

A hand holding a magnifying glass over wooden figures on a table. The background is a blurred white shirt. The magnifying glass is yellow and held over a group of wooden figures. One figure is blue, and another is red. The text is overlaid on the right side of the image.

ADDRESSING POLARIZATION: WHAT WORKS?

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**CASE STUDY: THE ALBERTA
CLIMATE LEADERSHIP PLAN**

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As is customary, any errors of fact or interpretation are the responsibility of the author.

Copies of this report and all other studies are available for download on the Positive Energy website.

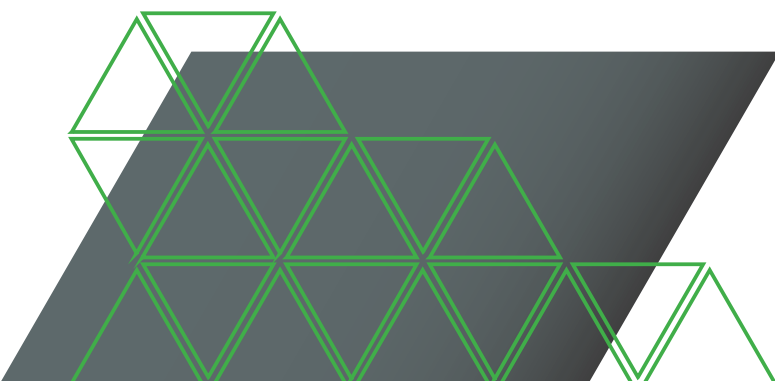
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EXECUTIVE SUMMARY

Positive Energy’s “What Works?” Case Studies

Positive Energy’s research and engagement aims to identify how to strengthen public confidence in public authorities (policymakers, regulators, the courts, Indigenous and municipal governments) making decisions about Canada’s energy future in an age of climate change. Three research streams, each with a variety of projects, events and reports, ground the effort: Polarization, Roles and Responsibilities, and Models of and Limits to Consensus-Building. The research effort begins with the work on polarization. Positive Energy seeks to understand polarization as a general phenomenon, its extent, nature and consequences when it comes to energy and environment, and how decision-makers can go about addressing it.

This case study is one of four that aim to identify ‘What Works?’ when it comes to addressing polarized contexts. Each case examines an organization, program, or initiative established to address polarization: the Alberta Climate Leadership Plan, Canada’s Ecofiscal Commission, the Just Transition Task Force, and the National Roundtable on the Environment and the Economy. The cases represent a mix of national and provincial level efforts, initiatives driven by governments versus those initiated by non-government actors, and those that targeted the general public versus decision-maker audiences.

The Case: Alberta’s Climate Leadership Plan

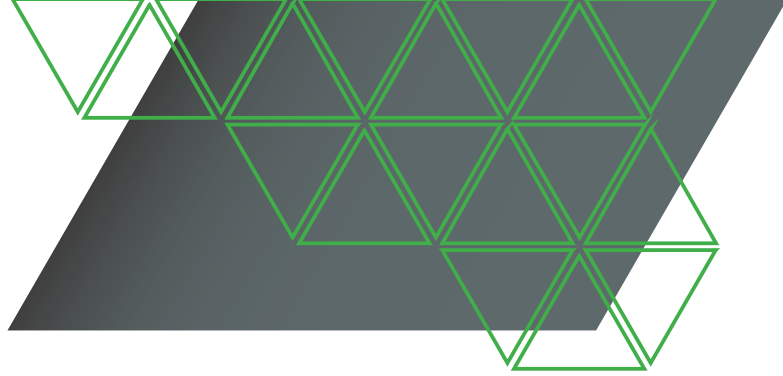
The Alberta Climate Leadership Plan (CLP) was announced in November 2015 by Premier Rachel Notley. At the time, it was the most ambitious plan for reducing greenhouse gas (GHG) emissions in Canada.

It had four policy prongs:

1. An economy-wide carbon tax
2. A phase-out of coal-fired power plants
3. A 100 megatonne cap on oil sands emissions
4. A reduction in methane emissions.

The CLP brought together key stakeholders (industry, environmentalists, and Indigenous leaders) and would heavily influence the federal government led by Justin Trudeau. Although the United Conservative Party came to power in April 2019 promising to get rid of the CLP and did, in fact, repeal the economy-wide carbon tax, the other aspects of the CLP were not altered. Moreover, a federal backstop would replace the economy-wide carbon tax in Alberta.

Creation of the Plan. The Notley government pursued both a public and private path in creating the CLP. The public path was the formation of a Climate Change Advisory Panel in June 2015, chaired by University of Alberta energy economist Andrew Leach, with the aim of reviewing “Alberta’s existing climate change policies, engaging with Albertans, and providing the Minister of Environment and Parks with advice on a comprehensive set of policy measures to reduce Alberta’s greenhouse gas emissions.” The private path was the decision of the Notley government to endorse the high-level talks that had been occurring between industry and environmental non-governmental organizations (ENGOS).



The previous Premier of Alberta, Jim Prentice, had started to convene meetings in Fall 2014 with the leaders of the largest oil sands companies (CNRL, Cenovus, Shell, and Suncor) and environmental leaders (Pembina Institute, Environmental Defence Canada, Équiterre, and Forest Ethics). It was during these discussions that both sides agreed to a cap on oil sands emissions in exchange for support (or at least an absence of opposition) for pipelines. These two paths came together on November 22, 2015, when Premier Notley held a large press conference announcing the creation of the Alberta CLP. Standing on stage with Premier Notley were Minister Phillips and Panel Chair Andrew Leach, joined by industry leaders (Canadian Natural's Murray Edwards, Suncor's Steve Williams, Cenovus's Brian Ferguson, and Shell's Lorraine Mitchelmore), environmentalists (Pembina Institute's Ed Whittingham, Environmental Defence's Tim Gray, Équiterre's Steven Guilbeault, and Stand Earth's Karen Mahon), and Indigenous leaders (Treaty 6 Grand Chief Tony Alexis).

There were many goals for the CLP: reducing Alberta's GHG emissions, helping Alberta diversify to a greener economy, encouraging energy conservation, gaining public acceptance for pipelines, and changing Alberta's national and international reputation as a climate laggard to a climate leader.

The backlash and the legacy. The CLP created a large backlash in Alberta and was a major reason for the NDP losing power in 2019. This backlash was due to several reasons: a high degree of anti-tax sentiment in Alberta (the only province without a sales tax), a major economic recession in Alberta, a split between the oil and gas companies and the environmental organizations who supported the CLP and those that did not, the delays in constructing the Trans Mountain pipeline expansion, policies of the Trudeau government perceived to be anti-energy, challenges in properly communicating the CLP, the existence of a minority of Albertans who doubted the science around climate change, and the twin elections of Donald Trump in the United States and John Horgan in British Columbia. But the CLP was also very influential in the federal government's climate change strategy. This meant that when there was a change in government in Alberta, the federal policies, which were designed as a backstop, kicked in. The CLP not only shaped Alberta's energy and environmental policies, but Canada's as well.

Key findings: What Worked? What Didn't? A window of opportunity is required to undertake a dramatic shift in energy and environmental policy. In 2015 there was a window of opportunity to introduce a robust climate change strategy in Alberta. There was the election, after 44 years of PC dominance, of a new social democratic government in Alberta that wanted to do something big on energy and the environment. This was quickly followed up with the federal election of Trudeau who also committed himself to action on climate change. Importantly, Trudeau won the most Liberal seats in Alberta in 2015 since his father's first election in 1968. In addition, the newly elected Notley government benefited from the important groundwork for a climate plan in Alberta that had been done by Premier Jim Prentice. The CLP also shows that a controversial policy can still be resilient. After all, despite promises by the UCP government to repeal the CLP, all of its elements remain in force in some respect. However, introducing a controversial energy and environmental plan, can lead to more, not less, polarization. The CLP process helped to create an elite consensus in Alberta, which helps to explain the CLP's policy resilience; it also exacerbated polarization at the mass public level in both Alberta and Canada, and heightened polarization between Alberta and the rest of Canada.

Implications for decision-makers. Several key ideas/ recommendations for decision-makers grappling with energy and climate issues emerge from the CLP experience:

1. Developing a plan requires elite consultation with government, energy companies, environmental organizations, and Indigenous peoples
2. Public consultation is also required
3. Creating a policy is not sufficient: an implementation plan (including communications) is necessary

Research methods. This study relies on official documents from both Alberta's NDP and UCP governments. Public opinion survey data, both commissioned by Positive Energy as well as other pollsters, was also utilized. These documents were supplemented by important secondary material from books, academic articles, and news pieces. This study also includes 14 semi-structured interviews with the architects, participants, and observers of the creation of the CLP as well as its dismantlement.



BOX 1: POSITIVE ENERGY'S RESEARCH ON POLARIZATION

The second three-year phase of Positive Energy (2019-2021) aims to address the following question: How can Canada, an energy-intensive federal democracy with a large resource base, build and maintain public confidence in public authorities (federal, provincial, and territorial policymakers and regulators, Indigenous governments, municipal governments and the courts) making decisions about the country's energy future in an age of climate change?

Three fundamental questions form the research and engagement agenda. How can Canada effectively overcome polarization over its energy future? What are the respective roles and responsibilities among policymakers, regulators, the courts, municipalities and Indigenous governments when it comes to decision-making about the country's energy future? What are the models of and limits to consensus-building on energy decisions?

Understanding the various dimensions of polarization over energy and environmental issues is fundamental to addressing roles and responsibilities, and models of and limits to consensus-building. And yet, the extent and consequences of polarization over Canada's energy future are unclear. Positive Energy's research and engagement on polarization seeks to understand polarization as a general phenomenon affecting policies of all sorts, to assess the nature and extent of polarization when it comes to energy and environment, and to offer strategies to address or navigate polarized contexts.

The polarization research programme includes the following projects:

- A literature review on polarization as a general phenomenon: its causes, severity and consequences
- Original survey research to measure and track polarization among decision-makers and the general public
- Interviews with energy and environmental leaders to understand the role of language and terminology: unpacking assumptions and interpretations of the term "transition"
- Exploring attitudes and the role of values when it comes to perceptions of energy technologies (renewable energy technologies and carbon capture, utilization and storage)
- Identifying "What Works?": Case studies of organizations and programs designed to address polarization

INTRODUCTION

On May 5, 2015, Rachel Notley and the NDP shocked Albertans and Canadians by winning the Alberta election and ending the forty-four year Progressive Conservative (PC) dynasty. The surprising NDP victory led to high expectations that fundamental change in many aspects of Alberta's political and economic life would ensue, and in particular how the oil and gas dependent province would recognize the need to address fully the issue of climate change. Half a year later that is what happened. In November 2015, Premier Rachel Notley announced Alberta's Climate Leadership Plan (CLP). It was the most ambitious plan for reducing greenhouse gas (GHG) emissions seen in Canada. It brought together the key stakeholders (industry, environmentalists, and Indigenous leaders) and would heavily influence the federal government led by Justin Trudeau. If, in the abstract, you were going to design a program to address climate change, this would be how you would do it.

Yet by the summer of 2019, the centrepiece of the CLP – the economy-wide carbon tax – was in tatters. The United Conservative Party (UCP), led by Jason Kenney, campaigned on repealing the CLP (ending the carbon tax was Bill 1). After it won a majority government in April 2019, it started to dismantle components of the CLP.

The purpose of this study is to analyze the factors and processes by which the CLP was created, why it was partially destroyed (substantively and rhetorically), and to identify its legacy. This case study, which is part of a series of case studies on “What Works?” when it comes to addressing polarization over energy and climate change, touches on three core aspects of Positive Energy's research: climate change, polarization, and federalism.

METHODOLOGY

This study relies on official documents from both Alberta's NDP and UCP governments. Public opinion survey data, both commissioned by Positive Energy as well as other pollsters, was also utilized. These documents were supplemented by important secondary material from books, academic articles, and news pieces. This study also includes 14 semi-structured interviews with the architects, participants, and observers of the creation of the CLP as well as its dismantlement. In most cases, these interviews were conducted on the record, but some subjects requested anonymity for all or some of their comments. The full list of interview subjects is in Appendix A.¹



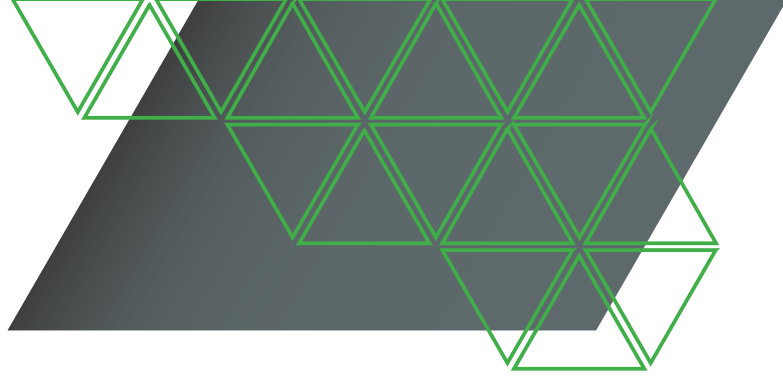
BACKGROUND

Alberta is the oil and gas capital of Canada.² Since the famous Leduc strike of 1947, and especially after the oil shocks of the early 1970s, Alberta has been a major economic engine of Canada with the highest per capita income in the country. However, the extraction of oil and gas, combined with a heavy reliance on coal-generated electricity, means that Alberta has the highest levels of GHG emissions in Canada. In 2013, Alberta's GHG emissions were 267 MT and were projected to grow to 297 MT in 2020 and 320 MT in 2030.³ Alberta accounted for 37% of Canada's GHG emissions with less than 10% of the population. Moreover, per capita emissions were "five times higher in Alberta than Ontario, Quebec, or British Columbia."⁴

Given its reliance on oil and gas, and a realization that it was the country's largest GHG emitter, it is not surprising that there was also a long history of the Alberta government being skeptical of climate change. World leaders had first agreed to set GHG emission targets at the Rio Summit in 1992 (which created the United Nations Framework Convention on Climate Change), followed by the Kyoto Protocol in 1997, which established legally binding commitments on developed countries to reduce GHG emissions. Under the Kyoto Protocol, Canada was required to reduce its 1990 GHG emissions by 6% by 2010. Canada ratified the Kyoto Protocol in 2002.⁵ The Alberta government staunchly opposed Kyoto. Premier Ralph Klein dismissed climate change as being caused by "dinosaur farts."⁶ Klein went further and threatened a constitutional challenge over the Protocol, advocating instead a "made in Alberta" approach to climate change.

The Alberta government tried to reframe the issue of climate change by focusing on the "carbon intensity" of emissions as opposed to "total" emissions. As Ian Urquhart would later show, Alberta was effective in reducing its carbon intensity from 1.14 millions of tonnes of GHG emitted/GDP in millions in 2000 to 0.85 by 2014. However, the total GHG emissions rose from 232 million tonnes in 2000 to 274 in 2014.⁷ The reason why GHG emissions kept rising in Alberta was that the growth in oil and gas production outpaced reductions in GHG emissions intensity. Nevertheless, pressure within Alberta, the rest of Canada, and internationally, continued to try to get Alberta to seriously tackle its emissions. In 2007, Premier Ed Stelmach introduced the Specified Gas Emitters Regulations (SGER) with a \$15 per tonne carbon tax for large emitters.⁸ SGER established benchmarks for each large emitter to reduce their carbon intensity by 12%. However, SGER also included a large swath of exemptions and offsets which limited its effectiveness. As a result, the Ecofiscal Commission concluded that SGER compliance was only \$1.14 per tonne, and not \$15 per tonne, in 2012.⁹

In contrast to the Alberta approach, British Columbia established Canada's first carbon tax in 2008. Fossil fuel taxes rose up to \$30 per tonne and, unlike in Alberta, this was not restricted to large emitters, but to all residents. In addition, BC's carbon tax was revenue neutral because BC simultaneously lowered personal income taxes. The Ecofiscal Commission showed that, unlike the case in Alberta, the BC compliance with its carbon tax was \$30 per tonne. BC already had significantly lower GHG emissions than Alberta because it had no coal generation and lacked the oil sands, but its carbon tax still resulted in flat emissions, even while its population and economy grew. In contrast, Alberta's SGER was unable to prevent a significant rise in its emissions.¹⁰



The NDP did not campaign in 2015 on a plan to address climate change. Instead, the NDP focused on health care, education, PC corruption, and highlighted leader Rachel Notley.¹¹ Its party platform did mention that “we will take leadership on the issue of climate change,” but there were no specifics outside of a pledge to “phase-out coal-fired generation” and introduce “an energy efficiency strategy and a renewable energy strategy.”¹² There was no mention of a carbon tax.

Yet soon after winning the 2015 election, the NDP decided to address climate change. Notley appointed Shannon Phillips, one of the NDP’s star candidates from Lethbridge, as Minister of Environment and Parks. Appointing a powerful minister to the environment portfolio was a clear signal that the NDP would seriously engage with the challenge of climate change. Then, the government pursued two simultaneous paths: one public and one private. The public path was the formation of a Climate Change Advisory Panel in June 2015, chaired by University of Alberta energy economist Andrew Leach, with the aim of reviewing “Alberta’s existing climate change policies, engaging with Albertans, and providing the Minister of Environment and Parks with advice on a comprehensive set of policy measures to reduce Alberta’s greenhouse gas emissions.”¹³ On the same day, Phillips announced that the SGER would increase from \$15 per tonne to \$30 per tonne by 2017. These twin announcements showed that the new NDP government meant business when it said that it was going to craft a serious climate plan.

The Leach Panel released a preliminary climate change discussion document in August 2015 that would be the basis of its consultations.¹⁴ The public was consulted with open houses in Edmonton and Calgary in early September 2015 that attracted more than 1,000 people who provided over 4,000 written comments.¹⁵ For those unable to attend the open houses, there was an option to complete an online survey, which attracted more than 25,000 responses between August 14 and September 18, 2015.¹⁶ There was also a separate Aboriginal engagement that included meetings in Calgary, Edmonton, and Fort McMurray where “participants discussed outcomes, priorities and community interests related to climate change and Aboriginal Peoples [sic] perspectives.”¹⁷ Although, as Andrew Leach admitted, “it was a mistake not to go to Indigenous communities . . . but we were time crunched.”¹⁸ Finally, there were ten technical stakeholder sessions “with approximately 350 participants from multiple sectors of Alberta’s economy and focused on areas with the greatest potential to reduce emissions – energy efficiency for buildings and houses; agriculture and forestry; transportation and the role of municipalities; electricity; oil and gas; other industrial emitters; and economy-wide approaches for greenhouse gas reductions.”¹⁹ Many participants identified how critical these technical sessions were in crafting the eventual CLP.²⁰ The Leach Panel also received 535 submissions from a varied group of interested stakeholders, including members of the general public (60%), industry (20%), non-governmental organizations (18%), and the remainder by “academic institutions, municipalities, government agencies, and other organizations.”²¹ By any measure, the Leach Panel pursued a comprehensive effort at public engagement.

The Leach Panel recommended the creation of a framework that would provide the foundation of a lower carbon (see next paragraph) economy, especially the introduction of a broad-based carbon tax.

It wrote:

Our proposed approach creates an integrated framework that accelerates carbon emissions reductions in the short-term, and provides a solid foundation in the longer term for creating a competitive and diversified lower-carbon economy. Our proposed policy architecture reflects Alberta's current situation and specific emissions profile, but also stands up to comparison with other leading jurisdictions in North America and elsewhere. The Panel recommends that the Government of Alberta broaden and improve its existing carbon pricing regime, and complement carbon pricing with additional policies to reduce the emissions intensity of our electricity supply and our oil and gas production, to promote energy efficiency, and to add value to our resources through investments in technological innovation. To ensure this policy is progressive and protects the competitiveness of Alberta's core industries, we have recommended a consumer credit which will offset the impact of this policy package for households and allocations of emissions credits for industrial emitters.²²

While the Leach Panel developed a suite of policies designed to reduce GHG emissions in Alberta, it did not identify a specific GHG reduction target. The Panel's framework was largely adopted by the Notley government when it released the Alberta Climate Leadership Plan.

The Leach Panel, even though it did not realize it at the time, was largely aligned with an overall direction that was evolving under the former Prentice government. This can be seen by examining the private path around climate change that was simultaneously occurring in Alberta. The private path was the decision of the Notley government to endorse the high-level talks that had been occurring between industry and environmental non-governmental organizations (ENGOs). The previous Premier of Alberta, Jim Prentice, had started to convene meetings in fall 2014 with the leaders of the largest oil sands companies (CNRL, Cenovus, Shell, and Suncor) and the leaders of the environmental movement (Pembina Institute, Environmental Defence Canada, Équiterre, and Forest Ethics).²³ It was during these discussions that both sides agreed to a cap on oil sands emissions in exchange for support (or at least an absence of opposition) for pipelines.²⁴ Years later, Ed Whittingham, the former Executive Director of the Pembina Institute, recalled of those discussions: "by doing its fair share on climate change, Alberta would satisfy a critically important condition for building a pipeline to tidewater, in order to receive a world price for its oil."²⁵



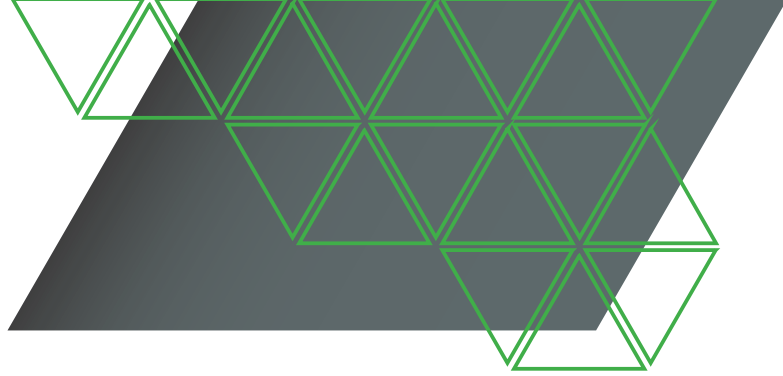
THE CREATION OF THE ALBERTA CLP

On November 22, 2015, a large press conference was held when the Alberta Climate Leadership Plan was announced. Standing on stage with Premier Notley were Minister Phillips and Panel Chair Andrew Leach, but they were joined by industry leaders (Canadian Natural's Murray Edwards, Suncor's Steve Williams, Cenovus's Brian Ferguson, and Shell's Lorraine Mitchelmore), environmentalists (Pembina Institute's Ed Whittingham, Environmental Defence's Tim Gray, Équiterre's Steven Guilbeault, Stand Earth's Karen Mahon), and Indigenous leaders (Treaty 6 Grand Chief Tony Alexis). The range and power of the individuals on stage created a media sensation, particularly when Murray Edwards appeared on stage.²⁶ Edwards, who founded CNRL and built it into one of the biggest companies in Canada, is a major player in the oil patch. In addition, he was not previously seen as particularly progressive on climate change issues. According to Whittingham, who also attended the Paris climate conference of 2015, "attendees marvelled at the composition of the stage given the level of conflict that existed around Alberta's oil sands."²⁷

The original deadline for the CLP was put in place so that Notley would have something to show when she joined Trudeau and other Canadian politicians at the United Nations Conference on Climate Change in Paris starting in late November. However, when Trudeau decided to hold a First Ministers' conference on climate change on Monday November 23, 2015, the process accelerated. As Leach commented, "Notley had to go to that meeting with a [climate change] plan in her pocket. What happened was that everybody else had to respond to Alberta's plan. Instead of Alberta being on the defensive (which was the norm), other provinces had to say what their plan was compared to Alberta."²⁸

There were several components to the CLP.²⁹ Many of the measures were already in place in other jurisdictions, e.g., an economy-wide carbon tax in BC and a coal phase-out in Ontario. Nevertheless, having multiple items all being included at once was revolutionary, especially for Alberta, given its prior history on climate change. It was clear that the Notley government wanted something "big and bold." As Ed Whittingham explained, "we were surprised by the breadth and depth of the CLP. The NDP had inherited a "climate pariah" and wanted to change the channel."³⁰

The most significant aspect of the CLP was an economy-wide price on carbon. As the Leach Panel stated, "putting a price on emissions leverages the power of markets to deploy both technologies and behavioral changes to reduce emissions over time. Carbon pricing is the most flexible and least-costly way to reduce emissions."³¹ The carbon tax would start at \$20 per tonne in 2017 and rise to \$30 per tonne in 2018. It would apply to gasoline (6.73 cents per litre), diesel (8.03 cents per litre), natural gas (\$1.517 per gigajoule), and propane (4.6 cents per litre), with exceptions for farm fuels, flights outside of Alberta, biofuels, and fuels for export. Small oil and gas producers were also given an exemption from the carbon tax until 2023. This had been a goal of many in the oil and gas industry who had argued against an increase in the SGER. If the principle was "polluter pays", then the carbon tax should not be applied solely to producers, but also to consumers.³² In fact, the SGER would eventually be replaced in 2018 by the carbon tax.



The second part of the CLP was phasing out coal-fired electricity by 2030. Alberta was the most coal-dependent province in Canada, with coal supplying 55% of Alberta's electricity in 2014.³³ Already, federal regulations brought in by the Harper government would see the phased retirement of Alberta's oldest coal plants, but the CLP called for shutting down the remaining six facilities. Some of this coal generation would be replaced by Alberta's plentiful supply of natural gas that already supplied over 30% of Alberta's electricity. However, the government set a target that 50-75% of retired coal generation would be replaced by renewables. In fact, a target of 30% of all electricity generation from renewable sources by 2030 was set.³⁴

The third aspect was to establish a 100 megatonne emissions limit on the oil sands. This was not part of the Leach Panel, but was the key part of the negotiations between the large oil sands CEOs and the ENGOs. The oil sands represented 22% of Alberta's total GHG emissions in 2013, and was projected to rise to 35% by 2030.³⁵ The purpose of the cap was to either slow the development of the oil sands or force "oil sands operators to develop technology that significantly reduces carbon emissions."³⁶ A cap of 100 MT, as Urquhart pointed out, would allow oil sands emissions "to increase by a stunning 52 percent from the 65.6 megatonnes of greenhouse gases" that were emitted in 2014.³⁷ However, as Dave Collyer, former CEO of the Canadian Association of Petroleum Producers, pointed out, "it was a cap on emissions, not on production growth (this was very important). If industry could continue to reduce its intensity through technology and other initiatives, it would allow the sector to continue to grow. It was a demonstrable limit, which was hugely symbolic. But focused on emissions not on growth of the industry."³⁸

Other energy sector individuals also emphasized the importance of the cap.³⁹ After all, oil sands emissions were about 70 megatonnes in 2015 and the cap was 100 megatonnes, so the cap would not affect the pace of development until much later in the future as emissions approached the cap. The key objectives were to shift the dialogue to a focus on emissions (rather than production) and to encourage investment in technology to reduce emissions intensity and enable production growth. The absolute level of the emissions cap also reinforced the expectation that new pipeline capacity was going to be required with production growth.

It was not just energy sector members who recognized the importance of the emissions cap; so did the ENGOs that were at the table. As one of them stated, "was the cap too high? Maybe, but it was extremely symbolic that there was a hard cap on overall emissions, not just an intensity cap."⁴⁰ In fact, in a rebuttal to the views of Urquhart, the environmental leader argued that "the cap is below all of the approved oil sands projects."⁴¹

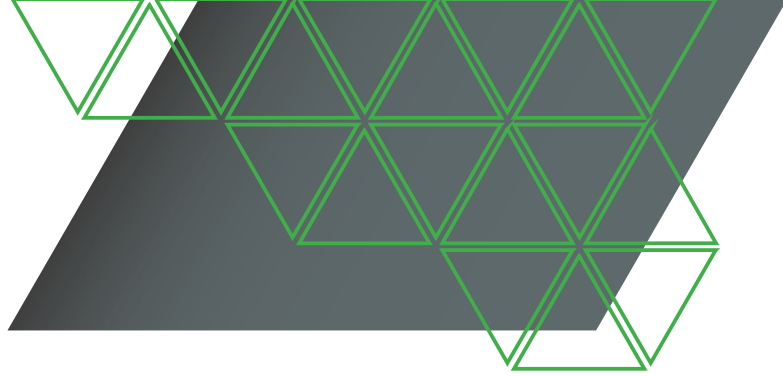
The fourth aspect was reducing methane emissions. The Leach Panel's discussion document noted that "[m]ethane is over 20 times more potent in global warming potential, over a 100-year period, than carbon dioxide."⁴² Methane comes from cow manure (22% of emissions) and landfills (6%), but the largest amount of emissions is through venting and flaring from the oil and gas sector (70%).⁴³ The CLP put a target of reducing methane emissions by 45% from 2014 levels by 2025.⁴⁴ The carbon tax, industry expertise, and regulatory measures would be used to reduce methane emissions.⁴⁵

There were several goals of the CLP. As Notley stated, “responding to climate change is about doing what’s right for future generations of Albertans – protecting our jobs, health and the environment. It will help us access new markets for our energy products, and diversify our economy with renewable energy and energy efficiency technology. Alberta is showing leadership on one of the world’s biggest problems, and doing our part.”⁴⁶ The first was to reduce Alberta’s GHG emissions that, as previously stated, were the highest in Canada. The second was to help Alberta diversify to a greener economy. The proceeds of the carbon tax would be used, in part, for investments in renewable energy technology. The third was to encourage conservation with an energy efficiency program. The fourth was to gain public acceptance for pipelines. Pipelines are essential for Alberta, a landlocked province, to get market access for its oil and gas.

A fifth goal, and related to public acceptance for pipelines, was to change the reputation of Alberta’s oil and gas sector. Alberta’s oil and gas sector had become an international “pariah.”⁴⁷ The SGER was designed to blunt the criticism of the oil sands, but as former *Calgary Herald* business columnist Deborah Yedlin wrote, “it was not high enough for the province to get any credit for it, much less to change consumer or corporate behaviour, or to provide support for proposed pipelines.”⁴⁸ The opposition of the US environmental movement to the Keystone XL pipeline exemplified this. According to Dennis McConaghy, a former TC Energy executive with responsibility for Keystone XL, a 2011 blog post by environmental scientist James Hanson attacking the “the tar sands monster” was a major trigger for blocking approval of Keystone XL. Hanson called on the American environmental movement to mobilize to stop the Keystone XL pipeline, which he argued would facilitate greater exploitation of the “tar sands.”⁴⁹ This is exactly what would transpire. Ultimately, US President Obama vetoed Keystone

XL on November 6, 2015 because of the vigorous opposition not just to the pipeline, but also the Alberta tar sands (as environmentalists refer to the oil sands). Based on this experience and other events, the Notley government believed that the CLP would turn Alberta from “climate villain to climate champion.”⁵⁰ McConaghy agreed that a “quid pro quo” of a carbon tax for Keystone XL would have likely led to its approval. He claimed that “Canada could have taken the lead in North America on carbon policy, using carbon pricing to deal with the risk of climate change rather than setting disingenuous carbon targets. This was all the more necessary since Canada would emit increasing carbon if it developed its hydrocarbon resources to the extent anticipated by the Canadian industry, facilitated by infrastructure like KXL.”⁵¹ This is why Brendan Boyd argues that “the influence of policy decisions and developments coming from US federal and state governments offer the best explanation of Alberta climate change policy.”⁵² While Boyd is correct that US policy had a clear impact on the creation of the CLP, calling it the “best explanation” is overstating things. There were domestic issues at play in Alberta and Canada, as well as the motivation of a new socially responsible government in power, that also contributed to the Notley government pursuing the CLP.

The carbon tax was designed to reduce GHG emissions through conservation, but it also raised revenue. Where did the carbon tax money go? In March 2019, the Edmonton Journal released an investigative study into the spending of the carbon tax. A series of articles investigated where the almost \$3.5 billion raised by the carbon tax between January 2017 and March 2019 was spent. They determined that the biggest expenditure was rebates to low-income Albertans, who in the first two years received \$450 million, which was just under 30% of all disbursements.⁵³ This worked out to about \$200 per single adult, \$300 per couple, and an additional \$30 per child. About two-thirds of



Albertans received rebates. Small businesses also received \$220 million in tax reductions to partially compensate for the increased costs of the carbon tax. Taft argues that the carbon tax and rebates were intertwined: “the tax raises the cost of carbon fuels, encouraging consumers to use less of them, and the rebates enable consumers to pay for insulation, newer vehicles, and other carbon-reducing alternatives.”⁵⁴ However, the rebates also had a political purpose: to generate support among Albertans for the carbon tax and to blunt criticisms that the tax was regressive. The second largest amount of money from the carbon tax was spent on green energy projects. The biggest ticket items were contributions to new LRT routes in Calgary and Edmonton. These two projects received \$260 million from the carbon tax, with more expected to come in future years. There were also over 2,000 smaller projects in rural Alberta, ironically where much of the opposition to the carbon tax emerged. “They’re small green projects, like energy audits on town buildings, retrofitting arenas with LED lights, helping farmers become more energy efficient, upgrading seniors’ homes and working with First Nations to develop community energy plans.”⁵⁵ Finally, the government used carbon tax revenue to make investments in renewable energy, such as solar and wind.

THE BACKLASH

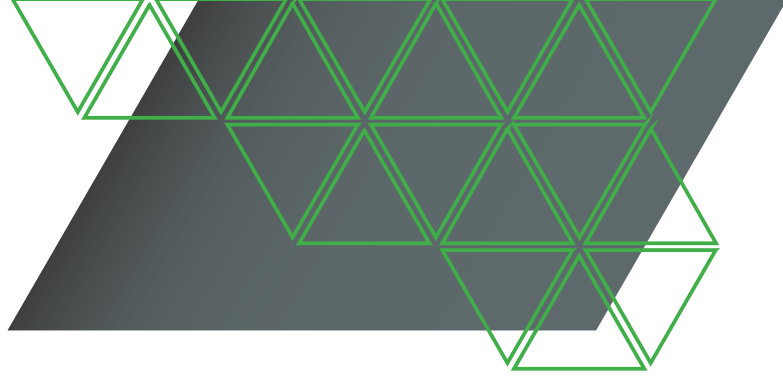
There was opposition to most aspects of the CLP. For example, the town of Hanna – home to a major coal plant – strongly opposed the coal phase-out. However, the biggest backlash was to the carbon tax. Brian Jean, leader of the Wildrose Party and Leader of the Official Opposition, argued that the NDP was in bed with “big oil” and pointed out that the NDP did not campaign on a carbon tax.⁵⁶ Jean called it the “tax on everything” and argued that it hurt families and the economy. Jean was given an even bigger target when the federal NDP, during its April 2016 convention in Edmonton, adopted the Leap Manifesto that, among other things, called for the elimination of fossil fuels. Even though Notley strongly urged the rejection of the Leap Manifesto, the federal NDP delegates defied her. This allowed Jean to use the Leap Manifesto to attack the CLP objective of getting social license for pipelines. According to Jean, Notley “sold her carbon tax, coal industry shutdown and a cap on oil sands development to Albertans with the promise that it would provide the credibility we need to get opponents of pipelines on board – that these policies would get ‘social license.’ Today, Premier Notley’s social license experiment was put to the test and it failed. She wasn’t able to get her own party’s delegates, in her home city, to drop their opposition to getting Alberta’s resources to market.”⁵⁷

There was also a significant split in Alberta’s oil and gas sector. The largest companies, such as the ones that joined Notley on stage in announcing the CLP, operate around the world. They realized that they needed to reduce their carbon footprint and rehabilitate Alberta’s energy reputation around the world. For them, a carbon tax made total business sense. However, medium and small companies who only operated in Alberta, spoke out strongly against the carbon tax. This was despite the fact that the smaller companies were exempted from the carbon tax until 2023.⁵⁸ As Taft noted, “these companies were tuned to the finer, short-term details of costs and markets. The carbon tax

was an added cost they did not want. It was also a symbol of unwanted government intervention and a harbinger of more threats to the fossil fuel industry.”⁵⁹ These smaller companies were also politically influential because they represented the traditional donor base of the Wildrose Party. Michelle Rempel, a Conservative MP from Calgary, even claimed that the large oil sands companies were led by out of touch “rich CEOs”, who only supported the tax “because it may force junior firms out of the market, enabling them to make a play for assets.”⁶⁰

Prior to the CLP, Albertans had expressed support for combatting climate change. Anthony Sayers and David Stewart conducted surveys as part of the 2008, 2012, and 2015 Alberta elections. In each survey, a large majority of respondents agreed with the statement “Alberta needs to take firm action to combat global warming.” About half of respondents agreed that “tough environmental standards should take precedence over employment.”⁶¹ However, when Albertans started to see the real cost of taking action on climate change, public support dissipated. A major public opinion survey for CBC Calgary in April 2018 showed that 66% of respondents agreed that Alberta should eliminate the carbon tax.⁶²

While there were many reasons for the merger of the PC and Wildrose Parties,⁶³ their shared hatred of the CLP was one of the more important ones. For example, 92% of UCP supporters wanted to eliminate the carbon tax.⁶⁴ The NDP’s 2015 election victory had been due, in part, to the vote split between the two conservative parties. The NDP had 40.6% of the popular vote in 2015, and the combined PC and Wildrose share was 52%. Once the UCP was formed, it was going to be very tough for the NDP to get re-elected.



The promise to repeal the CLP was front and centre in the UCP's 2019 election campaign. It was part of Jason Kenney's fight back strategy on behalf of Alberta's oil and gas sector. At a large energy conference in October 2018, Kenney provided the details of his fight back strategy:

- repealing the carbon tax,
- creating a \$30 million government funded "war room" to defend Alberta's oil and gas sector from perceived lies and misrepresentation,
- creating a legal defence fund for pro-energy litigation from Indigenous groups,
- investigating ENGOs for violations of their charitable status,
- boycotting companies who criticized Alberta's oil and gas sector,
- using "turn off the taps" legislation against British Columbia if it blocked pipelines,
- holding a referendum on the federal equalization program if Québec (a major recipient of equalization) blocked pipelines, and
- defeating the Trudeau government to prevent the federal carbon tax backstop from kicking in.⁶⁵

When the UCP released its party platform for the 2019 election, it also emphasized the fight back strategy. It promised that "Bill 1 of a United Conservative government will be the Carbon Tax Repeal Act. At \$1.4 billion, this will be the largest tax cut in Alberta's history. We will stop the NDP's planned 67% increase to the carbon tax, and sue the Trudeau government if it tries to impose a carbon tax on Alberta."⁶⁶ On April 16, 2019 the UCP won a majority government with 63 of 87 seats and 54.9% of the vote. They quickly went to work repealing the CLP. A spring session of the Legislature was held and Bill 1 was passed and given royal assent on June 5, 2019; Albertans immediately stopped paying the carbon tax.

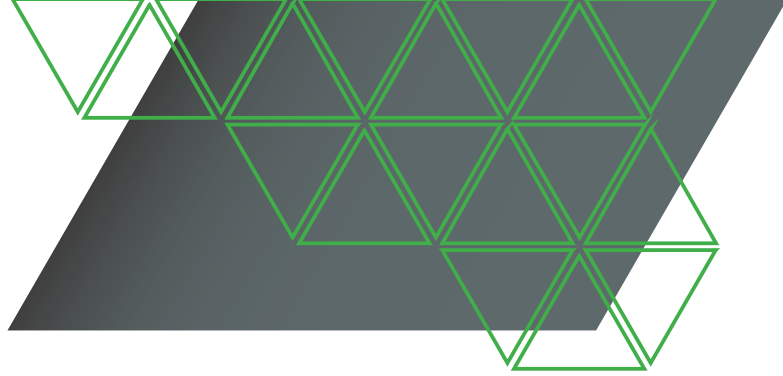
EVALUATION OF THE PLAN – PROVINCIAL

There are two ways to evaluate the CLP: provincially and nationally. From a provincial perspective, it is obvious that a large part of the CLP failed. After all, it lasted only a few years, and its most important element – the economy-wide carbon tax – was dismantled at the very first opportunity by a successive government. However, a closer analysis reveals that much of the CLP has remained. So far, the Kenney government has not attempted to repeal the other aspects of the CLP: the coal phase-out, the oil sands emissions cap, and the methane emissions reductions plan (although part of the reduction of methane emissions was to be done through the carbon tax). In the case of the coal phase-out, many of the facilities were already being retrofitted to handle natural gas, so there was going to be no reversal. In addition, the NDP had created a compensation program for coal companies and their workers. The Coal Workforce Transition Program was created to provide “financial assistance for re-employment, retirement, relocation and education as workers prepare to start new jobs or retire.”⁶⁷ Ultimately, the fact that much of the CLP survived is due to how hard it is to rapidly change policies as well as the fact that an elite consensus still exists (if very quietly) that steps need to be taken on climate change.

More remarkably, the Kenney government introduced the Technology Innovation and Emissions Reduction (TIER) regulations in October 2019. TIER is a price on carbon for high emitters similar to the old SGER. However, unlike SGER, it was initially priced at \$30 per tonne (as opposed to the previously planned \$20 per tonne) beginning on January 1, 2020. This meant that it was likely stringent enough to prevent the federal backstop from kicking in,⁶⁸ and in fact that is exactly what happened. In December 2019, Ottawa agreed that TIER met the federal standard.⁶⁹ TIER, which was in the UCP election platform,⁷⁰ is an acknowledgement that the Kenney government supports carbon taxes, but on companies, not individuals. This is not as effective as an economy-wide carbon tax, but easier to manage politically.

While many aspects of the CLP survived the change in Alberta’s government, the economy-wide carbon tax did not. Why did it fail? Through a comprehensive examination of different jurisdictions around the world, Barry Rabe has offered several reasons why carbon taxes often fail:

- the political significance (consumers as well as producers) of the oil and gas sector,
- challenges of addressing a “super-wicked” problem such as climate change,
- climate change has become a partisan issue,
- partisanship increases amid economic recessions,
- public opinion is soft on the importance of climate change,
- there are politically easier alternatives (e.g., cap and trade systems) to address climate change,
- adopting renewable portfolio standards,
- adopting energy performance standards,
- developing “action plans” is “politically easier than policy action,” and
- applying a tax/royalty on oil and gas extraction.⁷¹



Many of these general explanations apply to the CLP. For example, the political significance of the oil and gas sector is enormous in Alberta. Not only do virtually all Albertans rely on fossil fuels for transportation and home heating, but oil and gas is the dominant economic sector in the province.

However, there are also more specific reasons why the CLP failed. The first is the high degree of anti-tax sentiment in Alberta. Alberta is the only province without a provincial sales tax (PST), and that mythology is so ingrained that a PST is nicknamed the “political suicide tax.” An April 2018 poll by CBC showed that 73% of respondents opposed a PST.⁷² This is why opponents of the carbon tax compared it to a PST and labelled it the “tax on everything.”

A second reason, and one also flagged by Rabe, was introducing a carbon tax in the midst of a major economic recession in Alberta. The Alberta economy started to crater in August 2014 because of the precipitous drop in the price of oil, leading to the worst recession since the mid-1980s. Not only was this a deep recession, but the economy continued to stagnate for years. By December 2019, it had still not recovered. This has resulted in over 150,000 job losses and tens of billions in government deficits. Adding a tax on people driving to work (if they still had a job) or heating their home was seen as making a bad situation even worse.

A third reason that the CLP failed was because there may have been a consensus among energy executives, environmentalists, and Indigenous leaders who were on stage with Notley on November 22, 2015, but there was no consensus among those who were not on stage. For example, there are huge divisions in the oil and gas sector. There are splits between the large and small companies as well as between oil sands and conventional oil companies. However, even within those categories, there are divisions. For example, MEG Energy is a small player, but it is an important advocate

for fighting climate change. Likewise, Imperial Oil, Conoco-Phillips, and the Chinese State-Owned Enterprises are large multinationals with stakes in the oil sands, but unlike their brethren Shell, CNRL, Suncor or Cenovus, they did not support the CLP.⁷³ As Dave Collyer emphasized, these splits “were exacerbated by the economic challenges arising from the drop in commodity prices and the severe downturn in the industry.”⁷⁴ There was also “tribalism” among environmentalists. Those at the table, such as the Pembina Institute, were demonized by those who were not at the table. As one environmentalist exclaimed, “how could you compromise on climate change with oil companies!”⁷⁵ Even among the environmental groups on the stage, there was a reversal of position. Tim Gray, the executive director of Environmental Defence, in particular, started to attack some of the compromises (most notably the support for pipelines) that were inherent in the CLP.

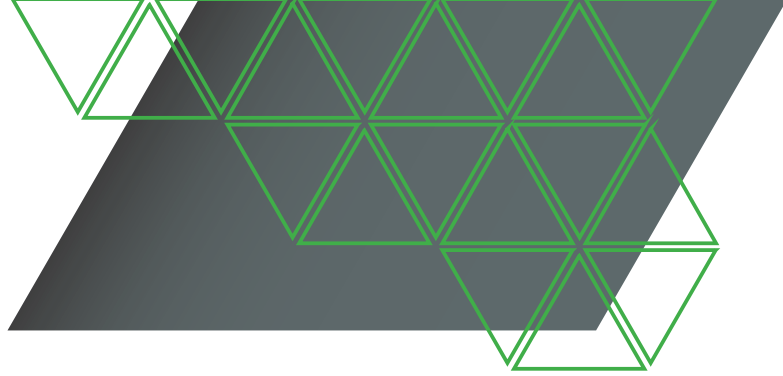
A fourth reason that the CLP failed was significant delays in the building of the Trans Mountain Pipeline expansion. This would triple the capacity of the pipeline and allow it to access Asian markets. Although reducing greenhouse gas emissions was a major goal of the CLP, much of the messaging by the Notley government was to gain public acceptance for the construction of the Trans Mountain Pipeline expansion. Therefore, it was tough for the NDP to defend the CLP, especially in the midst of an election campaign, when there remained great uncertainty over whether the Trans Mountain Pipeline expansion would get built. The decision of the Federal Court of Appeal in August 2018⁷⁶ that quashed Ottawa’s approval of the Trans Mountain pipeline expansion was a fatal blow to Notley’s re-election efforts, and with it, her CLP.

A fifth reason, related to the fourth, was twin pieces of legislation passed by the Trudeau government: Bills C-69 and C-48. Bill C-69 involved substantial changes to Canada's energy regulatory framework.⁷⁷ A new Impact Assessment Agency would be created that would lead the review process for all major projects (pipelines, refineries, nuclear power plants, hydroelectric facilities, etc.) and greatly expand the number of impacts that it would assess (economic, climate change, environment, health, and social). A new agency called the Canadian Energy Regulator (CER) would replace the National Energy Board (NEB). The assessment process would have three phases – planning, assessment, and decision-making – but the timelines would be at the discretion of the Environment Minister. There was a lot of anger at Bill C-69 by the Alberta energy sector, which nicknamed it “the no more pipelines bill.” Dennis McConaghy, a former TC Energy executive, speaking for many in the sector, argued that bill C-69 was “designed to deter private sector entities from investing in energy infrastructure of any materiality, and perhaps even in hydro-carbon production itself.”⁷⁸

Bill C-48 codified an existing moratorium on tanker traffic along the northern coast of British Columbia.⁷⁹ This was significant in two ways. First, the route of the Northern Gateway pipeline (before the Federal Court of Appeal quashed its approval in 2016⁸⁰) went through Alberta and northern BC before stopping at Kitimat, BC. If oil tankers could not leave Kitimat, then there was no rationale for the Northern Gateway pipeline or something like it. Second, there is no equivalent tanker ban on the Atlantic coast or the St. Lawrence River. So, from the perspective of the Alberta energy sector, tankers delivering foreign oil to Canada are fine, but tankers delivering Canadian oil to foreign markets are banned. This was seen as a direct targeting of landlocked Alberta oil.

Those in the oil sector who had supported the compromises inherent in the CLP found it difficult to maintain that support in the face of federal policies that seemed to damage the sector.⁸¹ They felt that the Trudeau government was deliberately hindering Alberta's oil sector with regulatory red tape and thus violating the grand bargain of addressing climate change, but still allowing market access for Alberta's oil. The Notley government also opposed both Bills C-69 and C-48 and felt similarly betrayed.⁸² The Notley government had worked closely with the Trudeau government on the grand bargain of a federal climate plan in exchange for approval of pipelines, but, like the Alberta oil sector, believed that Bills C-69 and C-48 were a major violation of that grand bargain.

A sixth reason was some serious communication challenges in how the NDP introduced the CLP. All of the interview subjects, whether they supported the CLP or not, noted how badly the NDP messaged the CLP. In contrast, the conservative parties had a simple rebuttal to the CLP: you are being taxed to drive to work and heat your home and it will have no impact on global GHG emissions. Alberta pollster and commentator Janet Brown maintained that the Notley government's communications on the CLP were “very muddled. On the one hand, they argued that the carbon tax would incentivize people to reduce their emissions. But then, they'd turn around and argue that the price increase was so insignificant that you wouldn't feel it. People were left wondering if the tax was meant to hurt their pocketbooks (in which case they felt they were hurting enough, thank you very much), or if the tax was meant to be a merely symbolic effort to get a pipeline (which it didn't, thank you very much).”⁸³ Even Max Fawcett, who worked in the Climate Change Office, complained that the government should not have called it to the “Climate Leadership Plan”, but instead should have called it the “Energy Leadership Plan.”⁸⁴



The Notley government had huge momentum with the stunning display of unity on stage on November 22, 2015 when it introduced the CLP. This was extended to a successful First Ministers' meeting on climate change and the Paris summit, but this momentum gradually withered away. The Notley government created an advertising campaign in June 2016. It included television, radio, print, and online advertising. One of the ads even showed a woman watering the grass that she was growing on her roof! Janet Brown conducted polls in October 2016 on the effectiveness of the advertising campaign and found that it was a disaster. Despite spending \$4.4 million in advertising (most government advertising campaigns in Alberta were less than \$1 million), only 44% of respondents recalled seeing the ads. More importantly, less than half of Albertans believed that the CLP would "improve the environment" (42%), "improve the health of Albertans" (36%), or "make the Alberta economy stronger" (25%). It was even worse than that, as the people who saw the ad gave the CLP a lower rating than people who did not see it.⁸⁵ According to Max Fawcett, the ads were designed by former BC NDP staffers who had been brought in by the Notley government. The ads might have worked in BC, but they failed miserably in Alberta. They fundamentally misunderstood the Alberta audience.⁸⁶

The negative polling numbers shocked the Notley government. Shannon Phillips wanted to be much more aggressive in defending the CLP against the attacks coming from the Wildrose and PC parties, but Notley was reluctant. Even though the CLP would become the centrepiece of the Notley years, the NDP seemed more comfortable discussing social policy, than economic, energy, or even environmental policy. By the time the NDP adjusted its messaging to include the bargain of the CLP in exchange for the Trans Mountain Pipeline, it was too late.

A seventh reason for the failure of the CLP is that there are a sufficient number of Albertans who are skeptical about the seriousness, or even existence of, manmade climate change. Alberta has the lowest percentage of people who accept the science of climate change in Canada. A 2018 poll commissioned by the Ecofiscal Commission determined that 70% of Canadians believe that climate change is occurring "because of human and industrial activity such as burning fossil fuels," but only 54% of Albertans feel the same way. 46% of Albertans claimed that climate change is occurring "because of natural patterns in the Earth's environment." In fact, 16% of Albertans said there is little or no evidence to suggest the Earth is warming.⁸⁷ While the number of Albertans who are skeptical of climate change is a minority, they are concentrated among the supporters of the UCP.

There were also unexpected events outside of Alberta that helped contribute to the CLP's failure. First, there was the election of John Horgan as BC NDP Premier in Spring 2017. The previous government of Liberal Premier Christy Clark had reached a deal with Kinder Morgan to allow the construction of the Trans Mountain pipeline expansion. In contrast, Horgan promised to "use every tool in the toolbox" to block Trans Mountain. So far, Horgan has been unable to block it, but he did succeed in delaying it by several years. As was shown above, those delays cost the CLP dearly. The other big external event was the election of Donald Trump. If, as had been expected, Hilary Clinton had become the US president, there would have been additional pressure on Canada and Alberta to address climate change. This meant that the CLP would have been better received. Instead, Trump, who does not care about climate change and has even referred to it as a hoax created by the Chinese, pulled out of the Paris Agreement. While Trump's approval of the Keystone XL pipeline may have benefited the Alberta oil and gas sector, his election removed a potential key ally for the Alberta government's CLP.

EVALUATION OF THE PLAN – NATIONALLY

If the evaluation metric is the national stage, the success of the CLP becomes more clear. This is because the CLP greatly influenced the Trudeau government's climate plan and, in particular, the federal backstop.

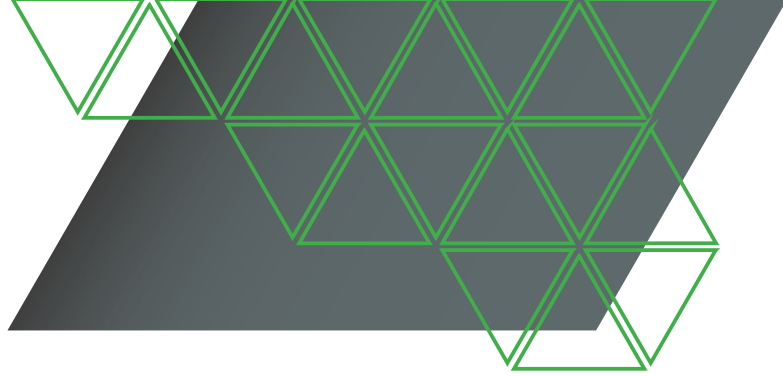
There is plenty of evidence that the Trudeau government was influenced by the Notley government's CLP. Justin Trudeau emphasized the political importance of Calgary in many ways. He opened both the 2013 Liberal leadership race and the 2015 federal election in Calgary, and was a frequent visitor before and after becoming prime minister. As he stated in a major address to the Calgary Petroleum Club in 2013, "[t]his place is important: Calgary, Alberta, and all of Western Canada. It's important now, and it will be even more important in the future – our shared future. Those of us who aspire to positions of national leadership need to get that, or we will never truly be national leaders."⁸⁸ This hard work paid off when the Liberals won two seats in Calgary, the first time since the 1968 election that Calgarians had elected a Liberal MP. In that same 2013 speech, Trudeau outlined his initial thoughts on pipeline politics.

He announced support for the proposed Keystone XL pipeline going from Alberta to the Gulf of Mexico, but implied opposition to the proposed Northern Gateway pipeline across northern British Columbia. More importantly, he foreshadowed his later pipeline policy by asserting that he would "open markets to our resources, and facilitate the creation of pathways to those markets in responsible, sustainable ways. I would have joined and contributed to the provincial government, industry, and civil society efforts to build a national energy strategy. Part and parcel of that strategy ought to be a national approach to pipelines and development, within an overall framework that includes a policy that puts a price on carbon pollution." In a direct response to symbolism about Pierre Trudeau and his National Energy Policy (NEP) of 1980, Trudeau remarked "[n]ow,

believe me, the irony of this is not lost on me. I really wish it didn't have to fall on some guy named Trudeau to propose a national energy anything." It is clear that linking pipelines to a price on carbon was part of Trudeau's thinking before becoming prime minister. However, putting that idea into practice, because of the memories of his father's NEP, took leadership from the Alberta government.

Trudeau immediately tweeted out an endorsement when Notley announced her CLP: "Congratulations @RachelNotley on unveiling Alberta's Climate Leadership Plan. A very positive step in the fight against climate change."⁸⁹ However, the importance of the Alberta CLP would become visible a year later when Trudeau made two major announcements. The first, on October 3, 2016, was the creation of a national price on carbon. There were several elements to the federal plan:

- Provinces and territories would determine whether they would apply a carbon tax or a cap-and-trade system.
- The carbon tax would start at \$10 per tonne in 2018 rising to \$50 per tonne in 2022.
- The revenue would stay in the provinces and territories.
- If a province or territory did not have a sufficiently stringent price on carbon, then the federal government would step in with their own plan.⁹⁰



Ottawa was able to announce such an ambitious climate plan because the four largest provinces had already met the benchmark. Ontario and Québec had cap-and-trade systems, and British Columbia and Alberta had a carbon tax. More significantly, Alberta, the country's largest energy producer and carbon emitter, had developed its own climate plan. Given the history of Pierre Trudeau, a Liberal government, and the NEP – which Justin Trudeau knew so well – it was impossible to believe that he would impose a carbon tax on Alberta if it had not moved first. Andrew Leach stated that “the federal backstop was based on the Alberta model. Without the CLP there would have been some sort of federal program, but it would have been different.”⁹¹ Ed Whittingham added, “the federal backstop was created because Ottawa anticipated changes of provincial governments.”⁹² This is exactly what occurred when signatories of the Pan-Canadian Framework, such as Ontario's Kathleen Wynne and Alberta's Rachel Notley, were defeated. Trudeau implicitly acknowledged Alberta's CLP when he said “I'd like to take this opportunity again to congratulate the provinces who have led on this file while the previous federal government abdicated its responsibility to all Canadians.” He also thanked Enbridge, Shell, and Suncor, who had played a role in the development of the Alberta CLP.

On October 23, 2018, Trudeau announced the details of the federal backstop.⁹³ The federal backstop would apply to provinces, such as Saskatchewan, who refused to adopt a price on carbon, and it would apply to provinces, such as Ontario and Alberta, who had eliminated their price on carbon. Approximately 90% of the proceeds of the federal carbon tax would be rebated back to individuals through the income tax system.

The second announcement, on November 29, 2016, was on pipeline policy. Trudeau approved the Trans Mountain pipeline expansion, the Line 3 extension, and the Keystone

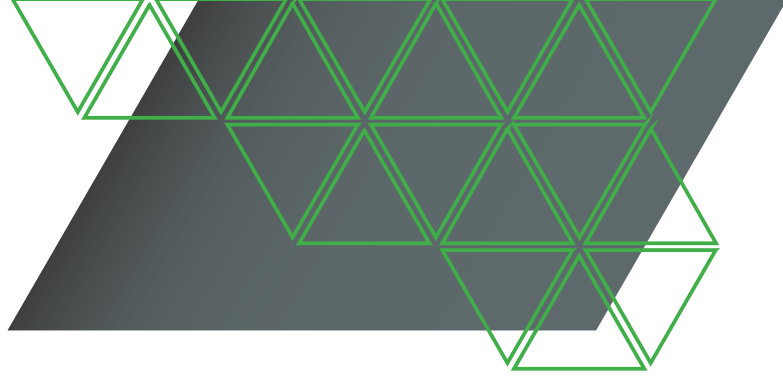
XL pipeline, but cancelled the Northern Gateway pipeline. In making this announcement, Trudeau emphasized the role of the CLP: “let me say this definitively: We could not have approved this project without the leadership of Premier Notley, and Alberta's Climate Leadership Plan – a plan that commits to pricing carbon and capping oil sands emissions at 100 megatonnes per year. We want to be clear on this point, because it is important and sometimes not well understood. Alberta's climate plan is a vital contributor to our national strategy. It has been rightly celebrated as a major step forward by industry and the environmental community.”⁹⁴

The Trudeau government was re-elected on October 21, 2019, so the federal carbon tax will prevail. Even though Trudeau was re-elected with a minority government, three of the smaller parties (the Bloc Québécois, NDP, and Greens) also support keeping the carbon tax and, in fact, want additional measures to address climate change. Trudeau has also committed to completing the expansion of the Trans Mountain Pipeline,⁹⁵ and while the parties listed above want the project halted, it does not require parliamentary approval. Even if there was some change and the Liberals had to go through Parliament to gain approval to finish the construction of the Trans Mountain Pipeline, they could rely on the support of the official opposition Conservatives.

Since the federal carbon tax has survived the election, the CLP's goal of addressing climate change has been achieved, albeit in an imperfect form. However, even though the federal carbon tax has survived, the intervention has inflamed, not reduced, polarization over energy and climate policies. A consequence of this polarization was Trudeau winning re-election, but with no seats in either Alberta or Saskatchewan. In fact, not only did the Liberals lose all five of the seats they won in Alberta and Saskatchewan in 2015, but their vote share dropped to 13.7% in these ridings (the lowest share in history). The result of the 2019 election has even spiked interest in the separation of Alberta and Saskatchewan from Canada. In response, Trudeau acknowledged a national unity problem and made several key appointments to address the issue:

- Chrystia Freeland, his most effective minister, as Inter-governmental Affairs Minister
- Jim Carr, a former Natural Resources Minister from Winnipeg, as special envoy to Western Canada
- Seamus O'Regan, an MP from oil-producing Newfoundland and Labrador, as Natural Resources Minister
- Anne McClellan, an Edmontonian who was former Minister in the Chrétien and Martin governments, as a special advisor to Trudeau.

In addition, the number one issue that indicates political party support is climate change. If I want to know which party a person is likely to support, I will ask their opinion on climate change. If the response is that climate change is very important, but an incremental approach is needed so that the fossil fuel industry is not damaged as the country transitions to green energy, that person is likely a Liberal supporter. If the response is that climate change is so important that there should be no expansion of pipelines, that person is likely an NDP supporter. If the response is that climate change is so important that a complete shutdown of the oil sands is required, that person is likely a Green supporter. If the response is that climate change is important, but Canada is a large cold country that generates a very small percentage of greenhouse gas emissions, so Canada should follow the lead of China and the United States, that person is likely a Conservative supporter. If the response is that climate change is a hoax, that person is likely a People's Party of Canada (PPC) supporter. If the response is that climate change is a very important issue, but action is in provincial jurisdiction, that person is likely a BQ supporter. Survey data from Bird, Lachapelle, and Gattinger provide some empirical support for this hypothesis.⁹⁶ For example, almost 70% of Liberal supporters strongly agree/agree/slightly agree with the statement: "Canada needs to have a carbon tax that applies across the country." It was similarly high for the BQ (68%), Green Party (63%), and NDP (62%). In contrast, only 24% of CPC supporters and 12% of PPC supporters agreed with a country-wide carbon tax.



In fact, 40% of CPC supporters and 59% of PPC supporters strongly disagreed with a country-wide carbon tax. Meanwhile, Liberal, Green, NDP and BQ supporters tended to strongly agree with the statement (27%, 25%, 26% and 28%, respectively).

This polarized opinion over climate change also extends to regions of Canada. The areas of Canada that want the most aggressive action are Vancouver Island, the lower mainland of British Columbia, Ontario, and Quebec.⁹⁷ Over 50% of those living in BC, Ontario, and Quebec agree that Canada should have a carbon tax that applies across the country, with 17%, 19% and 22% strongly agreeing.⁹⁸ The areas that want the least aggressive action are the interior of BC, Alberta, and Saskatchewan. For example, 30% of those living in Alberta, Saskatchewan, and Manitoba strongly disagree that Canada should have a carbon tax that applies across the country. There is also an urban/rural divide: large cities (+13%) and suburbs (+11%) have net support for carbon taxes, but regional cities (-12%) and rural areas (-13%) have net opposition to carbon taxes.⁹⁹ Since these geographic regions also overlap with political party support, polarized opinion over climate change is further inflamed in Canada.

The polarization over climate change by geographical region has also greatly exacerbated federal-provincial tensions. A group of recently elected conservative premiers led by Jason Kenney (Alberta), Scott Moe (Saskatchewan), Doug Ford (Ontario), Brian Pallister (Manitoba),¹⁰⁰ and Blaine Higgs (New Brunswick)¹⁰¹ all oppose the federal backstop and many of the climate change initiatives of the Trudeau government. This has led to lawsuits filed by provinces against Ottawa's federal carbon tax backstop¹⁰² as well as against Bills C-69 and C-48. BC also filed lawsuits over the federal jurisdiction over interprovincial pipelines (i.e., Trans Mountain Pipeline expansion), and Alberta's "turn off the taps" legislation, which would shut off the flow of oil to BC if BC interferes with the Trans Mountain Pipeline expansion.¹⁰³ Kenney has also promised a referendum in Alberta on the federal equalization program if there are efforts to prevent pipelines from being built. There is even an emerging separatist movement in Alberta over energy and climate change policy. Canada has not seen these types of battles between federal and provincial governments since the early 1980s and the twin battles over the repatriation of the constitution and the National Energy Program. So, ironically, while much of the policies of the CLP has survived nationally, the debate over carbon pricing contributed to enflaming polarization in Canada over energy and climate policy.

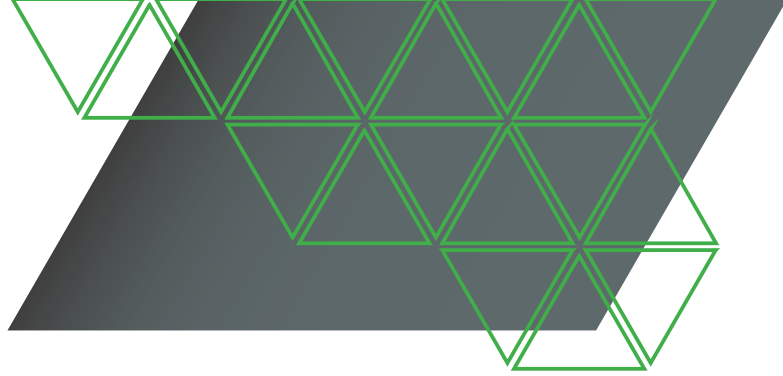
CONCLUSION: WHAT WORKED? WHAT DIDN'T?

What have we learned from the CLP case study? First, in 2015, there was a window of opportunity to introduce a robust climate change strategy in Alberta. There was the election, after 44 years of PC dominance, of a new social democratic government in Alberta that wanted to do something big on energy and the environment. This was quickly followed up with the federal election of Trudeau who also committed himself to action on climate change. Importantly, Trudeau won the most Liberal seats in Alberta in 2015 since his father's first election in 1968. In addition, the newly elected Notley government benefited from some of the important groundwork for a climate plan in Alberta laid by Premier Jim Prentice.

Second, the CLP has had significant policy resilience. Policy resilience "is a concept that focuses on understanding the ability of systems, organizations, policies, and individuals to persist over time against 'external' shocks (without, however, identifying the specific reasons for or causes of this ability)."¹⁰⁴ In other words, a policy is resilient when there is strong opposition to its creation, a major political party actively campaigns against it in a subsequent election, that party wins the election in large part due to its opposition to the specific policy, but once taking office is either unwilling or unable to substantively change the policy. For example, think of the introduction of the Goods and Services Tax in Canada in 1991 or the Affordable Care Act in the United States in 2010. Both were strongly opposed by the Liberals and Republicans, respectively, but neither of them abolished the policy when they subsequently took office.

The CLP meets that definition. The conservative parties (Wildrose and PCs) in Alberta strongly opposed the CLP when it was announced. The UCP, after the party merger, kept up the fight during the 2019 provincial election. Once in office, the UCP quickly moved to repeal the carbon tax, but by January 1, 2020 the federal carbon tax backstop had kicked in. More notably, the newly elected UCP government did not alter the other aspects of the CLP (coal phase-out, emissions cap on the oil sands, methane reduction). In fact, the introduction of the TIER policy was the UCP's carbon tax on high emitters in the oil sands, signalling that even the UCP supported some of the goals of the NDP's CLP.¹⁰⁵

Third, the CLP contributed to an increase in polarization in mass public opinion over energy and environment policy in Alberta and Canada. Of the 14 interviews conducted, 12 agreed that there was more polarization over energy and environment policy in both Alberta and Canada since the adoption of the CLP. For example, Allan Fogwill, President of the Canadian Energy Research Institute, stated that polarization was "based on emotions not on facts or evidence. For example, the carbon tax will not adjust individual behaviour and similarly it will not kill the energy industry. But there is no position in the middle. Either you support the carbon tax or you are a climate denier."¹⁰⁶ While other factors were at play – the deep economic recession in Alberta and some of the policies of the Trudeau government – there was no doubt that the CLP was a major contributor to this increase in polarization. For example, in April 2015 (a month before the Alberta election and seven months before the announcement of the CLP), 53% of Albertans supported a carbon tax,¹⁰⁷ but three years later, only 31% of Albertans supported a carbon tax.¹⁰⁸



Fourth, the CLP contributed to an increase in polarization among decision-makers (politicians, oil and gas CEOs, environmental leaders) in Canada, but not in Alberta. Of the 14 interviews conducted, 12 agreed that there was more polarization among decision-makers over energy and environment policy in Canada, but only five felt the same way about Alberta. As Ed Whittingham stated, there is “less polarization [in Alberta] at the elite level. There is an inside voice (which is pragmatic) and an outside voice (which is polarizing).”¹⁰⁹ This consensus in Alberta might explain the policy resilience of the CLP even after the change in government from Notley to Kenney in April 2019. Despite the consensus in Alberta, one of the architects of the CLP said that energy and environment leaders could no longer sit at the same table as they did when the CLP was created. “All of the previous back channels are now gone. It could not be done again. You could not recreate the consensus of November 22, 2015 today.”¹¹⁰

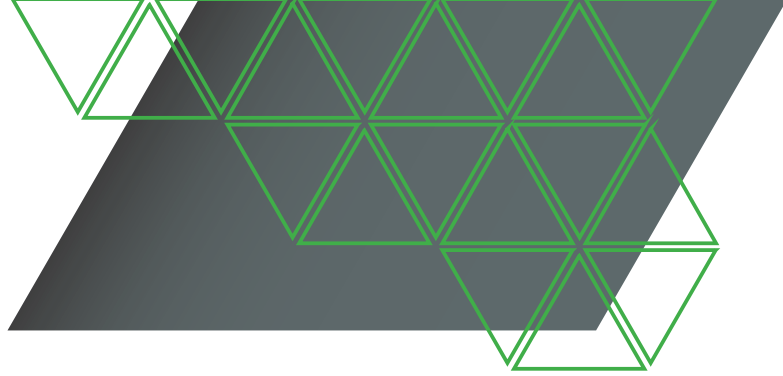
Finally, there is deep polarization between Alberta and the rest of Canada when it comes to energy and environmental policy. Almost every public opinion poll shows Alberta, and to a similar extent Saskatchewan, as outliers on national opinion. On issues such as the Trans Mountain Pipeline expansion, there is consensus support between the UCP and NDP in Alberta, but polarized opinion at the national level. For example, despite the news that the construction costs for the Trans Mountain Pipeline had spiked from an estimated \$7.4 billion to \$12.6 billion, only 14% of Albertans opposed the project, but opposition was much higher in other provinces (Québec at 44%, BC at 40%, Ontario at 29%).¹¹¹

In sum, this study suggests there were both successes and limitations to Alberta’s Climate Leadership Plan. In 2015, there was a window of opportunity to introduce a robust climate change strategy in Alberta. There was the election, after 44 years of PC dominance, of a new social democratic government in Alberta that wanted to do something big on energy and the environment. The newly elected Notley government benefited from some of the important groundwork for a climate plan in Alberta laid by Premier Jim Prentice. This was quickly followed by the federal election of Trudeau who also committed himself to action on climate change. The CLP also shows that a controversial policy can still be resilient. After all, despite promises by the UCP government to repeal the CLP, all of its elements remain in force in some respect. However, introducing a controversial energy and environmental plan, can lead to more, not less, polarization. The CLP process helped to create an elite consensus in Alberta, which helps to explain the CLP’s policy resilience, but it also exacerbated polarization at the mass public level in both Alberta and Canada, and heightened polarization between Alberta and the rest of Canada.

Several key ideas/recommendations for decision-makers grappling with energy and climate issues emerge from the CLP experience: 1) developing a plan requires elite consultation with government, energy companies, environmental organizations, and Indigenous peoples, 2) public consultation is also required, 3) creating a policy is not sufficient: an implementation plan (including communications) is necessary.

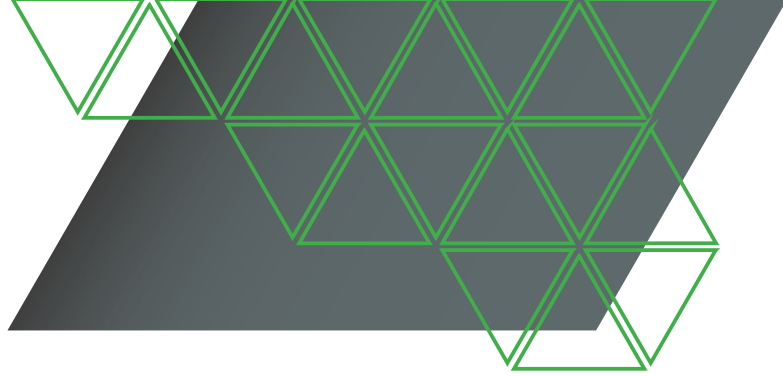
ENDNOTES

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4. Kevin Taft, "The Politics of Alberta's Carbon Tax," in Duane Bratt, Keith Brownsey, Richard Sutherland, and David Taras, eds., *Orange Chinook: Politics in the New Alberta* (University of Calgary Press: Calgary, 2019), 173.
5. The Harper government formally pulled out of the Kyoto Protocol in 2011.
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7. Ian Urquhart, *Costly Fix: Power, Politics, and Nature in the Tar Sands* (University of Toronto Press: Toronto, 2018), 244.
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9. Canada's Ecofiscal Commission, *The Way Forward: A Practical Approach to Reducing Canada's Greenhouse Gas Emissions* (April 2015), 36.
10. *Ibid*, 14.
11. Melanee Thomas, "Ready for Rachel: The Alberta NDP's 2015 Campaign," Duane Bratt, Keith Brownsey, Richard Sutherland, and David Taras, eds., *Orange Chinook: Politics in the New Alberta* (University of Calgary Press: Calgary, 2019), 57-77.
12. Alberta's NDP, *Election Platform 2015* (2015), 18.
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14. Government of Alberta, *Climate Leadership – Discussion Document* (August 2015).
15. Government of Alberta, *Climate Leadership Discussions – Public Open House Summary* (November 20, 2015).
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18. Interview with Andrew Leach.



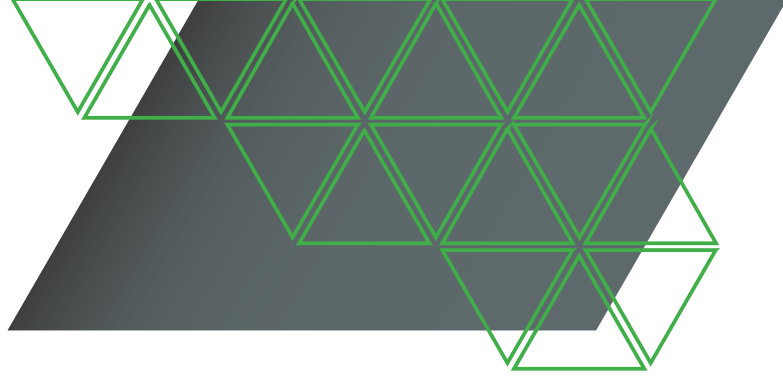
19. Government of Alberta, Climate Leadership Discussions – Technical Engagement Summary (November 20, 2015).
20. Interviews with technical session participants.
21. Government of Alberta, “What was heard,” Climate Leadership Panel (November 20, 2015).
22. Government of Alberta, Climate Leadership – Report to the Minister (November 20, 2015), 4.
23. Many of the interview subjects noted the important role that Prentice, a former federal Environment Minister, played in setting the stage for Notley’s CLP. There would have been some sort of Alberta climate plan (which would have included a coal phase-out and carbon tax) had Prentice won the 2015 Alberta election. Also see Jim Prentice with Jean-Sébastien Rioux, *Triple Crown: Winning Canada’s Energy Future* (Harper Collins: Toronto, 2017).
24. Urquhart, *Costly Fix*, 281. This was also confirmed by various interviewees.
25. Ed Whittingham, “Pipeline expansion is the right move,” *The Globe and Mail* (June 19, 2019).
26. All interview subjects commented on the importance of Murray Edwards endorsing the CLP.
27. Whittingham, “Pipeline expansion is the right move.”
28. Interview with Andrew Leach.
29. Government of Alberta, “Climate Leadership Plan,” Press Release (November 22, 2015).
30. Interview with Ed Whittingham.
31. Government of Alberta, Climate Leadership – Report to the Minister, 5.
32. Confidential interviews with oil and gas executives.
33. Government of Alberta, Climate Leadership – Discussion Document, 27.
34. Government of Alberta, Climate Leadership – Report to the Minister, 6.
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40. Confidential interview with an environmentalist.
41. Confidential interview with an environmentalist.
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50. Sharpe and Braid, *Notley Nation*, 141.
51. McConaghy, *Dysfunction*, 127.
52. Brendan Boyd, “A Province under Pressure: Climate Change Policy in Alberta,” *Canadian Journal of Political Science* 52/1 (March 2019), 188.
53. Emma Graney and Janet French, “Cracking open the carbon tax: A look at where the money has been spent,” *Edmonton Journal* (March 7, 2019).
54. Taft, “The Politics of Alberta’s Carbon Tax,” 174.



55. Graney and French, "Cracking open the carbon tax."
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57. Quoted in Sharpe and Braid, *Notley Nation*, 202-203.
58. A senior oil and gas executive complained that many of the smaller companies did not even know about the exemption.
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60. James Wood, "Rempel slams big oilpatch players for carbon tax support," *Calgary Herald* (October 5, 2016).
61. Anthony M. Sayers and David K. Stewart, "Out of the Blue: Goodbye Tories, Hello Jason Kenney," in Duane Bratt, Keith Brownsey, Richard Sutherland, and David Taras, eds., *Orange Chinook: Politics in the New Alberta* (University of Calgary Press: Calgary, 2019), 402.
62. CBC Calgary, *Road Ahead Survey* (April 2018).
63. Sayers and Stewart, "Out of the Blue," 399-423.
64. CBC, *Road Ahead Survey* (April 2018).
65. Duane Bratt, "How Jason Kenney's plan to 'fight back' helps and hurts him," *CBC News* (October 25, 2018).
66. United Conservative Party, *Getting Alberta Back to Work* (April 2019), 12.
67. Government of Alberta, "Support for Albertans affected by coal phase out," (2019).
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73. Interview with oil and gas executives.
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86. Interview with Max Fawcett.
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89. @JustinTrudeau, November 22, 2015.



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95. On February 4, 2020, the Federal Court of Appeal upheld a second legal challenge to the approval of the Trans Mountain pipeline expansion. Federal Court of Appeal, *Coldwater First Nation v Canada*, 2020 FCA 34 (February 4, 2020).
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97. Erick Lachapelle, through his work at the University of Montreal, has survey results broken down to the riding level. They show that support for carbon taxes was extremely high in ridings along BC's lower mainland and on Vancouver Island, but opposition rose when you hit the interior of BC. For example, compare Vancouver Granville (67% support), Victoria (71% support), and Prince George-Peace River-Northern Rockies (46% support). Université de Montréal, "Changements climatiques," accessed at <https://www.umontreal.ca/climat/eng/index.html> on February 20, 2020.
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102. The Saskatchewan and Ontario Court of Appeals upheld the federal carbon tax, but the Alberta Court of Appeal ruled that the federal carbon tax was unconstitutional. The case is now headed to the Supreme Court of Canada.

103. BC lost the jurisdictional battle over Trans Mountain, but won a stay on the “turn off the taps” legislation.

104. Giliberto Capano and Jun Jie Woo, “Resilience and robustness in policy design: a critical appraisal,” *Policy Sciences* (January 5, 2017), 7.

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105. In March 2020, Kenney announced that TIER would gradually increase to \$50 a tonne by 2022 in order to keep pace with the federal benchmark. James Keller and Gary Mason, “Alberta to increase its industrial carbon tax in step with Ottawa,” *The Globe and Mail* (March 5, 2020).

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108. CBC Calgary, Road Ahead Survey (April 2018).

109. Interview with Ed Whittingham.

110. Interview with Ed Whittingham.

111. Angus Reid Institute, “Reality Check: For first time in nearly 2 years support for TMX below majority, once Canadians learn of rising costs,” (February 19, 2020).



APPENDIX A - LIST OF INTERVIEW SUBJECTS

List of Interview Subjects

- Janet Brown, Principal of Janet Brown Consulting, November 8, 2019, Calgary.
- Dave Collyer, former President of the Canadian Association of Petroleum Producers and former Co-Chair of the Oil Sands Advisory Group, October 25, 2019, Calgary.
- Simon Dyer, Executive Director, Pembina Institute, October 24, 2019, phone.
- Max Fawcett, former official with Alberta's Climate Change office, November 9, 2019, phone.
- Allan Fogwill, President of the Canadian Energy Research Institute, November 5, 2019, Calgary.
- Andrew Leach, University of Alberta economist and Chair, Climate Change Policy Review Panel, October 17, 2019, phone.
- Jean-Sébastien Rioux, University of Calgary School of Public Policy and former policy advisor to Jim Prentice, November 6, 2019, Calgary.
- Ed Whittingham, former Executive Director, Pembina Institute, October 25, 2019, phone.
- 2 anonymous interview subjects from Alberta's oil and gas sector.
- 2 anonymous interview subjects from Alberta's environmental sector.
- 1 anonymous interview subject from Alberta's Department of Energy.
- 1 anonymous interview subject from Alberta's Department of Environment and Parks.

APPENDIX B - ALBERTA CLP TIMELINE

Alberta Climate Leadership Plan Timeline

- October 30, 2013. Justin Trudeau speech to Calgary Petroleum Club
- May 5, 2015. Alberta Election – Rachel Notley NDP victory
- June 25, 2015. Launch of Leach Panel
- June 25, 2015. Notley government increases SGER’s carbon tax
- October 19, 2015. Federal Election – Trudeau victory
- November 6, 2015. US President Obama vetoes the Keystone XL pipeline
- November 22, 2015. Announcement of Climate Leadership Plan
- November 23, 2015. First Ministers’ Meeting on Climate Change
- November 30-December 11, 2015. Paris Climate Conference
- April 10, 2016. Federal NDP adopts the “Leap Manifesto”
- June 23, 2016. Federal Court of Appeal quashes Northern Gateway Pipeline
- October 3, 2016. Prime Minister Trudeau announces federal price on carbon
- November 29, 2016. Prime Minister Trudeau approves 3 pipelines (Trans Mountain Pipeline Expansion, Line 3, and Keystone XL) and cancels Northern Gateway Pipeline
- December 9, 2016. Pan-Canadian Framework on Clean Growth and Climate Change is signed by federal government and 11 provinces/territories

- January 1, 2017. Alberta carbon tax takes effect
- March 23, 2017. US President Trump re-approves Keystone XL pipeline
- May 9, 2017. BC Election – John Horgan NDP victory
- October 29, 2017. Jason Kenney wins United Conservative Party leadership
- May 29, 2018. Trudeau government purchases Trans Mountain Pipeline Expansion
- August 30, 2018. Federal Court of Appeal quashes Trans Mountain Pipeline Expansion approval
- October 23, 2018. Prime Minister Trudeau announces the federal backstop on the price on carbon
- April 16, 2019. Alberta Election – Jason Kenney UCP victory
- May 24, 2019. BC Court of Appeal upholds federal jurisdiction over Trans Mountain Pipeline Expansion
- June 5, 2019. Alberta carbon tax is officially repealed
- June 18, 2019. Prime Minister Trudeau re-approves Trans Mountain Pipeline Expansion
- September 4, 2019. Federal Court of Appeal allows 6 lawsuits to proceed on Trans Mountain Pipeline Expansion
- October 21, 2019. Federal Election – Trudeau Liberal victory
- January 1, 2020. Federal carbon tax backstop takes effect in Alberta
- February 23, 2020. Teck Resources withdraws application for the Frontier oil sands mine citing the need for Canada to reconcile energy development and climate change policies
- February 24, 2020. Alberta Court of Appeal rules federal carbon tax unconstitutional. The case heads to the Supreme Court of Canada.



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