

## An Audit of Carbon Neutral Government

As at: February 19, 2014

Released: [March 27, 2013](#)

Discussed by the Public Accounts Committee: [November 20, 2013](#)

### Self-assessment conducted by Climate Action Secretariat

### Comments

In the Audit of Carbon Neutral Government report, the response from the Ministry of the Environment details actions that had already been taken to make progress against the audit's recommendations. This included measures such as:

- ◆ developed a diversified portfolio of 32 projects in all sectors of the economy and all regions of BC;
- ◆ completed extensive engagement with stakeholders and experts to improve the Carbon Neutral Government program;
- ◆ eliminated reporting costs across the public sector;
- ◆ implemented a new Carbon Neutral Capital Program to help the education sector reduce emissions and lower energy costs; and,
- ◆ provided greater transparency by publicly releasing the purchase price of every offset.

Since the release of the audit, the Government has taken further efforts to improve our Carbon Neutral Government program and in turn respond to the recommendations of the Auditor General, including:

- ◆ Reduced the costs of our offsets program and dissolved the Pacific Carbon Trust;
- ◆ Integrated the offset program into the Climate Action Secretariat to help streamline roles and responsibilities and to more directly focus investments on overcoming the key barriers to reducing emissions and realizing a green economy; and
- ◆ Expanded our Carbon Neutral Capital Program so that schools, universities, colleges and hospitals have more capital funding to reduce greenhouse gas emissions, save on energy costs, and demonstrate clean technologies.

In our self-assessment, we have provided further details on our progress against each of the recommendations.

---

All information has been provided by the organization and has not been audited.

## Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p><b>Recommendation 1:</b> The Climate Action Secretariat (CAS) work with public sector organizations to ensure each is pursuing reasonable actions to reduce emissions. As part of this, government should consider establishing public sector emission reduction targets.</p> <p><b>Actions taken, results and/or actions planned</b></p> <p>The Government’s response details actions taken against this recommendation and commits that the Climate Action Secretariat will take greater efforts to promote emission reductions across the public sector. As government reports on BC’s Carbon Neutral Government commitment over time, it will assess whether emission reductions are broadly in line with BC’s provincial greenhouse gas reduction targets to ensure government’s achieving appropriate results.</p> <p>Government has recognized that although there have been some results already in reducing public sector emissions, more needs to be done. In Budget 2014, the government committed that the Carbon Neutral Capital Program, which provides dedicated funding to help the education sector reduce emissions and save on energy costs, will be expanded to universities, colleges and hospitals.</p> <p>CAS has made a strategic shift from Carbon Neutral Government (CNG) program administration to an increased emphasis on greenhouse gas (GHG) emissions reduction. Specific actions that align with this shift include:</p> <ul style="list-style-type: none"> <li>◆ Convened energy efficiency training workshops for Public Sector Organizations (PSOs) in collaboration with NRCAN.</li> <li>◆ Worked with Capital Planning teams across government to identify high leverage opportunities to reduce GHG emissions in Health, Education and Advanced Education. Specific areas of focus included:               <ul style="list-style-type: none"> <li>◆ Close gap on deferred maintenance in public sector buildings</li> <li>◆ Provide consistency with respect to annual facilities grants – allow carry over</li> <li>◆ Specify energy performance target in LEED Gold policy</li> <li>◆ Adopt energy performance standard for existing buildings</li> <li>◆ Incorporate consistent carbon price forecast in Government’s Capital Asset Management Framework (CAMF)</li> </ul> </li> <li>◆ Revised the Carbon Neutral Action Report (CNAR) used by public sector organizations to put greater emphasis on emission reduction activities.</li> </ul>	<p><b>Fully or substantially implemented</b></p>
<p><b>Recommendation 2:</b> The Climate Action Secretariat ensure supplementary guidance to the Emission Offsets Regulation be finalized and adhered to.</p> <p><b>Actions taken, results and/or actions planned</b></p> <p>The government response committed that guidance would be reviewed and formalized.</p> <p>PCT has developed comprehensive guidance for offset project proponents.</p> <p>PCT is now completing an orderly wind-down of its operations, and preparations are underway to begin offset procurement within CAS. As a result, CAS will be directly responsible for issuing guidance and ensuring that it is followed.</p>	<p><b>Fully or substantially implemented</b></p>

All information has been provided by the organization and has not been audited.

## Outstanding Recommendations (Continued)

<p><b>Recommendation 3:</b> The Pacific Carbon Trust, to better manage offset purchase risks, ensure that the results of its due diligence efforts are satisfactorily analyzed, concluded and documented.</p>	<p><b>Fully or substantially implemented</b></p>
---	--

**Actions taken, results and/or actions planned**

The Government response committed that in support of the recommendation, PCT would continue to work with Deloitte and Touche and other industry experts to implement continuous improvement.

Deloitte provided a follow-up performance review to assess PCT’s implementation of previous recommendations and to suggest further areas for improvement. Most of the recommendations have already been implemented.

On Nov. 19, 2013, Government announced that PCT would be dissolved and transitioned into the Ministry of Environment (Climate Action Secretariat). The new procurement unit is in the process of being established, and beginning in April 2014, CAS expects to initiate procurement for the 2014 calendar year. Work is underway to establish new operational processes, portfolio objectives and enhancements to manage offset purchase risks, due diligence, as well as stakeholder advisory roles. Government is committed to improving policies and programs as they related to offsets and will collaborate with experts and stakeholders to ensure they are effective.

<p><b>Recommendation 4:</b> The Climate Action Secretariat provide stronger oversight to ensure that the offsets purchased on behalf of government are credible.</p>	<p><b>Fully or substantially implemented</b></p>
--	--

**Actions taken, results and/or actions planned**

The dissolution of PCT and transfer of offset procurement responsibilities to CAS will establish a single responsibility for ensuring due diligence in purchasing credible offsets.

Government is committed to improving policies and programs as they relate to offsets and CAS will collaborate with experts and stakeholders to ensure an appropriate level of oversight is delivered and that offset purchases are, and are seen to be, credible.

<p><b>Recommendation 5:</b> The Pacific Carbon Trust provide greater transparency about the cost-effectiveness of its purchases.</p>	<p><b>Fully or substantially implemented</b></p>
--	--

**Actions taken, results and/or actions planned:**

The Government’s response acknowledged that the carbon market had sufficiently matured to allow for more transparent financial reporting and that all carbon offset payment and pricing information is now publicly available.

Going forward, CAS will continue to release pricing information in conjunction with the release of the annual carbon neutral government portfolio. In addition, it will also look at ways to increase transparency and value for money.

---

All information has been provided by the organization and has not been audited.

## Outstanding Recommendations (Continued)

**Recommendation 6:** The Climate Action Secretariat and the Pacific Carbon Trust ensure that reporting on carbon neutrality assesses the trade-offs between reducing government emissions and offsetting those emissions through the purchase of offsets.

**Fully or substantially implemented**

### Actions taken, results and/or actions planned:

The Government's response committed to taking further actions to communicate the value of reducing public sector emissions as well as investing in emission reductions across BC.

CAS and the PCT have developed a series of public information products communicating the value of CNG, including both the benefits of reducing emissions and energy costs in the public sector as well as the value of the PCT's offset portfolio across BC.

These products include:

- ◆ The annual CNG report
- ◆ The annual PCT report
- ◆ Webinars
- ◆ Information posted to the LiveSmart Leaders Community
- ◆ Expert committees to improve the measurement and reporting of actions taken by PSOs as well as the effectiveness of the PCT's offset portfolio.

---

All information has been provided by the organization and has not been audited.