



Canadian Policies & Programs on Renewable Energy

Presentation to the Commission for Environmental
Co-operation's Meeting on "Assessing the Barriers and
Opportunities for Renewable Energy in North America"

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Content

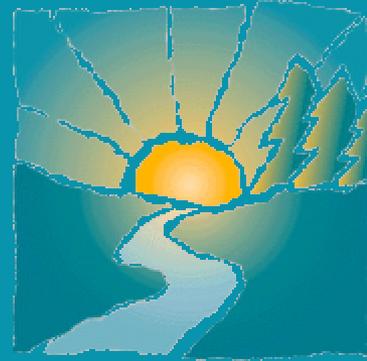


1. Policy Considerations

2. Programs / Initiatives

- taxation
- federal energy and environmental
- provincial/municipal

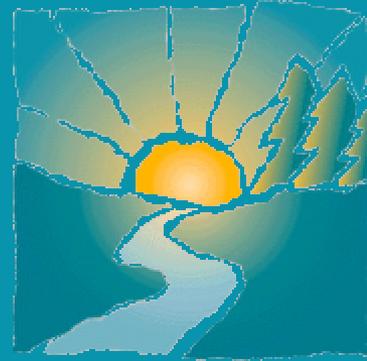
Policy Considerations



➤ Policy drivers

- climate change
 - 1992 Framework Convention on Climate Change
 - 1997 Kyoto Protocol
- clean air
 - air pollution and human health
 - Canada-Wide Standards
 - Canada/U.S. Clean Air Agreement
- economic
 - manufacturing and trade opportunities
 - long-term energy development & security

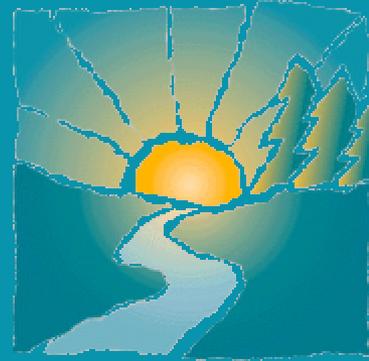
Tax Regimes



Intended to “level the playing field” with competing energy investments...

- CRCE (Canadian Renewable and Conservation Expense)
 - flow-through share financing for early intangible project expenses
- Class 43.1
 - accelerated write-off for certain generation equipment
- lower corporate tax rates for income from renewable resources (compared to non-renewable)
- excise tax exemption for ethanol as a transportation fuel

Federal Programs



- Research and development
 - co-fund industry activities to lower the cost and improve performance of technologies
- Renewable Energy Deployment Initiative (REDI)
 - market development initiatives (e.g. market studies, information dissemination, marketing campaign)
 - RETScreen™ pre-feasibility software
 - REDI Incentive
 - 25% rebate for businesses & institutions installing qualifying solar and biomass heating systems

Federal Programs (cont.)



➤ Expanding Opportunities for Emerging Renewable Energy (Gov't of Canada Action Plan 2000)

- government procurement of 'green' electricity
 - 20% commitment by 2005/06
- 'green' electricity market incentive
 - limited financial incentive
- on-site generation (e.g. photovoltaic)
 - systems to be installed on government facilities
- funding for development of ethanol from cellulose

Federal Programs (cont.)



photo credit Vision Quest Windelectric



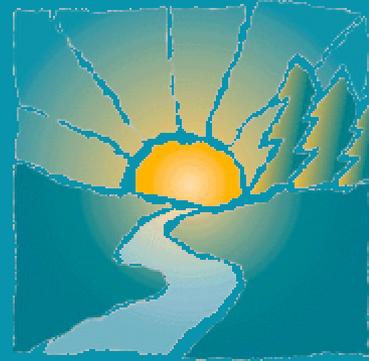
➤ Environmental Choice Program

- certification and labelling of “Renewable Low-Impact Electricity” products, generation facilities and investment funds

➤ Wind Power Production Incentive (Budget 2001)

- \$260 million over 15 years for new wind power
- 10-year 1.2 cents/kWh production incentive, declining annually to 0.8 cents/kWh for projects starting in 2006/2007

Broad Programs



- Technology Early Action Measures
 - bring Canadian climate change technologies to market
- Sustainable Development Technology Fund
 - new \$100 million arms-length fund
- Technology Partnerships Canada
 - refundable contributions towards broad range of technologies, including emerging renewables
- Municipal Green Funds
 - \$250 million managed by Federation of Canadian Municipalities

Provincial Programs



➤ Provincial Electricity Utilities

- B.C. Hydro's 10% RPS for 'green' energy
- Hydro-Québec's 50 MW/year wind power procurement
- Ontario Power Generation's \$50 million 'green' energy generation investment
- 'green' electricity marketing programs (SaskPower, Maritime Electric, N.S. Power, others)
- further development of large hydro

➤ Provincial and Municipal programs

- include 'green' electricity procurement and marketing
- some facilitating policies (e.g. limited net-billing)