

## Carbon Tax and Investment Plan

Submitted by Chris Rouse on behalf of New Clear Free Solutions on July 5, 2016

New Clear Free Solutions opposes private investment into renewable energy in Canada. All of the normal reasons for private vs public investment do not apply to Renewable energy. Canada's renewable energy resources are worth billions of dollars per year and will be a significant new source of revenue for provinces without fossil fuels, and a revenue replacement for provinces that will have to reduce their fossil fuel royalties over time. For a small province like New Brunswick, once the transition to 100% renewable is complete, the carbon tax and investment plan would create approximately \$2 Billion dollars per year in additional revenue.

The Carbon Tax and investment plan taxes carbon and PUBLICLY INVESTS the money into renewable energy, instead of using the money for general revenue or subsidizing private industry. The plan also keeps reinvesting the profits from the renewable energy, in the form of a long term power purchase agreement, back into renewable energy. The first step will create simple interest, and the second step creates compound interest. The creation of compound interest enables the revenue each year to grow exponentially without the need to keep increasing the carbon tax.

New Clear Free Solutions has modeled this policy and is currently working on a detailed submission to the province of New Brunswicks Select committee on climate change. A summary of the results are attached with this submission, and once complete we will submit the detailed submission through this portal.

After several attempts to include an attachment failed this is a link to the above mentioned attachment.

<https://newclearfreesolutions.files.wordpress.com/2016/06/new-clear-free-solutions-june-14-clean-energy-summit.pdf>

The plan has the following benefits:

- Uses the power of compound interest to fund the transition to 100% Renewable
- The tax revenue pays for the solutions while creating jobs
- Compound interest is fueled by displacing fossil fuels
- Lowest cost policy option
- Does not need carbon price increase to remain effective
- Integrated solution
- Mostly supply side policy for a mostly supply side problem
- Sustainable Economic, Environment, and Social Policy
- Significant new source of revenue for provinces without fossil fuels
- Revenue replacement for provinces with fossil fuels
- Stabilizes energy rates at near current levels well into the future
- Thousands of jobs during multi decade construction boom
- Fuels economic growth during multi decade construction boom
- Flexibility for each province to choose their own energy mixes
- Guaranteed to work. All variables affect only “when” the objective is achieved not “if” the objective is achieved

- Does not require behavioural changes

New Clear Free Solutions sought an outside opinion to critique their plan from UNBSJ Professor of Economics, Dr. Rob Moir. “The concept of reinvesting in environmentally-friendlier energy production and energy efficiency to create a compound interest effect is founded economic theory,” responded Dr. Moir. “As such this policy should be considered by all provinces and not only New Brunswick.”

New Clear Free Solutions was part of a coalition of groups that made the following press release on June 14 2016. The release was covered by CBC.

CBC Coverage.

<http://www.cbc.ca/news/canada/new-brunswick/carbon-tax-clean-energy-conference-1.3637373>

Press Release

FOR IMMEDIATE RELEASE

June 14, 2016

Publicly Investing A \$20/Ton Carbon tax would create 15,000 – 20,000 lifetime jobs, say New Brunswick groups

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SAINT JOHN - A coalition of New Brunswick groups kick off the start of their clean energy and efficiency summit by asking Premier Brian Gallant to create a government department called RenewNB. Set up as a public investment fund, it would oversee the use of a \$20/Ton carbon tax revenue to create a massive job creation program by investing into clean energy and building efficiency programs. This investment strategy would create 15,000 – 20,000 lifetime jobs, eventually wipe out NB Power debt, and generate over \$2 Billion in extra revenue for the province once the transition to a low carbon economy is complete.

“A \$20/Ton carbon tax would initially generate \$300 million/year to be invested into public energy programs. Instead of giving the money away to private corporations in subsidies, or using the money for general revenue, this money would be transparently invested into publicly-owned renewable energy projects for the benefit of all New Brunswickers. The electricity generated by these projects would then earn 7 cents per kilowatt hour (7cents/kwh) from NB Power, and this revenue that would be reinvested once again by RenewNB. This is less than NB Powers current total cost of 9.1 cents/kwh, so it will help keep rates low and stable.” said Chris Rouse

“Reinvesting profits back into growth is the hallmark of any good business, and the same principles as a well invested RRSP. This would result in a near doubling of the initial \$300 million per year to \$565 million per year in just 10 years without any additional rate increases. This is due to compound interest.” adds Rouse.

"The concept of reinvesting in environmentally-friendlier energy production and energy efficiency to create a compound interest effect is founded economic theory," University of New Brunswick economist Rob Moir told Rouse. Dr. Moir said the approach "should be considered by all provinces and not only New Brunswick."

"CUPE's National Environmental policy calls for a rapid expansion of clean, renewable and energy delivered by the public sector," says Serge Plourde, CUPE NB. "Canada must take a leadership role on climate change and help push the world to a brighter, more sustainable future, by moving to a green economy."

"A flagship project for RenewNB would be to celebrate the centennial of our public utility, NB Power, with investing in the refurbishment of the Musquash Generating Station," says Saint John resident and retired Fundy Baykeeper David Thompson. "New Brunswick Electric Power Company was originally created in 1920 to build the Musquash dam. All the dams, roads, power line, and west branch water tunnel are already in place. "

"It has been proven, including with New Brunswick examples, that investing energy efficiency in buildings is cost effective and usually the least costly building option - when future energy savings are considered. An energy efficient building will use more local labour & materials, creating more local jobs." says Garth Hood, a certified passive House consultant in Fredericton.

"It is not fair to our underemployed workers to delay this huge job creation opportunity any longer," says Mark D'Arcy, a member of the Fredericton chapter of the Council of Canadians. "Our world leaders decided in Paris last year that we will limit the effects of global warming to 1.5 degrees Celsius, and it is time we all get to work fulfilling that commitment."

The Clean Energy East Summit is being held at the Saint John Free Public Library, 1 Market Square on Tuesday, June 14th (10am-4pm) and Wednesday June 15 (12noon-4pm).

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New Clear Free Solutions has also presented this policy to the New Brunswick Energy and Utilities Board, and asked them to order NB Power to model this policy. Below is the press release and article.

## **Carbon Tax Plan Uses the Power of Compound Interest to Transition to 100% Renewable Energy**

### **For Immediate Release**

New Clear Free Solutions, a citizen based energy think tank, will be presenting a new Carbon Tax plan to the Energy and Utilities Board. The Carbon Tax and Investment Plan (CTIP), takes advantage of compound interest to transition to 100% renewables. The NB Power rate hearings will be held at Delta Brunswick, 39 King Street, Saint John, N.B. on Tuesday evening, May 10.

“It didn’t take us long to figure out that the key to a successful plan was harnessing the power of compound interest” said Chris Rouse, founder of New Clear Free Solutions. He began work on the CTIP following last year’s rate hearings where he also participated as an intervenor. At that time, he was asked by EUB staff lawyers how he thought a carbon tax might be implemented. “The CTIP taxes carbon and then invests that tax into renewable energy. The revenue generated from the renewables is then continually reinvested to exponentially transition to 100% renewable.” said Mr. Rouse.

“This plan is much lower cost than other policies, and in the end, NB Power is debt free. The plan generates billions in extra revenue, and creates thousands of jobs for New Brunswickers.”

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#### [EUB Power Point Presentation](#)

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<http://smartershift.com/energymix/2016/05/15/nb-think-tank-proposes-carbon-tax-compound-interest-for-100-renewable-transition/>

Given the amount of time and level of detail put into this policy, New Clear Free Solutions requests to give a presentation to the Carbon Tax working group on this policy option. New Clear Free Solutions also has very serious concerns relating to most of the current proposed carbon pricing schemes, and would also like the opportunity to present these concerns as well.

Regards

Chris Rouse

New Clear Free Solutions