

## Backgrounder: Financing climate action will save New Brunswickers money

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- **Inaction is more expensive than action.** The cost of post-tropical storm Arthur exceeded \$12.5 million, according to the province's flood history database. Combined with damage costs from other flooding events since 2010, total damage costs exceed \$80 million.<sup>1</sup> And these kinds of costs are going to increase over time. According to the province's 2014 climate action plan update "the annual cost of damage to homes due to coastal flooding is expected to reach \$730 to \$1,803 per New Brunswicker by 2050, higher than any of the other Atlantic Provinces and five times higher than the Canadian average."<sup>2</sup>
- **The solutions are getting cheaper.** The cost of solar power has declined 82% and wind power by 61% since 2009 making these sources of electricity increasingly cost-competitive. With 96 cities, states, and countries already committed to going 100% renewable, the puck is going into the renewables net. Clean Energy Canada's 2016 *Tracking the Energy Revolution* report notes that in 2015 \$325 billion USD was invested in clean energy, with \$161 billion of that investment in solar energy, \$110 billion in wind, \$42 billion in large hydro, and almost \$4 billion in small hydro.<sup>3</sup>
- **Higher rates do not mean higher bills.** Investments in energy efficiency, renewable energy and clean transportation can save consumers money because they need less electricity to heat and cool their homes and pay less for gasoline because cars and trucks will use less gasoline or none at all because they run on clean electricity. Making our homes and buildings more efficient and shifting off fossil fuels means that while rates per kilowatt hour or per litre of gasoline may be higher, consumers don't have higher bills. Bloomberg, citing World Energy Council and International Energy Agency data, notes that German households pay an average monthly electricity bill of \$96.36, at a rate of 33.88 cents a kilowatt-hour and usage of 284.42 kilowatts. U.S. households, on the other hand, pay an average of \$111.95 a month, at a rate of 11.88 cents per kilowatt-hour and usage of 942.33 kilowatts. In Italy where the average monthly bill is \$65.99, the power rate is 28.84 cents per kilowatt-hour. In France, the monthly power bill is only \$75.64, at an average rate of 17.51 cents per kilowatt-hour<sup>4</sup>. Clearly, higher rates do not imply higher bills.

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<sup>1</sup> <http://www.elgegl.gnb.ca/0001/en/Flood/Search?LocationName=St.+Stephen>; <http://globalnews.ca/news/1681031/new-brunswick-to-help-pay-for-damage-caused-by-post-tropical-storm-arthur/>

<sup>2</sup> <http://www2.gnb.ca/content/dam/gnb/Departments/env/pdf/Climate-Climatiques/ClimateChangeActionPlan2014-2020.pdf>

<sup>3</sup> <http://cleanenergycanada.org/work/tracking-the-energy-revolution-global-2016/>

<sup>4</sup> <http://www.bloomberg.com/news/articles/2015-04-22/u-s-power-grid-s-2-trillion-upgrade-needs-european-efficiency>

- **Follow the money to stimulate early investments in climate change solutions.** The federal Government established a \$2 billion Low Carbon Economy Fund in its 2016 budget to finance provincial greenhouse gas reductions. The federal Government also promised to create a national carbon pricing system with all monies raised in a province being returned to that province for investment in greenhouse gas reductions. If we assume that the national floor price for carbon initially will be in the \$20 to \$30/tonne range, then our proposed 6.5 million tonne contribution from New Brunswick to Canada's national climate change target is worth between \$130 million and \$195 million. A provincial carbon price of \$20 to \$30 tonne covering 80% of emissions would also generate from \$238 million to \$357 million initially and decline over time as coal is phased out of electricity and vehicles transition off gasoline. Together, approximately \$350 to \$500 million could be available for investments in energy efficiency, renewable energy and clean transportation.