



Ecology North Proposal: On fighting climate change and high energy costs

At Ecology North, we know that NWT residents are concerned about both high energy costs and the impact that climate change is having on our environment. Northerners know that fossil fuel over-use is driving climate change.

We believe that we can tackle both climate change and our high energy costs by helping NWT residents and businesses to increase their overall energy efficiency and reduce their reliance on expensive, imported fossil fuels.

Many northerners have already improved the energy efficiencies of their homes and businesses and have started using renewable energy sources such as wood pellets. The GNWT and its agencies have helped many families and businesses to do this. However, we don't think these current programs are reaching enough low-income homeowners and residents in more remote communities. We believe that much more needs to be done.

We believe that the existing energy efficiency and renewable energy programs have to be either expanded or enhanced and that we need to identify and overcome other barriers to achieving energy savings. Doing this will take money. In an era of fiscal restraint, there is little money available for new programs. How can we overcome this challenge?

Our proposal:

There is a growing consensus amongst environmental groups, industry, and business that we need to adopt carbon pricing to reduce carbon pollution and increase energy efficiency. In Canada, Quebec, B.C. and Alberta have already introduced carbon pricing. We believe that NWT needs to follow the lead of these provinces.

For the next three years, we propose to introduce an interim price on carbon pollution in the NWT. This carbon price would take the form of a

\$3.50 per tonne levy on most greenhouse gas emission in the NWT. This would translate into a less than a penny increase on the per litre price of fossil fuels (0.8 ¢ for gasoline and 0.9 ¢ for diesel). We estimate that this carbon levy would raise \$2-3 million annually for the GNWT from the sale of all fossil fuels. We propose that the Government of Northwest Territories direct this revenue into what we call the “Climate and Energy Action Fund”.

The Fund would be used to reduce our dependency on fossil fuels. It would target low-income households and households in remote communities, especially those without practical alternatives to fossil fuels. While home owners would be the first priority of this new funding, we also propose that a portion of these funds be made available to community governments for projects to increase energy efficiency and to adapt to climate change.

A critical first step in deploying this funding would be to conduct a needs assessment for remote communities and low-income families. Regional Aboriginal governments, community governments, and non-governmental organizations would be encouraged to work with the GNWT to come up with practical new approaches and ideas to reduce our reliance on fossil fuels.

While carbon pricing will bring new funding, we would not want to see a decrease in the funding levels of current energy programs. We believe that it is critical that funding levels for all existing energy efficiency, energy conservation, and renewable energy programs be maintained at their current levels, at least for the next three years.

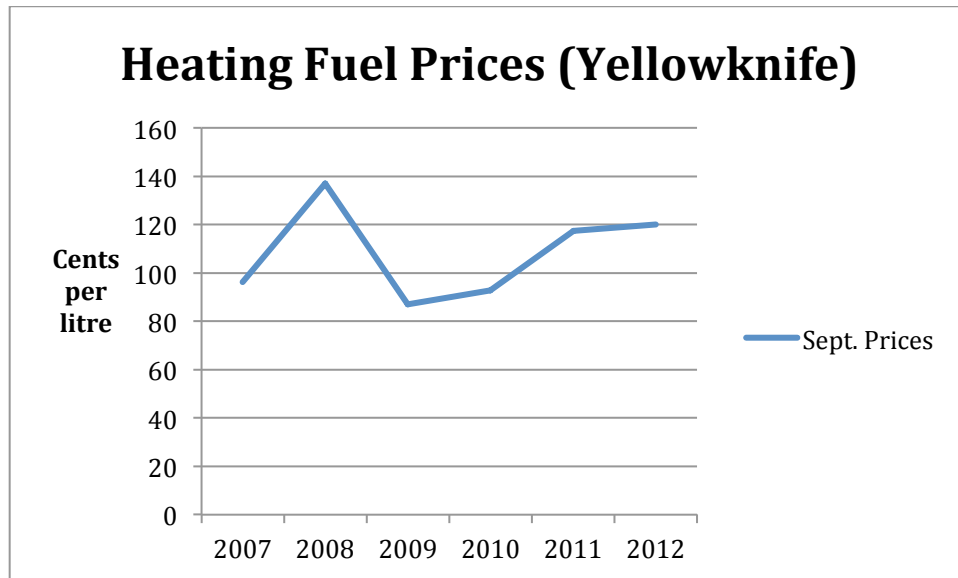
We also propose that the carbon levy be applied to flared and fugitive greenhouse gas emissions from the oil and gas industry. A lot of greenhouse gases are emitted when oil companies look for and start producing oil and natural gas. We propose that all revenues from these sources be directed into the GNWT’s existing Heritage Fund. Norway used this approach to reduce emissions and increase the financial benefits from its oil industry.

Evaluation:

After three years, we propose to evaluate the impact of the levy. At that time, oil prices and other factors such as the possible introduction of carbon prices at the federal level could be assessed. All options would be on the table: the interim carbon price could be continued, discontinued, or

modified in the face of the territorial, national and international situation.

Background:



Heating our homes is one of the biggest costs for northern families. Over the past five years, the price of home heating oil has shown extreme volatility and many experts expect oil prices to continue to rise. If we don't do anything to reduce our reliance on fossil fuels, our cost of living will go up.

What is carbon pricing?

Carbon pricing is a way of introducing the polluter-pay-principle. Every time we use fossil fuels we're polluting the air and adding to climate change. If we want less pollution, economists tell us that we should tax it in order to encourage people to use less fossil fuels. Depending on the carbon price level chosen, a certain amount would be added to every litre of fossil fuel burned.