

Environmental Law

February 20, 2015

Is a Carbon Tax on the Horizon in Ontario?

On February 12, 2015, the Ontario Ministry of the Environment and Climate Change (MOECC) released a discussion paper outlining the province's vision for building a low-carbon society and proposed actions to achieve that vision. Key among the proposed actions is a recommendation to impose a price on carbon. *Ontario's Climate Change Discussion Paper: 2015* aims to generate feedback that will assist the province in developing a climate change strategy and action plan to be announced later this year. The MOECC is accepting comments on the discussion paper until March 29, 2015.

Long-Term Vision: A Low-Carbon Society

Ontario's long-term vision is to develop an economy and communities that are "low-carbon and resilient to the impacts of climate change." This vision is intended to support Ontario's previously-stated goal of achieving:

- a 15% emissions reduction from 1990 levels by 2020;
- an 80% emissions reduction from 1990 levels by 2050; and
- carbon neutrality by the end of the century.

Proposed Actions: "Climate-Critical" Policy Areas

In the discussion paper, the MOECC identifies in the discussion paper four "climate-critical" policy areas to foster the transformative changes necessary to achieve Ontario's long-term vision:

1. *Price on carbon.* The MOECC recommends imposing a price on greenhouse gas emissions to encourage

companies and consumers to move away from fossil fuels toward cleaner, more efficient energy sources. Carbon pricing can take various forms, including a cap-and-trade system or a carbon tax. While the MOECC recommends implementing some form of carbon pricing, it remains to be seen whether Ontario will adopt a cap-and-trade system, a carbon tax, or some other market-based mechanism.

2. *Actions in key sectors.* The MOECC recommends improving conservation and energy efficiency in key sectors including transportation, building, electricity, industry, agriculture and forestry, and waste management.
3. *Support science, research and technology.* The MOECC recognizes that achieving significant emissions reductions will require scientific and technological breakthroughs. It therefore recommends funding research and development efforts related to low-carbon technologies.
4. *Promote climate resilience and risk management.* In an effort to proactively manage the risks associated with rising temperatures, the MOECC recommends investing in infrastructure that is adaptable and resilient to extreme weather and other climate impacts.

Consultation

The MOECC is seeking feedback on the vision and actions proposed in the discussion paper. Comments will inform the province's decision-making regarding the most effective initiatives for meeting its long-term goals, including the best approach for pricing greenhouse gas emissions. Following consultations, the province intends to prepare a long-term climate change strategy and a 5-year climate change action plan.

Please contact any member of our Environmental Law Group for more information on the discussion paper.