



2003

Climate Change Central

Progress Report

Working Together on
Sensible Solutions



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PROFILE

2003

Climate Change Central (C3) is a unique public-private partnership that promotes the development of innovative responses to global climate change and its impacts.

Climate Change Central builds links and relationships between businesses, governments and other Alberta stakeholders interested in reducing greenhouse gases.



CHIEF EXECUTIVE OFFICER'S MESSAGE



2003 marked a significant shift in Climate Change Central's focus. In our third year of operation, we moved from delivering individual, demonstration projects to introducing and managing major programs that will have a widespread, long-term impact on greenhouse gas (GHG) emissions and energy use in Alberta.

For example, our new Alberta Plus Initiative issued grants to 19 energy-efficient Alberta building projects in 2003 and early 2004*, which are expected to save \$3 million in energy costs and reduce GHG emissions by 24,000 tonnes over the next decade. The *ME first!* program, funded by Alberta Municipal Affairs and coordinated by C3, approved \$4.3 million in interest-free loans to Alberta municipalities that are installing such things as energy-efficient traffic lights and solar hot water systems.

Many of these new programs are being run by Energy Solutions Alberta (ESA), C3's energy efficiency office. In 2003, ESA greatly expanded its role, launching campaigns that encouraged Albertans, for instance, to reduce their vehicle idling and to take their old, polluting cars off the road.

At the same time, C3 continued to play a pivotal role in developing important climate change policies such as emissions offsets, better manure management and sustainable transportation practices. Our staff also produced a number of discussion papers and organized an emissions' trading simulation and a municipal energy efficiency conference.

As much as anything, Climate Change Central became much more visible in 2003 to Alberta municipalities, companies, industries and especially average Albertans. Our programs and our people were frequently in the news, helping advance the issues of greenhouse gas emissions and energy efficiency. A year ago, reducing vehicle idling and buying energy-efficient furnaces scarcely registered on Albertans' radar screens. Today, judging by the overwhelming success of campaigns we launched, they are becoming everyday actions.

In 2004, we intend to build on that momentum.

A handwritten signature in black ink that reads "Allan Amey". The signature is stylized and written in a cursive-like font.

Allan Amey
President & CEO

*Alberta Plus expenditures include \$80,000 in 2003 and \$534,000 in 2004.

MESSAGE FROM CO-CHAIRS

CLIMATE CHANGE CENTRAL BOARD OF DIRECTORS

Over the past year, hundreds of thousands of Albertans have responded to the many consumer-oriented initiatives launched by Energy Solutions Alberta, Climate Change Central's storefront operation. Albertans are indicating to us that they are serious, both about reducing greenhouse gas emissions and maintaining a strong and competitive provincial economy.

Climate Change Central remains committed to work effectively in partnership with industry, research and educational communities, municipal governments and environmental organizations, to help achieve greenhouse gas reductions.

We commend all who have provided leadership and technical expertise to our organization's many innovative projects over the past 12 months and encourage you to keep up this high level of commitment.

A healthy environment and a healthy economy can co-exist – and Alberta is showing the world how.



Charles Fischer



Lorne Taylor, Ph.D.

A handwritten signature in black ink that reads "Charles Fischer".

Charles Fischer
Co-Chair

A handwritten signature in black ink that reads "Lorne Taylor".

Lorne Taylor, Ph.D.
Co-Chair
Minister of Environment

ORGANIZATION AND BOARD OF DIRECTORS

The organization's Board of Directors are experienced leaders including representatives from major industry sectors, non-government organizations, institutions, municipalities and the Government of Alberta. The Board provides direction to Climate Change Central's strategic plans and objectives, and includes the following members:



CLIMATE CHANGE CENTRAL

03

INTRODUCTION

In Alberta and around the world, there is growing awareness of global climate change. This issue represents a significant challenge to Alberta's resource-based economy and our future quality of life. At the same time, it offers an important opportunity for Albertans to turn a major environmental challenge to their advantage.

Why was Climate Change Central established?

In 1999, a Round Table meeting sponsored by the Alberta Government brought together leaders from Alberta's private and public sectors to discuss the challenges of climate change. These leaders urged collaboration among Albertans and recommended creating a public-private partnership to provide a renewed focus on action.

Climate Change Central was established as a not-for-profit organization to build links between businesses, governments and other Alberta stakeholders interested in reducing greenhouse gases.

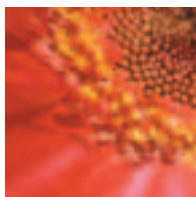
What is Climate Change Central's vision?

Our vision is that Alberta, as an acknowledged world leader, achieves zero net greenhouse gas emissions while enhancing the province's economic performance, quality of life and ability to adapt to climate change.

How does Climate Change Central support climate change action?

Climate Change Central provides analysis, engagement and policy advice; promotes innovation through the exchange of knowledge, ideas and best practices; provides outreach services; and focuses attention on Alberta's successes in addressing the climate change challenge.

C3's areas of focus include energy efficiency and conservation, emissions offsets development, adaptation and technology and market innovation.





PROJECT PROFILE

1

ME FIRST!

ME first! was launched as a four-year, \$100-million program to encourage Alberta municipalities to reduce greenhouse gas emissions and increase energy efficiency. Funded by Alberta Municipal Affairs and coordinated by Climate Change Central, the program approved \$4.3 million in interest-free loans to seven municipalities in 2003.

These projects range from installing energy-efficient lighting in Redwater's community recreation centre to replacing Edmonton's traffic lights with light-emitting diode (LED) lamps, which last five times as long and use about one-eighth the power of incandescent bulbs. Elsewhere, Peace River plans to spend its loan on numerous municipal projects, including a solar water heating system and boiler and toilet replacements. And Spruce Grove is undertaking a major overhaul of a 25-year-old municipal building, cutting its energy use by 35 per cent.



PROJECT PROFILE**2****CAR HEAVEN ALBERTA**

When Bill Sarsons sent his 1979 Pontiac to car heaven last October, he was also making the immediate skies overhead a little cleaner. Sarsons was one of nearly 200 Calgary and Edmonton vehicle owners in 2003 to turn their old cars in under the Car Heaven Alberta program, co-sponsored by Climate Change Central.

The scrapping and recycling program targets vehicles 13 years of age and older, which produce up to 65 times more hydrocarbon emissions than 2001 models. Indeed, 10 per cent of Calgary's vehicles are responsible for half the city's overall vehicle emissions.

"I've had the car for 11 years, and I voluntarily forced it off the road when I heard about this program. It burned a fair amount of gas and oil, and it was time to get it off the road," says Sarsons, who received a six-month transit pass. The alternative reward is a credit towards the purchase of a bicycle.

The Car Heaven program aims to remove 1,500 older vehicles from Edmonton and Calgary streets by the end of 2004, eliminating more than 8,000 tonnes of greenhouse gases from Alberta's skies.



PROJECT PROFILE

3

ENERGY SOLUTIONS ALBERTA

Shortly after the Energy Solutions Alberta call centre was established in late 2003, it was inundated with phone calls from Albertans curious about ESA's furnace rebate program. Similarly, ESA's redesigned energy-efficiency website was regularly visited for practical advice about cutting energy use or inspirational stories from Albertans who have made a difference.

"We've been amazed at the response of Albertans, who are strongly motivated to invest in energy efficiency measures and to change their energy consumption habits," says Simon Knight, director of ESA, the energy efficiency office of Climate Change Central.

Since its inception in 2002, ESA has undertaken significant efforts to encourage Albertans to become more energy efficient, and thus reduce their greenhouse gas emissions. Through such programs as Car Heaven, Alberta Plus and *ME first!*, old, polluting vehicles have been taken off the road for scrap and energy-efficient buildings constructed.



PROJECT PROFILE

4

REDUCE IDLING CAMPAIGN

It's amazing what a simple thing like turning a key can do. If the owners of all 2.3 million registered vehicles in Alberta reduced their vehicle idling by five minutes a day, they'd reduce greenhouse gas emissions by 302,000 tonnes a year and save \$87 million in fuel costs.

With that in mind, Climate Change Central helped launch the Alberta Reduce Idling Campaign. The month-long campaign encouraged motorists to turn their vehicles off when stopped or parked for more than 10 seconds, except in traffic.

And it worked. A follow-up Ipsos-Reid survey showed a 10-per-cent reduction in idling and an increase in public awareness from 11 to 27 per cent among Albertans.

"Vehicle idling is tough on the environment, on Albertans' health and on our vehicles," says Alberta Environment Minister Lorne Taylor. "So it makes good sense environmentally and economically to start changing this driving habit."



PROJECT PROFILE

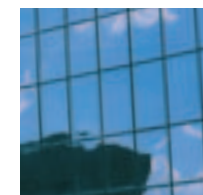
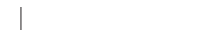
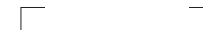
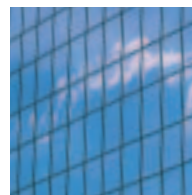
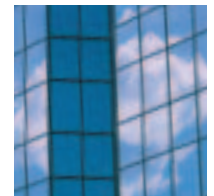
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ALBERTA PLUS

The Alberta Plus Initiative was created in 2003 as a pilot program to encourage energy-efficient design for commercial and industrial buildings. Under the program C3's Energy Solutions Alberta provides grants of up to \$40,000 as a top-up to the \$60,000 (maximum) qualifying projects can receive from Natural Resources Canada (NRCan).

In 2003 and early 2004, \$614,000 in grants were given to 19 Alberta building projects, which met the qualifying criteria of being at least 25 per cent more energy efficient than the Model National Energy Code for Buildings in Canada. These included a seniors' complex in Vegreville, a police station in Edmonton, schools in Calgary and Banff and office buildings in High River, Stony Plain and Edmonton.

The 55-suite St. Michael's Manor in Vegreville features ventilation heat recovery units in the residential wings, low-emissivity windows, energy-efficient lighting, R-20 insulated walls and an R-40 roof. Elsewhere, renovations have made the Banff Community High School four times more energy efficient than a similar-sized school built in 1970. Over the next 10 years, all these projects are expected to save some \$3 million in energy costs and reduce greenhouse gas emissions by 24,000 tonnes.



PROJECT PROFILE

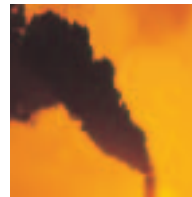
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EMISSIONS OFFSETS

Carbon credits, certified emissions reductions or simply offsets. These are all names for a commodity that can't be seen but could become a cost of doing business for greenhouse gas (GHG) emitters or a source of revenue for GHG reducers. Helping establish this commodity and making it easier to identify and trade is a major reason why C3 helped create the Western Canadian Offsets Team in 2003.

"Creating this certainty will make offsets easier to do, which ultimately helps industry and keeps more GHG mitigation investment in Canada," says Janet Peace, Director of Offsets and Emissions Trading with C3, which is co-chairing the team. "Another reason we created this western Canadian team was to identify offsets opportunities like manure management and transportation, which weren't being discussed at the national level."

Making offsets easier is also the reason C3 joined Environment Canada in 2003 in purchasing GHG emission reductions from industry and municipalities. The \$15-million Pilot Emissions Removals, Reductions and Learnings (PERRL) program provides an economic incentive for new sectors to take immediate steps to reduce emissions. C3 is providing PERRL funding and is sitting on a committee that selects qualifying Alberta projects in the program's second and third rounds, the latter involving \$2.5 million for purchases in biosequestration projects.



PROJECT PROFILE

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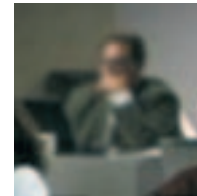
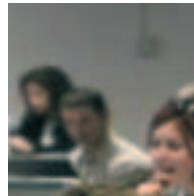
ALBERTA'S SECOND EMISSIONS
TRADING SIMULATION

In November 2003, 50 Canadian companies sat down in Calgary to trade greenhouse gases, sulphur dioxide and nitrous oxide. C3's second emissions trading simulation marked the first time in Canada all three of these emissions had been traded.

The event offered a practical introduction to a potential future where industrial emissions are curbed and companies can meet their reduction targets through trading. In particular, it provided a unique insight into multi-pollutant regulation, an integrated approach Alberta may follow.

"Emissions trading is an important part of the Alberta Government's climate change action plan," says Lorne Taylor, Alberta's Environment Minister and co-chair of C3. "This simulation helped companies better understand how we can work together to better manage emissions and still enjoy a prosperous economy."

The simulation generated international discussion and helped place Alberta on the map as an innovative leader in addressing climate change, especially from an industry perspective.



PROJECT SUMMARIES

A B C D E F G H I J

A. Climate Change Challenge – C3 challenged Mountain Equipment Co-op to see which group of employees could reduce the most greenhouse gas emissions from their daily lives. The competition was a pilot for a two-year Alberta Climate Change Challenge, which will increase public awareness of climate change and encourage individual Albertans to reduce their emissions by one tonne. C3 has developed a web-enabled registry, allowing participating companies, schools and municipalities to track their emissions.

B. Manure Management Workshop – In July, more than 100 people attended a C3 workshop on how to better manage livestock manure to reduce greenhouse gas emissions. The workshop addressed such issues as emission reduction technologies – ranging from composting to anaerobic digesters – and trading agricultural emission credits. Livestock operations account for about one-third of Alberta’s agricultural greenhouse emissions.

C. Mow Down Pollution – C3 managed the Clean Air Foundation’s “Mow Down Pollution” program in Alberta, which recycled 243 polluting lawnmowers through the Home Depot.

D. City of Calgary Programs – In October, C3 helped sponsor Calgary’s first *Rideshare Week* to encourage commuters to try carpooling. It also partnered in the city’s *Winter Warm-up*, which demonstrated various energy saving techniques and raised awareness of the EnerGuide for Houses program. C3 also served on the *Mayor’s Environmental Expo Advisory Committee* and was a major sponsor and exhibitor at the expo, which educates children about climate change.

E. Sustainable Building Symposium – Natural Resources Canada honoured C3 in 2003 for its participation on the organizing committee of the annual symposium. The symposium, which C3 also sponsors, showcases sustainable building designs and technologies for Alberta building owners, operators and designers.

F. Hinton Eco-Industrial Park – Climate Change Central helped the Town of Hinton plan the development of a light industrial park that will feature green building design, shared waste streams and energy-efficiency measures.

G. Discussion Papers – C3 publishes unbiased, science-based discussion papers that address climate change issues for specific industries. These papers generate informed discussion between government, industry and environmental organizations as they work toward solutions to problems. In 2003, these papers included:

- Ethanol Vehicle Fuel: Energy Balance, GHG Reductions, Supply and Economic Overview
- Manure Management and Greenhouse Gas Mitigation Techniques: A Comparative Analysis
- Greenhouse Gas Emissions and Opportunities for Reduction from the Alberta Swine Industry.

The papers are available at www.climatechangecentral.com.

H. CASA Electricity Subgroup – In 2003, C3 played a role in creating a management framework for new Alberta legislation that will reduce air emissions from coal and gas-fired electricity plants by 2006. C3 served on the Clean Air Strategic Alliance's (CASA) Electricity Subgroup, which developed recommendations to substantially reduce mercury, sulphur dioxide, nitrogen oxides, primary particulate matter and greenhouse gases from Alberta power plants, without significantly increasing the price of electricity. C3 also participated in CASA's Energy Efficiency Subgroup, as well as the Renewable and Alternative Energy Subgroup.

I. Alberta Municipal Energy Efficiency and Greenhouse Gas Conference – Climate Change Central co-hosted this inaugural, two-day conference, which attracted more than 180 people from 70 Alberta municipalities to discuss solutions to improved energy efficiency and conservation. The conference also showcased innovative actions taken by municipalities; many of these success stories were published in *C3 Views*, Climate Change Central's newsletter.

"We came to learn from each other and transfer knowledge," says Calgary Alderman Bob Hawkesworth, a board member of both C3 and the Alberta Urban Municipalities Association. "I am convinced that projects in other towns and cities across the province will get a kick-start for years to come from this conference."

J. Green Building Initiative – In 2003, C3 led the effort to form an Alberta Chapter of the Canada Green Building Council. This initiative brings together builders, architects and planners to discuss and encourage building designs that use less energy and produce fewer greenhouse gas emissions. C3 was also involved in helping Alberta adopt Leadership in Energy and Environmental Design (LEED), a consensus-based standard for developing high-performance, sustainable buildings.

STATEMENT OF FINANCIAL POSITION

December 31		Restricted Funds			Total	Total
		General Fund 2003	Operating Fund 2003	Project Fund 2003	2003	2002
ASSETS						
CURRENT						
Cash	\$	1,250	\$ 357,584	\$ (147,523)	\$ 211,310	\$ 241,330
Marketable securities		–	342,856	3,552,402	3,895,258	4,881,359
Accounts receivable		–	31,157	74,607	105,764	90,697
Prepaid expenses		–	28,756	–	28,756	25,562
		1,250	760,352	3,479,486	4,241,088	5,238,948
PROPERTY AND EQUIPMENT						
		–	228,399	–	228,399	204,197
	\$	1,250	\$ 988,751	\$ 3,479,486	\$ 4,469,487	\$ 5,443,145
LIABILITIES AND FUND BALANCES						
LIABILITIES						
CURRENT						
Accounts payable and accrued liabilities	\$	–	\$ 115,752	\$ 159,551	\$ 275,303	\$ 328,531
FUND BALANCES						
Invested in property and equipment		–	228,399	–	228,399	204,196
Unrestricted fund balances		1,250	–	–	1,250	1,250
Restricted fund balances		–	644,600	3,319,935	3,964,535	4,909,168
		1,250	872,999	3,319,935	4,194,184	5,114,614
	\$	1,250	\$ 988,751	\$ 3,479,486	\$ 4,469,487	\$ 5,443,145

APPROVED ON BEHALF OF THE BOARD:

“C.W. Fischer”
Director

“Robert Hawkesworth”
Director

Climate Change Central's audited financial statements are available by visiting www.climatechangecentral.com

STATEMENT OF OPERATIONS

For the year ended December 31	Restricted Funds			Total	Total
	General Fund 2003	Operating Fund 2003	Project Fund 2003	2003	2002
REVENUE					
Provincial Grants	\$ –	\$ –	\$ 2,750,000	\$ 2,750,000	\$ 2,893,454
Federal government support	–	–	74,676	74,676	13,600
Industry contributions	–	–	–	–	31,880
Conference fees and sponsorships	–	–	148,904	148,904	67,521
Other income	–	–	–	–	2,143
Interest income	–	48,979	36,070	85,049	105,921
TOTAL REVENUE	–	48,979	3,009,650	3,058,629	3,114,519
EXPENDITURES					
CONTRACTS, WAGES AND BENEFITS					
Wages and benefits	–	1,082,149	137,610	1,219,759	1,031,767
Contracts	–	322,538	734,297	1,056,835	614,143
	–	1,404,687	871,907	2,276,594	1,645,910
BOARD GOVERNANCE					
Honoraria	–	117,045	–	117,045	117,348
Meeting expenses	–	6,935	–	6,935	7,409
	–	123,980	–	123,980	124,757
PREMISES OPERATIONS					
Rent	–	152,796	36,581	189,377	145,262
Utilities	–	3,967	–	3,967	3,211
Business taxes	–	5,275	1,104	6,379	4,170
Repairs and maintenance	–	9,612	–	9,612	4,064
	–	171,650	37,685	209,336	156,707

STATEMENT OF OPERATIONS (CONT'D)

For the year ended December 31	Restricted Funds			Total	Total
	General Fund 2003	Operating Fund 2003	Project Fund 2003	2003	2002
GENERAL AND ADMINISTRATION					
Sponsorships	–	47,950	161,734	209,684	98,348
Energy efficiency & conservation incentives	–	–	80,000	80,000	–
Travel expenses	–	99,224	16,490	115,714	77,911
Telecommunications	–	40,476	7,550	48,026	44,272
Technical support	–	80,605	44,896	125,501	53,958
Professional fees	–	194,773	94,355	289,128	235,919
Leasing - equipment	–	59,874	24,320	84,194	78,229
Insurance	–	14,405	1,552	15,957	16,016
Conferences and training	–	63,497	20,688	84,185	73,152
Licenses and permits	–	4,274	228	4,502	12,265
Journals, subscriptions and memberships	–	20,604	7,530	28,134	24,649
Office administration	–	43,282	8,043	51,325	48,563
Public education	–	41,339	88,785	130,124	74,159
Amortization	–	102,676	–	102,676	68,244
	–	812,979	556,171	1,369,150	905,685
TOTAL DISBURSEMENTS	–	2,513,296	1,465,763	3,979,059	2,833,059
EXCESS (DEFICIENCY) OF					
RECEIPTS OVER EXPENDITURES	\$ –	\$ (2,464,317)	\$ 1,543,887	\$ (920,430)	\$ 281,460



Climate Change Central

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