

Questions and Answers on Carbon Pricing

What is carbon pricing?

Carbon pricing is one approach to reducing greenhouse gas emissions and discourage the use of fossil fuels by establishing a market price per tonne of emitted CO₂. There are different ways to price carbon and determine who pays the additional costs.

Is the Government of the Northwest Territories (GNWT) proposing to introduce a carbon tax in the NWT?

No, not at this time. The high energy prices NWT residents and businesses face already provide the same kind of incentive to reduce fossil fuel consumption by undertaking energy efficiency upgrades or switching to renewable energy sources that carbon pricing is meant to encourage.

Why isn't the GNWT considering a carbon tax at this time?

Canada's north faces many challenges, including vast distances, a small population and a very high cost of living that threaten community sustainability, food security and economic development.

Previous analysis indicates the NWT economy is too small to support its own carbon pricing regime and that it wouldn't be as effective as continuing to pursue the targeted measures that make sense in our jurisdiction.

The key is to work towards the end result of reduced emissions, rather than focusing on one particular method of pursuing that goal. Our approach is to reduce our reliance on imported diesel and develop more local, renewable, and alternative supplies of energy for our communities.

Why is the GNWT supporting a call for carbon pricing at the Climate Summit of the Americas?

Since the 1940's the Mackenzie Delta region has warmed by over 3° Celsius and the southern part of the territory by 2° C. This is some of the fastest warming of any region in the world that has warmed on average 0.7° C. As a result of the warming, the NWT is experiencing many climate change impacts including thawing permafrost, shorter winter road seasons, coastal erosion, new forest pests, fires and drought.

Media requests for interviews with Members of the Executive Council may be directed to:

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The GNWT is committed to sustainable Northern communities where NWT residents can live affordably, enjoying good health, economic opportunities and a healthy environment supported by practical approaches to mitigating and adapting to climate change appropriate to our unique Northern circumstances and needs.

Given the impact of climate change on the North, it is important that the GNWT support the actions other jurisdictions are taking to reduce greenhouse gas emissions, including carbon pricing mechanisms.

As more and more jurisdictions begin to adopt carbon pricing mechanisms, we will want to be at the table to understand the implications of them and ensure appropriate linkages are available so there is flexibility to allow for future growth of the NWT economy.

What has the GNWT done to reduce emissions and reliance on fossil fuels in the NWT.

Over the past five years, the GNWT has dedicated the equivalent of more than \$10.00 per tonne of emissions to fund energy efficiency and renewable energy development initiatives in the NWT.

We have an emerging biomass industry and are Canadian leaders in the installation of institutional biomass boilers to meet our heating needs.

We have been actively pursuing the use of solar photo-voltaic panels to offset the use of diesel power in remote communities.

Energy efficiency remains one of our key initiatives to reduce overall energy demand and the GNWT created an Arctic Energy Alliance to help residents, communities and industry use energy wisely

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