NEWS RELEASE

Provincial climate plans will cost billions with likely little environmental benefit

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For Immediate Release

CALGARY—A detailed review of provincial climate action plans and the results from countries around the world who have pursued similar policies indicate that the current provincial plans will cost Canadians billions and likely produce very little environmental benefits, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"Across the country, ineffective climate policies will cost taxpayers billions with little to show for it," said Kenneth Green, Fraser Institute's senior director of energy and natural resource studies and author of ***Canada's Climate Action Plans: Are they cost-effective?***

Alberta's climate action plan, considered the most expensive in Canada, is projected to cost $5.4 billion over the next three years. That works out to $3,600 per household in Alberta, on average.

Ontario's cap-and-trade program alone is expected to cost $1.9 billion a year (or $365 per household annually) and that's in addition to increased hydro costs—now the highest in the country—largely because of Ontario's Green Energy Act.

Crucially, while the climate action plans will be costly, they will likely yield much fewer environmental benefits than projected because they all share features—energy-efficiency programs (so-called green building codes), electric car subsidies and renewable power schemes (solar, wind, etc.)—that have fallen short of their projected benefits in countries that have implemented similar policies and programs.

The countries and jurisdictions included in the analysis are the United Kingdom, Germany, Denmark, the United States as well as California and Georgia more specifically.

Moreover, the study concludes that the four provinces with climate action plans as well as the federal government, which have all introduced carbon-pricing schemes—cap-and-trade programs or carbon taxes—will not achieve the stated economic benefits of carbon pricing.

The reason is that those benefits are calculated based on a theoretical model that assumes, among other things (1) revenue neutrality, (2) carbon pricing replaces existing regulations, and (3) the absence of subsidies and funding for carbon substitutes such as wind and solar power. None of the provinces or the federal government's guidelines for carbon pricing come close to this ideal model.

"Policymakers cannot use theoretical models to justify the benefits of climate action initiatives and then ignore all the characteristics of such models when designing actual policy," Green said.

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