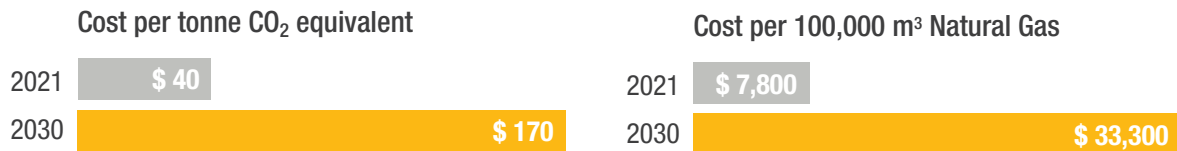


# Understanding the Carbon Tax

## AN ONTARIO PERSPECTIVE

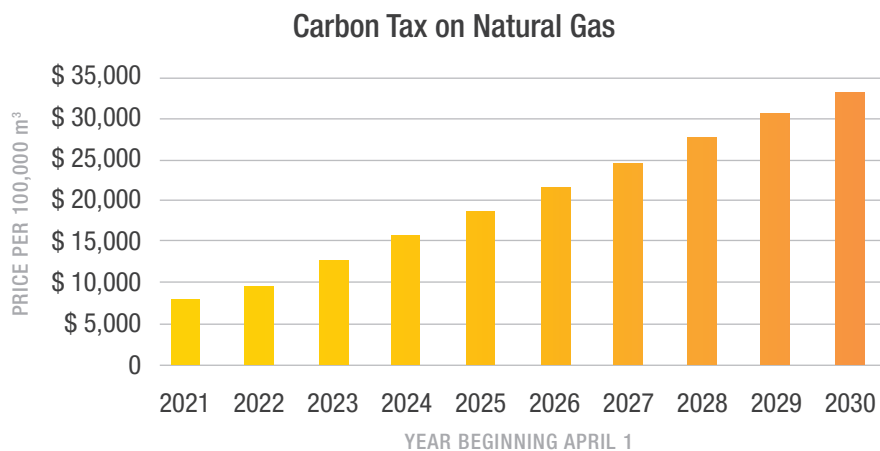
### Pollution isn't free

The cost of carbon in Ontario is rising. With the federal government set to increase the Federal Fuel Charge (a.k.a the Carbon Tax) by 325% in 2030, it's time for organizations to strategize on ways to reduce greenhouse gas (GHG) emissions and mitigate operating expenses in the long run.



### The Problem

From an asset renewal and capital planning perspective, the looming Carbon Tax increase, coupled with volatile natural gas prices, poses a financial and operational risk to organizations with high natural gas consumption, few or no low-carbon emissions technologies, and limited carbon footprint reduction strategies.



# The Big Picture

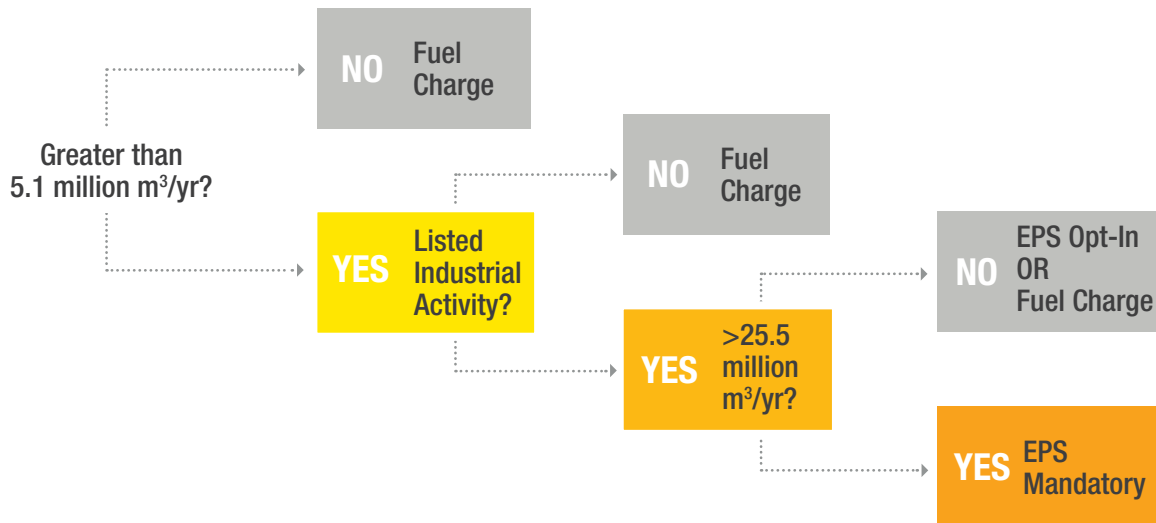
When planning asset renewal and retrofit projects, organizations should consider strategic opportunities (forward-looking low-carbon technology, electrification, carbon credits and incentives, etc.) and pathways towards reducing their carbon footprint.

## Start with the Right Questions

1. How much is carbon really costing you (bottom line)?
  - ▶ Beyond the carbon tax increase, legacy carbon-emissions intensive infrastructure (such as boilers) are significant contributors to operational expenses i.e. ongoing maintenance and asset renewal costs
2. How do you take full advantage of the potential incentives and credits in your asset renewal strategy?
  - ▶ Consider leveraging asset renewal in project paybacks;
  - ▶ Integrate available incentives, grants, and tax credits into your capital plan;
  - ▶ Create a business case for low-carbon technology integration
3. How can you invest in future-looking low-carbon emissions technologies?
  - ▶ Consider low-carbon technologies that reduce energy consumption in place of carbon-emissions intensive equipment and systems with high operating temperatures
4. How do you make the business case for integrating low-carbon technologies into your capital plan?
  - ▶ Consider the mid- to long-term energy savings and other benefits produced through re-designing and optimizing heating and cooling systems to integrate low-carbon technologies
5. How can you shift from thermal combustion to low-carbon emissions technologies during your energy retrofit project?
  - ▶ **Conservation first** - reduce energy use intensity (EUI)
  - ▶ **Reduce temperature** - increase the efficiency of existing heating systems
  - ▶ **Evaluate alternatives** - consider capital requirements, operational impact, and life cycle operating costs
6. Which carbon reduction strategies will fit best with your operations/needs/unique circumstances?
  - ▶ A comprehensive approach includes a holistic analysis of current energy consumption to identify energy conservation and reduction measures, and alternative energy sources that yield the best outcomes for your unique circumstances

## Which Pricing System Are You Subject To?

Currently, large industrial users (annual gas consumption > 25.5 million m<sup>3</sup> per year) are subject to the Emissions Performance Standard (EPS). Smaller-scale industrial users (annual gas consumption between 5.1 and 25.5 million m<sup>3</sup> per year) and non-industrial users (hospitals, colleges, universities) are subject to the Carbon Tax.



## How Can We Help?

### We start with the end in mind.

We guarantee the results you seek, from payback, utility bill savings and reduced energy consumption to, of course, GHG emissions reduction. We do not simply replace equipment and walk away. This "like for like" approach typically results in a patchwork of incremental improvements that only address short-term tactical needs in lieu of an approach that provides long term strategic direction and supports your organization's vision. Ecosystem provides a more holistic, system-based approach to energy retrofit projects.

### We are innovative thinkers.

Ecosystem is an award-winning integrated engineering and construction firm focused on the design and delivery of high-performing energy projects. We collaborate with our clients to challenge conventions and develop creative solutions that maximize efficiency and improve your bottom line.

### Think of us as your allies in your energy transition strategy.

As energy experts, thought leaders in sustainability and innovative thinkers, we are excited to engage and participate in any way that helps shape your energy strategy.