

Alberta's Next Climate Policy is Too Important to Get Wrong

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Reducing Alberta's greenhouse-gas emissions should rank near the top of the new government's agenda. It will require a clear vision of our future energy production and energy consumption in Alberta. A pathway that builds on Alberta's 2008 carbon pricing regime and includes a broad based carbon price would be welcomed—partly because there is a real need to provide certainty to business, but also because this is the right moment for the province to move forward. But Alberta's next climate policy is too important to get wrong, and getting the details right will take some time and effort. It is worth waiting the few months necessary for this new government to develop a good policy.

An effective price on carbon—one that results in meaningful GHG reductions and helps to drive low-carbon innovation—would help Alberta's oil patch at a time when clean energy is increasingly becoming a global priority. Such a policy would improve the chances for new pipeline construction and also help to secure Alberta's long-term position as a supplier to the global oil market.

Yet a carbon-pricing policy in Alberta should not be aimed only at the oil patch. In order to be as cost-effective as possible, the policy should apply to a large share of the province's total emissions, including those from buildings and transportation. And the revenue generated from the policy could offset other tax increases, offering the government some valuable flexibility in addressing its fiscal challenges.

So, evolving Alberta's current carbon pricing makes a lot of sense. And Premier Notley recognizes the need to change Alberta's policy. The looming expiration of the Specified Gas Emitters Regulation (SGER), the upcoming international climate negotiations in Paris, and high public expectations for the new premier to act on her climate leadership platform all come together to mean that Alberta's next moves will receive local, national, and global scrutiny.

This is a good thing. The time is now ripe for a new climate policy discussion in Alberta. It could ultimately reshape Alberta's—and Canada's—approach to the combined objectives of resource development and environmental protection.

In other words, there is a tremendous window of opportunity in Alberta. One way to squander it would be to do nothing. We could maintain the status quo – and then face the possibility that the window will not open again for many years. That would truly be a loss.

But there is a second way to waste such an opportunity, and it is to rush forward in haste, with ill-designed policy. This would likely result in both significant economic costs and,

once policy inertia sets in, the problems associated with being locked into a bad policy regime.

To ensure this opportunity is not wasted, Albertans need a clear vision of where we are going. Strong, broad-based carbon-pricing policy is one critical lever that Premier Notley can use. The vision of our future – one that ensures Alberta will remain globally competitive - will guide the decisions that need to be made, including designing the elements of our next carbon-pricing policy. How broadly should a carbon price be applied? When and how high should it be raised? Should the revenues raised by the policy continue to be used to support innovation and technology, replace other tax increases, finance infrastructure or should it be a combination? All of these questions need to be answered to ensure that Alberta remains a truly competitive and thriving economy in the long term.

In short, there is much work to do in Alberta in designing a carbon-pricing policy that appropriately balances the needs of a competitive economy with the need to reduce GHG emissions. Doing nothing should not be an option, but neither should producing a rushed and botched policy. It has taken years for Alberta to arrive at this juncture where significant climate policy is possible; taking a few months more to get it right should be an easy choice.

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