



Premier Kathleen Wynne officially announces Ontario cap-and-trade regime

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Ce billet est disponible en anglais seulement.

As [anticipated](#), Ontario Premier Kathleen Wynne formally [announced](#) plans Monday morning to join Quebec and California in building a cap-and-trade system for greenhouse gas emissions. Calling climate change “one of the greatest challenges mankind has faced”, Ontario will soon impose sector-specific limits on emissions. Once the details are finalized over the next six months, the Province will sell or auction permits to companies that represent the right to emit a stated volume of pollution. Companies that pollute more than their limit must purchase permits from other companies that plan to emit less. As such, proponents of cap-and-trade argue that market forces incentivize businesses to adopt cleaner and more efficient practices. “The action we take today will help secure a healthier environment, a more competitive economy and a better future for our children and grandchildren,” Wynne said.

Opponents of the system argue that cap-and-trade is simply a carbon tax by another name. Increasing costs to businesses, they argue, will invariably lead to consumers paying more for a wide variety of goods and services. The University of California Berkeley, for example, estimates that cap-and-trade will add 2.6 cents per litre to the price of gasoline in Ontario.

The government plans to reinvest the proceeds raised through cap-and-trade into projects that reduce greenhouse gas emissions. These include projects aimed at reducing household energy consumption, building more public transit and assisting factories and businesses in reducing their environmental footprint. Initial estimates indicate that a cap-and-trade system in Ontario could generate between \$1 billion and \$2 billion in revenue per year.

Despite the Premier’s announcement, few details or dollar figures were provided. Among other uncertainties, it remains unclear how much the Province expects to raise by the sale or auction of permits, what the costs of introducing the system will be, how emission caps will be set, and what the effect on consumers is expected to be.

Environment Minister Glen Murray stated that the government will consult the public as it irons out the details for a cap-and-trade regime by October. We will be sure to update this blog once more details are revealed.

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