EFFECTIVE CARBON PRICING POLICY: A PRIMER

ABOUT US

Green For All is a national organization founded by Van Jones in 2007. We are working to build an inclusive green economy for all – starting with those on the frontlines of poverty and pollution. We focus on solutions.

One solution is carbon pricing policy that prioritizes frontline families over polluter profits. This primer provides guidance for ensuring effective and lasting carbon pricing policy that invests in a green economy for all.

INTRODUCTION

Effective carbon pricing policy will reflect the needs of the communities most impacted by climate change. The policy should seek to provide net positive environmental and economic benefits to those who have been and continue to be on the frontlines of pollution and climate change -- people with lower-incomes, communities of color, and residents living in closer proximity to polluting facilities.[1]

While putting a price on carbon can and should play a major role in shifting to new patterns of economic activity, a growing body of research suggests that a price signal is only one of many factors that influence the consumption of fossil fuels.[2] Many, perhaps most, consumption choices are structured by government and industry, and not easily changed without investments to create alternatives. Alone, a market signal will leave us short of the finish line in the march towards decarbonization.[3]

A good carbon pricing strategy must be coupled with an equitable, green investment strategy. As the Broadbent Institute, an Ottawa-based think tank, explains well, market forces put a premium on the most cost-effective, but not necessarily the most significant carbon reductions.[4] A carbon price alone, they argue, will stimulate demand for lower-carbon fuels, like natural gas, in the short run. These fuels need to be replaced with better, carbon-neutral alternatives to achieve emissions reductions targets. The results will be unnecessary spikes, and subsequent drops, in demand for gradually less carbon-intensive energy sources and

[1] Net positive benefits for climate policies means that when climate policies are introduced and adopted they should ensure that our planet and its inhabitants have a future that provides the best chance for common well-being. In other words, the impacts that these policies have on the economy, environment, and society are overwhelmingly positive. The natural world and society should be better off with the climate policies than without them.

[2] Dandy, Ellicott, Front and Centered, *Why I-732 is a False Promise: Climate Justice Requires Putting Money Where Your Mouth Is,* (August, 16, 2016), http://frontandcentered.org/why-i-732-is-a-false-promise-climate-justice-requires-putting-money-where-your-mouth-is/.

[3] Id.

[4] Haley, Brendan, Broadbent Institute Blog, *Ontario's Climate Plan and the Promise of Mobilizing Markets and Society,* http://www.broadbentinstitute.ca/brendanhaley/ontarios_climate_plan_and_the_promise_of_mobilizing_markets_and_society.

materials.[5] Public investments in research, development, and proliferation of technologies that help us take the final step toward carbon neutrality are needed to leapfrog fuels and energy sources[6] that are only marginally better than today's worst culprits.

ELEMENTS FOR EFFECTIVE AND LASTING CARBON PRICING POLICIES

Key elements include:

1. Be responsive to the needs of frontline communities by ensuring direct emission reductions for those hit first and worst by pollution and climate change. This requires first identifying the frontlines by conducting a cumulative impacts mapping analysis that identifies disproportionate exposures to toxicities, increased levels of poverty which results in lowered ability to address disparities, and additional social or racialized factors that increases vulnerabilities to climate change problems.[7]
2. Send a strong cap and/or price signal to polluters. This ensures that the pricing mechanism will drive down greenhouse gas emissions quickly.[8]
3. Revenues generated must be invested to both (a) prevent additional price burdens on families; and (b) accelerate towards a 100% clean energy future for all through targeted investments in frontline communities.
4. Remain accountable to the most impacted communities during policy design and implementation. This can be achieved through a strong community engagement process. Policies should also provide language to encourage accountability and transparency in its implementation and enforcement.[9]
5. Support a just transition for workers affected by the transition away from fossil fuels and for disadvantaged communities including job training, education and opportunities in clean energy, energy efficiency, and climate resilient infrastructure jobs with family-sustaining pay and benefits.[10]

CONCLUSION

We must combat climate change by transitioning from fossil fuels to clean energy, and as we do so, we must invest in a just transition. Any carbon pricing policy that unjustly favors tax cuts for corporations over investments in clean energy and green job creation for struggling families and displaced workers is a false solution. We need more than a price on carbon -- we need to keep fossil fuels in the ground and invest in a just transition to clean energy by focusing on investments that protect the health and prosperity of all – starting with communities on the frontlines of the climate crisis.

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[5] Id.

[6] Biello, David, Scientific American, *Solution to Energy and Climate Crises? A Game of Leapfrog,* (October 23, 2007), https://www.scientificamerican.com/article/solution-to-energy-and-climate-crises-in-game-of-leapfrog/.

[7] *For more on conducting a cumulative impacts analysis, see* Clean Power For All Policy Innovation Center, Toolkit 1: *Fair and Just Investments for Frontlines Communities,* (2016) pg. 12-13, available at TheCleanPowerPlan.com.

[8] *For more on policy options, see* Clean Power For All Policy Innovation Center, Toolkit 3: *Make Polluters Pay: Harnessing Allowance Value for Public Benefit,* (2016), available at TheCleanPowerPlan.com.

[9] *For community engagement best practices, see* Clean Power For All Policy Innovation Center, Toolkit 2: *Meaningful Community Engagement in the Clean Power Plan,* (2016), available at TheCleanPowerPlan.com.

[10] *For policy ideas and case studies on creating green jobs and supporting a just transition, see* Clean Power For All Policy Innovation Center, Toolkit 5: *Good Jobs in Clean Energy*, (2016) and Toolkit 6: *Just Transition*, (2016), both available at TheCleanPowerPlan.com.