



City of Richmond

Report to Committee

To: Public Works and Transportation Committee **Date:** November 6, 2012
From: Cecilia Achiam
Interim Director, Sustainability and District Energy **File:** 01-0370-01/2012-Vol 01
Re: **Proposed Climate Smart Program – Facilitating Climate Action by Richmond Businesses**

Staff Recommendation

That the City supports the delivery of the Climate Smart Program as presented in the attached staff report dated November 6, 2012 entitled “Proposed Climate Smart Program – Facilitating Climate Action by Richmond Businesses”.

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REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
REVIEWED BY SMT SUBCOMMITTEE	INITIALS:
REVIEWED BY CAO	INITIALS:

Staff Report

Origin

By participating in the Climate Smart Program, the City can capitalize on an opportunity to support the Richmond business community in reducing greenhouse gas emissions (GHG). This initiative supports the following Council Term goals pertaining to sustainability and economic development:

- Council Term Goal #8.1: *“Continued implementation and significant progress towards achieving the City’s Sustainability Framework, and associated targets.”*
- Council Term Goal #3.2: *“Foster a collaborative economic development culture within the City where the City and businesses are working together to build on and seize opportunities in a faster, more efficient manner, with critical mass.”*

Background

According to a recently released Carbon Disclosure Project Global 500 Report¹ climate change has climbed the boardroom agenda of major corporations. Recent extreme weather and natural events have increased attention being directed at climate change risks. Risks associated with climate change are being viewed as tangible and present, impacting companies’ operations, supply chains and business planning. 2012 has seen a 10% increase year-on-year in companies integrating climate change into their business strategies (2012: 78%, 2011: 68%), contributing to a 13.8% reduction in reported corporate greenhouse gas emissions. However, while some companies are demonstrating an awareness of the strategic opportunities associated with acting on climate change, few are setting the necessary targets required to ensure their long-term resilience and many are facing challenges justifying the business case for low carbon investment.

The Climate Smart Program (“Climate Smart”, “Program”) is offered in the Lower Mainland by a social enterprise (a for-profit organization that puts social aims first rather than maximizing profits for external shareholders). The Program builds capacity to enable local businesses to reduce their emissions, cut costs and make greater contributions towards a resilient economy. It provides professional development, tools and technical support to enable companies to complete a credible inventory of their energy use and greenhouse gas (GHG) emissions and take strategic action to reduce unnecessary consumption of fuel, electricity, materials and waste. These actions cut business costs and reduce GHG emissions.

Climate Smart is directed at small and medium-sized businesses (SMEs). For many SMEs, time and human resources constrain their ability to become familiar with and act on the mass of information pertaining to GHG management. Engaging external expertise is often too costly and can fail to embed practices within an organization. A key focus of the Program is building the internal skill base necessary for continuing GHG management within organizations. Since 2008, Climate Smart has worked with over 650 businesses who collectively have achieved GHG emission reductions of over 660,000 tonnes. Emissions reductions vary significantly

¹ The Carbon Disclosure Project Global 500 report provides an annual update on greenhouse gas emissions data and climate change strategies at the world’s largest public corporations. It is produced on behalf of 655 institutional investors representing \$78 trillion in assets. (Carbon Disclosure Project: *Business resilience in an uncertain, resource-constrained world* (September 2012))

depending on the business sector. Organizations which are carbon-intensive, such as manufacturers and transport-related businesses, can achieve significantly higher reductions than office-based businesses. The program's historic average has been around 780 tonnes per business. Increased resource efficiency taken to achieve these emissions reductions means reduced operating costs. While a range of reduction strategies are employed, including capital-intensive programs such as lighting and other equipment retrofits, most participating businesses have focussed on lower-cost action initiatives such as behaviour-based programs (e.g., driver education programs, "turn-it-off" campaigns, etc.) and third-party contract changes to source more sustainable suppliers. The most common areas of focus are waste diversion, paper use and staff commuting.

The Program consists of:

- three training workshops which help organizations undertake their energy and GHG emission inventories and provide business case analyses for alternative reduction actions
- follow-up with implementation;
- access to online GHG management software;
- up to 10 hours of technical support per business, including external expert review of the first year's data and methodology; and
- provision of a Climate Smart business seal for a year.

For 10-12 businesses, the total program cost is \$15,000-\$25,000 for a one-year term. The price ranges because the cost per business varies in accordance with its size. The Climate Smart Program is currently sponsored by the Pacific Carbon Trust (\$5,000) and Fortis BC (\$3,000). To be delivered in Richmond, the City of Richmond would need to contribute \$5,000. Participating businesses would pay differing contributions based on their size, ranging from \$250 -\$1,000 per business. Based on historical averages, a business achieves \$11,000 in ongoing savings from participating in the Program. Because the type and extent of reduction strategies employed varies widely with each business, the range observed to-date has been anywhere from \$0 ->\$100,000 in ongoing savings.

Business recruitment would be conducted based on collaborative efforts between the City and Climate Smart. The City will work with Climate Smart on developing appropriate targeting criteria for business recruitment (e.g., business carbon intensity, clustering opportunities, etc.) and will assist in increasing awareness of the opportunity through City communication channels. Recruitment will be conducted by Climate Smart.

Analysis

As part of its overarching Sustainability Framework, Richmond Council adopted GHG emission reduction targets of 33% reduction by 2020 and 80% reduction by 2050. The City has been advancing numerous initiatives which not only reduce GHG emissions but contribute to multiple sustainability objectives (e.g., resilient economy, affordable communities, reduced resource consumption, local agriculture and food, etc.).

Recent achievements include:

- updating the Official Community Plan with climate change and other sustainability policies which support GHG emission reduction (e.g., energy policies, alternative transportation polices, land-use policies encouraging compact and complete communities, etc.),
- building a District Energy System in the West Cambie neighbourhood,
- implementing and delivering the City's GreenCan program and other recycling services, and
- in partnership, delivering the Climate Change Showdown that engages Richmond students in climate action.

The City is also working towards carbon neutrality in its own corporate operations and is developing its first Community Energy and Emissions Plan (CEEP) to measure success/progress made to-date and identify further strategic action for reducing community-wide GHG emissions.

Emission reductions needed to achieve a stable climate are significant and require action across all sectors of society. As a partnership initiative with existing seed funding, the Climate Smart Program provides a cost-effective opportunity to engage and support local businesses in climate action. The Program also provides additional benefits that extend beyond GHG emission reduction such as helping businesses identify efficiencies, decrease operating costs and reduce vulnerability to resource price fluctuations. In addition, by increasing awareness and understanding of climate change, the Climate Smart Program can help build business resiliency and adaptability.

The Program also offers a potential opportunity to gain compensation credits for the City and thereby, support the City's carbon neutral efforts. At an average of cost of \$25 per tonne of GHG reduced per business, the Climate Smart Program offers a strong opportunity to achieve cost-effective compensation credits. Meaningful compensation credit would ultimately depend, however, on the scale of program delivery. Should the City proceed in supporting the delivery of Climate Smart, City staff will work with Climate Smart and other partners to explore means for establishing credits.

Recommended Action

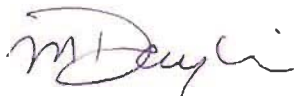
It is recommended that the City support the delivery of the ClimateSmart program by contributing \$5000 to support the engagement of 10-12 businesses. Results from the program will be brought back to Council to support future program decision-making.

Financial Impact

The cost for the City to support the Climate Smart program for 10-12 businesses is \$5000. There is no impact to the City's budget as funds would be provided by the City's existing Economic Development budget.

Conclusion

Unmanaged climate change is projected to result in significant impacts to businesses and communities. The City of Richmond is working in partnerships to reduce community GHG emissions, contribute to greater climate stability and mitigate projected adverse impacts. This report presents an opportunity for the City, in partnership with others, to support Richmond businesses in cutting their GHG emissions, reducing operating costs and increasing business resiliency.



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