

March 7, 2025

OPEN LETTER TO THE CANDIDATES TO LIBERAL PARTY OF CANADA LEADERSHIP

DON'T TAKE HYDRO FOR GRANTED: FEDERAL ACTION IS ESSENTIAL TO SUPPORT RESPONSIBLE DEVELOPMENT OF CLEAN, RELIABLE ENERGY – CANADA'S ECONOMIC AND CLIMATE FUTURE DEPENDS ON IT

Mr. Baylis,
Mr. Carney,
Minister Freeland,
Minister Gould,

As Canada's economy faces a period of great upheaval, the hydropower industry stands ready to deliver. As candidates to party leadership and to the office of Prime Minister of Canada, we urge you to reflect upon hydropower's fundamental place in powering our economy, and to champion the even more critical role it can take on as a driver of economic resilience, competitiveness, and decarbonization if offered proper support.

Hydropower has quietly been the backbone of our energy security for over 100 years, supplying over 60% of the Canadian grid's electricity. Not only does hydro provide the power for most of our homes and businesses, but its reliability and availability are fundamental to the incorporation of weather dependent power sources like wind and solar power into our energy mix. With our country's electricity consumption forecasted to double by 2050 and the economic disruption a trade war with the United States is likely to cause, hydro projects are more critical than ever to Canada's economic resilience: they are a source of high-quality, multi-sector employment in the short-term, and contribute to the low energy prices that will make Canada and its businesses competitive long into the future.

Because it has quietly been around for over 100 years, it's easy to take hydro for granted. But as provinces are facing increased demand and are having to make tough choices in allocating power to local and international businesses, we cannot afford buildouts and refurbishments to be held back due to permitting delays. Yet, the current permitting practices of some federal government departments are putting the security of Canada's energy supply, and therefore its potential for economic growth, at risk and are at odds with Canada's overall decarbonization goals. Similarly, federal duplication of provincial environmental assessment processes unnecessarily increases timelines for project review and approval, to the point that developers of both small and large hydro projects, along with operators of existing facilities, are deeming hydro facilities to be high risk.

This highlights the critical role the federal government has in supporting the deployment of energy infrastructure that benefits the country as a whole, even though provincial governments manage electricity markets and environmental assessment for electricity projects. We therefore urge you to commit to the following policy orientations to accelerate the responsible increase of hydro power capacity nation-wide to equip our economy to meet long-term energy security and sustainability objectives.

1. Invest in economic resilience and competitiveness by investing in hydropower infrastructure

The federal government can be an invaluable partner for clean energy and decarbonization by helping to finance hydropower projects. This can be done by enabling utilities to finance the high upfront costs of projects and by facilitating Indigenous participation in such projects.

Funding available through the Canada Infrastructure Bank has already been vital to some of our members and we hope to see such investment accelerate across the country. Similarly, funding for the Indigenous Loan Guarantee program has begun to bear fruit and our industry hopes that this extremely useful tool can grow further to enable the powerful impact hydro projects can have on economic reconciliation with First Nations.

The Liberal government committed to the implementation of the Clean Electricity Investment Tax Credits in its last Fall Economic Statement. However, due to Parliament's prorogation, this crucial commitment has yet to be legislated. Our industry hopes that your party's new leader will proceed swiftly with enacting legislation upon reconvening Parliament.

Unlike other energy technologies, hydro facilities can last indefinitely with adequate maintenance and refurbishments. The capital employed in these projects pays for itself many times over and ensures economic competitiveness due to the low-cost energy those facilities provide. Moreover, what the federal government invests in hydro, it will reap with income tax revenue from jobs both in the hydropower sector and in all the industries that benefit from competitive power rates, lower EI and emergency payouts, reconciliation with Indigenous peoples and lower carbon emissions that will also benefit future generations.

As the current circumstances call for a strategic approach to investments in the Canadian economy, hydropower stands as a cornerstone of Canada's economic resilience and green future and its high returns to society should be considered when the next government prioritizes its investment decisions.

2. Ensure that the regulatory framework is conducive to the responsible development of clean energy projects, respects constitutional obligations and doesn't duplicate requirements between federal and provincial jurisdictions, and between departments.

Investments in hydropower are key to achieving energy security for Canada, but optimizing these investments requires fixing the current regulatory framework to limit delays and unnecessary costs.

Currently, the Public Policy Forum and the Canadian Electricity Advisory Council evaluate it takes an average of 10 years only to obtain the necessary permits for a major project, the second worst performance of all 38 OECD countries. Together with construction, a major project can take even longer to complete: British Columbia's Site C's completion time, currently in progress, is approaching 15 years.

Consultations and impact assessments are fundamental to project success but need not be duplicated in every jurisdiction by both provincial and federal authorities. The current duplication spells delays and prohibitive costs for project proponents. This burden has a disproportionate effect on small hydro projects, which hold the potential to play a pivotal role in helping remote and northern communities' transition away from diesel to power their homes.

Given the economic disruption arising from the United States, addressing federal and provincial duplication of environmental assessment would enable better decision-making for hundreds of billions of dollars of investments to the benefit of all Canadians.

Moreover, amendments to the *Fisheries Act* by the previous administration have created new permit requirements and legal risk for existing facilities, some of which have been in operation for decades. Operators

of existing facilities are thus systematically impeded in their refurbishment efforts by requirements that are unrelated to the actual refurbishment activities, which in many cases have minimal environmental effects. These excessively detailed requirements are inconsistent with the Department's constitutional mandate to manage fisheries and detract from Canada's goal of doubling the production of clean electricity by 2050.

This already untenable situation could be made deleterious for the entire economy in the context of the trade war and energy project acceleration in the U.S.: investments could flow south at an even faster rate at the same time the provincial governments responsible for economic diversification and for mitigating the economic and social hardship caused by disruptions to trade will need hydro projects to bolster their economies, employment and revenue.

We believe that Canada needs to take ownership of economic development, and we cannot afford to have our national government impede responsible development and progress to net-zero. While we applaud the federal and provincial governments' willingness to eliminate interprovincial trade barriers, eliminating impediments to hundreds of billions of dollars of investment for Canadian development is of vital importance to our economy.

Accelerating responsible hydro development is critical. As provincial governments and Crown corporations are poised to accelerate investments to stimulate their local economies through infrastructure, the hydropower industry urges you to embrace the role the federal government has in championing those efforts. We ask you to support them by committing to sustained investment in hydro and to making the regulatory framework responsive to the public interest and to hydro's contribution to Canada's climate goals.

On behalf of WaterPower Canada's members, I wish all of you the best in the upcoming vote.

Yours truly,



Lorena Patterson
President and CEO
WaterPower Canada