

Appendix C

Questions and Answers from September 17 Workshop

- Q: Does the use of a cost per tonne concept mean that you only look at low cost short term projects?
- A: No. The cost/tonne analysis does not tell you the amount you are prepared to spend on the environment; it is a means for ensuring that whatever you spend you get the most environmental protection for your money. You can apply the cost/tonne concept and choose a low or a high cost as the target.
- Q: How do you relate the use of a target cost per tonne and the fact that pollution control may save lives?
- A: If the City adopts a target cost per tonne for control of a pollutant, it should choose a value that reflects its beliefs about the importance of controlling that pollutant. That value should include the value of reducing risks to human health along with any other benefits of controlling the pollutant.
- Q: Applying the narrow interpretation of the CO₂ commitment, if a project reduces CO₂ by 25% does that mean you can only sell ERCs for 5%?
- A: Yes. Looking at Option 2, with finance paramount, and the narrow interpretation of the goal, the first 20% CO₂ reduction for a project is not surplus to the commitment, but any excess over 20% is surplus and may be sold.
- Q: Does choosing to make finance paramount necessarily require a narrow interpretation of the CO₂ commitment?
- A: NO. It is possible to make finance paramount and have a broad interpretation of the commitment. However it seems logically consistent that if you are more interested in finance than in environment, you will want to interpret the commitment narrowly, to minimise the cost of trying to meet it.
- Q: Does this analysis say that the low sulphur fuel purchase was not worth the cost?
- A: Not really. However the high cost per tonne of SO₂ reduced for that project suggests that there may be other more economical ways to achieve the same reduction. But this analysis is not definitive.
- Q: Is it possible that buying SO₂ reductions elsewhere is less expensive than the low sulphur fuel purchase?
- A: That seems to be a real possibility. The cost of SO₂ abatement and of SO₂ ERCs seems to be quite a bit lower than the cost of this project. That means you may be able to pay someone to reduce SO₂ and get a greater reduction than by spending the same money on this project.

Q: Should the City of Toronto consider buying credits?

A: Buying credits is a legitimate and potentially effective means of achieving emission reductions. The report discusses the questions you would want to ask to decide whether this would work for a given project. It is quite possible that you could purchase credits that were less expensive than any emission reduction project that was available to the City directly.

Q: How would the City of Toronto find out who is selling credits?

A: The City could contact a commercial broker whose job it is to make deals between buyers and sellers of credits. A registry such as CleanAir might have information about potential sellers. The City itself may have information on the major sources of pollution within the City limits and some of these sources would have the potential for low-cost emission control that could lead to the creation of credits.

Q: Who owns the credits for the Better Building Partnership project?

A: The ownership has been disputed and PERT refused to certify the credits because of the dispute. Most registries will not register credits when there is any significant question about their ownership.

Q: With respect to the Toronto Waterfront project, will the MOE, or whoever runs the credit system, accept the Toronto Reference Community as the baseline?

A: We cannot be sure at this time. The test is whether there has been an emission reduction that is real. So, the City would have to argue that in the absence of this project there would be development elsewhere within the City and that the energy consumption and pollution effects would be those set out in the definition of the TRC. If the MOE does not accept this argument, then credits are unlikely because the project by itself will increase emissions compared to today.

Q: If the Toronto Waterfront Project (or any other electricity conservation project) reduces electricity consumption, should we estimate the pollution reduction based on the average generation mix of the grid, or based on coal generation?

A: The real question is this: if you reduce electricity use at any particular time, what type of generation will be cut back? In practice, nuclear units are run flat out, when they are in working order. Hydroelectric units use all available water, although some hydro installations can store water for a period of time. Most of the adjustment for varying load is done with the fossil plants. So the most likely effect of reducing electricity demand is that a coal plant will run less, and coal should be the basis for estimating the pollution reduction.