



***ELECTRICITY INFRASTRUCTURE RENEWAL -
AN OPPORTUNITY FOR ECONOMIC
RECOVERY***

***CANADIAN ELECTRICITY ASSOCIATION (CEA)
2012 PRE-BUDGET SUBMISSION***



Introduction: Electricity Infrastructure Renewal - An Opportunity for Economic Recovery

In this submission, The Canadian Electricity Association (CEA) is pleased to provide the House of Commons Standing Committee on Finance with a single recommendation that will create jobs and economic benefits and in the process address Canada's electricity infrastructure deficit.

Electricity is essential to the Canadian economy. For a century, Canada's electricity sector has consistently delivered safe and reliable electricity to Canadians from coast to coast to coast that continues to be a competitive advantage for Canada. The Canadian electricity sector contributed \$24.6 billion to Canada's economy in 2010 and employed 116,000 workers.

Canada's electricity grid has suffered a long period of underinvestment. Because of this investment deficit, generation, transmission and distribution infrastructure is aging and maintenance costs are escalating.

In a study on the current state of Canada's electricity infrastructure released in April 2011, the Conference Board of Canada confirms that our electricity system is in need of \$293.8 billion in investment from 2010 to 2030 to maintain existing assets and meet market growth.

It is important to note that the electricity sector is not seeking federal funding for these infrastructure investments, rather changes to regulations and statutes at the federal level will allow these investments to flow in a timely manner.

There is no cost associated with this recommendation.



Recommendation: Enable Electricity Infrastructure Renewal through Increased Regulatory Certainty and Efficiency

In order to make the infrastructure investments needed to modernize Canada's electricity infrastructure, the sector requires increased regulatory certainty and efficiency. Responsibility for environmental stewardship, management, protection and assessment in Canada is shared among federal, provincial and territorial authorities and jurisdictions. Electricity infrastructure projects are subject to multiple pieces of legislation and regulation falling under the jurisdiction of various agencies and orders of government, each of which may have different – and potentially conflicting – mandates, objectives and jurisdictional obligations.

In the last decade, electricity infrastructure projects have faced growing legislative and regulatory complexity, characterized by lengthy and often duplicative regulatory processes. In some cases, regulatory approval processes and construction periods can take more than 10 years from decision to construct to grid connection. This greatly magnifies project development risks. Examples of this regulatory burden include the Fisheries Act, legislation originally intended to promote the development of Canada's fisheries, but which now is interpreted to also grant the authority to conserve and protect fish and fish habitat, which directly impacts the construction and operation of many electricity projects.

Furthermore, to date, no electric utility has been able to meet the requirements to secure a permit under the Species at Risk Act (SARA), and any permits issued under the Act expire after only three to five years – a very short timeframe in the context of a power plant, which might operate for many decades.

Lastly, federal environmental assessment (EA), as legislated under the Canadian Environmental Assessment Act (CEAA), while aimed at eliminating or reducing a project's potential impact on the environment before a project begins, in practice is a complex and often inefficient process, and in many cases duplicates similar rigorous provincial EA processes.

The federal government has begun taking steps to address these issues. The establishment of the Major Projects Management Office (MPMO) in 2007 and its goal of reducing the current average regulatory review for major resources projects from four to two years holds significant promise, as do changes to the EA regulatory process included in the 2010 Budget Implementation Act. However, the electricity sector requires concrete changes to legislation and the implementation of regulations in order to enable the required investment.

CEA would welcome the inclusion of changes to the aforementioned Acts in Budget 2012 and would be pleased to share more detailed recommendations at the Committee's request.



Conclusion

The electricity system underpins our economy and helps Canadian households enjoy a high quality of life. Maintaining and expanding a robust and sustainable electricity system requires constant attention and effort as well as timely planning and investment. Changes to federal regulation will enable this investment to flow, which will create jobs and boost economic recovery.

The renewal of Canada's electricity infrastructure will ensure a stable supply of electricity to support Canada's economic and demographic growth. Growing our electricity supply responsibly, and investing in lower-emitting electricity technologies, will mean a reduction in the sector's environmental footprint as well as economic and social benefits to our communities.

CEA thanks the Committee for the opportunity to share its views on how electricity can play a central role in Canada's economic recovery and long term prosperity.