

Carbon Pricing

**So Polluters Pay
and People Prosper**

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Global Decarbonisation Urgently Needed



Introduce yourself

- Please get up and introduce yourself to three people.
- Say briefly what you are doing to address global climate change.

Global Problems

- People joining the middle class
 - Around 50 million each year
 - Like us, powered by fossil fuels
- No winners if this continues much longer.
 - Scientists have said it for decades
- Atmosphere is our most globally shared resource
- **Globally scaleable solutions are needed**

Difficult Problems

- Cheap fossil fuels
 - Economies thrive on cheap energy
 - 1200 new coal plants under construction or planned
 - Gigatons of CO2 from transportation and heating
- The fossil fuel industry
 - Funds climate denial
 - Lobbies politicians for subsidies
 - \$500Bn annually
- “Tragedy of the commons”
 - Kills incentive to decarbonise

What Causes Decarbonisation?

- Changing lightbulbs, avoiding meat? etc.
 - Insufficient
- Regulation?
 - Often circumvented.
 - Too many issues for governments to micro-manage
- Subsidised Renewables?
 - Adds supply -> reduces price -> increases consumption
- Energy Efficiency?
 - Efficient cars/airliners -> allow cheaper travel -> increased journeys
- Divestment?
 - But how do the new owners plan to get their money back?

We're Putting the Cart Before the Horse



What Causes Decarbonisation?

- Economists say:
“If you want less of something tax it.”
- **Fossil fuels must be priced out of the market.**
 - At a rate that allows people and businesses to adjust
- Spurs investment into large scale low CO2 energy
 - Clear “price signals” needed
- The sooner it starts the less painful it will be.

Two Main Ways to Price Carbon

- Cap & Trade
 - Governments “cap” emission level
 - by requiring purchase of permits to emit
 - Market sets carbon price *
 - E.g. EU Emissions Trading Scheme
- Carbon Taxation
 - Governments set carbon price *
 - Market sets emission level
 - E.g. British Columbia Carbon Tax

* per tonne of CO2 emissions

Carbon Pricing - Big Show Stopper 😞

- **We price ourselves out of the global market!**
 - Manufacturing and jobs move abroad
 - Creates huge disincentive
 - EU-ETS ineffectual to date
 - Many free permits given away
 - BC Carbon tax
 - Stopped rising at \$30/tonne
- But the playing field can be levelled..

Border Adjustments to the Rescue

- Duties levied on imports, subsidies on exports.
 - Based on carbon intensity of exporting nation
 - Allowable by World Trade Organisation rules
 - For environmental sustainability
- **Provides incentive to similarly price carbon! 😊**
 - If you were a finance minister would you rather:
 - Watch your exporters pay duties to foreign nations?
 - Or collect those duties domestically for use in your own economy?

Cap & Trade Problems

- Volatile prices, as economies wax and wane
 - Unclear price signal to investors
 - Opportunities to decarbonise missed
 - Difficult to rebate to consumers
 - So carbon price cannot go high enough to bite
 - Riots in the streets
- Generous sacrifices neutralised
 - Someone else burns your allocation – at a cheaper price

Carbon Fee & Dividend

- Rising fee paid on all fossil fuels
 - As they enter the economy
 - The mine or port of entry
 - To rise by (USA proposal) \$10 / year
- 100% rebated to households
 - Provides strong incentives to decarbonise, throughout entire economy
 - Carbon price can keep rising
 - People can still afford to live
- Politically Sustainable
 - Progressive - lower income groups would benefit
 - Around 70% people
 - Should be favoured by those concerned about inequality

Carbon Fee & Dividend (cont'd)

- Modelled in the USA over 20 years to:
 - Boost
 - Incomes
 - Jobs
 - GDP
 - Health
 - Lower CO2 emissions by 52%
- Reported in REMI Report
 - Regional Economic Modelling Inc
 - Long established, reputable company

Political Will Needed

- The Science is Clear
- The Time is Short
- The Political Will is *Missing*

UN Secretary General, Ban Ki-moon

Generating Political Will

- "Each of the great social achievements of recent decades has come about not because of government proclamations, but because people organized, made demands, and made it good politics for governments to respond. It is the political will of the people that makes and sustains the political will of governments."
- James Grant, Former Executive Director of UNICEF

Citizens Climate Lobby

Generating political will for a liveable world

- We form trusted relationships with:
 - Elected representatives
 - Members of Parliament, Congressmen
 - News Editors, Feature Writers

- We collaborate
 - Work as teams
 - Help each other learn the issues

A Global Movement

- Growing all around the world
- 200+ Groups in USA , Australia, Canada, UK, Germany, Sweden, Bangladesh
- Publicly endorsed by James Hansen and George Schultz
 - Amongst many others

Role Play – Meet Your MP

- Get related. Thank them for the work they do.
- Explain how Carbon Fee & Dividend would:
 - Decarbonise the world's economies
 - Incentivise investment in low CO2 products and services
 - Be progressive, so politically sustainable
 - Require border adjustments
- Would they be willing to support such legislation?
- Ask how could you support them?

Feedback

- What was your experience of:
 - Meeting your MP?
 - Being the MP?

Henley Group

- The Henley group is looking for more members
- Please come and see us to find out more.

Thank you.