



environmental
defence



The Honourable Heather Stefanson
Premier of Manitoba

The Honourable Scott Moe
Premier of Saskatchewan

The Honourable Doug Ford
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The Honourable Andrew Furey
Premier of Newfoundland and Labrador

The Honourable Tim Houston
Premier of Nova Scotia

The Honourable Caroline Cochrane
Premier of the Northwest Territories

The Honourable Blaine Higgs
Premier of New Brunswick

The Honourable Sandy Silver
Premier of Yukon

The Honourable John Horgan
Premier of British Columbia

The Honourable P.J. Akeeagok
Premier of Nunavut

The Honourable Dennis King
Premier of Prince Edward Island

October 13, 2022

Dear Premiers,

Re. Carbon pricing – an effective tool Canada can't afford to abandon

We are writing to you today concerning provincial plans for pricing pollution from 2023 to 2030. People living in Canada and their governments share a commitment to solve climate change while attending to affordability and tackling energy poverty and so as to strengthen the foundation for future prosperity.

The federal pollution pricing scheme is designed to support families. In provinces that have their own carbon pricing scheme, like Quebec, B.C., and Alberta, or in provinces that request the federal system, provinces can use the proceeds as they see fit, such B.C.'s climate action tax credit which offsets the

impacts of pricing pollution and through programs that help families to take further action to reduce fossil fuel use. In provinces where the federal backstop is put in place because the provincial scheme does not meet the benchmark, the federal carbon pricing system is designed to address affordability by leaving the average household better off because money returned via quarterly Climate Action Incentive payments exceeds what an average household will pay due to the price on pollution. There is also a top-up for rural households. There is a suite of federal and provincial/territorial funding programs designed to help households, businesses, hospitals and municipalities in Canada get off polluting fossil fuels and use energy more efficiently, all the while improving comfort and indoor air quality. These incentives and programs will help drive down the impact of the pollution charge on household budgets over time, and reduce the impact of volatile world market prices.

We are concerned and disappointed by media reports that some provinces are seeking to circumvent or undermine the federal Greenhouse Gas Pollution Pricing Act¹ and misrepresent the economic impacts of this key climate policy. Some provincial representatives appear to be seeking to take advantage of price increases in world oil and gas markets caused by Russia's unjust war of aggression on Ukraine to advance misleading arguments. This involves blaming current cost of living increases on pollution pricing and suggesting that following the federal benchmark price schedule be paused. However, increases in cost of living are being experienced around the world and are due to a broad set of macroeconomic factors—including the fact that much of the economy is still exposed to volatile global oil and gas markets.

We respectfully ask you, the premiers of Canada, to collaborate to ensure a fair and stringent application of the federal carbon pricing law in all provinces and territories. We urge you not to pressure the federal government for concessions, delays or a weakened price signal, or for further accommodations to the industrial sector that would jeopardize the price signal on pollution and Canada's ability to meet its climate targets.

This is no time to play politics with climate action. The United Nations' recent comprehensive scientific report on climate change, published earlier this month by the World Meteorological Organization, warns of a looming climate catastrophe. From wildfires and extreme heat events, to flooding and storms, we are already witnessing the costly effects of climate change, both here in Canada and abroad. The WMO report warns, "Without much more ambitious action, the physical and socioeconomic impacts of climate change will be increasingly devastating,"²

The benefits and imperative to price carbon pollution is a settled question both in Canada and internationally. For businesses and households, policy continuity and a clear policy signal helps reduce the costs of transitioning to the net zero economy and maximizes the benefits. Pricing the pollution that is destabilizing the climate system makes sense. The more we pollute, the more we ought to pay: it's a fair way to hold polluters accountable. It's effective because it makes solutions like energy efficiency and renewable energy more affordable. We all respond to price signals — if it costs more to pollute, we will look for ways to pollute less. That's why economists say a price on carbon pollution is an efficient way to lower greenhouse gas emissions. Pricing pollution gives us the freedom to choose how to respond — by investing in improved energy efficiency, switching fuel sources or developing new production processes.

¹ For example, <https://www.cbc.ca/news/canada/manitoba/manitoba-carbon-tax-trudeau-stefanson-1.6569673>; <https://www.cbc.ca/news/canada/nova-scotia/atlantic-premiers-submit-climate-plans-to-ottawa-carbon-tax-1.5500136>

² <https://public.wmo.int/en/media/press-release/united-science-we-are-heading-wrong-direction>

Businesses and households can retrofit their buildings and install efficient heating systems, while industry can pursue options best suited to their manufacturing processes. From the day that they are installed, these actions start to save money. They also help Canada compete in the net-zero economy of the future.

We also know that the most vulnerable people are at greatest risk of harm from climate change. The costs of climate change – more extreme weather, floods, droughts, forest fires, smoke, damaged homes, crops and infrastructure – are rising. Unless we bring down emissions across the country, the costs will only increase.

We are aware that in some provinces where the federal backstop will be imposed for the first time in 2023, provincial governments will lose a revenue stream from the provincial carbon pricing scheme being replaced. This revenue has played a role in supporting provincial programs that help businesses and families to reduce their fossil energy use. We support your call for the federal government to collaborate with affected provinces to ensure people living across Canada are supported in taking the steps necessary to reduce their dependence on fossil fuels without eroding the pollution price signal.

Quebec and British Columbia pioneered carbon pricing in Canada. All provinces and territories have had a price on pollution since 2019 and the price signal is beginning to bear dividends in shifting investments and reducing emissions and many households have benefitted from climate incentive rebates.

Carbon pricing is just one part of a comprehensive approach to regulating pollution. But it is a critical part of an effective emissions reduction plan and essential to meet Canada's commitments to the international community under the Paris Agreement. Increasing stringency in pricing pollution in all jurisdictions in Canada, including the industrial sector, will ensure we seize cost-effective opportunities to meet science-based national and provincial greenhouse gas reduction targets and position the economy for the net zero future that the world is rapidly embracing.

Yours truly,



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Maggy Burns
Executive Director
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Caroline Brouillette
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cc. The Right Honourable Prime Minister Justin Trudeau
The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance.
The Honourable Steven Guilbeault, Minister of Environment and Climate Change Canada
The Honourable Jonathan Wilkinson, Minister of Natural Resources