Standing Committee on Finance

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Ottawa

Clean Air Renewable Energy Coalition

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CLEAN AIR RENEWABLE ENERGY COALITION

Clean Air Renewable Energy Coalition

- Founded in December 2000 by Suncor Energy Inc. and Pembina Institute
- Brings together a "Counter-Intuitive Group of Strange Bedfellows", not the "Usual Suspects"
- Includes 23 members (Industry, ENGOs)
- Laser-focused on advancing Green Power (as defined by Eco Logo) in Canada
- Members forced to 'check their biases at the door' in working on Coalition matters

CLEAN AIR RENEWABLE ENERGY COALITION

Who We Are

ENGOs:

Friends of the Earth

International Institute for Sustainable Development

Pembina Institute

Pollution Probe

Toronto Environmental Alliance

World Wildlife Fund Canada

CORPORATE:

Atla Energy

Canadian Hydro Developers

Cloudworks

ConocoPhillips Canada

CorpFinance

Enbridge

Fred Olsen Renewables

NaiKun Wind

Ontario Power Generation Inc.

Plutonic Power

Pristine Power

Shell Canada Limited

StormFisher Biogas

Suncor Energy

The Delphi Group

Toronto Hydro

Western GeoPower

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Preferred Option (1)

- Expand and extend the existing *ecoENERGY for Renewable Power* incentive program to support the deployment of an additional 8,000 MW of renewable power by March 31, 2014.

- Total cost to the Federal Government would be $600 million ($150 million per year) between now and 2014. Over that same time period, $7 billion of private sector investment in Canada would take place. In other words, for every dollar invested by the Federal Government between now and 2014, the private sector would invest a minimum of ten dollars.
- The total cost to the Federal Government over 14 years (2010-24) would be $2.9 billion.

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Preferred Option (2)

- Replace the *ecoENERGY for Renewable Power* incentive with a Capital Grant program that would provide equivalent economic value
- Capital grant of between $200,000 and $500,000 per MW for commissioned new renewable energy capacity – equivalent to the ecoENERGY incentive at an assumed discount rate of 8% (roughly equivalent to 10% of total capital costs).
- Total cost would be $1.8 billion between now and 2014 ($450 million per year). No additional costs to the Federal Government beyond the year 2014.

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Carbon Offsets

- May assist in financing renewables but in no way represent a substitute federal government action at this time to expand ecoENERGY program or create a new capital grant program:
  - Offset trading will come too late to provide any bridge financing before ecoENERGY funds are used up.
  - Offsets are not bankable in the way a contribution agreement for the ecoENERGY incentive is.
  - Their value at $15 per tonne of CO_2 is lower than the incentive or the U.S. production tax credit, and will likely vary from one province to another (max. $10/MWh in Alberta to only $1 in QC, BC). BC Hydro even claims the offset credit in its power purchasing contracts.
  - It has not been decided yet whether all renewables will be included in a federal offset trading system.

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Why?

- The *ecoENERGY for Renewable Power* program will fully allocate all its funding by Fall 2009,1.5 years ahead of schedule.
- The US government has taken decisive measures to support this industry and is currently outspending Canada by a factor of seven.
- This situation will draw renewable energy investment south of the Canadian border - the uncertainty about whether and how long the ecoENERGY incentive will continue is already impacting the industry.
- A renewed and intensified commitment by the Federal Government is therefore needed in order to maintain the momentum of the renewable energy industry that has developed over recent years in Canada.

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