**MEMBER BULLETIN**

December 5, 2018

Federal Carbon Pollution Pricing System: Implications and Fuel Charge Rates in Ontario

Federal Carbon Pollution Pricing System to apply to Ontario – OSWCA members to account for increasing fuel charge rate in contract prices as of April 2019.

Over the last two years, the federal government has been working with the provinces and territories on **Canada’s first comprehensive climate action plan**. This plan attempts to balance the inclusion of a stringent price on carbon pollution, while also providing provincial and territorial flexibility to develop an alternative system whichmeets the federal standard. The result is a two-part federal carbon pollution pricing system: (a) fuel charge; and (b) an output-based pricing system (OBPS), which lets industries pay for greenhouse gas emissions that exceed a certain limit.

Prime Minister, Justin Trudeau, recently announced that while many provinces have developed their own systems or adopted the federal pollution pricing system, those which have not will be subject to the federal system (i.e. ON, NB, MB, SK). Consequently, the Ontario government is challenging the constitutionality of the federal government’s ability to impose a carbon tax on the province; however, presently, the federal carbon pollution pricing system applies in Ontario.

**Cost Summary**

Starting in April 2019 and increasing in stringency over time, the federal pollution pricing system will add a nominal cost to everyday fuels. The fuel charge rates reflect a carbon pollution price of $20 per tonne of carbon dioxide equivalent (CO2e) in 2019, rising by $10 per tonne annually to $50 per tonne in 2022.

In Ontario, the fuel charge on gasoline, in 2019, will be 4.42 cents per litre and the fuel charge for natural gas used in home heating will be 3.91 cents per cubic metre. The OSWCA encourages its members to account for these fuel charge increases in their bid prices for infrastructure projects post-April 2019.

The following table presents fuel charge rates that will apply in Ontario as of April 2019 with future increases as indicated:

**Federal Fuel Charge Rates for Ontario**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Type** | **Unit** **($ per)** | **Apri1 2019** **($20/tonne)** | **April 2020** **($30/tonne)** | **April 2021** **($40/tonne)** | **April 2022** **($50/tonne)** |
| **Aviation gasoline** | litre | 0.0498 | 0.0747 | 0.0995 | 0.1244 |
| **Aviation turbo fuel** | litre | 0.0516 | 0.0775 | 0.1033 | 0.1291 |
| **Butane** | litre | 0.0356 | 0.0534 | 0.0712 | 0.0890 |
| **Ethane** | litre | 0.0204 | 0.0306 | 0.0408 | 0.0509 |
| **Gas liquids** | litre | 0.0333 | 0.0499 | 0.0666 | 0.0832 |
| **Gasoline** | litre | 0.0442 | 0.0663 | 0.0884 | 0.1105 |
| **Heavy fuel oil** | litre | 0.0637 | 0.0956 | 0.1275 | 0.1593 |
| **Kerosene** | litre | 0.0516 | 0.0775 | 0.1033 | 0.1291 |
| **Light fuel oil** | litre | 0.0537 | 0.0805 | 0.1073 | 0.1341 |
| **Methanol** | litre | 0.0220 | 0.0329 | 0.0439 | 0.0549 |
| **Naphtha** | litre | 0.0451 | 0.0676 | 0.0902 | 0.1127 |
| **Petroleum coke** | litre | 0.0767 | 0.1151 | 0.1535 | 0.1919 |
| **Pentanes plus** | litre | 0.0356 | 0.0534 | 0.0712 | 0.0890 |
| **Propane** | litre | 0.0310 | 0.0464 | 0.0619 | 0.0774 |
| **Coke oven gas** | cubic metre | 0.0140 | 0.0210 | 0.0280 | 0.0350 |
| **Marketable natural gas** | cubic metre | 0.0391 | 0.0587 | 0.0783 | 0.0979 |
| **Non-marketable natural gas** | cubic metre | 0.0517 | 0.0776 | 0.1034 | 0.1293 |
| **Still gas** | cubic metre | 0.0540 | 0.0810 | 0.1080 | 0.1350 |
| **Coke** | tonne | 63.59 | 95.39 | 127.19 | 158.99 |
| **High heat value coal** | tonne | 45.03 | 67.55 | 90.07 | 112.58 |
| **Low heat value coal** | tonne | 35.45 | 53.17 | 70.90 | 88.62 |
| **Combustible waste** | tonne | 39.95 | 59.92 | 79.89 | 99.87 |

For more information on Federal Fuel Charge Rates for Ontario, please visit: <https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/ontario.html> Alternatively, contact Krisha Ruchlewicz at krisha.ruchlewicz@oswca.org or (905) 629 - 7766 ext. 223.