Planned Phase Out of Fossil Fuels
Proposal for a Real Climate Policy

Climate Justice Research Project

Science calls for a finite limit on CO_2 emissions. The easiest way to achieve this is to limit fossil energy extraction.

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A global volume cap on fossil energy extraction will give a clear price signal to the market, without any need to commodify emissions. A cap on fossil energy extraction will efficiently distribute costs between fossil energy producers, distributors and end-users, all of whom benefit from cheap, dirty fuels. A volume cap on extraction will allow for a planned phase out of fossil fuels by providing a clear signal about available reserves and their value.

By correctly aligning the expected harm caused with the volume of supply, the price of fossil fuels at market should correctly reflect their danger to human lives and to the planet. A volume cap on extraction attaches the value of CO_2 emissions directly to the price of energy by making fossil fuel energy sources artificially scarce, without a separate emissions-based mechanism.

Fossil fuel producers do not have the right to continue extraction unabated. There is no right to property that supersedes the right to climate security.

In contrast, carbon markets and clean energy subsidies risk lowering demand for fossil fuels, paradoxically making them cheaper and weakening the effect of a carbon price, because they place the whole burden on energy consumers without decommissioning fossil energy assets. Carbon markets trust that

competition will drive reductions in fossil fuel use, but they fail to recognize that fossil fuel producers are political actors.

Fossil fuel producers do not have the right to continue extraction unabated. There is no right to property that supersedes the right to climate security. Fossil fuels are only safe when they remain unmined in their natural state.

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Development of non-fossil energy solutions may simply increase energy use without curtailing fossil energy extraction. In addition to giving incentives for development of renewable energy, explicit decisions must be made about *how much* and *which reserves* will be left untapped.

Atmospheric carbon dioxide from fossil fuels is not equivalent to carbon already in the biosphere, or other GHGs. Carbon markets enable continued mining of dirty fuels on the false assumption that biotic carbon is equally safe as unmined fossil carbon. It is not possible to adequately substitute protection of forests for continued fossil fuel extraction. Likewise, carbon capture and storage represents a highly risky and temporary solution that can only ever counter a small portion of fossil carbon emissions. These false solutions fail to answer questions of scale and risk.

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A planned phase out of fossil fuels eliminates the role of the financial services industry as a de facto regulator of climate policy and the carbon price. In the United States, even while major NGOs and finance corporations eagerly lobbied for a cap-and-trade system, there has been

significant apprehension about handing a $2 trillion market to an industry which traffics in other people's risk. There are very serious political implications to anointing this class of people to be the arbiters of an economic transformation.

The proposal will allow for wise choices to be made about which reserves will be exploited. Dangerous extraction techniques such as mountaintop removal coal mining, hydro fracking for natural gas, tar sands and deepwater oil drilling will be irrelevant with a volume cap. By putting a cap on fossil extraction, energy companies could put their R&D dollars into non-fossil energy technology.

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Since taxes and markets are meant to generate revenues for public investment in climate mitigation and adaptation, the proposal raises a significant hurdle. The best approach might be a windfall tax for fossil fuel producers, levied internationally and used to support calls for climate debt as an alternative financing mechanism. The fund could also be used to support energy costs for economically marginalized consumers. Regardless, this is an important issue to be studied.

We cannot avoid the political implications of climate change by fudging the numbers or assuming that an abstract carbon market will confuse the real cost of dealing with climate change for rich-world consumers. The developing world and millions living in environmentally distressed areas are inevitably facing a future of constrained options and diminished hopes. There is no reason the fossil fuel industry should be exempt from this constrained future at their expense.

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