

Canada to Introduce Plan for National Carbon Pricing

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Since attending the United Nations' Climate Change Conference in Paris, Canada's federal and provincial governments have been in discussions about how carbon should be priced in Canada. Some of the questions being considered include: Is each province or territory required to put a price on carbon? If so, should each province or territory have its own pricing mechanism? Will the Government of Canada create a system binding on every province or territory? Recently, federal Minister of Environment and Climate Change, Catherine McKenna, indicated that the Government of Canada will propose a plan for national carbon pricing in the fall.

In March, Canada's provincial and territorial premiers, along with Prime Minister Justin Trudeau, met in Vancouver to discuss a national climate change plan. On March 3, 2016, the First Ministers agreed to and published the Vancouver Declaration on Clean Growth and Climate Change.

Under the Declaration the First Ministers agreed to:

- ♦ implement greenhouse gas mitigation policies to support meeting or exceeding Canada's 2030 target of a 30% reduction below 2005 emission levels, including specific provincial and territorial targets and objectives
- ♦ transition to a low carbon economy by adopting a broad range of domestic measures, including carbon pricing mechanisms, adapted to each province's and territory's specific circumstances, in particular the realities of Canada's Indigenous peoples and Arctic and sub-Arctic regions, and
- ♦ strengthen pan-Canadian intergovernmental cooperation and coordination on clean growth and climate change, including through mechanisms such as the Canadian Council of Ministers of the Environment, Ministers of Finance, Ministers of Innovation and Economic Development, and Energy Ministers, in collaboration with Indigenous peoples.

To achieve these and other commitments, the First Ministers agreed to “develop a pan-Canadian framework on clean growth and climate change, and implement it by early 2017.” The First Ministers created four working groups to identify options for action in four areas: 1) clean technology, innovation and jobs, 2) carbon pricing mechanisms, 3) specific mitigation opportunities, and 4) adaptation and climate resilience. The First Ministers agreed to meet in fall of 2016 to finalize the pan-Canadian framework on clean growth and climate change.

On July 15, 2016, federal Minister of Environment and Climate Change, Catherine McKenna, welcomed numerous large private sector corporations including Air Canada, Barrick Gold Corporation, Enbridge Inc., Shell Canada Limited, Suncor Energy and Unilever Canada Inc. into the Carbon Pricing Leadership Coalition (“CPLC”). The CPLC’s goal is to expand the use of effective carbon pricing policies around the world.

On the same day, Minister McKenna was interviewed by Bloomberg TV Canada and stated that the Government of Canada would like to see uniformity on the national price of carbon and that it would be up to provinces and territories to determine which model to use for collecting revenues (for example, cap and trade or a carbon tax). Minister McKenna stated that the Government is “committed” to a national price and also stated “we need a national price on carbon so that’s what we’re going to have in the fall.”

Minister McKenna did not offer any details about how a national price on carbon would be proposed or introduced in the fall. Minister McKenna promised a “plan that includes carbon pricing.”

Canada’s Premiers attended their Summer Meeting from July 20-22, 2016 in Whitehorse, Yukon. Among the agenda items? Carbon pricing.

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