



# Written Submission for the Pre-Budget Consultations in Advance of the 2022 Federal Budget

List of Recommendations



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1. That, when implementing the whole-of-government plan for climate action, the government recognize that continued investments by industry in: existing hydropower generation, storage, and transmission assets; and in the development of new projects (including Pumped Storage Hydro, and transmission lines) are critical to Canada's future economic competitiveness and climate change policy objectives.
2. That the government improve the investment climate for hydropower assets and projects, including by:
  - 2.1 Improving regulations and policies and providing additional compliance mechanisms and a greater level of regulatory efficiency for the implementation of current federal legislation.
  - 2.2 Providing long-term climate change policy stability and certainty by making the *Canadian Net-Zero Emissions Accountability Act* come into force.
  - 2.3 Prioritizing the recommendations of the Canadian Council on Renewable Electricity (CanCORE) with regard to achieving 90% non-emitting electricity by 2030, and net-zero electricity well before 2050.
3. That the government support growth in demand for Canadian hydroelectricity, including by:
  - 3.1 Prioritizing the recommendations of Electricity Alliance Canada with regard to investments in "electrification" and "green hydrogen."
  - 3.2 Continuing to recognize the importance of the Canada-US electricity relationship, modernizing the Canada Energy Regulator Export and Import Regulatory Framework, and recognizing the special case and value of two-way electricity trade between Canada and the US in reducing global GHG emissions in the development of potential Border Carbon Adjustments.

The Hon. Wayne Easter, P.C., M.P.,  
Chair of the House of Commons Standing Committee on Finance  
Transmitted electronically to: [FINA@parl.gc.ca](mailto:FINA@parl.gc.ca)

August 3, 2021

Dear Mr. Easter,

**RE: Written Submission for the Pre-Budget Consultations in Advance of the 2022 Federal Budget**

Founded in 1998, WaterPower Canada is the Canada's national trade association for hydroelectricity producers. Thank you for the opportunity to present the following recommendations to the House of Commons Standing Committee on Finance that would maximize the contribution of hydropower to Canada's future economic competitiveness, and enable the achievement of our legislated national greenhouse gas emissions reduction targets.

**Recommendation 1:** In 2020, existing hydropower generation assets produced more than 60% of total electricity generation in Canada. When winter drove up electricity use, hydropower's monthly contribution climbed by more than 20% to meet demand.<sup>1</sup> In most regions of Canada, hydropower plays a vital role in ensuring that homes, businesses, and essential services have access to an affordable, reliable, and resilient power supply when it is needed most.

Looking forward, Canada's current national climate plan<sup>2</sup> *"proposes to achieve a net-zero emissions grid before 2050, and to expand clean electricity supply to ensure electricity generation increasingly transitions towards non-emitting sources. Under a scenario with significant electrification in all economic sectors (i.e. doubling of today's percentage of final energy use from electricity), by 2050 Canada will need to produce up to two to three times as much non-emitting power as it does right now. Moving forward, emphasis will be placed on ensuring that Canada is prepared for the accelerated electrification of key sectors and can meet this projected increased demand with new sources of non-emitting electricity."*

Existing and new hydropower generation, storage, and transmission capacity is a key asset for realizing this vision. The flexible generation it provides is valued by grid operators for its ability to rapidly ramp-up and -down to balance fluctuations in supply (including wind and solar power) and demand. Reservoirs and waterways provide dependable energy storage capacity. Transmission connecting available clean and renewable energy supply with demand can make decarbonization possible in regions phasing out coal. However, the importance of this strategic advantage is often overlooked, or taken for granted by policy makers.

As recently stated by International Energy Agency (IEA) Executive Director Fatih Birol: *"Hydropower is the forgotten giant of clean electricity, and it needs to be put squarely back on the energy and climate agenda if countries are serious about meeting their net zero goals. In addition to producing massive quantities of*

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<sup>1</sup> Statistics Canada, Table: 25-10-0015-01

<sup>2</sup> Government of Canada (2020) "A Healthy Environment and a Healthy Economy"

*low-carbon electricity, many hydropower plants can ramp generation up and down very rapidly, allowing for the integration of more intermittent wind and solar power output.”*

**WaterPower Canada recommends that, when implementing the whole-of-government plan for climate action, the government recognize that continued investments by industry in: existing hydropower generation, storage, and transmission assets; and in the development of new projects (including Pumped Storage Hydro, and transmission lines) are critical to Canada’s future economic competitiveness and climate change policy objectives.**

**Recommendation 2.1:** The development, construction, and operation of hydropower generation, storage, and transmission assets is heavily regulated, at the federal and provincial levels. Success in the implementation of the federal legislation to which the hydropower industry is subject, is primarily based on practical implementation mechanisms (e.g. regulations, policies, additional compliance mechanisms) that maintain protections while allowing our industry to have the confidence to invest, and be certain of their compliance with the legislation.

WPC participated in the regulatory reviews of the new and amended federal legislation that came into force in 2019 (e.g. the modernized *Fisheries Act*, the new *Impact Assessment Act*, and the new *Canadian Navigable Waters Act*) including submitting briefs and appearing before Standing Committees in the House of Commons and Senate. Policy and regulations thereunder are still largely in development. Furthermore, the implementation of the *Species At Risk Act* and *Migratory Birds Convention Act* have not been significantly amended in several years. The implementation of both Acts would benefit from the modernization of compliance mechanisms.

**WaterPower Canada recommends that the government improve the investment climate for hydropower assets and projects by improving regulations and policies and providing additional compliance mechanisms and a greater level of regulatory efficiency for the implementation of current federal legislation (in particular the *Fisheries Act*).**

In order to do this, it should be ensured that departments and agencies who have recently seen significant changes to legislation, or policies thereunder, including: the Fish and Fish Habitat Protection Program at Fisheries and Oceans Canada; the Navigation Protection Program at Transport Canada; the Canada Wildlife Service at Environment and Climate Change Canada; and the Impact Assessment Agency have sufficient human and financial resources to develop new regulations, policies and additional compliance mechanisms.

**Recommendation 2.2, and 2.3:** The investment case for renewable electricity generation, storage, and transmission assets is reliant on assumptions related to future demand and market conditions. In response to policy and market signals (including those sent by the federal government through: legislated greenhouse gas emissions reduction targets and accountability framework; the regulated phase-out of unabated coal-fired electricity; and the federal carbon pricing backstop), significant additional renewable electricity generation, transmission and storage capacity has been commissioned and is being developed across the country. These projects represent tens of billions of dollars of investment, and tens of thousands of jobs across Canada every year. However, the full potential cannot proceed in the absence of long-term climate change policy stability and certainty.

**WaterPower Canada recommends that the government improve the investment climate for hydropower assets and projects, including by: providing long-term climate change policy stability and certainty by**

making the Canadian Net-Zero Emissions Accountability Act come into force; and prioritizing the recommendations of the Canadian Council on Renewable Electricity (CanCORE) with regard to achieving 90% non-emitting electricity by 2030, and net zero electricity well before 2050.

**Recommendation 3.1:** As stated above, the SCP considers “a scenario with significant electrification in all economic sectors (i.e. doubling of today’s percentage of final energy use from electricity)” and commits that “emphasis will be placed on ensuring that Canada is prepared for the accelerated electrification of key sectors.”

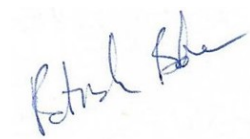
WaterPower Canada recommends that the government support growth in demand for Canadian hydroelectricity by prioritizing the recommendations of Electricity Alliance Canada with regard to investments in “electrification” and “green hydrogen.”

**Recommendation 3.2:** The Memorandum of Understanding between the Department of Natural Resources of Canada and the Department of Energy of the United States of America concerning Co-Operation on Energy commits both countries to co-operating on: “supporting the advancement of an efficient and clean electric grid to help achieve the goals of 90 percent non-emitting electricity in Canada by 2030, and a net-zero carbon pollution free power sector in the United States by 2035”; and “encouraging clean energy cross-border transmission build-out.”

In support of these objectives, WaterPower Canada recommends that the government continue to recognize the importance of the Canada-US electricity relationship, including by: modernizing the Canada Energy Regulator Export and Import Regulatory Framework; and recognizing the special case and value of two-way electricity trade between Canada and the US in reducing global GHG emissions in the development of potential Border Carbon Adjustments.

Thank you for the opportunity to participate in this consultation. I would welcome the opportunity to appear as a witness before the Committee to speak to these recommendations.

Sincerely,



Patrick Bateman

Vice-President, Government and Public Affairs, WaterPower Canada

CC:

- Alexandre Roger, Clerk of the House of Commons Standing Committee on Finance

Enclosures:

- Recommendations to the Committee by the Canadian Council on Renewable Electricity
- Recommendations to the Committee by Electricity Alliance Canada

