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**CARBON PRICE**

Effective Date: June 23, 2017

Approved By: MVRD Board

**Policy No. GV-015**

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**PURPOSE**

To establish a price on Applicable Greenhouse Gas (GHG) Emissions, and to enable the value of those GHG emissions to be incorporated into Life Cycle Cost Analyses for Metro Vancouver projects or initiatives.

The objectives of the *Carbon Price Policy* are to:

- Incorporate consideration of climate change mitigation (i.e., GHG emissions reduction) into options analyses for all Metro Vancouver projects or initiatives; and
- Provide a mechanism to reduce financial risk of increased operating costs associated with rising external carbon taxes over the lifetime of a Metro Vancouver project or initiative.

**DEFINITIONS**

**“Applicable Greenhouse Gas (GHG) Emissions”** are GHG emissions associated with Metro Vancouver projects or initiatives, in particular GHG emissions related to energy use and utility processes, and GHG emissions reductions (or avoided GHG emissions) related to ecological carbon storage/sequestration;

**“Carbon dioxide equivalent (CO<sub>2e</sub>)”** is the common metric used to quantify and compare different types of GHG emissions, and is expressed in tonnes;

**“Carbon Price”** is the total dollar value (including any provincial and federal carbon taxes) assigned by Metro Vancouver to one tonne of CO<sub>2e</sub>; and

**“Life Cycle Cost Analysis”** is the process to establish the net present value of all costs and revenues associated with a Metro Vancouver project or initiative over its expected life.

**POLICY**

When undertaking options analysis for a Metro Vancouver project or initiative, the Carbon Price will be used to calculate the value (expressed as a cost) of Applicable GHG Emissions associated with each option. This value will be included in the Life Cycle Cost Analysis for each option.

**Carbon Price**

Metro Vancouver will use a total Carbon Price (inclusive of any applicable external carbon taxes) of \$150 per tonne of CO<sub>2e</sub> in Life Cycle Cost Analyses.

## BOARD POLICY

Financial Services, in coordination with the Air Quality and Climate Change Division, will develop and annually review a *Carbon Price Schedule*. This *Carbon Price Schedule* will provide the incremental cost per unit of purchased energy (e.g., litres of gasoline, GJ of natural gas), as well as the cost per unit of other Applicable GHGs (e.g., tonne of fugitive methane). The carbon price will be adjusted to account for any changes to provincial and federal carbon taxes, to ensure that the total carbon price per tonne of Applicable GHGs is constant at \$150 per tonne of CO<sub>2</sub>e.

### Application

This Policy applies to all options analyses that use Life Cycle Cost Analysis for Metro Vancouver projects or initiatives, including (but not limited to):

- Planning, design, procurement, construction, operation, maintenance, and decommissioning (where applicable) of facilities, vehicles, and equipment owned or operated by Metro Vancouver or by third parties on Metro Vancouver's behalf;
- Acquisition of park land, where protection of the land by Metro Vancouver results in quantifiable GHG emissions reductions compared to business as usual; and
- Management of process emissions from Metro Vancouver facilities.

The Carbon Price will be used to calculate the value of Applicable GHG Emissions associated with:

- Energy purchased by Metro Vancouver or by third parties on Metro Vancouver's behalf for the operation of utilities, fleet, and facilities (including natural gas, liquid petroleum products, propane, and electricity);
- Fugitive methane and nitrous oxide emissions released from wastewater treatment processes and municipal solid waste management processes;
- Avoided GHG emissions due to the displacement of fossil fuels with energy recovered from Metro Vancouver facilities;
- Avoided GHG emissions attributable to the protection and/or restoration of park land such as forests and bogs; and
- Other sources related to Metro Vancouver's activities.

**Reference:**

[Carbon Price Schedule](#)