



September 9, 2002

Hon. John Manley, M.P.
Minister of Finance
Minister's Office – L'Esplanade Laurier
140 O'Connor Street
OTTAWA, ON K1A 0G5

Dear Minister Manley,

On behalf of the Clean Air Renewable Energy Coalition, we wish to submit the following proposal for consideration for your next budget. 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 renewable energy technologies and specifically "green power".

With the government's intention to ratify the Kyoto Protocol, renewable energy will be an even more important component in reducing greenhouse gas emissions. Furthermore, it could also serve as a cornerstone in the government's Innovation Agenda, Clean Air agenda, Children's Health agenda, as well as being a vehicle to stimulate regional economic development and create permanent jobs nationwide.

We have the following recommendations.

- 1. The federal government establishes a national low-impact renewable energy target for Canada.**
- 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.**
- 3. The federal government extends incentive programs similar to the WPPI to other renewable energy technologies.**
- 4. The federal government works 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. A broad-based SBC could permit provinces to match the federal WPPI and MIP commitments.
- 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.**
- 6. The federal government explicitly identifies 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.**

Axor • BC Hydro • BP Canada Energy Company • Benign Energy Canada Inc. • Dofasco • Enbridge
Federation of Canadian Municipalities (FCM) • Friends of Earth (FOE) • International Institute for Sustainable Development
Ontario Power Generation Inc. • Pembina Institute • Pollution Probe • Shell Canada Ltd. • Suncor Energy Inc.
Toronto Environmental Alliance (TEA) • Toronto Hydro



Additional information and details on these recommendations is attached in a backgrounder document.

Projections suggest that renewable energy sources and technologies could meet up to 25% of the world's energy needs by 2050. Canada, however, currently lags behind the majority of industrialized countries, notably Denmark, Germany, the United States, the United Kingdom, Spain, Japan and India in the deployment and commercialization of renewable energy technologies and the realization of attendant economic, social and environmental benefits.

Government policies and programs to support the emergence of the renewable energy industry in Canada represent an opportunity to realize the benefits of capital investment, regional creation of jobs, and related technology advancements, while cleaning our air and improving the health of children and other susceptible Canadians. They also establish a foundation for energy source diversification with important climate change co-benefits.

We are asking for your personal support and that of your government to include reference to these proposals in your upcoming Budget. We believe the proposals above would go a considerable distance to remove the impediments to innovation and growth of renewable technologies in Canada.

Yours sincerely,

CLEAN AIR RENEWABLE ENERGY COALITION

Handwritten signature of Richard L. George in black ink.

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

Handwritten signature of David Runnalls in black ink.

Mr. David Runnalls
President
International Institute for
Sustainable Development

Handwritten signature of David Pollock in black ink.

Mr. David Pollock
Executive Director
Pembina Institute for Appropriate
Development

Encl.

cc: All Ministers sitting on the Economic Union Cabinet Committee (CCEU)
All Ministers sitting on the Climate Change Reference Group

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