

From: Andrew Roman
To: Concerned Canadians
Date: April 30, 2018
Re: **ARE OLD POLLUTERS BETTER THAN NEW POLLUTERS?**

One of the environmental arguments against the Trans Mountain pipeline expansion is that it will induce an increase in carbon dioxide (CO₂) emissions from the Alberta oilsands. This increase would prevent Canada from achieving its climate change CO₂ emission reduction commitments.

This argument is based on the assumption that existing polluters, such as factories that have been emitting CO₂ for decades, are good polluters but new polluters are bad polluters, and therefore, too late to the game.

Every molecule of CO₂ emitted into the atmosphere has exactly the same effect on climate change as every other molecule of CO₂ emitted. It does not matter to the atmosphere where, or from what, the CO₂ comes. Therefore, CO₂ from new sources cannot be worse than CO₂ from existing sources. The problem with arbitrarily prohibiting the increased oilsands emissions is that the oilsands may represent a higher social benefit to Canadians than some of the existing polluters. Thus, Canada could be choosing to protect the CO₂ emitters with a lower value to society.

Canadian government policy is to cap CO₂ emissions. A long-term emitter should have no advantage over anyone else. Canada must use a fair and reasonable way of allocating the permitted CO₂ emissions among its various sources. There are two methods of making CO₂ emission allocation decisions. The first method is governmental, the second, market-based.

Under the first method, government officials, guided by politicians, would grant emissions permits to those they considered most deserving. This means they would choose the winners and losers of emissions rights. Historically, governments of every political party have been notoriously bad at picking business winners and losers. And there are always suspicions that partisan political considerations play a role in any selection. Although market mechanisms will rarely be perfect, they at least have the benefits of transparency and objectivity.

One market allocation method might be an annually increasing carbon tax, made revenue neutral by cuts in other taxes (such as the GST, or the income tax of low income earners). As emissions become more expensive, those businesses who value their emissions at less than their tax included cost would reduce or stop emitting. The goal should be to keep Canada's emissions beneath the cap, regardless of who the emitters are.

Another market allocation technique, currently used for spectrum allocation for mobile phone networks, is the auction. Again, bidders would decide upon the value of the emissions to their businesses, and bid accordingly.

Both models already exist or are being contemplated in Canada. Ontario and Quebec have an auction-based cap and trade system while Alberta and B.C. levy carbon taxes. The federal government says it will impose a carbon tax in provinces that do not have a system in place by later this year.

An increase in CO₂ emissions from the Alberta oilsands is neither better nor worse than the emissions of anyone else. Atmospheric load is load, regardless of source.

Andrew Roman has an educational background in law and economics. He practised and taught environmental law and advocacy between 1971 and his retirement in 2017. He has advised and represented environmental advocacy groups, provincial and federal governments and corporations on major environmental projects across Canada.

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