

## **THE GLOBE AND MAIL**

# **Calculating the toll your business takes; A chartered accountant or professional engineer may be needed to ensure compliance with greenhouse-gas reporting standards**

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In the coming months, an increasing number of small- and medium-sized business operators may find that they are required by law to calculate their facility's carbon footprint.

As federal reporting thresholds come down, more businesses will need to calculate their greenhouse-gas emissions, says Nelson Lee, an engineer with Keystone Environmental Ltd., an environmental engineering firm based in Burnaby, B.C.

"For most companies this includes your operation's total consumption of fossil fuels and electricity used in production, heating, air conditioning and lighting, some forms of transportation, daily commuting and business travel, as well as purchases of everything from raw materials to office supplies," says Mr. Lee, a recognized greenhouse gas verifier.

Depending on the facility, a multitude of additional components will need to be included such as hydrofluorocarbons and perfluorocarbons, found in refrigeration and air-conditioning equipment, and SF6s, commonly used in high- voltage electrical equipment, he adds.

Up to now Canada's federal reporting regulations required that only about 1, 000 companies across Canada formally report their greenhouse-gas emissions, he says. But as of July, when reporting thresholds were cut in half to 50 kilotonnes, he estimates that about 3,000 Canadian companies will have to formally report their greenhouse-gas emissions by June 1, 2010.

Climate-change regulation watchers believe the federal government's 50- kilotonne reporting cutoff is merely a temporary one and that it may go lower.

In fact, business owners might find themselves in a Catch-22 situation. They may have to calculate their facility's greenhouse-gas emissions simply to determine whether they are exempt from reporting.

Julie Desjardins, an adviser on climate-change reporting matters to the Canadian Institute of Chartered Accountants, explains that the Harper government is carefully watching the development of climate-change policy in the United States before tabling any further climate policy at home.

If the U.S. Senate passes the Waxman-Markey bill - an add-on to the American Clean Energy and Security Act - there may be major implications for Canadian exports to the United States.

Ms. Desjardins says that as greenhouse-gas reporting thresholds continue to plummet, most Canadian companies will be affected, either directly or indirectly.

Mr. Lee agrees, noting that if the Waxman-Markey bill is enacted, it will likely lower the EPA's mandatory reporting threshold to 25 kilotonnes. "At this number many small- and mid-sized companies will find themselves absorbed into this new reporting bracket."

In his home province of British Columbia, he says the provincial government is already proposing a 10-kilotonne reporting threshold.

Corinne Pohlmann, vice-president of national affairs for the Canadian Federation of Independent Business, says that few small- and medium-sized businesses understand what a 50- or 25-kilotonne carbon dioxide equivalent represents.

"Unfortunately most of our members are misled by these huge tonnage numbers, believing that such numbers could only be produced by multinational Fortune 500s," says Ms. Pohlmann, adding that the CFIB has been asking governments to incorporate flexibility into climate regulations to make it easier for small- and medium-sized businesses to comply.

Depending on the nature of a company's operations, it may not be directly affected by climate-change regulations, says Wendy Potomski, vice-president in PricewaterhouseCoopers' Climate Change and Sustainability Practice. However, it might still need to provide a report to customers who are required to report or who simply choose to do business only with suppliers that provide such reports.

Business owners shouldn't look at it as a hindrance, she says, but rather as a valuable exercise to identify strengths and weaknesses in their operations.

Ms. Potomski adds that business owners can turn to a variety of sources including climate-change specialists, online calculators and tools on government websites as well as software packages to assist them in calculating their facility's carbon emissions.

Additionally, governments are offering an array of tax incentives, funding programs and rebates geared to small and mid-sized businesses. Information about these incentives can be found on Industry Canada's website as well as PricewaterhouseCooper's website: <http://www.pwc.com/ca/greenincentives>.

**Sustainable Development** Technology Canada also offers grants to small- and medium-sized businesses for developing clean technologies at <http://www.sdte.ca>.

Both the engineering and accounting professions are preparing for what may become a mad rush for experts in these fields to assist Canadian businesses trying to adapt to a carbon-constrained economy.

Mr. Lee says there simply aren't enough engineers in Canada today to meet the expected needs. Ms. Desjardins adds that chartered accountants will also be facing new responsibilities and may require additional education.

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## GOING LOWER

More businesses will need to calculate their greenhouse-gas emissions - and the threshold is getting lower.

100 kilotonnes

Prior to July 11, 2009, the federal government required any facility that emits 100 kilotonnes or more of carbon dioxide equivalent to annually file a formal report of their emissions with Statistics Canada.

50 kilotonnes

As of July 11, 2009, this 100-kilotonne reporting threshold was reduced to 50 kilotonnes annually and the subsequent report is to be filed with Environment Canada on or before June 1, 2010.

10 kilotonnes

The British Columbia government is proposing a 10-kilotonne reporting threshold.

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