regulations remain in full force.

Because the steady increase in fossil energy prices is predictable, it will stimulate invention and investment to cut carbon in myriad ways. Consumers will know they can count on increasing dividends to help them through the transition to a world of clean, energy-efficient goods and services.

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Carbon Pricing In-depth

Carbon Pricing is the Most Silver-Bulletish Policy that we know of

Estimated effect of single policy changes on global heating in the En-ROADS simulator.

En-ROADS is a transparent, freely-available policy simulation model that provides us with the ability to explore, for ourselves, how various climate solutions would affect outcomes such as global temperature change. (Note that this simulator is for the entire globe and not just for Canada.) The goal in making the model is to frame and support better conversations about how to address the climate crisis. On April 30, 2020, Doug Pritchard of CCL Beaches-East York, Chemical Engineer, and En-ROADS Climate Ambassador led CCL Canada on a tour of the En-ROADS climate solutions simulator.

In June 11, 2020, it was estimated in the En-ROADS simulator that just implementing a highly predictable carbon price would prevent 1.2 °C of global heating by 2100 compared to business as usual. Changing any other single policies in this simulator could prevent up to 0.5 °C of global heating by 2100. This makes implementing a highly predictable carbon price by far the most impactful single policy change in preventing global temperature increase in the simulator.

To prevent the worst impacts of global heating, we need a whole suite of policy changes. Of them, making carbon pricing predictable is by far the most effective one we know of.
Carbon pricing is widely accepted as the most cost-effective way to reduce greenhouse gas (GHG) emissions. However, where a well-designed carbon price falls short on regulating GHGs, complementary policies can be considered.

For example, Canada’s Ecofiscal Commission identifies three specific areas of our economy where complementary policies may be warranted:

- where emissions from small, distributed, non-point sources are challenging to measure, e.g. methane from agriculture;
- where consumers are not responsive to price increases due to lack of information (e.g. pay off for home retrofitting) or lack of alternatives (e.g. electric car availability); and
- where other benefits will be significant (e.g. health benefits of a coal phase out).

67 “estimated results of the federal carbon pollution ... - Canada.ca.”

To complement carbon pricing, the following policies are supported by Pembina Institute and/or Deep Decarbonization Pathways and incorporated in the Pan-Canadian Framework:

- a coal power phase out;
- clean energy standards, including a low-carbon transportation fuel standard;
- increasingly stringent sales targets for vehicle manufacturers’ sales of electric vehicles (EV) with separate targets for passenger cars, light duty trucks and heavy duty trucks;
- standards for making new buildings more energy efficient and for retrofitting existing buildings;
- new federal energy efficiency standards for appliances and equipment.

Even when there appears to be a clear rationale for a complementary policy, however, it is only worth proceeding if the policy is well designed and cost-effective. For example, the Ecofiscal analysis found subsidies for EVs in Quebec were costly and had little effect on demand, whereas regulated quotas for EV sales were much less costly and more effective.

The bottom line is that carbon pricing must be at the heart of any climate action plan, with additional GHG regulations implemented if they meet specific criteria that demonstrate complementarity.

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Output Based Pricing and CCL Canada’s Position

As a global leader in carbon pricing, Canada’s carbon price may be more stringent than in other jurisdictions. Policy differences with respect to carbon pricing may lead to leakage, or the movement of some businesses and their GHG emissions out of Canada and to other jurisdictions.73

There are sectors which the government identifies as emission-intensive and trade-exposed (EITE), which might be vulnerable to leakage. For large firms in EITE sectors, the federal government designed an output based pricing system (OBPS) as part of the federal backstop carbon price.74

We can think of the OBPS in two steps. In the first step, firms pay the full carbon price on their emissions. In the second step, firms receive credits, the number of which is based on emissions standards or benchmarks set by the government.

If a firm’s emissions exactly meets its sector benchmark, the number of credits it receives would exactly cover the costs of the carbon price.

If a firm’s emissions exceed its sector benchmark, it either pays the full carbon price for emissions above the benchmark, uses credits issued by the government, or uses credits that presumably offset emissions.

If a firm emissions are less than its sector benchmark, it can sell its excess credits to other firms.

The government plans to return 80 or 90% of the OBPS revenues in credits for some sectors.75

The OBPS isn’t an exemption—business can still be encouraged to reduce emissions by earning credits or paying the same price per tonne of emissions as households.

For years, CCL has advocated for Border Carbon Adjustments (BCAs) to help with leakage. However, the

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OBPS is a logical first step for firms genuinely vulnerable to leakage. BCAs can face technical and diplomatic challenges and take time to pass through international trade agreements. (Note that the US decision to block selection of judges at the World Trade Organization’s Appellate Body has impacted its ability to rule on cases.)

CCL Canada recommends the OBPS be temporary, ultimately be replaced with BCAs, and BCAs be studied.

Lessons from the Provincial Court Rulings

Courts in both Ontario and Saskatchewan have recently ruled that the federal government’s backstop carbon pricing policy is constitutionally valid.

In June 2019, the Ontario Court of Appeal ruled in a 4-1 decision that the federal government’s carbon pricing plan, The Greenhouse Gas Pollution Pricing Act, is within the federal government’s constitutional power to legislate for “peace, order and good government.”

“The need for a collective approach to a matter of national concern, and the risk of non-participation by one or more provinces, permits Canada to adopt minimum national standards to reduce GHG emissions,” wrote Justice George Strathy for the majority.

Strathy also wrote “the charges imposed by the act are themselves constitutional. They are regulatory in nature and connected to the purposes of the act. They are not taxes.”

As for the Saskatchewan Court of Appeal ruling in May 2019, lawyer Josh Ginsberg of Ecojustice outlined in CCL Canada’s 14th National Conference how the federal government’s Greenhouse Gas Pollution Pricing Act was determined as constitutionally valid. Two key rulings were that the “GHG pricing is regarded as essential” and “climate change is doubtless an emergency in the sense that it presents a genuine threat to Canada.”

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Fair Path Forward's Rebate Calculator


People living in provinces and territories with the federal backstop carbon pricing policy can calculate their rebate on \url{Fair Path Forward’s Rebate Calculator}.\footnote{“Rebate Calculator - Fair Path Forward.” \url{https://fairpathforward.ca/rebate-calculator/}, Accessed 11 Aug. 2019.}

For a family of three living in an urban area in Ontario, their rebate from the federal government will be $2168 from 2020–2023.

Calculate your rebate here: \url{https://fairpathforward.ca/rebate-calculator/}
Climate Connections

How to respond to an observation that climate activism makes youth anxious

Fridays For Future has called for a Global Day of Action on Friday, September 25, 2020. During the previous days of action in September 2019, some critics have questioned the impact this is having on youth. A common theme is that we are turning our children into anxious political activists.

Critics should first and foremost ask the children how they feel. They know their minds and they know what is happening. Here was what one 12-year-old in Canada advised youth last year in September 2019: "A few ignorant politicians have recently criticized Greta Thunberg, and maybe you feel intimidated or criticized for your activism, but remember what Greta said, 'when haters go after you, it means they have nowhere left to go and you know you are winning'."

Of note in 1989, the United Nations General Assembly’s Convention on the Rights of the Child included that children have the right to participate in and influence decision-making processes that are relevant to their lives.

To help the critics see the world through the eyes of youth perhaps help them consider this metaphor: When adults have financial investments they receive regular financial reports. This helps them plan for their future, including their retirement and legacy.

The youth are planning for their future. They are receiving scientific reports and the warnings are truthful that the planet is in peril and we are on course for civilization-crushing environmental impacts. It looks grim so they are protecting not just the planet but each other, especially the marginalized and all life.

Kudos to them.
Carbon pricing attends to our Climate and Health Emergency

The evidence is clear: the climate crisis presents severe and urgent risks to the health of Canadians. The World Health organization calls it the greatest human health threat of the 21st century.  

The negative health impacts of the climate crisis disproportionately affect vulnerable populations, including First Nations, Inuit, Métis, the poor, elderly, young, chronically ill, and socially disadvantaged. BC’s worst fire seasons on record were 2017 and 2018. In these years, millions of Canadians inhaled poor-quality, asthma-inducing air for weeks. Wildfires will worsen with further climate change. The climate crisis also intensifies the spread of Lyme Disease, increases the rate of heat stroke, affects mental health, worsens hay fever seasons, and compromises nutrition and food security.

*The Lancet*, the world’s top medical journal, calls carbon pricing the best single treatment for the climate and public health crisis.

Carbon pricing decreases greenhouse gas emissions and air pollution, saving lives and healthcare dollars.

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The Effect of Pricing Carbon on Farmers

Agriculture in Canada is heavily dependent on fossil fuels for running machinery and producing fertilizers. Note that farm diesel is exempt from carbon pricing in the Greenhouse Gas Pollution Pricing Act. 93

A price on carbon would, by design, increase the price of fossil fuels. However, the impact associated with pricing carbon on farmers is not nearly as great – or as volatile – as other factors, especially if the fee starts low and increases predictably over time. For example, in Canada, the price of farm machinery fuel increased by 25% in 2011 from 2010. During that same time period, fertilizer prices rose by 29%. 94 Commodity prices, which influence farmer income, are also extremely volatile. 95

The impact of a carbon price is minuscule compared to the climate impacts on farm productivity over the long-term if GHG emissions continue to increase. A March 2013 report by Canada 2020 concluded, “climate uncertainty and climate extremes are givens for the future of Canadian agriculture and while there may be some initial benefits from rising temperatures and elevated carbon dioxide levels such benefits are unlikely to last. There is a growing body of evidence pointing to temperature and C02 thresholds, beyond which yields will level off or decline. These risks need to be addressed and policies put in place to reduce them.” 96

As demand for clean energy rises with a price on carbon, there will also be an economic opportunity for many farmers and ranchers. Wind developers are leasing land from farmers to erect turbines. Solar farms can also replace cropland that is not productive for traditional farming.

Of note, according to a report by the Pacific Institute for Climate Solutions, British Columbia’s carbon tax does not appear to have had a measurable impact on international agricultural trade. 97 The federal government has also stated it would provide relief from the federal backstop carbon price on gasoline and diesel fuel used by registered farmers in certain farming activities. 98

**Bottom line:** The impact of carbon pricing is negligible compared to the increased volatility that comes with a changing climate. In fact, a gradually and predictably increasing carbon price help farmers balance that volatility with steady cash flow from clean energy.

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The IPCC Report on Climate Change and Land

On August 8, 2019, the Intergovernmental Panel on Climate Change (IPCC) released its latest report: Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems.99

A tweet from the IPCC succinctly summed up the conclusions, “Land is under growing human pressure. Land is a part of the solution. But land can’t do it all.”100

The report summary for policymakers states “balanced diets, featuring plant-based foods, such as those based on coarse grains, legumes, fruits and vegetables, nuts and seeds, and animal-sourced food produced in resilient, sustainable and (low-greenhouse gas) emission systems, present major opportunities for adaptation and mitigation while generating significant co-benefits in terms of human health.”

The summary also states “influencing demand for food, through promoting diets based on public health guidelines, can enable more sustainable land management and contribute to achieving multiple (United Nations Sustainable Development Goals).”

In 2019, Health Canada updated Canada’s Food Guide.101 It is now more in alignment with the IPCC report. Health Canada consulted with more than 6,000 individuals, including doctors, nurses, nutritionists, researchers, educators, and the Canadian public at large.102 The guide was prepared using scientific reports on food and health and excluded industry-commissioned reports given the potential for conflicts of interest.103

This latest IPCC report shows that better land management can contribute to tackling and adapting to climate change, but is not the only solution. We must also cut emissions.

Pricing carbon is a core component of a cost-effective climate plan. Carbon pricing, in combination with effective land use, is critical in helping to save lives, improve health, and conserve nature.

The IPCC 1.5 °C Report

In 2016, the 196 nations who signed the Paris Agreement asked the Intergovernmental Panel on Climate Change (IPCC) to study the implications of a 1.5 °C global temperature target. Their report, entitled Global Warming of 1.5 °C, was released in October 2018.\textsuperscript{104}

This report clarifies the relative impacts of global temperatures rising to 1.5 °C versus 2 °C above pre-industrial levels. It also explores pathways to stay within these limits, including the essential role of sufficiently robust carbon pricing.

Some key takeaways:

- We now can assess the risks of warming beyond 1.5 °C, because some regions have already reached that level.\textsuperscript{105} If warming exceeds 1.5 °C, climate risks will significantly increase in magnitude – for example, warming to 2 °C would expose 10 million more people to sea level rise and 420 million more to extreme heatwaves.\textsuperscript{106}

- High prices on greenhouse gas (GHG) emissions will be necessary to cost-effectively meet a 1.5 °C goal. If emissions are cut too slowly, meeting a 1.5 °C target will require large-scale removal of CO2 from the atmosphere via biomass pathways.\textsuperscript{107}

- To stay below 1.5 °C while avoiding dependence on large-scale CO2 removal, GHG emissions must be cut 45 percent by 2030 and by nearly 100 percent by 2050. The pricing structure of the Energy Innovation and Carbon Dividend Act in the USA\textsuperscript{108} meets those targets to at least 2040 when the data is extrapolated globally.

Based on IPCC modeling, the pricing schedule in the Energy Innovation and Carbon Dividend Act is consistent with warming well below 2 °C and possibly 1.5 °C. The annual fee increase can also be raised to further lower emissions if targets are not being met.

In any plausible scenario to minimize the future costs of climate change, the first step must be to rapidly cut GHG emissions. Carbon pricing is the most economically efficient way to do that.


