

Navius Research, Inc.

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FAQ

Does the Conservative Plan to Combat Climate Change achieve Canada's 2030 emissions target?

- This Plan achieves comparable greenhouse gas reductions as announced federal policy as of early April, 2021. Canada's future greenhouse gas emissions are uncertain and will depend on a range of factors that are outside of government's control such as oil prices and the level of oil sands production. Guaranteeing that the 2030 target is achieved is likely to require stronger policy than has been considered by any federal government or major political party to date.

How does the Conservative Plan differ from announced federal policy?

- Rather than increasing the consumer carbon price above \$50/t, the Conservative Plan relies on a package of policies called "flexible regulations" that have been pioneered in jurisdictions like British Columbia, Québec and California. The specific policies in their Plan – a light-duty zero-emissions vehicle mandate reaching 30% by 2030, a low carbon fuel standard with a 20% reduction in carbon intensity, and a 15% renewable gas mandate – are national versions of policies in British Columbia.

What are "flexible regulations"?

- Flexible regulations allow for multiple ways of complying with the policy, which helps reduce their cost. For example, automakers can comply with a zero-emissions vehicle mandate by producing various combinations of battery electric, plug-in hybrid electric and hydrogen fuel cell vehicles, as well as by trading compliance obligations among firms.

What is the economic impact of this Plan?

- This Plan increases GDP by 0.7% in 2030 relative to announced federal policy. Directing consumer carbon revenue to both households and businesses generates more economic activity than if most revenue is transferred to households (as it is under announced federal policy). This use of carbon revenue offsets the greater cost of the Plan's regulations relative to carbon pricing.

Is the Conservative Plan a better approach than announced federal policy?

- Governments can choose between many types of policies to reduce greenhouse gas emissions. The announced federal policy focuses more on carbon pricing, while the Conservative Plan focuses more on flexible regulations. Both of these policy approaches are effective at reducing greenhouse gas emissions.

What are the largest uncertainties about the impacts of this Plan?

- Flexible regulations offer more certainty in greenhouse gas outcomes relative to a carbon tax because they are more prescriptive. Nevertheless, the impacts of this Plan (and any announced policy) will depend on how it is implemented. For example, the Plan adopts various flexible

regulations as they have been implemented in British Columbia. If policy design is changed (e.g. in terms of strength or compliance options), greenhouse gas impacts may differ. Likewise, providing greater (or less) certainty about the future industrial carbon price is likely to lead to more (or less) greenhouse gas reductions.

What are the implications of this Plan for achieving deeper levels of greenhouse gas reduction, such as net zero emissions by 2050?

- Achieving net zero emissions requires stronger policy than has been implemented or announced by any federal or provincial government in Canada. Decarbonizing Canada's economy could be achieved by strengthening carbon pricing (i.e., above \$170/t) and/or flexible regulations (e.g. requiring 100% of light-duty vehicles be zero-emission, 100% of gaseous fuels be renewable, etc.).

Is Navius advocating for the Conservative Plan?

- We do not advocate for any particular policy approach. Our role is to provide independent and rigorous analysis to inform our clients, as well as the broader community when our work is made public.