

## EPCOR DISTINGUISHED LECTURE

# Emission trading fight won: expert

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CALGARY HERALD

**A** U.S. energy expert says Canada's oilpatch is fighting "last year's war" in its battle to stop the Kyoto accord and the trading of emissions credits.

Peter Fusaro, founder of New York-based Global Change Associates, said with or without Canada's signature on the Kyoto protocol, the world is moving toward a broad market for reducing greenhouse gas emissions.

"To really be arguing about greenhouse gases today, people are fighting last year's war," said Fusaro, who is speaking in Calgary tonight at the annual Epcor Distinguished Lecture.

"It's a done deal... a market-based incentive mechanism is already in place."

Such markets — where companies or countries are given credits for reducing emissions which can be traded or sold — are a key part of Canada's backing of the Kyoto accord on climate change.

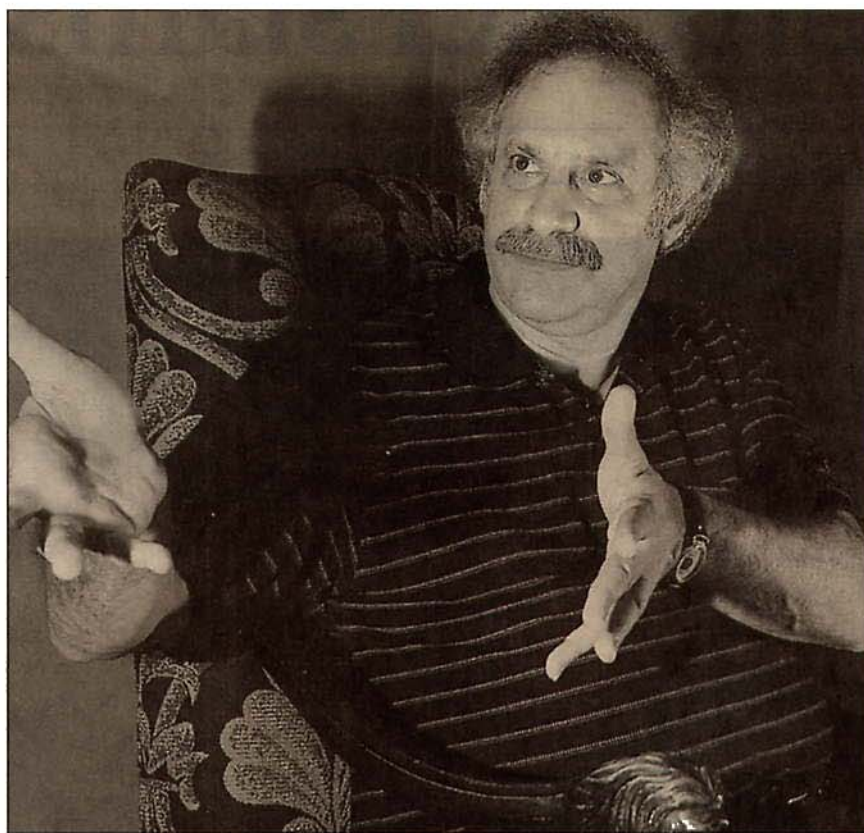
Under the agreement, Canada must cut emissions to six per cent below 1990 levels within the next decade.

But the controversial idea of trading credits has drawn the ire of some leaders in the energy sector, including Gwyn Morgan, chief executive of EnCana Corp., Canada's largest independent oil company.

Morgan called the creation of such markets "the worst cancer that we could put into this economy," forcing energy companies to pay for their oil and gas production by requiring them to buy credits.

Yet the energy sector is not united on the matter.

Companies such as the Royal Dutch/Shell Group, BP Amoco and TransAlta Corp. are already involved in



Ted Jacob, Calgary Herald

**Peter Fusaro of Global Change Associates suggests Canada may not be at a disadvantage to the United States if it signs the Kyoto protocol.**

the buying and selling of carbon credits.

The federal government meets with provincial deputy ministers of energy today to discuss how a domestic market for emissions trading can be built by the time Canada's Kyoto commitments come into effect.

Ottawa has pledged to sign the accord by the end of this year.

Despite concerns among industry groups that Canada is being rushed by Prime Minister Jean Chretien to sign the deal without having a plan in place, Fusaro said a working emissions trading market is possible before 2012.

"Realistically, most of the world won't be there until 2005. Canada will be there faster," Fusaro said in an interview.

Most scientists believe greenhouse gases have led to global warming, although some contend the evidence is inconclusive.

Fusaro said even though U.S. President George W. Bush has refused to give his country's support to Kyoto, several American states — including California and Texas — have already created emissions markets.

Emissions trading in California has been used to encourage the curbing of

sulphur dioxide production and other contributors to smog and acid rain.

"Canadians feel they will be at a disadvantage to the U.S., with it not being part of Kyoto, but that may not be true," said Fusaro.

"Along with individual states, many U.S. companies are already moving forward on greenhouse gases voluntarily."

Environmentalist Robert Hornung of the Pembina Institute is skeptical that Canada's emissions trading system could be set up quickly, but said there is no reason to rush the process.

"No one would expect that it would be implemented tomorrow. In fact, some people would argue it shouldn't even be implemented until about 2008," Hornung said.

Fusaro, co-author of a book on the collapse of Enron, is speaking in Calgary about the world of energy trading since the demise of the Texas-based company.

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