

Clean Air Renewable Energy Coalition

Axor

April 18, 2002

BC Hydro

The Honourable David Anderson
Minister, Environment Canada
Minster's Office
10 Wellington Street
Hull, Quebec, K1A 0H3

The Honourable Herb Dhaliwal
Minister, Natural Resources Canada
Minister's Office
580 Booth Street
Ottawa, Ontario, K1A 0E4

BP Canada
Energy
Company

Benign Energy
Canada Inc.

Dofasco

Dear Ministers:

Enbridge

Federation of
Canadian
Municipalities
(FCM)

Summary:

For the development of your draft Climate Change Implementation Plan, we recommend the incorporation of the following policy elements:

Friends of Earth
(FOE)

International
Institute for
Sustainable
Development

- Fiscal incentives to encourage the development of low-impact renewable power technologies such as on-grid solar photovoltaics, sustainable-biomass, low-impact hydroelectricity, among others and an enhancement of the Wind Power Production Incentive (WPPI).
- Development of multi-sectoral market initiatives to expand low-impact renewable energy such as regional portfolio standards, green tags, green power marketing or others.
- Development of a new wind resource assessment initiative to identify the best wind resources across Canada.
- Co-operative work by the Federal government with the provinces, territories, and municipalities to: match your 20% procurement commitment; alleviate market barriers, and; establish comprehensive policies to facilitate a further expansion of low-impact renewable energy.

Ontario Power
Generation Inc.

Pembina
Institute

Pollution Probe

Shell Canada
Ltd.

Suncor
Energy Inc.

Toronto
Environmental
Alliance (TEA)

Toronto Hydro

TransAlta

Introduction:

The Clean Air Renewable Energy (CARE) Coalition wishes to congratulate the Government of Canada for its leadership in advancing the market for low-impact renewable energy. We are pleased with your commitment to purchase 20% of your electricity needs from renewables. We are also pleased with the announcements in the December 2001 budget, which include a Wind Power Production Incentive (WPPI – we have submitted comments on the details) and an expansion of the definition for hydroelectricity in the accelerated tax depreciation schedule (i.e., CCA Class 43.1).

WestCoast
Energy

At this juncture, we wish to provide you with some of our thoughts on matters to further advance the market for low-impact renewable power that may be given due consideration in your future Climate Change planning. As noted in Minister Anderson's March 6 speech at the Voluntary Challenge Registry (VCR) dinner, it is our understanding that the government is developing a draft Climate Change Implementation Plan. This is to be the subject of discussions amongst your JMM colleagues on May 21 and 22 when you all meet in Charlottetown.

Background:

The Clean Air Renewable Energy (CARE) Coalition is a group of corporate, environmental non-governmental organizations (ENGOs) and municipal governments launched to accelerate the development of Canada's renewable energy industry. At the moment, the group is comprised of twelve major corporations, five environmental organizations and the Federation of Canadian Municipalities (see listing at the side of page one).

The fundamental issue we have highlighted since our formation in the year 2000 is that low-impact renewable energy requires market recognition for its environmental and social benefits. Generally speaking, these benefits are not financially valued in energy market pricing. In parallel, those energy sources which significantly impact on the environment and society are not financially penalized. Society, however, pays indirectly through the costs of treating health impacts, managing environmental impacts, and through the loss of land, watershed, and valuable wildlife areas.

This situation provides an unfair market barrier for low-impact renewable energy. In addition, other barriers exist such as lack of awareness and engagement of energy consumers, lack of access to electricity markets and transmission capacity in some jurisdictions, and limited information about resource availability in many parts of Canada.

Proposals:

As part of the "targeted measures" you may be considering, we wish to put forward the following policy ideas:

- **We propose that additional federal incentives be developed on an ongoing basis to encourage other renewable resources such as on-grid solar photovoltaics, sustainable-biomass, and low-impact hydroelectricity, among others.** The WPPI targets wind specifically; we would like to see the WPPI enhanced. We believe that the federal government should encourage the development of a variety of low-impact renewable energy resources through incentives that would contribute toward the growth of our economy and reduction in emissions (both GHG and other air pollution emissions). Other than for solar, these incentives should be structured in a similar fashion to the WPPI, albeit with potentially different incentive levels to reflect differing marginal development costs.

- **We propose, through its discussions regarding continental energy policy, that the federal government work together with other international and domestic jurisdictions on the development of multi-sectoral market initiatives to develop low-impact renewable energy such as regional portfolio standards, green tags, green power marketing or others.** These discussions should be done through stakeholder processes that consider a representative cross-section of viewpoints on energy policy – including government, business, and the environmental non-profit sectors. We acknowledge and commend the work that the North American Commission for Environmental Cooperation (NACEC) is already doing in this area.
- **We propose that the federal government develop a new wind resource assessment initiative to identify the best wind resources across Canada¹, in order to enhance the value of the WPPI.** This could build on the already extensive work done by CANMET, Yukon Development Corporation, BC Hydro, and Hydro Québec. They have provided regional studies and have combined all the information sources together; now, further wind mapping and/or wind resource assessments are required to fill remaining gaps. Wind mapping at the quality of what is done in the US is adequate for supporting rapid wind farm development.
- **We believe that the recently announced Market Incentive Program could provide some steps in developing consumer demand for low-impact renewable energy.** (We have provided detailed comments on the “consultation document”.)
- **We propose that the federal government should play an active role in working co-operatively with provinces, territories, and municipalities to match your 20% procurement commitment and to establish comprehensive policies to facilitate a further expansion of low-impact renewable energy.** In the shorter term, the federal government should develop commercial partnerships with green power generators who proactively have green power available for sale despite a lack of provincial policy regimes in place. In the longer term, the federal government could work towards a goal that provinces from whom it purchases renewable energy be required to establish comprehensive commitments to further expand low-impact renewable energy through a variety of vehicles.
- **We propose that provincial and territorial governments be encouraged to develop comprehensive policies to alleviate market barriers for low-impact renewable energy.** This should be done given that these jurisdictions regulate energy markets and own several crown corporations. This could be done in collaboration with federal government actions such as fiscal incentives like the WPPI and others proposed in this letter. Without such action, provincial consumers may not be able to access the advantages that the federal government has provided through the WPPI and accelerated asset depreciation.

¹ See http://www.bchydro.com/power_future/green/wind_mapping.html for an example of wind mapping done by BC Hydro. A description of the wind mapping initiative in the U.S. can be found at: <http://www.windpowermaps.org/default.asp>

Conclusion:

We appreciate the opportunity to provide you with our thoughts. If you or any of your officials have any questions, please feel free to contact us.

Sincerely,

(Original signed by)

Mark S. Rudolph
Clean Air Renewable Energy Coalition Consultant Co-ordinator

cc: The Hon. Anne McLellan (Health)
(All Other Ministers on the Climate Change Reference Group)
The Hon. Arthur Eggleton (Chair - DND)
The Hon. John Manley (Deputy Prime Minister)
The Hon. William Graham (Foreign Affairs)
The Hon. Paul Martin (Finance)
The Hon. Stephane Dion (Intergovernmental Affairs)
The Hon. Lyle Vanclief (Agriculture)
The Hon. David Collenette (Transportation)
The Hon. Allan Rock (Industry)
The Hon. Robert Nault (Indian Affairs and Northern Development)
The Hon. Susan Whelan (International Cooperation)