

Greenhouse
Gas Emission
Reduction
Trading Pilot



First Wind Power Emission Trade Registered by GERT
Emission reductions created by wind energy - displacement of thermal

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Vancouver, BC - The first emission trade involving a wind energy project in Canada has been registered today through the Greenhouse Gas Emission Reduction Trading (GERT) Pilot, announced Warren Bell, GERT Pilot Manager. Details on the trade between Calgary's ENMAX Corporation and the Government of Canada are available on-line at <http://gert.org>

In 1997, Vision Quest Windelectric Inc. installed two 600 kilowatt wind turbines at Belly River and Castle River in Alberta. The wind turbines are connected to the Alberta Interconnected Electric System, and the power they generate reduces greenhouse gas emissions by displacing other sources of electricity – primarily coal thermal plants. The wind power and the emission reductions were purchased by ENMAX Corporation, Calgary's electricity utility, and in turn re-sold to the final buyer, the government of Canada (Environment Canada and Natural Resources Canada).

“Participating in the GERT pilot will help raise awareness with other organizations that ‘green power’ is a viable and measurable way to reduce CO₂ emissions,” said Sean Durfy, Vice-President, ENMAX Corp. “As a result of the response we received to this pilot, ENMAX initiated its Greenmax Program, which was the first in Canada to offer residential customers the opportunity to buy ‘green power.’ Greenmax is being expanded this year to include an offer for commercial customers to complement the existing offer to residential customers.”

GERT reviews and registers projects that have been traded, as well as the annual emission reductions generated from those projects. GERT has registered this ENMAX project, along with 427 tonnes of emission reductions generated in November and December of 1997 on behalf of Environment Canada. Both government ministries have ten year agreements with ENMAX through which they expect to realize the approximately 2,700 tonnes of emission reductions per year.

“This action recognizes the significant value of wind energy to produce tradable emissions reductions,” said Fred Gallagher, Managing Director of Vision Quest Windelectric Inc., the company that produced the wind generated electricity for this trade. “This is also a landmark step in affirming that there is a developing market for trading in emissions reductions, particularly ones that are transparent, tangible, well documented, and result in actual emissions reductions.”

“I congratulate the GERT pilot for the achievements in real, verifiable greenhouse gas emissions reductions. We support the GERT pilot on emissions trading. We consider domestic emissions trading to be a potentially powerful option for meeting our climate change goals,” said Environment Minister David Anderson. “The Alberta project will help us assess national policy options for the future.”

“Clean renewable energies like wind are important in addressing climate change, and the Government of Canada is committed to increasing the use of green power in addressing emissions from federal operations,” said Ralph Goodale, Minister of Natural Resources Canada. “We look forward to continued cooperation with the private sector to come up with innovative ways to meet the climate change challenge.”

The GERT Pilot is a collaborative effort between a number of provincial and federal government agencies, industry associations, environmental organizations, and other non-governmental agencies. GERT’s objective is to learn about emission reduction credit trading by working with actual trades. Emission reductions generated from trade matched projects will be submitted annually for registration to GERT and posted on Canada’s Climate Change Voluntary Challenge and Registry Inc.’s Canadian GHG Credit Registry.

- 30 -

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GERT Backgrounder

Overview

In an effort to reduce the risk of future climate change, Canada and more than 150 countries reached agreement in December 1997 on the Kyoto Protocol which sets binding limits on greenhouse gas (GHG) emissions from industrialized countries.

Canada's target is to achieve, by 2008-2012, a reduction in average annual GHG emissions to six per cent below 1990 levels. Canadian governments, industry, environmental groups and other stakeholders are now exploring options to reduce GHG emissions.

One GHG management option - emission trading - is being explored through the Greenhouse Gas Emission Reduction Trading Pilot (GERT). Launched by a multi-stakeholder partnership in June 1998, the Pilot will provide practical experience with this market-based approach.

An emission reduction trading system provides industry, governments and other organizations with the opportunity to buy and sell emission reductions. By encouraging investment in lower-cost reductions, this approach has the potential to help Canada meet GHG reduction targets at a reduced overall cost.

More on GERT

The GERT Pilot Project is a collaborative effort that currently involves eight provincial and federal government agencies, one regional government, seven industry associations and four environmental and other non-governmental agencies.

The Pilot was launched in June 1998 with a memorandum of understanding (MOU) between the government members in which they set out the objective of learning about emission reduction credit trading by experimenting with actual trades. It is currently scheduled to continue until December 31, 2001.

The GERT Pilot reviews both traded projects, where a buyer and a seller of emission reductions have been identified, and offers to sell, where a buyer has not yet been identified.

The GERT Pilot operates under the direction of a Steering Committee, which oversees the work of a Technical Committee. The Technical Committee developed the documents and systems for the review and evaluation of GHG emission reduction projects that are the subject of trades. The Technical Committee reviews projects to evaluate whether :

- the project results in actual emission reductions from a baseline, taking into account effects on emissions elsewhere,
- the emission reductions are measurable and verifiable, and
- the reductions are over and above what is required by law.

The federal and provincial governments are currently working through the National Air Issues Coordinating Committee on Climate Change to develop strategies and policies for meeting Canada's international climate change commitments. Emission reduction trading is currently being examined as a potential tool to help Canada meet its Kyoto commitment. It is widely believed that trading can help reduce the social cost of reducing GHG emissions by allowing the market system to direct capital towards the least costly methods of reducing GHG emissions.

Offers to sell and trade-matched project applications are posted at GERT's website <http://gert.org> as are the Pilot Rule and other pilot documents.

- 30 -

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