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Wanted: Climate policies that work

Toothless carbon taxes won't change consumers' behaviour, David Boyd, Hadi Dowlatabadi and Usman Valiante write

For a country defined by harsh climates and vast distances, crucial elements of future prosperity are greater efficiency and less waste. David Boyd, Hadi Dowlatabadi and Usman Valiant

Despite B.C.'s widely lauded frozen carbon tax of \$30 per tonne, or \$0.07 per litre of gasoline, emissions are rising and the province is sure to fall short of its 2020 commitments.



CHARLIE RIEDEL/THE ASSOCIATED PRESS FILES The most recent energy crisis saw oil prices hit \$147 a barrel. Today, with crude oil at around \$50, the need for renewable energy seems less pressing.

A half-century from now, history books will relate: The premiers were bickering about carbon pricing while the world burned.

Great depression took place before WW2 ! - cjk

Ever since the Second World War, except for the Great Recession, the only time consumers have sought energy efficiency has been during energy crises. The most recent one, in 2008, saw oil prices as high as \$147 a barrel and widespread fears of peak oil and even higher prices. Today, crude oil is around \$50 a barrel, and the struggling economy and excess capacity will keep it low for some time to come. To reproduce the conditions

that led to efficiency and reducing fossil fuel use, we need a carbon tax of almost \$300 per tonne of greenhouse gases, or \$0.70 per litre of gas, and the promise that the tax will keep rising.

Politicians are fearful of setting carbon prices at \$50 per tonne, let alone \$300. Many consider any tax as political suicide. So if the premiers do agree to a tax, it will be modest and unlikely to alter consumer behaviour significantly. This creates the political illusion of leadership, but fails to produce the necessary reductions in emissions to meet our targets.

An effective and politically feasible role for the federal government in climate policy should have two components: standards to drive energy efficiency, and infrastructure investments that enable renewables to displace fossil fuels in producing electricity.

On average, our homes consume five to 10 times more energy than homes in Europe, and our cars take us a third of the distance on a litre of fuel. For a country defined by harsh climates and vast distances, crucial elements of future prosperity are greater efficiency and less waste.

Legally binding performance standards have an important role in tackling greenhouse gas emissions. They provide incentives for regulated parties to reduce the costs of meeting the standards, spur investments in efficiency, innovation and new technology, and drive changes in behaviour and decision-making.

Ambitious energy-efficiency standards across lighting, heating, cooling and transport will mean consumers will pick the right product the next time they need one. Building codes, once strengthened and enforced, will deliver homes that are more efficient. This does not impact consumer sovereignty — consumers, after all, can pick an efficient refrigerator in whatever colour or size they wish. What they cannot have is the option of buying an inefficient one.

The switch to electricity for more heating, transportation and industrial uses will reduce greenhouse gas emissions but boost demand for electricity substantially. Therefore the second crucial component of effective federal climate policy involves addressing the real impediments to 100 per cent renewable electricity.

We don't need tax incentives or rebates for renewable investments because the prices of those technologies have plummeted since 2008. The problem is that most of Canada's renewable resources lie far from demand and would-be investors are blocked by utilities unwilling to invest in the infrastructure needed to connect independent suppliers to electricity consumers.

Renewables, except for hydroelectric dams and geothermal (both of which face other challenges), are intermittent in nature. However, the more renewables we have connected across the nation, the lower the need for expensive solutions involving energy storage.

In the 19th and 20th centuries, nation-building involved networks of railways and then highways. Today, nationbuilding requires federal leadership in the construction of high-voltage directcurrent power lines across Canada. A national highvoltage grid would address the challenge of intermittency and spark private investment in renewables by ensuring access to markets. This is the very foundation of a green infrastructure for our country.

Canadian politicians need to cease bickering about carbon pricing and get on with the tasks at hand. Set ambitious efficiency standards and invest in a national high-voltage grid that will speed the transition to a 100 per cent renewable electricity system. Fifty years from now, Canadians will be grateful for saving them money as well as tackling the threat of climate change.