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Emitters Seek Coordination of GHG Reporting

A growing demand for greenhouse gas data at federal, provincial and even local levels is inspiring an interest in the rationalization of reporting requirements, which may lead to a one-stop shop for those both seeking and submitting information.

In this "watershed year" for discussions about carbon constraint and the associated reporting requirements, "we're already seeing demands by municipal districts for detailed local reporting," says VCR Inc. President Robert Flemington. If all these programs from across the country want emitters to report different data in dissimilar formats, he adds, "there's an argument to be made that we need to find a way to get that information into some kind of a central database."

Ontario's Air Emissions Monitoring and Reporting Regulation, which requires large industrial facilities to report their GHGs, is the first instance of mandatory GHG reporting in the country. Tony Rockingham, Director of the Ontario Ministry of Environment's Air Policy and Climate Change Branch, says emitters demonstrate an understanding that the province needs the data, but are anxious about the added cost it imposes on them. For this reason, Ontario is attempting to harmonize its data collection format with the National Pollutant Release Inventory (NPRI), managed by Environment Canada. For the 2000 reporting year, from which data is currently available, NPRI collected site-specific information on the discharge of 268 substances from about 2000 industrial facilities in the country.

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- Robert Flemington

Ontario's new regulation, which became law one year ago, requires the mandatory tracking and public reporting of 358 air pollutants, including GHG emissions. Rockingham says it will affect about 5000 facilities in the province that must submit their annual reports in June of this year. "We don't want to add to the cost of industry," he says, "but we felt we had to have many more pollutants put on this list. Key pollutants were greenhouse gas emissions, and emissions causing smog and acid rain."

Ontario is setting up an Internet site to facilitate the submission of the data and to make it publicly available. The printed or electronic data will be submitted in a format that also complies with NPRI. In addition, NPRI is studying the possibility of adding GHGs to the list of pollutants it requires Canadian emitters to report, then Ontario could get its GHG data from the national inventory.

"The final decision has not been made," says Rockingham, "but we're working with the NPRI, and it's trying to find a mechanism to require the reporting of greenhouse gases. In the meantime Ontario has its regulation. If the federal government decides not to use the NPRI, we'll still get our data in Ontario."

Ontario is also discussing the possibility of using VCR Inc. to facilitate GHG data management, and the dialogue is

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Winners, accompanied by Environment Minister David Anderson, hold their Leadership Awards following VCR Inc.'s fourth annual awards ceremony, held in Ottawa March 5. For a complete list of award recipients visit VCR Inc. on the Web and check the March *Champion News*: www.vcr-mvr.ca

Baseline Protection Launches Online Services

Registering with the Baseline Protection Initiative has become easier with new Internet services provided by VCR Inc. and ÉcoGÉSte.

The Baseline Protection Initiative (BPI) was devised by Canada's Joint Ministers of Energy and Environment to address possible disincentives to reducing greenhouse gas emissions, and is jointly managed by Natural Resources Canada's Office of Energy Efficiency and ÉcoGÉSte, a bureau operated by Quebec's Ministries of Environment and Natural Resources. If future policy allocates emission rights or reduction obligations based on emissions levels, BPI allows companies to adjust their emissions baselines to include reduction actions. The program, launched in March 2001, has 10 registrants so far.

An Internet registration service has recently been introduced through Web

sites operated by VCR Inc. and ÉcoGÉSte. Online, participants can access critical documents pertaining to the program, submit queries or enter a secure area to modify their information. Public access to registrants' information is available, but limited, and a new manual can be downloaded.

"The reference manual is very important because this program needs to be explained to people," says Anne Boucher, BPI Senior Program Advisor for the Office of Energy Efficiency. "It's like an umbrella. If it rains you need an umbrella, and the same rationale applies to baseline protection. If there is a policy that is based on emission levels you will need baseline protection, but if not then baseline protection becomes irrelevant."

The online registration forms require basic information only. Detailed records must be retained by the organization,

which may later be required to demonstrate its actions are eligible. The key to eligibility is reductions must be implemented after January 1, 1990, on-site at the participant's Canadian operations. The reductions must also reduce emissions intensity, net of increases occurring elsewhere within the organization, and result from an identifiable action. Finally, actions must be measurable and verifiable.

To assist registrants further, says Boucher, the program's managers are working on guidelines this year that will help companies with quantifying and monitoring reductions.

"We're going to develop guidelines to show companies how they can calculate and establish their reductions, so they can demonstrate their reduction is eligible for baseline protection and acceptable to government."

taking place among other provinces, the federal government, VCR Inc. and various industry associations. It has been suggested, says Flemington, reporters add the required data to their annual VCR Inc. reports in a standardized format. This, he explains, could allow VCR Inc. to electronically compile and transfer or store data consistent with the needs of all potential users. Most of the information, depending on the sector, he says, is already being reported to VCR Inc., but not in the level of detail or in the format that could be picked apart and used to create custom reports.

“We feel we’re a good platform on which to build a one-stop shop in terms of getting the information in a format that can be distributed to multiple users,” says Flemington, who would also like to see the increasing demand for GHG information structured as part of the voluntary action plans submitted to VCR Inc.. This, he reasons, would keep the focus “where it belongs” on documenting successful strategies for GHG reduction and setting targets for the future.

“You can set up some kind of mandatory reporting mechanism that gathers historical data, but you cannot mandate clear thinking and forward action to reduce,” says Flemington. “You have to capture and



Flemington ... “we’re a good platform on which to build a one-stop shop”

engage the emitter in a process of understanding its footprint and thinking through actions to reduce that footprint. Emitters are then actively engaged in the process of reducing their GHGs.”

Alberta’s department of environment will also soon require GHG information from emitters, says Bob Mitchell, Director of the province’s Climate Change Strategic Directions Branch. He explains Alberta doesn’t feel the need to “take on” all aspects of data collection but needs access to timely information. The ministry is working on the terms of reference for a consultant to evaluate the needs of Alberta, the federal government and industry, and to advise the province on the best approach to acquire point-source data. In the meantime, Mitchell believes VCR Inc. would “likely be flexible enough” to provide data in a form and to a schedule that meets Alberta’s needs. He also points out the province, as a board member and funding partner, has a seat at VCR Inc.’s table.

“We would be concerned that an agency of another government would not have that same service orientation,” says Mitchell. “Besides, if we are headed toward an emissions trading program, there is going to be a need for a central national registry of emissions data and credit information.”

Some Canadian industry associations are also warming to the idea of VCR Inc. becoming a national collection and distribution centre of GHG data. Ilona Berbekar, Vice-President of the Canadian Energy Pipeline Association (CEPA), says industry participants are debating the “public’s right to know,” and among some stakeholders in this widening discussion there is “angst” about the voluntary nature of VCR Inc. becoming involved in a mandatory process. CEPA, however, has made up its mind.

“We’re saying let’s use a pre-existing process and modify it accordingly as opposed to reinventing the wheel,” she says. “I think VCR Inc. can be modified nicely to accommodate the types of greenhouse gas reporting being contemplated right now. Several layers of reporting could create confusion instead of clarity, and I think the intent here is to increase public information and clarity.”



Conferring honours for leadership at VCR Inc.’s March ceremony, Environment Minister David Anderson congratulated winners for “helping to build the business case for reducing greenhouse gas emissions.” He also praised them for encouraging a market for environmental products and innovations, and leading by example. “You didn’t choose between growth and greenhouse gas reductions. You are achieving both,” he said. “This is the promise of sustainable development - a promise that can be fulfilled.”



VCR Inc. Chair Michael O'Brien also addressed the audience at the March ceremony. He explained the engagement of registrants and the depth of their reporting have increased, and affirmed that the voluntary challenge is working. “The policy framework and debate for GHG reduction is playing out as we speak, and it’s a fierce debate,” he said. “But I have been impressed how the almost 800 companies reporting in the Registry aren’t waiting for policy but remain engaged in reducing their GHG footprint and improving their energy efficiency.”

Voluntary Reduction Agreements May Shape GHG Regulation



O'Brien ... "covenants should be part of the policy mosaic."

Voluntary covenants, in the midst of regulatory uncertainty and disagreement, may be the bridge governments, environmental groups and industry use to reach a broadly accepted solution to the problem of greenhouse gas management.

In Europe, Australia, the US and Canada, companies are voluntarily signing, or contemplating entering into, individual agreements with government to accomplish environmental objectives. The notion isn't new, voluntary covenants can be traced back to the Netherlands, where in 1989 the government prioritized environmental ends over regulatory means with its National Environmental Policy Plan. Now it's beginning to show promise as one solution to the problem of climate change in Canada.

Last summer, the New Directions Group (NDG), a forum that draws on the expertise of leading industry and environmental groups to think through divisive environmental problems, published a template for the application of voluntary covenants to reduce GHGs. The group believes that if business and environmental leaders find common ground, says NDG Coordinator Paul Griss, they'll help bring about change faster than existing policy processes.

"What we're talking about is a voluntary agreement between business and government for the management of greenhouse gas emissions for which there are very real performance expectations and very real consequences if you don't make it, and very real rewards if you do," says Griss.

What covenants in general can do, he says, is demonstrate what can be done. A handful of industry leaders voluntarily entering into a covenant prove how an environmental goal can be achieved in a cost-effective manner. Then, the theory is, government can apply regulation or other policy

instruments to entire industry sectors based on its experience.

One of the things that give credence to NDG's thinking is the endorsement of the environmental groups that take part in its work. Ken Ogilvie, Executive Director of Pollution Probe, has worked with NDG. He says Pollution Probe approves of the concept, but the real test will be the individual covenants when they arise.

"I'd like to see voluntary covenants work, and I want to see the leadership," says Ogilvie. "I also want to try them because if they don't work, even when you work with leaders, then you know with some certainty what tools to apply. Then we can end the debate and get on with regulation if that's the way we have to go. I think there are big stakes in this for industry, more so than for anyone else."

Ogilvie believes voluntary covenants may attract GHG emitters that perceive an opportunity or a threat. The threat is the potential of government regulation. A few of the opportunities are public recognition, employee motivation and community goodwill, but that's not enough. "Companies looking at covenants, where you make serious targeted commitments and report to the public, need to get the benefit. If governments are not prepared to remove the barriers, present the opportunities or put the incentives in place, industry is not going to respond."

Sue Kirby, Assistant Deputy Minister of Climate Change with Natural Resources Canada, says the federal government has been exploring voluntary covenants. Because they're individually negotiated agreements she is reluctant to offer examples, but suggests the cost-sharing of technology development or exemptions from taxes or other charges are examples of the incentives government can offer.

"If the negotiations are really successful," says Kirby, "I think there may be instances where it could almost replace regulation or become a quasi-regulation itself, but one negotiated rather than imposed by government. So I see it as something that

might be quicker. I see it also as something that might be more flexible because it's a negotiated approach. It could be more tailored to the kind of possibilities that both industry and government may see."

The best indication of the potential of GHG covenants can be seen in the success of NDG's earlier work, on which the GHG template is based. In 1997 it published a how-to guide on using voluntary initiatives to achieve generic environmental policy objectives. Now a number of voluntary covenants modelled on that proposal are appearing, including a broadly offered program in Ontario that seeks "cooperative agreements" with companies willing to achieve "environmental performance targets," and a covenant between aluminum producers and the province of Québec. Griss says NDG decided to focus on climate change because that's where it saw the most immediate application of its initial work. Based on components of NDG's GHG template, VCR Inc.'s Champions In Action initiative (CIA) is attempting to test drive voluntary covenants.

VCR Inc. Chair Michael O'Brien, who is also Suncor's Vice-President of Corporate Development, says 15 companies, all corporate leaders in GHG reduction, are working on contracts they intend to sign individually with VCR Inc. While VCR Inc. can provide no policy incentive, and the contracts will not be legally binding, the agreements will have declared performance targets that the company will try to operate with. O'Brien believes there may be a lot of appetite for companies and industries to sign voluntary covenants with government "in lieu of a carbon tax" because they're "more pragmatic and policy driven."

"What we're trying to do is say let's take voluntary action, which has no commitments at all, and ask whether it can be more contractually driven," he says. "It was never expected and government has never given us any indication that this is where it's prepared to go. But conceptually, I think voluntary covenants should be part of the policy mosaic, and we're working on it."