

# CARBON PRICING

## ARE YOU READY FOR CARBON COSTS IN 2017?

Carbon costs have arrived in Ontario. In January of 2017, the government of Ontario introduced a carbon cap and trade program designed to fight climate change by incentivizing the reduction of Greenhouse Gas (GHG) emissions.

## WHAT SAVINGS OPPORTUNITIES DOES THE CAP AND TRADE PRESENT?

As of January 1, 2017, natural gas customers have been paying a carbon levy of approximately 3.3 cents/m<sup>3</sup> to their gas utility as a result of the cap and trade program.

Facilities that emit more than 10,000 tonnes of CO<sub>2</sub> per year (roughly 5 million cubic metres of natural gas) are eligible to “opt in” to the cap and trade market. Voluntary participation can significantly lower carbon costs. For example, a facility that uses about 10 million cubic metres of natural gas per year (emitting 20,000 tonnes annually) would avoid over \$1M in carbon costs between 2018 and 2020 by opting in.

If your facility emits less than 10,000 tonnes of CO<sub>2</sub> per year, you can still reduce carbon costs by improving efficiencies onsite. Common GHG emissions reduction methods:

- ✓ Replace outdated boilers, improve maintenance process, new technologies
- ✓ Switch to fuels with a lower carbon footprint, e.g. diesel to natural gas



EMISSIONS OF CO <sub>2</sub>	CARBON LEVY	CARBON MARKET
<p><b>Less than 10,000 tonnes</b> (less than 5 million m<sup>3</sup> of natural gas per year)</p>	<ul style="list-style-type: none"> <li>✓ Pays a carbon levy to gas distributor of approx. 3.3 cents/m<sup>3</sup> of natural gas</li> </ul>	<ul style="list-style-type: none"> <li>✓ Cannot participate in the carbon market</li> </ul>
<p><b>Between 10,000 and 25,000 tonnes CO<sub>2</sub></b> (Example is for 20,000 tonnes - roughly 10 million m<sup>3</sup> of natural gas per year)</p>	<ul style="list-style-type: none"> <li>✓ Mandatory submission of GHG report (June 1, 2017)</li> <li>✓ Pays a carbon levy to natural gas distributor of approx. 3.3 cents/m<sup>3</sup></li> <li>✓ Locked-in 2017 carbon costs of \$360,000</li> <li>✓ Additional \$1,050,000 in carbon costs between 2018 and 2020</li> </ul>	<ul style="list-style-type: none"> <li>✓ Mandatory submission of GHG report (June 1, 2017)</li> <li>✓ Can opt into the carbon market starting in 2018</li> <li>✓ Eligible for free allowances for majority of emissions</li> <li>✓ Estimated carbon costs of \$50,000 between 2018 and 2020</li> <li>✓ Save \$1 million over 3 years by opting in!</li> </ul>
<p><b>Over 25,000 tonnes</b> (over 13 million m<sup>3</sup> of natural gas per year)</p>	<ul style="list-style-type: none"> <li>✓ No carbon levy - must participate in the carbon market</li> </ul>	<ul style="list-style-type: none"> <li>✓ Mandatory submission of verified GHG report</li> <li>✓ Eligible for free allowances for majority of emissions</li> </ul>



## REPORTING AND COMPLIANCE

To stay in compliance in 2017, all companies emitting more than 10,000 tonnes of CO2 last year will need to submit a GHG report by June 1. Those wishing to save on carbon costs must opt in and apply for free allowances by September 1. It's best to take a long-term approach to creating a compliance strategy, taking into consideration the following factors:

- ✓ Program Rules
- ✓ Current Requirements
- ✓ Quarterly Auction Strategies
- ✓ Purchasing of Allowances
- ✓ Investigating the Potential to Purchase and Generate Offsets
- ✓ Projected Energy Use and Associated Emissions to 2020

CONTACT US FOR YOUR  
FREE CARBON SAVINGS  
CONSULTATION

## TALK TO AN EXPERT!

Spark Power offers an extensive range of services to help guide you as the cap and trade program and policies evolve and details continue to emerge:

- ✓ **Carbon account setup:** Developing and submitting 2016 GHG report using updated reporting guideline (June 2017), facilitating 3rd party verification, applying for 2018 free allowances (September 2017)
- ✓ **Cap and trade opt in and cost analysis:** Customized analysis based on assumptions and scenarios for carbon prices, policy risk, changes in facility energy efficiency and emissions
- ✓ **Carbon dashboard:** Monthly market and policy updates, quarterly facility briefings, annual carbon compliance reporting, and priority access to a carbon support network
- ✓ **Cap and trade market:** Carbon account representation, purchasing allowances at auction (quarterly), selling and/or purchasing allowances and offsets (up to 8% of emissions) in the secondary market
- ✓ **Carbon strategy and access to funding:** Access to accurate and timely carbon expertise and advice, input on corporate and climate change strategies and plans, accessing provincial and federal carbon programs and funding

## ABOUT SPARK POWER CORP.

Spark Power Corp delivers technical innovation, asset management, project development, maintenance, service, and operational support to the renewable energy sector and industrial, commercial, and institutional ("ICI") and utility markets. Headquartered in Oakville, Ontario with branches in Barrie, Belleville, Blenheim, Brampton, Cambridge, Chatham, Hamilton, Markham, Mississauga, New Liskeard, Perth, Peterborough, Tillsonburg, Stoney Creek, Vaughan and Whitby, the company has over 400 employees and 4,500 customers across Ontario. For more information, please visit us at: [www.sparkpower.ca](http://www.sparkpower.ca)



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