



September 30, 2005

Al Clark
Senior Policy Advisor
Natural Resources Canada
Renewable and Electrical Energy Division
580 Booth Street, 17th Floor, Room B7-2
Ottawa, Ontario K1A 0E4

Letter delivered by e-mail to:

aclark@nrcan.gc.ca

RE: Renewable Power Production Incentive (RPPI)

Dear Mr. Clark:

Summary:

Thank you for the opportunity to comment on the *Renewable Power Production Incentive – A Discussion Paper*. The Clean Air Renewable Energy (CARE) Coalition applauds the Government of Canada's further commitment to the advancement of "green power" in Canada with the announcement and development of RPPI. Below, we comment on some elements of the paper and offer some suggestions for refinement (**note bolded sections**).

Background:

The *Clean Air Renewable Energy Coalition* (the Coalition) is an alliance of a variety of organizations (see membership listing below) that have an interest in the advancement of the Canadian renewable energy sector in order to assist in improving both our economy and our environment. The focus of the Coalition is to advance low-impact renewable energy in Canada by the removal of key barriers that inhibit the use of renewable energy.

AIM PowerGen Corporation • AXOR • BC Hydro • BP Canada Energy Company
Canadian Hydro Developers • Cloudworks • Enbridge • ENMAX • EPCOR • Federation of Canadian Municipalities
Friends of the Earth • Integrated Gas Recovery Services • International Institute for Sustainable Development
Ontario Power Generation Inc. • Pembina Institute • Pollution Probe • Shell Canada Limited. • Suncor Energy Inc.
Toronto Atmospheric Fund • Toronto Environmental Alliance (TEA) • Toronto Hydro • Western GeoPower Corp
World Wildlife Fund Canada (WWF)



1. Technology Selection Criteria & 4. Environmental Considerations

It is the considered view of the Coalition that **eligibility for RPPI must go hand in hand with EcoLogo certification**. Development of the EcoLogo criteria, a product of extensive stakeholder consultation, represents for many a fair balance of the interests and issues associated with defining renewable energy technologies. As such, EcoLogo certification simplifies implementation of the RPPI, will be viewed credibly by parties, and will ensure effective environmental performance.

To this end, the Coalition finds much of the discussion relating to the three basic criteria relating to technology criteria selection to be redundant. Matters relating to: a) being a renewable source of energy; b) utilizing emerging technologies; and c) having a low environmental impact --- are sufficiently covered off by the very nature of the development and adoption of the low-impact renewable energy category developed by the EcoLogo program.

Regarding the promotion of technology innovation in the RPPI program, **we recommend shifting the focus towards understanding the project and technology innovations required to facilitate a project**. For example, Section 1 of the consultation document could be revised to read:

“...a) hydropower plants with a total plant capacity (nameplate) greater than 100 kW and less than 50 MW, or low-head hydropower plants with a design head of less than 15 meters and a total plant capacity (nameplate) greater than 100 kW. The proponent will be expected to document any technical or project related innovations associated with their hydropower project.”

The Coalition is also **concerned with an undue focus on “emerging”, “near commercial-ready” and “near-market ready” technologies**. While we acknowledge the principle of economic efficiency in spending taxpayers money, the effectiveness of the program could be negatively affected if there is an exclusion of proven technologies that are already deployed.

Furthermore, given our endorsement of the use of the EcoLogo program, **we would request in the lead up to the implementation of RPPI on April 1, 2006, that Terra Choice develop criteria specifications for geothermal-powered electricity**.

2. Accommodating Provincial/Territorial Action

The Coalition has been advocating the need for supply side incentives to help level the playing field between green power and conventional power since the inception of the group. In our discussions leading up to the announcement of, and in the program development for the Wind Power Production Incentive (WPPI), we acknowledged the jurisdictional role that the Provinces play in the electricity field. To that end, since the announcement of WPPI (December 10, 2001), we have been pleased to see that it has helped inspire the provinces to increase the use of renewable energy in their electricity generation mix.

With the expansion of WPPI (from 1000 MW to 4000 MW) and the creation of RPPI, **we think it is important that RPPI be complimentary to the RFP (Request for Proposal), RPS (Renewable Portfolio Standards) and other initiatives being undertaken by the Provinces and Territories**.

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3. Incremental Generation

The Coalition is in agreement with other associations in **opposing the use of a Power Production Agreement (PPA) to exclude projects already under construction from applying for RPPI funding**. It is our view that **a construction trigger is more appropriate**. Such a trigger was used at the start-up of the WPPI program, and out of fairness and equity, should be utilized with this program. PPA's are usually signed well prior to construction, often to assist in getting capital financing for the project.

Phase 2 Consultations

We are looking forward to Phase 2 Consultations and hope that our individual members and the Coalition will be included in the process.

Conclusion:

The Coalition is pleased to see the creation of RPPI. In the lead up to the Federal budget of February 23, 2005, the Coalition had proposed the creation of a non-wind power production incentive that we called GPPI – the Green Power Production Incentive. We were extremely pleased to see the Finance Minister announce a program of a nature similar to the one we proposed. Within this document, we hope to have provided NRCan and the government with ideas that will further refine the concept and bring it to fruition as of April 1, 2006 so that it may assist and enhance the advancement of low impact renewable energy in Canada.

Sincerely yours

A handwritten signature in black ink, appearing to read "Mark S. Rudolph", with a long horizontal line extending to the right.

Mark S. Rudolph
Coalition Coordinator

Please direct any follow-up correspondence to:

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