

Consolidated Clause in Policy and Finance Committee Report 8, which was considered by City Council on September 28, 29 and 30, 2005.

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Comments on Proposed Carbon Offsets System for Canada

City Council on September 28, 29 and 30, 2005, adopted the following recommendations of the Roundtable on the Environment contained in the communication (September 26, 2005) from Deputy Mayor Pantalone, Chair, Roundtable on the Environment:

“That:

- (1) the City of Toronto:*
 - (a) sell offset credits only to the Government of Canada Climate Fund on the condition that the offset credits be retired by the Federal Government;*
 - (b) take immediate steps to ensure that new contracts with suppliers secure the City’s ownership of carbon offset credits; and*
 - (c) ensure that any funds raised through the sale of offset credits are directed to supplementing funding for environmental initiatives such as transit, thereby multiplying the benefits of the original emissions reductions;*
- (2) Legal Services be requested to report to the Policy and Finance Committee on the appropriate wording to be included in contracts with suppliers who provide services or technologies with potential carbon offset credits (e.g. energy efficiency measures, renewable energy technologies, green roof technologies, methane recovery technologies, etc.);*
- (3) the City Manager be requested to investigate and report to the Roundtable on the Environment and to the Policy and Finance Committee on any other offset credit sales which may result in environmental benefits; and*
- (4) the City of Toronto endorse and submit the following comments to Natural Resources Canada on the proposed Renewable Power Production Incentive:*
 - (a) that NRCan reconsider the limit of 450 megawatts (MW) per province/territory of renewable power eligible for incentives. It is likely that some of the smaller provinces and territories may not reach their limit, whereas Ontario might exceed it. NRCan should consider allocating limits on incentives on a per-capita basis, rather than a common cap;*

- (b) *that the 1 cent per kilowatt hour subsidy does not recognize the fact that different technologies produce different greenhouse gas emission reductions. For example, methane from landfill biogas is roughly twenty times more powerful than carbon dioxide in terms of its greenhouse impact, but the RPPI does not provide any extra incentive for methane as a renewable fuel. Therefore, NRCan should consider providing an extra methane incentive, or consider implementing another funding program for methane capture, in much the same way that a separate program has been created for wind power;*
 - (c) *that NRCan consider increasing the subsidy for solar energy. Industry experts have suggested that a subsidy of 1 cent per kW hour for solar is not enough to make photovoltaic installations economically viable. Most new renewable energy technologies require a higher degree of subsidy in their early stages, but can move to market readiness if properly incubated;*
 - (d) *that NRCan allow the aggregation of smaller projects to meet the 100 kW minimum threshold. It is also unclear whether installations must be connected to the electricity grid or if off-grid projects are eligible for the incentive. It is in the best interest of the City if aggregation and off-grid installations are permitted, enabling projects similar to the transit shelter solar lighting installations and SOLARWALL project at the Fleet Services' Central Garage to qualify for the incentive; and*
 - (e) *that NRCan look towards developing a streamlined or 'class' environmental assessment process for smaller renewable energy projects. Subjecting each project to a federal environmental assessment process might create barriers, particularly for the smaller projects that the RPPI is intended to encourage; and*
- (5) *a copy of these recommendations be forwarded to the Toronto Atmospheric Fund and the Federation of Canadian Municipalities."*

This Clause, as amended, was adopted by City Council.

Council also considered additional material, which is noted at the end of this Clause.

The Policy and Finance Committee concurred with the recommendation contained in the communication (September 13, 2005) from Deputy Mayor Joe Pantalone, that the Roundtable on the Environment report directly to Council for its next meeting scheduled to be held on September 28, 2005, respecting the proposed carbon offsets system for Canada.

Recommendation:

That the Policy and Finance Committee request the Roundtable on the Environment to report directly to the September 28, 29 and 30 meeting of City Council on this matter.

Background:

On August 11, 2005, the Federal Government released a discussion paper outlining a proposed Offset System to buy, sell and trade emissions credits, designed to encourage cost-effective reductions in greenhouse gas emissions. This program is part of a multi-pronged approach the Federal Government is taking to meet national targets agreed to in the United Nations Convention on Climate Change and the Kyoto Protocol.

The deadline for receiving comments is September 30. The City of Toronto has requested an extension from Environment Canada which has been denied. The Roundtable on the Environment will be discussing this issue at its regularly scheduled meeting of September 22. Due to the time constraints and the federal government's refusal to provide an extension to the deadline for comments, I am recommending that the Roundtable on the Environment report directly to the September 28, 29 and 30 meeting of City Council on this matter.

Attached, please find a briefing note prepared by staff for the Roundtable on the Environment and a consultation paper on the proposed Offset System.

Based on the content of the staff briefing note and federal government discussion paper, I will be recommending to the Roundtable on the Environment that the City of Toronto:

- (i) sell only offset credits that result in environmental benefits, including selling credits to the Federal Government on the condition that credits are retired immediately;
- (ii) take immediate steps to ensure that new contracts with suppliers secure the City's ownership of carbon offset credits; and
- (iii) ensure that any funds raised through the sale of offset credits are directed to supplementing funding for environmental initiatives such as transit, thereby multiplying the benefits of the original emissions reductions; and
- (iv) Legal Services be requested to report to the Policy and Finance Committee on the appropriate wording to be included in contracts with suppliers who provide services or technologies with potential carbon offset credits (e.g. energy efficiency measures, renewable energy technologies, green roof technologies, methane recovery technologies, etc.).

Thank you for your attention to this important matter, which has significant implications for the City of Toronto.

Briefing Note: Emissions Trading

Issue/Background:

The Kyoto Protocol is an agreement among national governments that spells out mechanisms for reducing the release of greenhouse gases such as carbon dioxide and methane, as agreed to in the United Nations Convention on Climate Change. Emissions trading is one of the identified mechanisms. The practice is well-established in Europe and trading has begun among large energy companies in the United States, albeit without federal government support.

The Federal Government released a discussion paper on August 11 outlining a system to encourage cost-effective reductions in greenhouse gas emissions. Comments are due by September 30. The issue is on the agenda for the September 22 Roundtable on the Environment meeting.

Through the Offset System, individuals, businesses and organizations will be able to earn credits when they carry out activities that result in reduced emissions. Any activity that reduces fossil fuel use (e.g. renewable energy replacing conventional energy in cars, infrastructure or buildings) or removes greenhouse gases from the atmosphere (e.g. reforestation, installation of green roofs, capture and destruction of methane at landfill sites) is potentially eligible to earn offset credits.

Although emissions trading pilot programs have been operating in Canada since 2002 - primarily involving large energy corporations such as Trans Alta and Suncor- there is no formal system that identifies the rules for quantifying, buying, selling, trading and receiving compensation for greenhouse gas reductions.

A 2002 report by external consultants indicated that the City had four basic policy options: (1) avoid participating in the emissions trading system; (2) sell offset credits wherever possible; (3) retire at least half the credits; sell the rest and use funds to invest in projects with environmental benefits; (4) sell only credits that will result in environmental benefits.

The City of Toronto has begun harmonizing data collection on greenhouse gas emissions from all City operations (estimated completion date January 2006). Once the Federal government has identified official conversion rates for translating emissions data into credits, the City will be able to calculate its potential carbon offset credits.

Key Points:

- (1) The City of Toronto has the potential to generate a relatively large number of carbon offset credits from on-going activities such as energy-efficiency measures, aggressive tree-planting and methane capture from landfills. Work now in development stages, such as a green roofs policy and a renewable energy action plan, will add to the roster of projects with carbon offset credits.

- (2) It is in the City's best interests to take a strong position on carbon offset credits as soon as possible to clarify ownership issues, to ensure that processes are in place in all divisions to support the chosen carbon offsets policy, and to maximize the environmental and economic benefits of the newly proposed federal carbon offsets system.
- (3) A recent federal government discussion paper has heightened awareness among the City's suppliers and partners about the potential financial benefits of emissions trading.
- (4) The government of Canada has set aside a fund for purchasing authorized credits and will use the fund to retire credits immediately from the system. Selling to the Federal government under the terms of this fund would bring both environmental and financial benefits to the City.
- (5) Quantifying and selling credits to the federal government under a program that retires credits immediately while providing funds for projects that further environmental objectives is consistent with the City's commitment to leadership in environment and sustainability.
- (6) No Canadian municipality has participated in emissions trading and related activities such as quantification and third party verification of emissions for trading purposes.
- (7) The City of Toronto is well placed to take the lead among Canadian municipalities and should ask the federal government to be consulted directly during consultations this autumn.
- (8) The City should consider initiating innovative partnerships linked to carbon offsets trading that would simultaneously address a number of its environmental goals. For example, the City of Chicago has agreements with a number of large energy suppliers to install renewable energy capacity on City buildings and sites, allowing large emitters to reduce their emissions by producing renewable energy and increasing the amount of renewable energy available to City of Chicago operations.
- (9) The carbon offsets system now proposed by the Federal government is very administratively onerous for potential sellers, buyers and the government itself since each request for a credit must be reviewed and decided upon by a proposed federal Offset Program Authority.
- (10) Firms specializing in emissions trading (such as CO₂e based in Toronto) have concerns about the lack of clarity in the current federal proposal (e.g. "no numbers" are put forward for debate such as co-efficients for translating emissions reductions into tradable credits) and what they see as an unrealistic timeline of having a working federal system in place by January 2006.

Potential Next Steps:

- (1) Move quickly to solidify the City's position on carbon offsets trading, taking steps to maximize the environmental and economic benefits of the newly proposed federal carbon offsets system such as securing commitment from the Federal government that any City carbon offset credits sold to the Federal government will be retired immediately.
- (2) Environmental Services coordinate internal comments on the Federal government's August 11 discussion paper and include comments brought forward at the September 22 Roundtable on the Environment meeting and work with the appropriate City Divisions to communicate directly with Environment Canada on the issue.
- (3) Request legal services to look at how City contracts should be drawn up to include the City's ownership of offset credits, where appropriate.
- (4) The advice resulting from discussions at the September 22 Roundtable on the Environment meeting be sent directly to September 28 to 30 meeting of City Council since the short turnaround time for comments on the Federal government's proposed offset system does not allow time to take the advice to Policy and Finance Committee first.

Prepared by: Mary MacDonald, Environmental Services

Circulated to: William Crowther, Executive Director, Technical Services

Further information: Mary MacDonald mmacdon@toronto.ca; 416 338 2857

Date: September 1, 2005

(A copy of the discussion paper outlining a proposed Offset System referred to in the communication dated September 13, 2005, was forwarded to all Members of Council with the September 20, 2005, agenda of the Policy and Finance Committee and a copy is also on file in the office of the City Clerk, City Hall).

Councillor Michael Walker, St. Paul's, addressed the Policy and Finance Committee.

City Council – September 28, 29 and 30, 2005

Council also considered the following:

Communication:

- *(September 26, 2005) from the Chair, Roundtable on the Environment [Communication 12(a)]:*

Subject: Advice from Roundtable on the Environment

Purpose:

To provide advice to Toronto City Council on its response to the Federal Government's current consultation on environmental issues, including the development of a Carbon Offset System and the Renewable Power Production Incentive. As the Federal Government requires a response from the City by September 30, and the City's request for an extension was not granted by the Federal Government, the Policy and Finance Committee, at its September 20 meeting, requested the Roundtable on the Environment to report directly to City Council on this matter.

Recommendations:

- (1) *That the City of Toronto:*
 - (1) *sell offset credits only to the Government of Canada Climate Fund on the condition that the offset credits be retired by the Federal Government;*
 - (2) *take immediate steps to ensure that new contracts with suppliers secure the City's ownership of carbon offset credits; and*
 - (3) *ensure that any funds raised through the sale of offset credits are directed to supplementing funding for environmental initiatives such as transit, thereby multiplying the benefits of the original emissions reductions;*
- (2) *Legal Services be requested to report to the Policy and Finance Committee on the appropriate wording to be included in contracts with suppliers who provide services or technologies with potential carbon offset credits (e.g. energy efficiency measures, renewable energy technologies, green roof technologies, methane recovery technologies, etc.);*
- (3) *the City Manager be requested to investigate and report to the Roundtable on the Environment and to the Policy and Finance Committee on any other offset credit sales which may result in environmental benefits; and*
- (4) *That the City of Toronto endorse and submit the following comments to Natural Resources Canada on the proposed Renewable Power Production Incentive:*

- (a) *that NRCan reconsider the limit of 450 megawatts (MW) per province/territory of renewable power eligible for incentives. It is likely that some of the smaller provinces and territories may not reach their limit, whereas Ontario might exceed it. NRCan should consider allocating limits on incentives on a per-capita basis, rather than a common cap;*
 - (b) *that the 1 cent per kilowatt hour subsidy does not recognize the fact that different technologies produce different greenhouse gas emission reductions. For example, methane from landfill biogas is roughly twenty times more powerful than carbon dioxide in terms of its greenhouse impact, but the RPPI does not provide any extra incentive for methane as a renewable fuel. Therefore, NRCan should consider providing an extra methane incentive, or consider implementing another funding program for methane capture, in much the same way that a separate program has been created for wind power;*
 - (c) *that NRCan consider increasing the subsidy for solar energy. Industry experts have suggested that a subsidy of 1 cent per kW hour for solar is not enough to make photovoltaic installations economically viable. Most new renewable energy technologies require a higher degree of subsidy in their early stages, but can move to market readiness if properly incubated;*
 - (d) *that NRCan allow the aggregation of smaller projects to meet the 100 kW minimum threshold. It is also unclear whether installations must be connected to the electricity grid or if off-grid projects are eligible for the incentive. It is in the best interest of the City if aggregation and off-grid installations are permitted, enabling projects similar to the transit shelter solar lighting installations and SOLARWALL project at the Fleet Services' Central Garage to qualify for the incentive; and*
 - (e) *that NRCan look towards developing a streamlined or "class" environmental assessment process for smaller renewable energy projects. Subjecting each project to a federal environmental assessment process might create barriers, particularly for the smaller projects that the RPPI is intended to encourage; and*
- (5) *forward a copy of these recommendations to the Toronto Atmospheric Fund and the Federation of Canadian Municipalities.*

Background:

At the Roundtable on the Environment meeting on September 22, 2005, Dr. Peter Victor, Environmental Studies, York University, and Member, Roundtable on the Environment, made a Power Point presentation on a study he conducted 2 years ago on the options available to the City regarding carbon offsets trading.

Mary MacDonald, Senior Environmental Consultant, Environmental Services, Technical Services Division, also made a Power Point presentation on administrative considerations regarding carbon offsets trading and highlights of the Federal Government's Consultation Paper on Offset System for Greenhouse Gases.

The Chair advised that the Federal Government is requesting a response on their Consultation Papers by no later than September 30, 2005, and to that end, the Policy and Finance Committee on September 20, 2005, requested that the Roundtable send its recommendations directly to City Council on September 28, 29 and 30, 2005.

The Roundtable on the Environment also had before it the attached communications (September 8, 2005) from Deputy Mayor Pantalone, enclosing a Briefing Note (September 1, 2005) from the Executive Director, Technical Services Division, a summary of the Consultation Paper (August 11, 2005) released by the Federal Government on August 11, 2005 outlining a proposed Canadian offset system for greenhouse gases and the discussion paper regarding the Renewable Power Production Incentive, which is related to emissions trading and for which a response is also required by the Federal Government before September 30, 2005.

These recommendations have the support of City Staff, and were approved unanimously by the members of the Roundtable on the Environment at its meeting of September 22, 2005.

Communication dated September 23, 2005, from the Roundtable on the Environment:

Subject: Carbon Offsets Trading and the Renewable Power Production Incentive

The Roundtable on the Environment on September 22, 2005:

- (1) received the presentations from Dr. Peter Victor, Environmental Studies, York University, and Member, Roundtable on the Environment, and Mary MacDonald, Senior Environmental Consultant, Environmental Services, Technical Services Division, with thanks;*
- (2) requested the Chair to forward the following recommendations directly to City Council:*

That:

- (1) the City of Toronto:*
 - (a) sell offset credits only to the Government of Canada Climate Fund on the condition that the offset credits be retired by the Federal Government;*
 - (b) take immediate steps to ensure that new contracts with suppliers secure the City's ownership of carbon offset credits; and*
 - (c) ensure that any funds raised through the sale of offset credits are directed to supplementing funding for environmental initiatives such as transit, thereby multiplying the benefits of the original emissions reductions;*
- (2) Legal Services be requested to report to the Policy and Finance Committee on the appropriate wording to be included in contracts with suppliers who provide services or technologies with potential carbon offset credits (e.g. energy efficiency measures,*

- renewable energy technologies, green roof technologies, methane recovery technologies, etc.);*
- (3) *the City Manager be requested to investigate and report to the Roundtable on the Environment and to the Policy and Finance Committee on any other offset credit sales which may result in environmental benefits;*
- (4) *City Council endorse and submit the following comments to Natural Resources Canada on the proposed Renewable Power Production Incentive:*
- (a) *that NRCan reconsider the limit of 450 megawatts (MW) per province/territory of renewable power eligible for incentives. It is likely that some of the smaller provinces and territories may not reach their limit, whereas Ontario might exceed it. NRCan should consider allocating limits on incentives on a per-capita basis, rather than a common cap;*
- (b) *that the 1 cent per kilowatt hour subsidy does not recognize the fact that different technologies produce different greenhouse gas emission reductions. For example, methane from landfill biogas is roughly twenty times more powerful than carbon dioxide in terms of its greenhouse impact, but the RPPI does not provide any extra incentive for methane as a renewable fuel. Therefore, NRCan should consider providing an extra methane incentive, or consider implementing another funding program for methane capture, in much the same way that a separate program has been created for wind power;*
- (c) *that NRCan consider increasing the subsidy for solar energy. Industry experts have suggested that a subsidy of 1 cent per kW hour for solar is not enough to make photovoltaic installations economically viable. Most new renewable energy technologies require a higher degree of subsidy in their early stages, but can move to market readiness if properly incubated;*
- (d) *that NRCan allow the aggregation of smaller projects to meet the 100 kW minimum threshold. It is also unclear whether installations must be connected to the electricity grid or if off-grid projects are eligible for the incentive. It is in the best interest of the City if aggregation and off-grid installations are permitted, enabling projects similar to the transit shelter solar lighting installations and SOLARWALL project at the Fleet Services' Central Garage to qualify for the incentive; and*
- (e) *that NRCan look towards developing a streamlined or "class" environmental assessment process for smaller renewable energy projects. Subjecting each project to a federal environmental assessment process might create barriers, particularly for the smaller projects that the RPPI is intended to encourage; and*
- (5) *a copy of these recommendations be forwarded to the Toronto Atmospheric Fund and the Federation of Canadian Municipalities.*

Background:

At the Roundtable on the Environment meeting on September 22, 2005, Dr. Peter Victor, Environmental Studies, York University, and Member, Roundtable on the Environment, made a Power Point presentation on a study he conducted 2 years ago on the options available to the City regarding carbon offsets trading.

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The Chair advised that the Federal Government is requesting a response on their Consultation Papers by no later than September 30, 2005, and to that end, the Policy and Finance Committee on September 20, 2005, requested that the Roundtable send its recommendations directly to City Council on September 28, 29 and 30, 2005.

The Roundtable on the Environment had before it the attached communications (September 8 and 21, 2005) from Deputy Mayor Pantalone, enclosing a Briefing Note (September 1, 2005) from the Executive Director, Technical Services Division, a summary of the Consultation Paper (August 11, 2005) released by the Federal Government on August 11, 2005 outlining a proposed Canadian offset system for greenhouse gases and the discussion paper regarding the Renewable Power Production Incentive, which is related to emissions trading and for which a response is also required by the Federal Government before September 30, 2005, and recommending the following recommendations:

- (1) That the City of Toronto:
 - (a) sell only offset credits that result in environmental benefits, including selling credits to the Federal Government on the condition that credits are retired immediately;*
 - (b) take immediate steps to ensure that new contracts with suppliers secure the City's ownership of carbon offset credits; and*
 - (c) ensure that any funds raised through the sale of offset credits are directed to supplementing funding for environmental initiatives such as transit, thereby multiplying the benefits of the original emissions reductions;**
- (2) Legal Services be requested to report to the Policy and Finance Committee on the appropriate wording to be included in contracts with suppliers who provide services or technologies with potential carbon offset credits (e.g. energy efficiency measures, renewable energy technologies, green roof technologies, methane recovery technologies, etc.);*
- (3) City Council endorse and submit the following comments to Natural Resources Canada on the proposed Renewable Power Production Incentive:*

- (a) *that NRCan reconsider the limit of 450 megawatts (MW) per province/territory of renewable power eligible for incentives. It is likely that some of the smaller provinces and territories may not reach their limit, whereas Ontario might exceed it. NRCan should consider allocating limits on incentives on a per-capita basis, rather than a common cap;*
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- (e) *that NRCan look towards developing a streamlined or "class" environmental assessment process for smaller renewable energy projects. Subjecting each project to a federal environmental assessment process might create barriers, particularly for the smaller projects that the RPPI is intended to encourage.*

Briefing Note: Emissions Trading

Issue/Background

The Kyoto Protocol is an agreement among national governments that spells out mechanisms for reducing the release of greenhouse gases such as carbon dioxide and methane, as agreed to in the United Nations Convention on Climate Change. Emissions trading is one of the identified mechanisms. The practice is well-established in Europe and trading has begun among large energy companies in the United States, albeit without federal government support.

The Federal Government released a discussion paper on August 11th outlining a system to encourage cost-effective reductions in greenhouse gas emissions. Comments are due by September 30th. The issue is on the agenda for the September 22nd Roundtable on the Environment meeting.

Through the Offset System, individuals, businesses and organizations will be able to earn credits when they carryout activities that result in reduced emissions. Any activity that reduces fossil fuel use (e.g. renewable energy replacing conventional energy in cars, infrastructure or buildings) or removes greenhouse gases from the atmosphere (e.g. reforestation, installation of green roofs, capture and destruction of methane at landfill sites) is potentially eligible to earn offset credits.

Although emissions trading pilot programs have been operating in Canada since 2002- primarily involving large energy corporations such as Trans Alta and Suncor- there is no formal system that identifies the rules for quantifying, buying, selling, trading and receiving compensation for greenhouse gas reductions.

A 2002 report by external consultants indicated that the City had four basic policy options: (1) avoid participating in the emissions trading system; (2) sell offset credits wherever possible; (3) retire at least half the credits; sell the rest and use funds to invest in projects with environmental benefits; (4) sell only credits that will result in environmental benefits.

The City of Toronto has begun harmonizing data collection on greenhouse gas emissions from all City operations (estimated completion date January 2006). Once the Federal government has identified official conversion rates for translating emissions data into credits, the City will be able to calculate its potential carbon offset credits.

Key Points:

- *The City of Toronto has the potential to generate a relatively large number of carbon offset credits from on-going activities such as energy-efficiency measures, aggressive tree-planting and methane capture from landfills. Work now in development stages, such as a green roofs policy and a renewable energy action plan, will add to the roster of projects with carbon offset credits.*
- *It is in the City's best interests to take a strong position on carbon offset credits as soon as possible to clarify ownership issues, to ensure that processes are in place in all divisions to support the chosen carbon offsets policy, and to maximize the environmental and economic benefits of the newly proposed federal carbon offsets system.*
- *A recent federal government discussion paper has heightened awareness among the City's suppliers and partners about the potential financial benefits of emissions trading.*
- *The government of Canada has set aside a fund for purchasing authorized credits and will use the fund to retire credits immediately from the system. Selling to the Federal government under the terms of this fund would bring both environmental and financial benefits to the City.*

- *Quantifying and selling credits to the federal government under a program that retires credits immediately while providing funds for projects that further environmental objectives is consistent with the City's commitment to leadership in environment and sustainability.*
- *No Canadian municipality has participated in emissions trading and related activities such as quantification and third party verification of emissions for trading purposes.*
- *The City of Toronto is well placed to take the lead among Canadian municipalities and should ask the federal government to be consulted directly during consultations this autumn.*
- *The City should consider initiating innovative partnerships linked to carbon offsets trading that would simultaneously address a number of its environmental goals. For example, the City of Chicago has agreements with a number of large energy suppliers to install renewable energy capacity on City buildings and sites, allowing large emitters to reduce their emissions by producing renewable energy and increasing the amount of renewable energy available to City of Chicago operations.*
- *The inclusion of a separate stream for "micro" projects in the Offsets System holds potential for the City of Toronto. The City has already used incentive programs for individual citizens to achieve environmental targets, and work is underway on the possible development of other such programs, such as green development standards, that would encourage individual property owners and other citizens to make choices that produce lower carbon emissions. Including micro projects may allow an integration of these projects into the federal system, thereby providing additional support for them.*
- *The carbon offsets system now proposed by the Federal government is very administratively onerous for potential sellers, buyers and the government itself since each request for a credit must be reviewed and decided upon by a proposed federal Offset Program Authority.*
- *Firms specializing in emissions trading (such as CO₂e based in Toronto) have concerns about the lack of clarity in the current federal proposal (e.g. "no numbers" are put forward for debate such as co-efficients for translating emissions reductions into tradable credits) and what they see as an unrealistic timeline of having a working federal system in place by January 2006.*

Potential Next Steps:

- *Move quickly to solidify the City's position on carbon offsets trading, taking steps to maximize the environmental and economic benefits of the newly proposed federal carbon offsets system such as securing commitment from the Federal government that any City carbon offset credits sold to the Federal government will be retired immediately.*
- *Environmental Services coordinate internal comments on the Federal government's August 11th discussion paper and include comments brought forward at the September 22nd Roundtable on the Environment meeting and work with the City Manager's Intergovernmental Relations Office and appropriate City Divisions to communicate directly with Environment Canada on the issue.*

- *Request legal services to look at how City contracts should be drawn up to include the City's ownership of offset credits, where appropriate.*
- *The advice resulting from discussions at the September 22nd Roundtable on the Environment meeting be sent directly to September 28th to 30th meeting of City Council since the short turnaround time for comments on the Federal government's proposed offset system does not allow time to take the advice to Policy and Finance Committee first.*

Prepared by: Mary MacDonald, Environmental Services

Circulated to: William Crowther, Executive Director, Technical Services

Further information: Mary MacDonald mmacdon@toronto.ca; 416 338 2857

Date: September 1, 2005

(The following documents, which were attached to the communication (September 26, 2005) from the Chair, Roundtable on the Environment, are on file in the City Clerk's Office:

- *Overview Paper (2005), released by the Government of Canada, entitled "Offset System for Greenhouse Gases"; and*
- *Discussion Paper (undated) regarding Renewable Power Production Incentive.)*