

SUBJECT: CARBON FUND POLICY

1. BACKGROUND

The B.C. Climate Action Charter was developed to encourage local governments to make their operations carbon neutral by 2012, to measure and report on their community's emissions, and to work towards creating more compact, complete, energy efficient communities. Dawson Creek is amongst the signatories of the Charter and is committed to being carbon neutral in its municipal operations by 2012. In early 2009, the Corporation of the City of Dawson Creek [hereafter "the City"] completed its plan, *On the Path to Carbon Neutral*, which lays out a plan to achieve this commitment. The plan recommended the creation of a Carbon Fund that would be used to fund the City's emission reduction projects.

The City is committed to identifying and implementing emission reduction opportunities to reduce their overall emissions and to minimize their offset liability *first*, and then to purchase offsets. The establishment of a Carbon Fund allows the City to earmark a set amount per tonne of emissions (set at \$100 per tonne to start) to be used to implement emission reduction projects. This fund may also be used to finance projects that will lead to emission reductions (such as research and education) but may not be used to purchase offsets. Offset purchases are covered under the Offset Purchasing Policy.

2. RATIONALE

- In order to reduce both corporate and community emissions, and to comply with the commitments under the Climate Action Charter, the City will identify and implement emission reduction opportunities. This policy will ensure that there is a dedicated fund to finance the City's emission reduction projects.
- This policy will ensure that emission reduction projects funded through the Carbon Fund are prioritized according to stringent criteria to ensure that the projects funded result in real emission reductions and encourage other environmental, social and economic 'co-benefits'.

3. POLICY OBJECTIVES

- To formalize the City's preference for real reduction in its own corporate emissions over the purchase of offsets.
- To ensure that there are dedicated funds to study and implement the City's emission reduction projects.
- To ensure that the City is implementing high-quality emission reduction projects that result in real reductions in GHG emissions and have other environmental, economic, and social co-benefits, at an appropriate price.
- To set a high standard for the development and implementation of Carbon Funds in B.C. local governments.

4. FUND PURPOSE

The City will invest into the Carbon Fund [hereafter “the Fund”] in order to fund CO₂e emission [hereafter “emission”] reduction projects in Dawson Creek.

5. FUND MANAGEMENT

5.1. FUND INVESTMENT

5.1.1. INITIAL INVESTMENT PER TONNE

The initial investment per tonne of emissions shall be \$100. The City will contribute the CARIP rebate, plus a contribution from the City’s general funds to total \$100 per tonne.

5.1.2. INVESTMENT TIMING

The City shall annually invest in the Fund according to the annual emissions inventory completed by the City.

5.1.3. INVESTMENT INCREASES

Each year, the investment per tonne shall increase by \$5 per year, or in accordance with increases to the B.C. Carbon Tax, whichever is greater.

5.2. RELATION TO OFFSETS

Beginning in 2012, the City will be required to purchase offsets to meet the City’s carbon neutral commitment under the Climate Action Charter. The Carbon Fund will not be used to finance offset purchases, as the priority is to finance corporate emission reduction projects.

5.3. TRANSPARENCY AND MONITORING

5.3.1. Project performance and emission reductions will be monitored, where possible. Project Managers will be responsible to provide an annual emissions profile for their project in accordance with the internationally recognized methodology used by the City.

5.3.2. Project performance and emission reductions will be publicly reported, annually.

6. PROJECT CRITERIA

The following criteria should be used to guide funding decisions and project selection.

6.1. PROJECT PRIORITIZATION CRITERIA

6.1.1. CORPORATE EMISSION REDUCTION PROJECTS ARE THE FIRST PRIORITY
Projects that directly reduce corporate emissions should be considered first for fund allocation use.

6.1.2. *PROJECTS THAT SUPPORT CORPORATE EMISSION REDUCTIONS*

Projects that support emission reductions, such as research, education and reports should be considered second for fund allocation use.

6.1.3. *PROJECTS THAT SUPPORT COMMUNITY EMISSION REDUCTIONS*

Projects that reduce community-scale emissions can be considered, but the emission reductions cannot be counted against Dawson Creek's Corporate Emissions Inventory unless the project complies with Section 6 of the *Offset Purchasing Policy*.

6.2. EMISSIONS REDUCTION CRITERIA

6.2.1. *EMISSION REDUCTIONS FROM THE PROJECT MUST BE REAL AND MEASURABLE*

Emission reductions must be real and measurable in accordance with the internationally recognized emission measurement methodology used by the City.

6.2.2. *EMISSION REDUCTIONS FROM THE PROJECT MUST BE PERMANENT*

Emission reductions must be permanent so that the stored or avoided carbon is never released back to the atmosphere. Preference should be given to energy efficiency and conservation and renewable energy technologies that result in a decrease in fossil fuel consumption.

6.2.3. *PRIORITY TO BE GIVEN TO PROJECTS WITH HIGH EMISSION REDUCTION POTENTIAL*

When comparing potential projects, priority should be given to projects that have the greatest potential to reduce the most emissions in absolute terms.

6.3. SOCIAL CRITERIA

6.3.1. The project should be acceptable to the local community. Fund managers should consider whether projects will be accepted by the general public and use public consultation processes where appropriate.

6.3.2. Priority should be given to projects that are easily replicated, and have a high potential for broader implementation.

6.3.3. Projects must be in line with the City's Climate Action Priorities.

6.4. ENVIRONMENTAL CRITERIA

6.4.1. *THE PROJECT SHOULD AVOID SIGNIFICANT ENVIRONMENTAL HARM*

Some renewable energy projects, while reducing greenhouse gas emissions, have significant effects on other environmental services. All environmental benefits and drawbacks need to be considered.

6.4.2. *THE PROJECT SHOULD HAVE ENVIRONMENTAL CO-BENEFITS*

Examples of environmental co-benefits include: reduced air contaminants, climate adaptation improvements, improved water quality and wildlife.

6.5. FINANCIAL CRITERIA

6.5.1. Priority should be given to projects that can deliver the greatest emission reductions per dollar invested.

6.5.2. Priority should be given to projects that have economic co-benefits. Ideally, an emission reductions project will have other co-benefits such as job creation.

6.5.3. Priority should be given to projects that have the potential to leverage additional funding.

7. POLICY EVALUATION

This policy should undergo regular evaluation every 3-5 years to ensure that it is in line with the City's overall climate and sustainability objectives. This policy should be evaluated regularly to ensure that it is enabling the City to move towards its goals.

APPROVED BY COUNCIL:

DATE: June 28, 2011

AMENDED:

DATE: November 5, 2012