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Canada

# Pan-Canadian Approach to Carbon Pricing

**High Level Regional Dialogue on Carbon Pricing  
January 22, 2018  
Environment and Climate Change Canada**

# Pan-Canadian Carbon Pricing Benchmark

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- Timely introduction (in 2018)
- Common scope (broad coverage of emissions)
- Flexibility in approach (cap-and-trade or explicit pricing system)
- Increase in stringency over time
  - explicit pricing: \$10/t in 2018, rising by \$10 each year to \$50/t in 2022
  - cap-and-trade: 2030 emission reduction target at least matching Canada's; and declining caps that correspond at minimum to projected reductions resulting from the carbon price
- Federal backstop carbon pricing system will apply in jurisdictions that do not meet the benchmark
- Revenues remain in the jurisdiction of origin
- Five-year review
- Annual reporting

Approach Oct 2016: <https://www.canada.ca/en/environment-climate-change/news/2016/10/canadian-approach-pricing-carbon-pollution.html>

Guidance 2017: <https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework/guidance-carbon-pollution-pricing-benchmark/supplemental-benchmark-guidance.html>

Supplemental Guidance Dec 2017: <https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework/guidance-carbon-pollution-pricing-benchmark/supplemental-benchmark-guidance.html>



# Pan-Canadian Approach to Carbon Pricing

- **Benchmark:** The pan-Canadian approach outlines a benchmark to ensure carbon pollution pricing applies to a broad set of emission sources throughout Canada in 2018 with increasing stringency over time
- **Federal backstop:** includes two components: (1) a carbon levy applied to fossil fuels, and (2) an output-based pricing system for emissions-intensive, trade-exposed sectors
- **Studies and Reviews:**
  - Territorial Analysis
  - Emissions-intensive Trade-exposed (EITE) Review – launch in late 2017
  - 2020 Interim Review
  - 2022 Review to inform path forward



## Provincial / Territorial Progress

	Cap-and-trade Programs	Explicit Price Programs
<b>Programs</b>	<p><b>Quebec</b> – established in 2013 and linked to California system (2014) and will link with Ontario (2018)</p> <p><b>Ontario</b> – established in 2017 and will link to Quebec and California systems (2018)</p>	<p><b>British Columbia</b> – carbon tax (2008) and industrial carbon pricing regulations for LNG (2016)</p> <p><b>Alberta</b> – carbon levy on heating &amp; transport fuels (2017) and emissions intensity requirements for large emitters (2007)</p>
<b>Programs In Development (not confirmed)</b>	<p><b>Nova Scotia</b> –looking at cap and trade program; legislative amendments introduced Sep 2017</p>	<p><b>Northwest Territories</b> – discussion paper and survey regarding carbon levy released in Jul 2017</p> <p><b>Yukon</b> – survey indicating intent to adopt federal backstop released Aug 2017</p> <p><b>Manitoba</b> – released proposed climate plan and survey including carbon levy and output-based pricing system for large industry in Oct 2017</p> <p><b>Saskatchewan</b> – released proposed climate plan including output-based pricing system for some industrial sectors in Dec 2017</p> <p><b>New Brunswick</b> – released climate plan and proposed legislation, including federal output-based pricing system delivery in Dec 2017</p>
	<b>Newfoundland and Labrador, Prince Edward Island, Nunavut</b> assessing options.	

# Pan-Canadian Carbon Pricing Benchmark

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- **Letter to Provincial and Territorial Governments outlined next steps:**
  - By Mar 30, 2018 - All PTs asked to declare if they intend to adopt the backstop
  - By Sep 1, 2018 - All PTs to provide details on their own systems, if applicable, for assessment against the federal benchmark
  - By Jan 1, 2019 (at latest) - All jurisdictions must have a system in place
  - Ongoing annual verification process to ensure carbon pricing systems continue to meet the benchmark
- **Studies and Reviews:**
  - Territorial Analysis - complete
  - Emissions-intensive Trade-exposed (EITE) Review – launched
  - 2020 Interim Review
  - 2022 Review to inform path forward

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