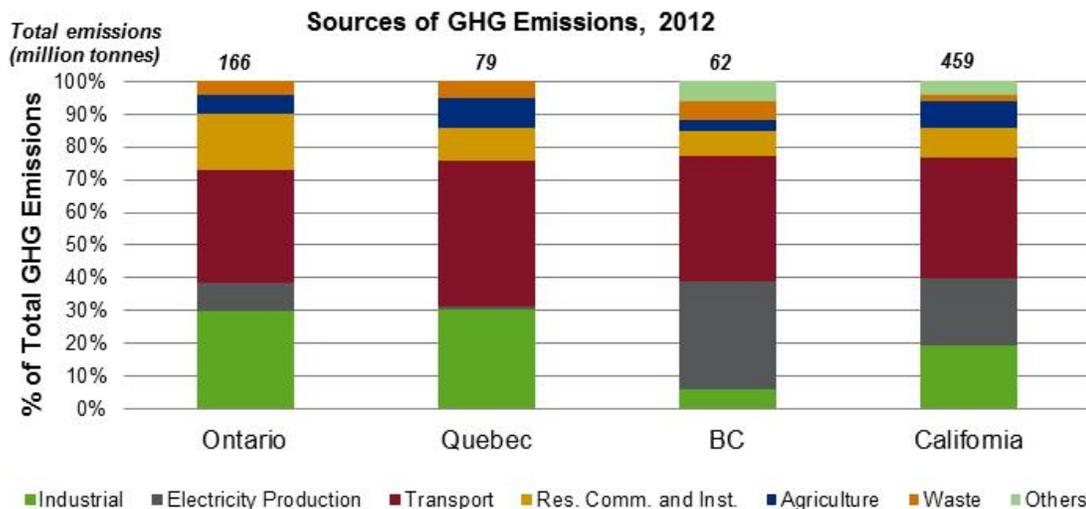Forest Industry at a Glance

KSH

Tuesday, April 28 2015

Ontario Announced GHG Emissions Cap-and-Trade System

On April 2, 2015 Ontario premier Kathleen Wynne announced that the province would join the cap-and-trade system under the *Western Climate Initiative*. The new system would be linked with Quebec and California's current cap-and-trade program, creating a carbon market covering 61 million people in North America and more than 60% of Canada's population. Funds raised from this market, estimated at between $1 and $2-billion per year, would be reinvested in helping reduce emissions as well as increasing provisions for public transport.

The size of Ontario's carbon market and its emission levels, compared to other provinces, has the potential to do more than any other program in Canada to reduce emissions. The province would become the dominant carbon-pricing system in the country, covering more than half of the nation's economic output. However important the Ontario market is in Canada, the California GHG emissions market, which is double the size of the GHG markets in Quebec and Ontario combined, will still have a significant influence on carbon pricing.

The relative importance of transportation-related emissions, which is the largest contributor to the GHG emissions in all of these regions, cannot be overlooked. While cap-and-trade systems have been shown to be effective in reducing industrial emissions, it will become increasingly important for governments to address transportation-related GHG emissions to achieve their overall emission reduction targets.

Sources: Globe & Mail, Environmental Commissioner of Ontario, MDDELCC, BC MOE, California EPA, KSH Consulting

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