



Citizens' Climate Lobby Canada Lobby Climatique des Citoyens

Political will for a liveable world

A Solution: The Carbon Fee-and-Dividend Proposal

Whereas:

1. **Causation:** Scientific evidence indicates that greenhouse gas (GHG) emissions from burning fossil fuels and other sources are causing rising global temperatures,
2. **Mitigation:** A return from the current concentration of over 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. **Paris Agreement:** In 2015 Canada was among the 195 countries that approved the Paris Agreement as part of the UN Framework Convention on Climate Change. The central aim of the Agreement, which Canada ratified in 2016, is to strengthen global response to the threat of climate change by keeping global temperature rise this century to well below 2 degrees Celsius and preferably limited to 1.5 degrees Celsius,
4. **Endangerment:** Further increases in global temperatures pose imminent and substantial dangers to human health, the natural environment, the economy, national security and an unacceptable risk of catastrophic impacts to human civilization,
5. **Co-benefits:** As a result of reductions in non-greenhouse gas pollutants, the measures proposed in this legislation will also benefit the economy, human health and the environment even without consideration of global climate disruption,
6. **Benefits of Carbon Fees:** Predictably rising carbon fees on GHG emissions 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 and to develop and make available low and no carbon alternatives,
7. **Twice-Yearly-Per-Person Dividends:** Equal twice-yearly dividends from carbon fees paid to each Canadian person 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. Rising Carbon Price:** The federal carbon price, as outlined in the Greenhouse Gas Pollution Pricing Act 2018, shall be extended to increase past 2022. The annual rate of increase shall never fall below \$10/tonne CO₂e (adjusted for inflation) until Canada meets our GHG reduction commitments consistent with the goals of the Paris Agreement. The federal government will establish CO₂ equivalent fees for other GHGs including at a minimum methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons (HFCs), perfluorocarbons, and nitrogen trifluoride,
- 2. Equal Twice-Yearly-Per-Person Dividend Payments:** The federal government will lead by example and also encourage the provinces and territories to return revenue from carbon pricing directly to households. In provinces and territories where the federal backstop is implemented, the revenue collected from carbon fees in that jurisdiction shall be distributed as twice-yearly per-person-dividend payments in January and July to every household to help ensure that families and individuals can afford the energy they need during the transition to a greenhouse gas-free economy. Furthermore, the dividends will stimulate the economy,
- 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 pricing. Carbon fee equivalent rebates may also be used to reduce the price of exports to such countries. If alternative mechanisms such as output based allocations are used, such measures must be targeted, temporary and transparent,
- 4. Phase-Out of Fossil Fuel Subsidies:** All existing subsidies of fossil fuels including tax and royalty credits shall be phased out within five years. Support for natural gas must also be phased out as the government has committed to decarbonizing the electricity sector,
- 5. Carbon Budgets:** In order to reach our commitments under the Paris Agreement's goals on time, a carbon budget shall be developed to quantify the amount of GHG emissions that can be emitted in total over each 5 year period through 2050. Mechanisms shall be built in to adjust the carbon tax as needed to ensure targets are being met,
- 6. Complementary Policies:** Carbon pricing is the simplest and most cost-effective way to lower GHG emissions, but in circumstances where emissions are difficult to measure and price, complementary policies should be implemented,
- 7. Maintain the moratorium on New or Expanded Coal-Fired Power Plants:** The must maintain its plans to phase out coal-fired power plants by 2030,
- 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.