



CANADA 2020

# The Canada We Want in 2020

Squaring the Carbon Circle

# SQUARING THE CARBON CIRCLE



# About Canada 2020

- Canada 2020 is a non-partisan, progressive centre working to create an environment of social and economic prosperity for Canada and all Canadians
- Our primary focus is on the role of the federal government



# The Canada We Want in 2020

- Launches a debate about the role of the federal government in Canada
- Intended to engage a wide range of interested parties
- Oriented towards policy influence



# What are we doing?

- Five inter-related challenges
  - Increasing innovation and productivity
  - Rising to meet the Asia challenge
  - Squaring the carbon circle
  - Reducing income disparities and polarization
  - Securing our health system for the future
- Three stages to the project
  - Initial publication (15 authors): November 2011
  - Panels and discussion: January – May 2012
  - Synthesis document: fall 2012



# The Carbon Problem

- Canadians are already amongst the highest *per capita* emitters in the world
- Problem is intensifying with ever increasing oil sands production
- We have no coherent or articulated plan to address rising emissions (for the good of the planet) and counter our new-found pariah status (for the good of Canadian commerce)



# The current situation

- Federally we have neither a carbon nor an energy strategy
  - We withdrew from the Kyoto process but have no alternative plan
  - Uncertainty for business and individuals
- We have hitched ourselves to the US, but
  - Our industrial and carbon structure is very different from theirs
  - Politically, they have no ability to progress
- Provinces are doing far more than the federal government



# Provincial carbon strategies

- BC put in place North America's first true carbon tax in 2008
  - Now at \$25/tonne
  - Revenues used to cut other taxes
  - No discernible impact on the economy
  - Emissions down by 3%
- Alberta has a \$15/tonne tax after caps have been exceeded
  - Money goes to a fund that pursues “transformative technology solutions”
- Quebec introduced a small per litre levy on fuel in 2007
  - Used to fund Provincial Climate Action Plan





# Key questions

- Why have successive Canadian governments failed to make any progress in this area?
  - How can change be catalyzed?
- Which instruments and incentives should be part of our future plan?
  - Effectiveness in securing reductions in emissions
  - Economic costs
  - Scope for political acceptance



# Key questions (cont'd)

- What timeframe should we be focusing on?
  - We will not meet Copenhagen 2020 targets, but should we entirely give up on them?
- What will be the economic impact if we:
  - Act?
  - Fail to act?
- How can we learn from other countries and build on the efforts of the provinces to craft a meaningful carbon strategy “from below”?



# Section Authors

- Lorraine Mitchelmore
  - President Shell Canada
- Ian Mallory
  - Pickworth Investments LP
  - Natural resources venture firm
- Stewart Elgie and Alex Wood
  - Sustainable Prosperity
  - Leading green economy think tank



# Authors: Lorraine Mitchelmore

- Recognizes the challenge of satisfying surging energy demand with environmental imperatives
  - Climate change is a real threat
- Believes that 2020 targets are so out of reach that we should refocus on the longer term
- Calls for innovative federal policies and an integrated approach



# Lorraine Mitchelmore Proposes

- Development of a climate policy framework to be integrated with a national energy strategy
  - Recognizing Canada's role as a global energy supplier
- Strategy to draw on a full suite of options with measures tailored to sectors
  - Smart regulation
  - Green energy
  - Incentives for technology development and deployment (where carbon price alone does not stimulate)
  - Demand management
  - Market mechanisms (ultimately cap-and-trade, though other options may be important initially)



# Authors: Ian Mallory

- Addressing the carbon problem is both “the right thing” and the “smart thing”
- Need to do this in the least damaging way economically and with minimum regulation
- Look for other public policy justifications for measures that must be taken
  - Makes the case for adopting them much stronger



# Ian Mallory Proposes

- No carbon tax
- Strategy based on targeted point-source regulation, demand management, investment in technology, public infrastructure, etc.
- Shut down coal-fired power generation unless carbon capture and storage (CCS) is deployed
- Look to natural gas as the bridge to a low carbon economy



# Authors: Sustainable Prosperity Stewart Elgie and Alex Wood

- Need to find a way to reconcile current, fossil fuel-based economy with future green economy
  - Low carbon economy is an opportunity, not a threat
- Position Canada as an environmental leader
  - Economy-wide comparative advantage
- Look beyond regulation to the most effective (in terms of carbon reduction) and economically efficient solution





# Elgie and Wood Propose

- Economy wide carbon tax
  - Minimal economic effect (0.1% of annual GDP)
  - Revenues partially cycle back into clean technology development
- Other tools (incentives, regulation, demand management) used to support this carbon tax
- Canada becomes the world's most environmentally responsible fossil fuel producer
  - “Made in Canada” becomes a selling point across the economy



# What you can do

- Our goal in this project is to increase debate
- We actively encourage feedback on our work
  - Submit comments or opinion pieces through our website [www.canada2020.ca](http://www.canada2020.ca)
  - Contact us directly [info@canada2020.ca](mailto:info@canada2020.ca)
- Use our materials to host your own events and discussions

Thank you for your interest

