Questions and Response

Q. Which sectors are supportive of recycling cap and trade proceeds through the Global Adjustment (GA) and which ones aren't?

While ENERGY staff are not aware of the position of each sector on proceeds recycling through the GA, their positions line up closely with their exposure to GA, which also determines how much proceeds recycling they would receive.

For example, the pulp and paper sector generally pays very little GA due to its ability to shut down during peak demand periods. In discussion with the sector, it has indicated preference for a volumetric option, and most producers would prefer the "off-peak" volumetric option.

The auto sector, however, is generally supportive of a GA option because GA makes up a more significant portion of the cost of electricity that it pays.

A few examples of specific companies that have specified preferred policy options:

Industry Stakeholder	Policy Option
Glencore (mining)	Support GA
Gerdau (steel)	Support volumetric in "all hours"
Ford (auto)	Support GA
Resolute (forestry)	Support volumetric off peak

The below chart shows average GA cost by sector. While this can be taken as a general indicator of support level for GA recycling, it is important to note that some consumers within sectors may have operating profiles that differ from the average.