

## **TIME TO GET SERIOUS ON CLIMATE CHANGE**

Dealing with climate change will require *steep cuts* in emissions of greenhouse gases, in Canada and around the world. Avoiding the worst risks requires reducing emissions *more than half, perhaps more than 80%, by the year 2050*. Achieving such huge cuts, even over several decades, will mean transforming the world energy system to use climate-safe technologies that eliminate or greatly reduce emissions. This transformation calls for greater efforts than yet mounted in Canada or any nation, sustained over decades.

As world leaders start to grasp the scale of required changes, Canadians face two major risks: risks from climate change itself, and risks that by standing back and letting others lead, Canada will be pushed into ill-considered actions dictated by others, which may be less effective and more costly than necessary. To manage these risks, and to meet our responsibilities to the world and to our grandchildren, we call on Canada's governments, businesses and citizens to take a new approach that gets serious about climate change. In addition, we commit ourselves and our organizations to working together to bring this new approach to reality. The following are key elements of the required new approach.

### ***Time for action***

Despite many years of consultations on climate change and several generations of government programs, Canada's emissions have not declined, but have grown more than 20% since 1990. A new approach is needed, that includes immediate actions making real steps toward the required emission cuts. Granted, we will also need further planning, analysis, and consultation over emission targets and the domestic and international strategies to pursue them. But we can no longer delay actions while we seek full agreement on targets and strategies, which will in any case have to be re-evaluated as we proceed. We know the needed changes are large, and many chances to cut emissions are here today, some of which are lost each month. We must seize opportunities now, even as we continue to formulate and update our longer-term plans and pursue effective global cooperation.

### ***A shared challenge – and a need for leadership***

Limiting climate change will require efforts from all parts of Canadian society – from producers and consumers, from citizens and businesses in every region and sector. But the crucial missing piece has been effective policies, which only governments can enact. Governments cannot solve the climate-change problem by themselves, but effective policies are essential to provide the clear, sustained incentives that create space for leadership and stimulate needed actions throughout Canadian society. Because Canada has many opportunities to reduce emissions that would be attractive under these incentives, such policies will be affordable, or even bring economic advantages. Such policies can also position Canada as a leader in shaping the needed global solution to climate change.

### ***The key ingredient: make emission cuts pay off***

Policies to slow climate change must include measures that put a price on greenhouse-gas emissions. It is these market-based incentives that reward leadership, innovation, and investments to reduce emissions. These measures may take various forms, including emissions taxes, cap-and-trade systems, or combinations of these. To be most effective, measures must be applied consistently across the entire Canadian economy. They can be designed to avoid harming Canada's competitiveness or distorting Governments' budget balances. Other climate-change policies will also be needed – to target incentives on priority sectors such as transport and buildings, to support research and development, and to distribute costs fairly – but these broad measures to price emissions, with an initial level of at least \$30 per tonne of CO<sub>2</sub>-equivalent emissions, are the essential core of an effective climate-change policy.

### ***Renew the energy system with climate-safe technologies***

We need to develop and deploy climate-safe technologies at a staggering rate. Many technologies can be deployed at much larger scale now, while many also promise large advances from further research. Limiting climate change requires both immediate investments and a sharp increase in energy research, development, and demonstration projects, including substantial public support. It will also require coordination of decision-making to facilitate deployment of new energy infrastructure. Given the scale of the climate challenge, no option should be foreclosed without compelling reason including energy efficiency, distributed systems, larger scale centralized systems, and emission capture technologies. While the signatories to this statement do not necessarily agree on specific technologies, we do agree that we cannot now predict what technology mix will turn out to be most effective.

### ***Embrace uncertainty***

Risk and uncertainty are part of life. Our greatest companies are not those paralyzed by risk, but those that manage it best. There is uncertainty about many aspects of climate change. But demanding certainty before we act is a risky, even reckless course. Uncertainty compels us to act now, because delay risks both more serious climate change and less ability to choose our own path. Uncertainty will also require us to adapt our choices over time, as we learn more about the climate change we face, the cost of cutting emissions, the technology mix we prefer, the effects of policies, and the actions of other nations.

### ***Keep it simple***

Many proposed greenhouse-gas policies are so complex they look like the tax code. Such complexity poses two dangers. It risks diverting efforts into clever

ways to “game the system” and profit from the policies, instead of making the investments and developing the technologies to reduce emissions. And it makes it hard to assess progress, hindering efforts to learn from early actions and hold decision-makers accountable for results. Because we must focus on solving the problem, because we must learn as we go, and because we must ensure accountability, policies must be as simple and transparent as possible. As we strengthen economy-wide incentives to emit less we need to move away from policies that target particular facilities or technologies. We must also aim to harmonize policies within Canada and with our major trading partners.

Transforming Canada’s energy system to limit climate change is a historic challenge, but with serious, sustained efforts it is an achievable one. Canada alone cannot slow climate change. But standing back and waiting for others to lead means facing more severe climate-change impacts, losing the chance to shape our own path, and shirking our world responsibilities. The new approach we call for holds the hope of avoiding the worst of climate change, while also sustaining Canada’s prosperity and re-asserting Canadian leadership in the world. Canadians have a choice, and the time to make it is now.