



October 15, 2002

Dear JMM Ministers:

As you lead up to your next Joint Ministers Meeting (JMM) in Halifax on October 21, we would like you to think seriously about the deployment and implementation of low-impact renewable energy when you consider matters relating to climate change.

On behalf of the Clean Air Renewable Energy Coalition, we wish to submit the following proposals for your consideration at the JMM meeting and beyond. As the listing of names on the bottom of this page suggests, we are a broad coalition of companies, environmental groups and other organizations who have come together for the single purpose of advancing the development of low-impact renewable energy technologies and specifically "green power".

These proposals work to clean our air, improve health, engage public and industry participation in climate change initiatives, incent regional development, and foster the entrepreneurship and innovation needed for this sector in the New Economy. **The proposals readily lend themselves to complementary provincial initiatives to facilitate support of the renewable industry.**

The Clean Air Renewable Energy Coalition recommends that:

- 1. The federal government establish a national low-impact renewable energy target for Canada.** A cooperative agreement between the federal and provincial governments could establish a national target for the development of renewable energy and the introduction of supportive policies. "Renewable Energy Certificate" trading could be established to equalize the cost of meeting the national target for all jurisdictions. The climate protection benefits could be substantial. For example, if Canada introduced a target of 10% by 2012, renewable electricity production would increase to 64,000 GWh and GHG reductions would be approximately 32 million tonnes per year, equivalent to about 13% of Canada's Kyoto Gap.
- 2. The federal government increase the Wind Power Production Incentive (WPPI) to 2.7¢/kWh to ensure appropriate investment in wind energy and harmonization with the US.** Matching the United States Production Tax Credit would level the playing field in North America and stimulate investments in Canada.
- 3. The federal government extend incentive programs similar to the WPPI to other renewable energy technologies.** These additional incentives would encourage investments in other renewable energy technologies such as on-grid solar photovoltaics, sustainable-biomass, low-impact hydroelectricity, geothermal, tidal and wave energy or others that demonstrate strong environmental protection attributes.
- 4. The federal government work with the provincial and territorial governments to implement policy mechanisms to meet the recommended national renewable energy target. (see Recommendation 1) A range of policy options, which may include Renewable Portfolio Standards (RPS) or System Benefits Charges (SBC) should be explored.** Evidence suggests that those countries and jurisdictions that have a mix of available mechanisms, policies and programs have the highest growth in renewable energy.

5. **The federal government expand the Market Incentive Program (MIP) funding to \$30 million per year, extend it to 2012 and consult with the provinces and territories to develop a broader-based consumer green energy rebate and education program.** The program extension and associated increase in funding will provide the necessary level of market certainty to manage marketers' risk associated with having to purchase wholesale supply over long term contracts and sell over shorter terms. This initiative should tie its funding to actual sales volume, rewarding those retailers who do adequate marketing to achieve actual, additional sales over and above any existing sales volumes.
6. **The federal government explicitly identify mechanisms to ensure a meaningful role for renewable energy to contribute toward Canada's climate change strategy in the short and long term. The specific nature of these mechanisms will depend on the overall design of that strategy and components of it such as domestic emissions trading.**
7. **The federal government develop a Wind Energy Mapping and Wind Measurement Initiative.** Within Canada, a lack of data sources and data integrity provides a barrier to further wind investment. Significant improvements in wind mapping and wind measurement will increase the rate of investment in wind farms across the country and support the successful achievement of the WPPI objectives.

Additional information and details on these recommendations is attached in both a Briefing Note and Backgrounder document.

We are asking for your personal support and that of your government for these proposals. We believe they will go a considerable distance to remove the impediments to innovation and growth of renewable technologies in Canada.

Yours sincerely,

CLEAN AIR RENEWABLE ENERGY COALITION



Mr. Richard L. George
President and CEO
Suncor Energy Inc.



Mr. David Runnalls
President
International Institute for
Sustainable Development



Mr. David Pollock
Executive Director
Pembina Institute for Appropriate
Development

Encl.

Any follow-up correspondence should be directed to:
Mark S. Rudolph
Clean Air Renewable Energy Coalition Coordinator
15 Timber Run Court
R.R. # 2 Campbellville, ON L0P 1B0
905-659-4732 (phone); 905-659-4733 (fax)
mrudolph@justenvironment.com