

**No need to 'buy' pollution credits, ASI says: Steelmaker can make the grade
with planned upgrades, spokesman insists**

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FRANK DOBROVNIK

Algoma Steel Inc. doesn't anticipate having to take advantage of an environmental loophole that allows industrial polluters to bypass emission caps by "buying" credits.

"At this point we don't anticipate purchasing credits We are working toward those targets," said ASI Spokesperson Brenda Sterna.

At the end of May the Ontario government passed Regulation 194/05, which limits emissions of nitrogen oxides and sulphur dioxide --two key elements of fine smog particles -- in seven industries.

The iron and steel sector will be limited to 10,794 tonnes of NOx next year, 10,352 tonnes in each of the years 2007-09 and 9,855 tonnes in 2010-15.

Emissions of SO₂ will be capped but the limits gradually increase over the years: 18,623 tonnes next year, 18,710 in 2007-09 and 19,384 after that.

The Ministry of the Environment also breaks those numbers down for each of the province's three integrated steelworks: ASI, Dofasco and Stelco.

ASI is given the most generous allowances. For example, .000134 tonnes of NOx per unit of regulated product in 2007-09 compared to .00091 tonnes for Dofasco.

Stenta called those numbers "challenging for us" but said she is "confident we are going to be able to meet the targets. We are putting in place steps to achieve those."

These include plans to upgrade and retrofit in both burners and one reheat furnace to reduce NOx emissions during the combustion process.

Stenia did not have a timetable or budget for the upgrades, although last spring she called the planned capital

spending "significant" and said it would take place over the next couple of years.

At the time, ASI had weighed in on the proposed regulation by opposing caps according to sectors. which "essentially creates interdependency between competitors," Stenta said Tuesday.

"They're competing companies and now all of a sudden they're dependent on each other."

For example, a decision by one company to expand significantly would have to be done with no increase in emissions or at the expense of the other companies within that sector -- both next-to-impossible scenarios, she said.

"It limits production. It deters people from maximizing their resources."

Iron and steel is one of six sectors that are regulated for the first time for smog-causing contaminants. The electricity sector was previously the lone one.

However, industrial facilities were still legally bound to meet certain air-emission standards as part of the MOE-issued certificates of approval. Not meeting COA requirements could result in an order by provincial officer to shut a facility down.

In his MOE submission, Jerry Suurna, ASI manager for safety, environment and emergency services, also favoured voluntary controls.

Stenta said ASI has already reduced SO₂ emissions by 90 per cent over the last 10 years and NO_x by one-third, critics of the regulation have pointed out that emissions don't necessarily have to go down because, under a complex emissions... trading system across the regulated sectors, pollution-spewing facilities can purchase credits from those who are meeting targets.

And with the province's coal-fired power plants set to be mothballed in 2007, there will be plenty of credits to go around, critics said.

"You're moving pollution around rather than reducing it," Keith Stewart, smog and climate change campaigner for the Toronto Environmental Alliance, said last week.

"With the emissions-trading loophole, major polluters... frankly can continue polluting as much as they dreamt," Environmental groups also said trading allows pollution to be concentrated in one region.

Trading "may give rise to problems of localized air pollution," agrees the Canadian Institute for Environmental Law and Policy in its MOE submission. The proposal "will supposedly allow a large source of NO_x and SO₂ emissions in one locality to maintain higher levels of emissions by buying credits or allowances from another source in a distant locality. Obviously, this will intensify regional imbalances in environmental health."