House of Commons
CANADA

Standing Committee on Environment and Sustainable Development

ENVI • NUMBER 025 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Tuesday, March 22, 2005

Chair

Mr. Alan Tonks

Standing Committee on Environment and Sustainable Development

Tuesday, March 22, 2005

● (1110)

[*English*]

The Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good morning, members of the committee and witnesses.

The order of the day, pursuant to Standing Order 108(2), is a study on Canada's implementation of the Kyoto Protocol, part two, a lower carbon energy supply.

Today we have as witnesses the Canadian Solar Industries Association, Mr. Rob McMonagle, executive director; Canadian Hydro Developers, Inc., John Keating, CEO; the Canadian Wind Energy Association, Robert Hornung, president; and Iogen Corporation, Jeff Passmore, executive vice-president. Welcome to you all.

We are certainly looking forward to receiving your input, but before we do that, I would just like to seek some direction from the committee. We do have two motions, and if the committee agrees, I would suggest that we try to leave the last 15 minutes of the meeting, and stay with that as rigidly as we can, to deal with those motions in a fulsome manner. So our witnesses will kindly take note of that, that at 12:45 we will be adjourning that part of the process and going to our motions.

Our usual procedure is to have about ten minutes from the witnesses—and I ask that you try to stay within that—and then ten minutes associated with parties for questions and answers. At the end of each party having their ten minutes, there will be a five-minute opportunity, and we'll take that for as long as we can.

Unless there is any problem with this, I would suggest that we go in the order that is on the procedural paper, which would mean we'd start with you, Mr. McMonagle, from the Canadian Solar Industries Association.

I'm sorry that I stumbled over that.

Mr. Rob McMonagle (Executive Director, Canadian Solar Industries Association): That's all right. It's a difficult Irish name.

The Chair: Having just gone through St. Patrick's Day, we shouldn't have any problem with your name, for sure.

Anyway, thank you. Would you like to lead us through your presentation?

Mr. Rob McMonagle: Thank you very much for inviting us here this morning.

I want to give you a little bit of background information on the solar industry in Canada, what's happening in the world, and perhaps how we can be involved in the growth that's occurring internationally in renewable energy technologies.

First of all, the solar industry in Canada is made up of three technologies, which makes us a unique energy technology. We deal with solar thermal technology, which is the heating of air and water. We deal with photovoltaics, which is the production of electricity. And we also deal with passive solar, which is the natural heating of buildings by sunlight running through windows.

In Canada there are about 400 solar companies at the present time. It is a very small industry, though, because the majority of the industry is made up of one- or two-person installers, technicians, and sales companies.

There are approximately 1,000 jobs in the industry in Canada. It's growing very rapidly because of international sales. We have some manufacturers in Canada that export about 95% of their products around the world.

Sales in Canada are growing by between about 15% and 25% a year. However, that is only about half of what's happening internationally. Internationally, the solar industries are growing by between 30% and 40% a year.

I don't know whether people have our presentation, but I should mention that one of the myths we have to deal with in Canada in regard to solar—and there are quite a few—is that we don't have enough sunlight. In reality, Canada has more sunlight than the leaders in solar technologies in the world, Japan and Germany. If you look at the graph, Toronto has as much solar radiation as Miami during the summer months, when we peak for energy requirements.

One of the other myths we have is that the issue we're dealing with is primarily an electrical issue. It's not. It deals with both electrical and thermal energy requirements. Solar energy being installed on buildings and homes has a tremendous role to play in supplying thermal energy. In an average Canadian home, the electrical requirements are only 25%, while the thermal requirements are 75%.

There are two main challenges that the solar industry deals with in Canada. The first is that we're dealing with a very segmented, diverse market. We're not one industry, and we're not selling into one specific market. As a consequence, it makes it very difficult for policy-makers to understand the complexities involved in supporting the industry. One single supporting mechanism will not work in all the different technologies. Because we're diverse, it makes it very difficult for people to grapple with how we grow the industry.

The second challenge we're facing is that solar costs are done differently from every other energy source. We are the only energy source that is required to be justified on a payback basis, rather than as a return on investment. When we're dealing with a nuclear power plant, very few people can say it pays for itself within five years. Solar is expected to work on that basis.

What is needed for the solar industry in Canada to grow is not necessarily direct subsidies, but a financing mechanism to equalize the way the accounting of costs is done. Internationally, low-interest loans and green mortgages are stimulating the solar industry so that it becomes a major supplier of energy in the world.

The next chart shows the costs of solar. When we account for the costs of solar in the same method used at central power generation plants, solar technology is in fact one of the cheapest energy sources around. What we have is a chart showing electricity costs in Ontario, and they are a consumer cost. This is another thing that people don't realize. Because it's on the consumer side of the meter, what you need to account for is not the cost of producing that energy, but what the consumer pays for. In almost all cases, solar energy is cheaper than the other alternatives. The only exception to that is photovoltaics, but because it is still at the early stage of technology, photovoltaics has a significant role to play in the future, as the price drops.

To give you an example of the diverse markets, I'm using one market that is often overlooked by policy-makers, and that is pool heating. People say pool heating is not a major energy source in Canada. No, but there are almost a quarter of a million pools in Canada, 60% of which are heated by using, in most cases, propane and natural gas. They contribute over 1.5 megatons of greenhouse gas emissions per year. Solar power could supply 66% of that energy, reducing greenhouse gases significantly in this one insignificant market.

● (1115)

When we look internationally on where we stand with PV-installed capacity, Canada rates 14th out of 20 reporting nations, with only 28% of the IEA average of installed capacity.

For solar thermal installed capacity, we rate 17th out of 22 nations, with only 11% of the international average. We install about 1,000 square metres of solar collectors per year in Canada. Holland, which has only one-half our population, installs 31,000.

On international government funding, we're 14th out of 16 reporting nations. We only spend 10¢ per capita on solar technology, whereas the international average is 61¢ per capita. Even the United States, which is our major trading partner, is above the international average. They supply six times the amount per capita that we do.

So what happened? Canada was a leader in solar technologies back in the 1980s. The next chart shows the tale of two countries: Canada and Germany. Back in the 1980s we were installing 29,000 square metres per year of solar thermal collectors. It was comparable to Germany at that time. Government support ended at the end of the 1980s and the industry crashed. Close to 80% of the industry went bankrupt or closed down. Meanwhile, internationally, governments continued to fund solar technologies. We are now at about 1,000 square metres a year, whereas Germany is at a million square metres a year.

The industry in Canada is diverse and very strong. We do export, as I mentioned, a tremendous percentage of our products. The problem is we don't have a market in Canada. The Canadian Solar Industry Association has a plan that by 2025 we can be supplying 25 million megawatt-hours of thermal and electrical energy. This is doable based on growth patterns internally. That will supply the energy needs of over 2.5 million homes, producing at the equivalent amount of power of all Ontario's coal-powered plants.

We have made ten recommendations, and a copy of those recommendations has been handed out.

That finishes my presentation.

The Chair: Thank you very much, Mr. McMonagle.

We'll now go on to Mr. Keating from the Canadian Hydro Developers. Mr. Keating.

Mr. John Keating (CEO, Canadian Hydro Developers, Inc.): Thank you very much, Mr. Chairman.

Thank you to the committee for the invitation to participate in today's hearing. My name is John Keating. I'm the CEO of Canadian Hydro Developers. I'm not here representing an association, as my colleagues at the table are. I'm here representing our company, Canadian Hydro Developers.

We've been around for about 15 years, building low-impact renewable energy projects. We're listed on the Toronto Stock Exchange. We're a public company, and we've been building one plant on average per year for the last 15 years.

Canadian Hydro is passionate about building a sustainable future and reinvesting in that future. As a result, we are not an income trust; we are a share capital corporation. I think we're the only Toronto-listed company that is solely focused on low-impact energy.

We bill ourselves as being clean, simple, and sound. It's clean energy. It's simple because we're capturing energy directly from the end-use source. We're financially sound, in that over 80% of our generation is sold under long-term contracts.

Canadian Hydro has 15 power plants today. We have four wind and four hydro plants in Alberta, two hydro plants in British Columbia, and five hydro plants in Ontario. Further to that, we have a biomass plant in Alberta that is just commissioning right now after two years of construction, and a hydroelectric plant on the west coast that will be finished in June.

We have spent nearly $240 million since inception, and $179 million of that has been spent since 2000 on seven new projects. We have 50 full-time employees. In addition, we have approximately 800 megawatts, representing a potential investment of $2 billion in active pursuit in B.C., Alberta and Ontario. So our challenge is to continue to get this iron in the ground. I'm here representing our company and the industry at a grassroots level. We don't build our company making acquisitions, as an income trust might; we grow through the drill bit, as it were.

I have some statistics in my presentation that relate to Alberta and British Columbia. In western Canada there are 551.5 megawatts of installed, certified, green power—low-impact renewable energy, under Environment Canada's EcoLogo definition. That represents about 2,300 gigawatt-hours of annual generation, which is enough to supply a city of between 300,000 and 400,000 homes.

The capital invested is just over $900 million, with annual O & M circulating through the economy of about $42.8 million per year. That's what exists today that's been built since 2000. That's just for the last five years. If we were to double that investment over the next five years, and again in the five years subsequent to that, between 2005 and 2015 we could see another $2.76 billion of investment flowing primarily to the rural economy, because we have to develop renewable energy where the natural resource is. Whether it's a run-of-river hydro project in the interior of B.C. or northern Ontario, or a wind or biomass project elsewhere in Canada, those projects typically are not at the load centre; they're in rural parts of the country. So there's benefit across the country.

The benefits of green power include this new capital investment and job creation, often in rural districts throughout Canada. Renewable energy has the ability to provide long-term stable-priced energ because there's no fuel cost exposure. Because there's no variable fuel cost, contracts can be very long, up to 50 years in some cases. There's the increased competitiveness of the industry by having private enterprise enter the utility sector, as it has over the last number of years. There are the benefits of and clean air and reduced GHG emissions. Investment in innovative and sustainable renewable energy technologies will diversify Canada's energy supply further, assisting in the security of North America's energy supply. Eventually there will be made-in-Canada manufacturing for wind and other renewable energy technologies, just like there is for hydro-electric power.

On the point of this presentation, budget 2005 announced the creation of a renewable power production incentive for other low-impact technologies besides wind, such as run-of-river hydro, biomass, geothermal, wave, tidal, solar, etc. The expansion of the wind power production incentive was also announced, from 1,000 megawatts to 4,000 megawatts, and keeping the level of incentive at one cent per kilowatt-hour, which was key.

● (1120)

The budget also announced the acceleration of capital cost allowance write-offs from a 30% rate to a further incentive rate of 50% for the full range of renewable generation equipment that currently qualifies for a class 43.1.

Those things were terrific announcements for us to hear in industry. Canadian Hydro applauds Budget 2005 and the government, and believes it will have a significant positive impact on the development of renewable resources in western Canada and across the country.

Renewable power industry is eager to have legislation enacted and keen to work out the implementation of the renewable power production incentive, which was simply announced as a program that would be effective after March 2006.

Also, finally, a national renewable energy strategy is required to focus attention on the potential renewable energy industry and ensure expansion throughout Canada.

In conclusion, green power and low-impact renewable energy is not a niche source, as evidenced by the numbers and the fact that a number of players across the country have been involved in our industry now for in excess of ten years. There are many benefits to Canadian society, the economy, and the environment. The public is demanding cleaner, more sustainable power with stable pricing. The key is stable pricing.

The major point of my presentation is that enacting the legislation to bring the renewable power production incentive into force is an important next step to ensure the program delivery. I can't emphasize enough how important it is that it happen on an expeditious basis.

There are requests for proposals coming out in British Columbia, Ontario, Nova Scotia, and perhaps elsewhere—perhaps Quebec—that will be impeded if these rules are not made clear. As an investor and as a builder of these projects, how do we make these investments without knowing what the rules are? Do we bid assuming we're going to get the federal incentive, or not? That will make the entire difference of whether or not we're successful at the table. There will be confusion over the next 12 months, so I would encourage support for getting these rules negotiated with industry and brought into force.

Number one, the wind power incentive expansion absolutely has to get legislated, and number two, the negotiations can't happen quickly enough with respect to the renewable power production incentive.

Finally, I would like to provide Canadian Hydro's support for the major point that my colleague, Robert Hornung, from CanWEA is going to provide with respect to ownership of green credits. If the renewable power production incentives and/or the wind power production incentive include the transfer of green credits to the federal government, quite frankly the provinces will not be interested in buying that not-green power any more. So that debate is raging currently. I'm going to turn that argument back over to Mr. Hornung.

That concludes my presentation, Mr. Chairman.

● (1125)

The Chair: Thank you, Mr. Keating. I'm sure there are going to be some follow-up questions on that last point you made. We appreciate your testimony on that.

Mr. Hornung, from the Canadian Wind Energy Association.

Dr. Robert Hornung (President, Canadian Wind Energy Association): Thank you, Mr. Chairman.

I'll be addressing a presentation that I believe was distributed to all of you a few minutes ago.

I very much appreciate the opportunity to come and speak to you today about the contribution that low carbon energy and wind energy can make towards the implementation of Kyoto objectives and the reduction of greenhouse gas emissions. But it's also important to remember that these sources of energy do more than reduce greenhouse gas emissions. We're blessed with tremendous resources. Canada has an unparalleled wind resource. We have tremendous hydro-electric resources, which can be a very useful partner to wind energy and help to address concerns about wind energy's variability. Hydro is a great partner for that.

Wind energy is not only about reducing greenhouse gas emissions. There's no air pollution, no water pollution, no solid waste, and no toxic waste. There's a whole range of environmental benefits.

There are economic benefits as well, as Mr. Keating highlighted, particularly in rural areas in terms of new investments and job creation. The economic drivers for wind energy are the fact that you have declining costs over time and no fuel cost; the fact that you can install wind energy rapidly and on an incremental basis; and the fact that the production of wind energy peaks in the wintertime, when our demand for electricity is highest. These are all reasons why it makes sense to pursue wind energy in Canada.

At this point in time in Canada, we're still far behind the global leaders with respect to wind energy. We have 444 megawatts of installed capacity. The world leader is Germany, with 16,500 megawatts. We had a record year in Canada last year. We installed 122 megawatts of new wind energy capacity. This year we'll do better than that. We expect to have a minimum of 300 megawatts installed this year. That still leaves us behind other countries. Again, I'll use the German example. In Germany, 34 megawatts a week were installed last year in terms of new wind energy development.

Finally, where is wind energy in terms of contributing to our electricity production? It's about 0.2% in Canada, it's 16% in Denmark, it's 6% in Germany, and it's 5% in Spain. As you can see, we have a lot of room for growth. The good news is that we actually have a very promising future right now with respect to wind energy in Canada. We have 2,000 megawatts of wind energy projects, five times the current installed capacity, that are either under construction at this time or have signed power-purchase agreements.

The federal government did a very significant thing with respect to wind energy in the 2005 federal budget with the quadrupling of the wind power production incentive and the maintenance at one cent per kilowatt-hour. The Canadian wind industry was extremely pleased by that initiative. We think it was a critical step in moving the wind energy industry forward in Canada.

It also sent a very clear signal to provincial governments that the federal government was willing to partner with them in terms of moving forward and bringing wind energy forward in Canada. That's important because provincial governments have now established either renewable portfolio standards or are developing requests for proposals for wind energy that would see over 5,000 megawatts of wind energy in place by 2012. The federal government has sent a clear signal that they're with us and they want a partner on that.

It also sends a very clear signal to manufacturers that Canada is going to have a wind energy market of a large enough size and viability to sustain domestic manufacturing. I'm very pleased to note that this month, in fact, we've had announcements of a new wind-turbine blade manufacturing facility to be established in Quebec, and a cell assembly facility and a tower manufacturing facility all to be established in Quebec. We can now have the opportunity with a growing market to actually capture a larger percentage of the economic benefits associated with industry for Canada.

Our target as the Canadian Wind Energy Association is 10,000 megawatts by 2010. We're not there yet in terms of these government initiatives, but we've made some important steps. We're still optimistic that we can meet the goal.

Now, what does wind energy mean in terms of greenhouse gas emission reductions? Like all low carbon energy sources, wind energy reduces greenhouse gas emissions by either replacing or substituting existing or planned fossil-fuel-fired electricity generation. Five thousand megawatts of wind energy would reduce Canada's annual greenhouse gas emissions by somewhere between 5 million and 10 million tonnes a year, depending on what you're assuming is being displaced.

● (1130)

All of this is a very positive story, but I did want to highlight today in my presentation to you that there is one potentially serious obstacle in the Kyoto plan for moving forward with wind energy in the way that we envision. At its heart, the Kyoto plan has an important market instrument—greenhouse gas emissions trading, permit trading, and credit trading.

Wind energy and, frankly, all renewable energy sources are well positioned to create greenhouse gas emission reduction credits that could meet the demands of large final emitters within the Kyoto system and that could meet the demands of the new clean fund that was described in the federal budget.

When the emissions trading system was first proposed a couple of years ago, renewable energy sources were going to be excluded entirely. There was a big outcry, and the door was opened for renewable energy sources to participate. We were grateful for that. It's our understanding now that the position of government—again, this is at this time—is that projects that receive the wind power productionincentive would be excluded from participating in this market, would be excluded from creating greenhouse gas emission reduction credits. We think that poses a very serious and significant challenge.

It's important for wind energy, and I would argue for all renewable energy sources, to maintain ownership of the greenhouse gas emission reductions they create.

First, under the wind power production incentive program at this time, the terms and conditions of that program do not in any way remove ownership of wind energy's environmental attributes from the wind energy producer. At this point in time it's very clear that they remain with the wind energy producer.

This is vitally important, because the wind power production incentive program was always acknowledged to be a program that would help to close the gap between the cost of wind energy and the cost of conventional electricity production. It doesn't close the whole gap. The federal government said “We're willing to put something on the table; we want to see others put something on the table too.” It's quite a legitimate perspective.

How does the rest of the gap get closed? In reality, the rest of the gap gets closed through the value of the environmental attributes, through the value of the emission reduction benefits. In a jurisdiction like Alberta, if you build a wind farm, you're going to use WPPI to close part of the gap. You're going to close the rest of the gap by perhaps offering to sell wind power at a premium to consumers who would like to buy those green tags or those environmental attributes and are willing to pay a premium price to help to close that gap.

If you look ahead in the Alberta market over the next five years, it's estimated that the cost of electricity you'll be trying to sell into will be in the range of 4.3¢ to 5¢ per kilowatt-hour. Add WPPI on top of that, that's another cent; it takes you up to 6¢ a kilowatt-hour at the high end. The contracts we've seen recently signed in Quebec and Ontario for wind energy are for 6.5¢ and for 8¢. So WPPI doesn't close that gap. You need to be able to access that emission reduction value.

Provincial governments or provincial utilities that are making these commitments to purchase wind energy are also very keen to get these environmental attributes. In fact, what they would argue is that they are very grateful that WPPI is closing the gap for the first ten years that they are purchasing this power, but that they actually are going to be purchasing this power for twenty years. They'll close the gap the first ten that WPPI doesn't close, and they'll cover the whole gap the rest of the way. But for them to pay that premium, they would like to have access to the environmental attributes. So when a wind energy producer enters into a power purchase agreement with a utility at the provincial level, they will often, as part of the negotiations, agree to transfer those environmental attributes to the provincial utility.

Imagine a situation where the Ontario government shuts down its coal-fired power plants—one of the single biggest contributions that could be made to Canada's Kyoto objective. Those power plants are shut down in part because Ontario purchases a significant amount of new renewable energy, including wind energy. But the wind energy and the renewable energy they purchase has been supported by the wind power production incentive program or the renewable power production incentive program. Does that mean that Ontario would get no credit for making those purchases? At this time, that is potentially what that means. That's a really negative incentive and signal to provincial governments.

● (1135)

My essential argument is, if wind energy projects don't have access to the value associated with greenhouse gas emission reductions, some projects will not go ahead because they need that value; they need to be able to capture that value in order to make the economics go.

Now, what would be the possible rationale for excluding wind projects that receive WPPI from participating in the emissions trading system? We've heard two rationales proposed. The first one is a concern about double counting. There's a concern that if the Kyoto plan assigns an emission reduction value to WPPI and says we're funding the wind power production incentive and we expect it to generate this many emission reductions, then you have emission reduction values assigned to the large final emitter systems and other elements of the plan. It's clear you don't want to have double counting. You don't want to have an emission reduction counted under WPPI showing up under large final emitters, and that makes sense.

The issue is, though, should you actually be assigning emission reductions within the plan just to WPPI? Our argument would be no, you shouldn't, because WPPI alone doesn't generate the emission reduction. It's WPPI in conjunction with, for example, being able to obtain the value for the environmental attributes that allow the projects to go ahead. We would argue that within the Kyoto plan a program like WPPI should not have emission reductions assigned to it on its own; that would eliminate this double-counting concern.

The other concern that's been expressed is about double-dipping. There's a concern that, well, if the federal government is already providing funding to wind energy through WPPI, we don't want to pay through the Clean Fund, essentially paying again for greenhouse gas emission reduction. Our argument is that it's a flawed perspective for a couple of reasons. One, there is clearly no double-dipping at all if emission offsets or emission reductions are bought through the large final emitter system. Because it's the private sector paying for the offset and the government paying for WPPI, there's no double-dipping.

If the clean fund was to buy an emission reduction from a WPPI-funded project, you might say there's some potential for double-dipping there, but it's easy to avoid. You simply consider the value you've contributed through WPPI as part of the cost you're paying towards the offset. If indeed the cost of WPPI plus an increment for the offset is greater than what the market will bear and if the government can buy the emission offsets cheaper elsewhere, the government will do that; that's not an issue.

Indeed, the clean fund is designed and based on a pilot program that was established within Environment Canada called the pilot emission removals, reductions, and learning program. Within that program, participants were actually able to participate in the program and receive the wind power production incentive, but the program had a very clear rule. To avoid concerns about double-dipping, it said the total amount the federal government would pay through both the wind power production incentive and through this program would not exceed a certain amount, and we think that's perfectly legitimate. Again, this is an issue we don't see as a solid argument against allowing these projects to participate; it's just something you have to design around.

It's our perspective that wind energy can make a very important contribution to Canada's Kyoto commitments. From our perspective, a program like WPPI is a transitional program. We expect that as time goes on, as the cost of wind energy continues to decline, and frankly as the value of greenhouse gas emission reductions continues to increase, wind energy will increasingly rely on its emission reduction value more than on any direct government support through something like WPPI to succeed in the marketplace. You would expect that in the post-Kyoto period you would see either significantly reduced WPPI or perhaps no WPPI at all, and you would work with the emission reduction value. But that means you have to have access to the emission reduction value, and wind energy producers must have access to the greenhouse gas emission reduction marketplace in both the short term and the long term to allow these projects to go ahead.

I'd just encourage the committee, as you're doing work in terms of reviewing Kyoto and the implementation plan, to pay particular attention to the design of the emissions trading system and the requirements around creating greenhouse gas emission reduction credits to ensure you're not disqualifying projects that can make a significant contribution for reasons that might not be as strong as one might expect.

Thank you very much.

● (1140)

The Chair: Thank you very much, Mr. Hornung.

We allowed a little more time because you expanded on the point made by Mr. Keating, and he had not expended all his time.

So thank you very much. That was well developed and we'll have some questions on it, I'm sure.

Mr. Passmore. Mr. Passmore is with the Iogen Corporation.

Mr. Jeff Passmore (Executive Vice-President, Iogen Corporation): Thank you very much, Mr. Chair.

Like John Keating, I am indeed here representing a company, Iogen Corporation. We're an Ottawa-based corporation with 180 employees. And by the way, because we are Ottawa-based, let me extend an invitation to the committee or any individual members of the committee to come out for a plant tour at the world's only cellulose ethanol demonstration facility.

You all have my deck. I may refer to some individual slides in the deck, but generally I just want to tell you a story. It's a low-carbon story that is supported by big oil, and it's a great Canadian success story.

Imagine a technology that could take agricultural residues, such as straw or corncobs, stocks, and leaves, and turn them into a transportation fuel that can reduce greenhouse gas emissions by 90% when compared to gasoline. That's what cellulose ethanol can do. You're here looking at a lower-carbon energy supply. Imagine that Canada is the world leader in that technology. It's not often that we're in a situation in which we are number one in the world.

We're the world leader in cellulose ethanol because of a partnership that we've had, on an ongoing basis over the years, with the Government of Canada. You'll see on slides 7 and 8 that about $21 million worth of taxpayers' money has been put into the development of cellulose ethanol over the course of the last number of years. That has been very successful at leveraging private-sector investment. It has leveraged $110 million in private-sector investment from our partners Petro-Canada and Shell, and from Iogen Corporation through its own cashflow.

The benefits of this technology as far as Canada is concerned—and you'll see that there are a number of maps in the presentation—come to the prairies, to Ontario, and to Quebec. It's really a non-partisan, non-geographically discriminatory technology. We would be building plants in western Canada and probably using them in your riding in Metropolitan Toronto, Mr. Chairman. If the Ontario ethanol mandate goes ahead, then that would certainly be something we will be looking at seriously.

We're at a critical stage in the commercialization of this technology. We were mentioned in the 2002 climate change plan. It was discussed in that plan that the Government of Canada would sit down with representatives of the cellulose ethanol industry and negotiate how we are going to commercialize this technology in Canada. We were mentioned again, honourably, in the 2004 federal budget, and again in the 2005 federal budget just last month.

As you can see from slides 31 and 32—those are Natural Resources Canada and Environment Canada slides—the issue is basically what we call the "Valley of Death" with respect to commercialization. There are all kinds of programs in Canada supporting research, development, and demonstrations, but projects of this type, which have never been built at this scale before, are not eligible for conventional project finance.

On slide 34, you see what I think is the most succinct statement by Phil Evershed, the managing director of investment banking at CIBC World Markets. He says, "Because the project involves substantial new technology that is unproven at this scale, normal project financing is not available to it without a third party guarantee." There's a similar sentiment expressed by Consulting and Audit Canada and in Project Financing, a bible that basically establishes the rules for lenders and says you do not lend to new technology or you're going to get your lending portfolio into difficulty.

The idea is that we would build the commercial plant and it would be 100% financed in the private sector, through a combination of equity and debt. Shell and Petro-Canada would be providing the equity portion of the financing, and the debt would come from conventional lenders. However, those conventional lenders require that debt to be backed by a strong credit rating, such as that of a government.

We're basically at this critical stage. We're in negotiations, but we need the next step to be that the Government of Canada sets up a senior team to negotiate the transaction. That senior team would have to explore the full range of economic instruments that were available in Canada to commercialize this technology. We've been looking at everything from capital grants to loan guarantees to accelerated depreciation and so on.

● (1145)

As you can see from the maps in the presentation, we've been having discussions with governments in the U.K., Germany, and the United States. There's a huge amount of interest in carbon dioxide emission reduction technology in the transport sector. If we don't deal with the carbon dioxide question in the transport sector we will not meet our Kyoto commitments. That's just a fact. Transportation is responsible for 30% to 40% of the carbon dioxide emissions, and if we overlook the solutions in that area we simply won't meet Kyoto.

My main message to this committee is let's finish the job. We spent $21 million of taxpayers' money on development of this technology. As I said, that's been successful at leveraging private sector investment, but let's finish the job, and let's finish it here in Canada. Let's make sure that we negotiate between the private sector and the Government of Canada a deal that sees the commercialization of this technology happen here in this country.

Thank you, Mr. Chairman.

The Chair: Thank you very much, Mr. Passmore.

That brings us now to the questions that are raised out of your deputations. We'll lead off with Mr. Richardson.

Mr. Lee Richardson (Calgary Centre, CPC): Thanks, Mr. Chairman.

That is fascinating. I appreciate this update. I thought we knew something about wind energy here, but this is a whole new angle.

I wanted to just follow up on Mr. Keating's concern about those incentives announced in the budget. Is it your concern that they won't be passed? Is that what your initial concern was there, or that there would be a delay in the implementation of those programs because the House wouldn't pass them or because they're not in a state to be implemented?

Mr. John Keating: The concern is with the timing. The announcement was welcomed by the industry. It puts all certified low-impact renewables on the same level playing field, but the uncertainty arises during the period between now and implementation through legislation. In the meantime, various provinces are out looking to secure power supplies, and they wish to secure them from low-impact renewables.

For us as a corporation, to put more iron in the ground we need to win some of those contracts. We have to go out on a limb ourselves. Do we take the risk that this program will be implemented in a certain fashion with a certain set of rules that we make an assumption about and bid on it accordingly in order to win, or do we take the conservative approach and expect it to be watered down or delayed or inaccessible to us for whatever reason and bid without it and not be successful?

So it puts us into a period of uncertainty. That's never good. A number of players in the industry during that period of uncertainty will back off from their potential investments and it will slow things down.

● (1150)

Mr. Lee Richardson: We've heard this before in terms of well-intentioned notions that seem to take a while to get off the ground, or completions of strategies and/or implementation plans. Perhaps the government members would be able to respond further in that regard, because this is an ongoing concern that we've had as well with specific regard to those initiatives announced in the budget. I don't think you're going to find much opposition to that from this side. I don't want to speak for the Bloc, but we thought those were good initiatives and ones that we could support.

With regard to the implementation, of course we don't have any power over that, but we would wish them well. I wanted to ask as well about this. The nomenclature was new to me. Referring to environmental attributes, can I essentially use the term “emission credits”, or is there more to environmental attributes than emission credits here in the discussion? Maybe you could elucidate that.

Mr. John Keating: I think you can refer to it as green credits. We call them renewable energy certificates, which is a phrase that seems to have caught on in North America, and which encompasses all environmental attributes, carbon dioxide offsets as well as anything good about where the source of power comes from per megawatt-hour. So we would sell one REC—renewable energy credit—which refers to all of the environmental attributes or green credits associated with one megawatt-hour of green power generation regardless of where it exists and the jurisdiction it's in, regardless of what the marginal unit of production that's been offset might be assumed to be. So a REC generated in Denver, Colorado, would be worth the same as a REC generated in Alberta, and the same as a REC generated in Ontario.

Mr. Lee Richardson: Mr. Jean turned to me in the middle of your presentation, astounded. Were you suggesting that the wind power production would not be eligible for emission credits, or that you wouldn't get those credits? That is not something we've heard before, and I find that very strange.

Mr. John Keating: The current design of the wind power incentive program—and correct me if I'm wrong, Robert—does not speak to the ownership of environmental attributes, or it allows them to remain with the producer so that he can go out and bid them to Ontario or bid them to a customer in Alberta, etc. But the fear is that through the expansion of the wind power incentive from 1,000 to 4,000 megawatts, it opens up the whole discussion. The introduction of the new concept, the renewable power production incentive, which is to be negotiated by industry and government over the course of the next year, is not effective until after March of 2006.

Based on comments coming out of the government, there is specific worry that the environmental attributes would vest with the federal government. We are getting feedback from B.C. Hydro, for instance last week at a technical meeting in Kamloops on their upcoming RFP, that those credits are absolutely necessary to procure green power on a 20-year contract basis. If not, that power can still be bid, but only as black power—no different from coal-fired or any other source of power. In other words, if we're coming to the federal government for a one-cent-per-kilowatt-hour incentive, and we have to forgo either getting a contract or some or all of that premium from the provincial government, then it's just a transfer from one government to the other.

The Chair: Mr. Hornung would like to add something to that, Mr. Richardson.

Dr. Robert Hornung: Yes, I just have one quick comment.

There have been ongoing consultations with respect to the design of the large final emitter system, the emissions trading system that's been proposed as one important component of the Kyoto plan. As I said earlier, when the first proposals for that design came out, it was actually argued that renewable energy projects like wind energy should not be able to participate at all. A number of people at this table here and a number of others said, “Well, no, that doesn't necessarily make a lot of sense; we clearly do reduce emissions, and this is important and we can help”. To the credit of the people designing the system, they acknowledged that and said yes. But then they went one step further and said, “Yes, but if you're receiving assistance from another part of our Kyoto plan, whether it's the wind power production incentive or a new renewable power production incentive, or things like that, then you're excluded”.

I guess one question that I would raise, which the committee might want to reflect on, is that emissions trading and emissions reduction credits are obviously going to be an important part of meeting Canada's objective, whether to provide flexibility for large final emitters or whether to purchase domestic offsets through the clean fund. My concern is that if you exclude projects that receive the wind power production incentive, you're going to exclude most of the wind power built in Canada in the next five years. If you exclude projects that receive the renewable power production incentive, you're going to exclude a lot of hydro, biomass, and other projects.

We also have initiatives that have been proposed in the Kyoto plan with respect to energy efficiency. You have a partnership fund and all of those other things. If this sort of provision stays in place, it is not clear to me where the offsets are actually going to come from. Again, it's my understanding that this is something that is still in flux, or an ongoing discussion, but the fact there are people arguing “No, if you do receive this incentive, then you should not be eligible” is of great concern to us.

● (1155)

Mr. Lee Richardson: Well, I think that concern would certainly be shared here as well. As you say, if not here, then where? We obviously would prefer to have those offsets domestically found, rather than sending money offshore.

The other question I was interested in was a broader, general question we've been asking a number of participants in these hearings and those witnesses who are promoting new and in some cases not yet economically profitable exercises. Electricity costs are increasing, but I got the sense that your cost of production was lower and that you are going to be able to provide power at a lower cost as you progress down the road, so I just wanted to ask in a general way, where down the road do you see yourself being able to operate without these incentives?

I must say, as I mentioned a moment ago, we do favour incentives to reach our goals here, particularly capital cost allowances and those sorts of things, but as a Conservative, I'd like to know when we can do this without government incentives.

The Chair: Mr. Keating.

Mr. John Keating: I'll take a real quick stab, Mr. Chairman, if I may.

The crossover, I think, would be occurring very quickly here had it not been for the rise in the price of steel and concrete in the past 15 months. The $61 million biomass plant that we're finishing right now, after two years of construction in Grande Prairie, today would cost between $70 million and $80 million. So as energy prices rise and we become more competitive, the cost of constructing new plants is also rising. It's pushing that crossover further down the road.

Dr. Robert Hornung: I would just add that the cost of wind energy has declined by about 80% in the last 20 years, and it's still declining by about 3% to 5% a year. In the short term, we see some bumps that are pushing it back up, and some of that is steel costs and things that John talked about. There are also, at this point in time, “learning by doing” costs that you are getting. Wind energy is going through environmental assessment processes on a large scale for the first time. Utilities are figuring out how to integrate wind energy into the grid for the first time. There are higher costs associated with that than there will be five years from now, as we learn through this experience.

To pick an exact date is really hard. I would say that some time between 2010 and 2020 is when you cross over. But at the end of day, I think, as I said in the presentation, from the wind energy industry's perspective, there's an expectation that the role of government support will decline over time if the industry has access to participate in the market mechanism that actually allows it to get some value for some of the benefits it is providing. That's again why this is important for us, because we don't expect, and we think it's completely unrealistic to expect, that government is going to continue to give out.... It wouldn't be forever and ever.

● (1200)

The Chair: If you could keep it short, Mr. Passmore, then I'll go to Mr. Bigras.

Mr. Jeff Passmore: I wanted to make an observation about transportation fuels. At $50 a barrel oil, of course, one might expect that alternative fuels should be competitive, but it's important to remember that governments need to establish policy that leads towards the achievement of the policy goals they're trying to accomplish. If we are serious about meeting our Kyoto commitments, then we have to have the complementary policy to achieve that.

Cellulose ethanol actually isn't competing against gasoline; it's competing against alternatives to gasoline. For example, there's a 10¢-a-litre federal excise tax exemption on ethanol. Should that exemption continue? Well, there are various ways to reduce greenhouse gas emissions in transport. They are conservation, energy efficiency, clean vehicles, and clean fuels. Every time Ford puts aluminum in a vehicle and reduces the amount of gasoline being consumed in that car, they don't pay the 10¢-a-litre excise tax on the saving; there are forgone revenues to government. Every time somebody takes public transit instead of taking their car—they leave their car in their driveway—there are forgone revenues to government. Nobody is circling around saying we'd better put a 10¢-a-litre excise tax on public transit or on aluminum in vehicles. You've got to keep in mind that when you're looking at alternatives in the transportation fuel area, with respect to cellulose ethanol, if indeed we reduce greenhouse gas emissions by 90% compared to gasoline, maybe we should be getting a 9¢ and not a 10¢ excise tax exemption compared to public transit and aluminum in vehicles.

The Chair: Thank you, Mr. Passmore.

Mr. Bigras, please.

[*Translation*]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Thank you very much, Mr. Chair.

Like my friend Mr. Richardson, I'll also touch upon the issue of the budget. We can be pleased with the budget which has been tabled but we can only note that, in many cases, the announcements made will bear fruit in several years: from 5 to 10 years. So it is neither true nor certain that we will see the spin-offs of last February 23 budget.

I have a broad question on energy mostly directed to Mr. John Keating. I would like to know his views about the following. The budget which was tabled touches upon the possibility to finance, through the Clean Fund, a national power grid project. There are among other things talks about the financing of hydro transmission lines, namely an interconnection East-West of the projects already considered by the federal government back in the sixties and seventies.

What is, Mr. Keating, your assessment of this type of projects? Have you already had talks with the federal government, under future projects? What do you think in general about this kind of projects? In particular, did the federal government approach your industry for the achievement of this kind of projects?

[*English*]

Mr. John Keating: Thank you.

I can say Canadian Hydro has not had any discussions with any other government or any other large utilities with respect to major transmission projects. We are an independent power generator, owning and operating our own low-impact power plants, so we're not involved in the transmission industry, which is required for east-west cooperation between provinces to get multi-billion-dollar investments completed. I don't doubt that this is a very important strategic need for Canada in the long run, but it's certainly beyond our company's capability.

● (1205)

[*Translation*]

Mr. Bernard Bigras: My question will now relate, among other things, to the wind power production tax incentive program. What strikes me in your report on the production by province and on the wind energy production projects which was tabled in July 2004, is that Quebec is very often the province where, up to this point, the largest number of projects have been accepted. In your July 19, 2004 report, you are talking about 1,113 projects, including those which were accepted. However, in reality, the program as such limits the companies and the provinces to a potential production and financing of 300 Megawatt. Of course, additional financing was announced.

Is the program not slowing down the development of electricity generated by windmills? Ultimately, would your industry not suggest a form of removal of the cap from the program to ensure that the provinces and the companies which are the forerunners can benefit from it?

[*English*]

Dr. Robert Hornung: It's a very good question.

Under the existing terms of the wind power production incentive program there are caps in place. In the original 1,000 megawatts program, there's a maximum per province per project in terms of size, and also per company and corporate entity. The Canadian Wind Energy Association has advocated almost since the very beginning of the program for the elimination of all of those caps, and we are continuing to do so now within the context of the wind power production incentives expansion.

Our understanding is that the terms and conditions of the program are being revisited in light of the expansion and that issues like this one related to the caps are open for discussion and consideration. I do not know where the government will come down on this, but I can tell you that as an industry association we have very strongly taken the view that there should be no maximum cap by jurisdiction.

[*Translation*]

Mr. Bernard Bigras: You indicated in your presentation the reasons mentioned for excluding projects from the WPPI. Does not the fact that there is a cap on this program demonstrate precisely that the argument of the government on double-counting is false? Basically, to the extent that the companies or the provinces cannot benefit as they wish from the program, in some cases, there is not necessarily double-counting. Does the cap on the program ensure that the thesis of the government on double-counting, both through some uses of the Eco Fund and of the incentive program, does not hold together anymore? Does not the cap itself destroy the whole argument of the federal government, given that the opportunity to use the program is restricted for some provinces and some companies?

[*English*]

Dr. Robert Hornung: I should be clear that we do not know yet what the rules will be with respect to caps in the expanded program. I've explained what our position is, and we'll be advocating that forcefully.

It is clear from our perspective that one of the reasons you do not want caps by province is that you actually want to be able to reward provinces that are leaders, that are taking more aggressive action to move forward with these technologies, and in this case with wind energy specifically. So again I believe we share a common perspective on the cap and its usefulness, but I would reiterate that at this point in time there is no decision that has been taken with respect to the fate of the caps in the expanded would-be program.

[*Translation*]

Mr. Bernard Bigras: I would like to know where your industry is in its negotiation with the federal government on the question of credits for early action.

I find this somewhat paradoxical. My understanding is that an industrial sector which would switch from coal power generation to wind power generation could get credits. However, an industrial sector which would use hydro power and would decide to stay on the path of this sustainable development could not get credits.

Is that not a way to encourage some industrial sectors to go backwards and to opt for polluting production methods in order to be able to get those credits in the future? Should the program not take into account the industrial sectors which decide to stay on the path of renewable energy rather than simply target the switch from the use of fossil fuels to the use of renewable energy forms?

● (1210)

[*English*]

The Chair: It looks like you're on, Robert.

Dr. Robert Hornung: Clearly we believe that the Kyoto plan, and indeed the emissions trading system in the Kyoto plan, to be effective should provide an incentive for people to move toward lower-carbon fuels and to move toward renewable fuels. We do have some concerns that those incentives are not clear enough within what's been proposed so far.

This will come back to the issue I touched on in my presentation. Within the wind energy industry we've seen a significant shift in membership in the last few years. We've had a number of members of the oil patch come into the industry who've shown an interest in building wind energy projects, in part to reduce their liabilities under Kyoto and to diversify as energy companies. But I can tell you right now that in this situation, where a number of those companies are coming forward and are coming to Ottawa and having discussions and they are being told they're not actually going to be able to access the value of these emission reductions, it is causing them to rethink whether or not they should go into this business at all.

So I think it is an extremely valid point to believe and to argue that this system should be sending signals to encourage a shift. And again, I think with initiatives like the one I spoke about in my presentation, it's not clear that those signals are as strong as they should be.

The Chair: We have two minutes for Mr. Simard.

[*Translation*]

Mr. Christian Simard (Beauport—Limoilou, BQ): Ethanol is not always well thought of in environmental circles because we wonder about the final outcome, in particular in northern countries where, when we produce corn, for example, we must use lots of fertilizer and pesticides to force somewhat its growth. Now, if we produce ethanol by transforming this corn, which entails energy costs, questions arise about the final outcome in terms of production of energy and pollution. Forced production of corn also causes lots of pollution in the water table. So it looks as if the environmental gain, or even energy gain, is very small.

Mr. Passmore, does the technology you are proposing here change anything to this analysis?

[*English*]

Mr. Jeff Passmore: Thank you for your question.

First of all, with respect to the energy balance in grain-based ethanol, I understand that you are going to have a witness here from the Canadian Renewable Fuels Association tomorrow, so he will be able to answer the question more fully, but the technology has improved immensely. The whole issue of energy balance has been around for years. The U.S. government laboratories have done a number of assessments that show you are net positive from conventional grain-based ethanol in terms of energy and greenhouse gas emission reductions.

It's also acknowledged that cellulose ethanol has a much better energy balance and environmental story to tell on greenhouse gas emission reductions. With respect to the energy balance, the numbers are somewhere in the 4:1 range for cellulose ethanol, compared to something like 1.6:1 or 1.4:1 for grain. In the greenhouse gas emission story, you have somewhere in the neighbourhood of 45% to 50% maximum greenhouse gas emission reductions from grain and anywhere from 90% to 100% greenhouse gas emission reductions from cellulose.

These analyses are all life cycle analyses, so they go from well to wheels. These are studies done primarily by the leading research agency in this area, ArgonneNational Laboratory in the United States. Those are the figures we rely on.

That's the story.

● (1215)

The Chair: Thank you, Mr. Simard. We're out of time on that round.

We'll now go to Mr. McGuinty.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chairman.

Thank you to all witnesses for coming today. It's good to see all of you again.

I'd like to begin by making a comment, particularly for the Canadians who are watching this committee and its proceedings today, about the continuing debate on whether or not we should, as a government, be levelling the playing field with respect to renewable and non-renewable energies or tilting the playing field in favour of one form of energy or another. This seems to be the type of overarching rubric under which this debate continues to occur.

I wanted to pick up on a comment that my colleague Mr. Richardson made earlier. I share his concerns about the fact that incentives are being made available in order to help the non-renewable energy sector. For example, investment tax credits still continue with respect to oil sands investment. I'm not so sure that we're ever going to have a fully unfettered, impediment-free energy market. I can't find one anywhere in the world.

Certainly in the wake of the deregulation experience in the United Kingdom, California, Alberta—where the Government of Alberta continues to issue rebate cheques to its citizens for electricity charges, usually arriving just before Christmas—and particularly in Ontario, where the last government also looked at the deregulation experience and is moving in another direction, if I understand it, the debate is still very much on whether we are trying to level the treatment of one form of energy over another in the marketplace or whether we are trying to tilt it in favour of one form of energy over another in the marketplace.

I share the concerns raised by Mr. Hornung with respect to whether industries or companies that are going to benefit from the incentive through the WPPI ought to be able to bank the credits or not. I don't know what the position, for example, of non-renewable energy players would be with respect to that question.

I'd like to hear some kind of rationale. Working with finance officials and others who are designing the question on emissions trading, permits, and so on, my experience is that they don't often make these decisions in a wholly uninformed vacuum. There has to be some kind of rationale behind it. I'd like to get the panel's comments on the question of levelling and tilting.

The second question is the question of symmetry. We heard Mr. Passmore speak about Ontario's proposed regulations on minimum ethanol standards. Given the particular case with Iogen and the fuel that the company produces, you're looking for symmetry between market demand, created by Ontario's regulations, and federal government support on the project finance side. There is an example of cooperation.

For Canadians who are watching, who don't always understand the differences in energy responsibilities between the federal and provincial governments, what has to happen next is this. I refer to Mr. McMonagle's deck where he talks about a national renewable energy strategy for the country. Given that the Prime Minister has referred to his National Round Table on the Environment and the Economy, a major energy reference on both non-renewable and renewable energy, a kind of examination looking out over two or three decades, how well are we doing with the federal and provincial governments in terms of the symmetry that we need to approach this issue?

The Chair: Who would like to take a crack at that first?

Mr. McMonagle, tilt or level?

Mr. Rob McMonagle: On the tilting versus the levelling, before we get to the tilting we need to get to the levelling. We in the solar industry aren't there yet. Even among renewables there are different levels of support. I think there needs to be an acknowledgement that all renewable energy technologies have a role to play and that you can't simply choose winners and losers based on the current state of technologies. All your technologies are at different levels of development.

Support mechanisms are needed for each of the technologies so that they can all reach their maximum potential. So there's the levelling that needs to be going on among those, and then that relates to a national strategy. All the technologies need to be looked at together. How can they complement each other? Wind, hydro, and photovoltaics complement each other very nicely because they're all based on a renewable energy source that, over a year, balances off, but they each take off little different concentrations, depending on the season. So you need to look at how they complement each other.

Similarly, on the issue about electricity and thermal energy, a lot of electrical loads are actual thermal loads. We're using very high-grade energy, which is electricity, to produce very low-grade hot water, even warm water. So how can you switch some of the loads off electricity, and what are the renewable energy sources more appropriate for that?

● (1220)

The Chair: I guess we'll go in order here.

Mr. Keating.

Mr. John Keating: In terms of levelling the playing field, the playing field for the past century has been very unlevel, and there have been incentives—not incentives, but the way the rules evolved over the last century has favoured the use of fossil fuels, rules with respect to promoting, as you referred to, the oil sands, with respect to investment tax credits and the mining-like treatment that this petroleum source is afforded. Those are all great things, and those things have evolved over time.

So as to the playing field today—and I referred to the level playing field in my presentation, with the announcement for the renewable power production incentive helping level the playing field—I'm talking about levelling the playing field within the renewable sector, but overall the playing field has been titled in favour of fossil fuels, only because that's how we've evolved as a society.

It's time now to tilt the playing field back in favour of what we know is ultimately going to be the direction in which we're headed this century—that is, lessening the use of fossil fuels and providing more focus to a level playing field for renewables. So I applaud the government for bringing the budget forward in the fashion they did.

Then, going to your second question, notwithstanding that we've had some very good progress in this budget, as we did ten years ago with the Canadian renewable conservation expense, we do need a national renewable energy strategy to focus attention on the potential for the renewable energy industry.

The association of companies and environmental groups that I'm involved with, the Clean Air Renewable Energy Coalition, or the CARE Coalition, has studied this issue and has concluded that there is enough potential between economic renewable sources to equal the thermal and nuclear capacity installed in Canada, electrical energy capacity, today. So we do need a national renewable energy strategy, rather than coming up with bits and pieces as we have been doing, and we need to bring it together as a country rather than leaving it up to each province to join.

Dr. Robert Hornung: I will just respond quickly in terms of levelling and tilting the playing field.

Clearly the playing field is not level, but it's also important to recognize the distinction between established forms of energy and emerging forms of energy. I think a comparison that's also appropriate is to look at emerging renewable sources of energy and a lot of what we're talking about here, the treatment of those sources in comparison to other emerging sources of energy in the past, whether it was the oil sands, whether it was offshore oil and gas, whether it was nuclear power at one point, and what role government played in those different situations. I would argue that, to this point anyway, government has played less of a role on the renewable side than they did with some of those other technologies.

In terms of the two elements on the renewable energy strategy, yes, we do need a comprehensive strategy. From a wind power perspective, the wind power production incentive expansion was a key cornerstone of such a strategy, but in and of itself does not constitute a strategy. There are other issues that have to be dealt with in terms of interconnection and integrating wind into the grid—for example, human resource needs. This industry is going to expand tenfold in the next five years. Who the heck is going to do it? There is a whole range of issues that form a bigger package. How do we bring domestic manufacturing here? What incentives can we provide, and so on?

So there is a need for a broader package, and there is a need for enhanced cooperation. Right now, I'm sure it's true for other renewable energy sectors, but for the wind energy sector, you're fighting the same battles, jurisdiction by jurisdiction. Every single jurisdiction is starting with a blank sheet of paper and trying to reinvent the wheel. We think the federal government could play a very useful role in facilitating dialogue and discussion among governments to help overcome that barrier.

● (1225)

The Chair: Mr. Passmore, we have one minute.

Mr. Jeff Passmore: Sure. I'll be brief.

In regard to tilting or level, the government needs to decide what it wants, and once it's decided what it wants, it needs to establish a policy to get it. So if you want Kyoto and you want sustainability, then you have to tilt the playing field. If you don't tilt the playing field, you have to question the sincerity of the goal. So tilt, tilt, tilt—or you won't get sustainability; you won't get Kyoto.

On the issue of market demand, synergy, the creation of a market does not provide project financing for emerging technologies. So everybody says Ontario is going to mandate ethanol, so Bob's your uncle. Well, I'm sorry, but lenders don't care that Ontario will mandate ethanol. Lenders will say “The technology has never been built before at this scale, so we will not lend; we will not do project finance with conventional means.” So you need the federal government to play its role in helping new emerging technologies meet those provincial mandates.

The Chair: Thank you, Mr. Passmore.

Thank you, Mr. McGuinty.

We'll now go to Mr. Cullen.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thank you, Chair, and thank you to the witnesses.

That last comment by Mr. Passmore was somewhat refreshing, because through the testimony to this point, I'm having a hard time connecting the optimism with the reality of the last number of years.

The presentation started out talking about where Canada's place is in the world with respect to renewables. I would suggest that it's abysmal. Maybe it's an optimism within the industry, this faith that the budget has announced it, and thus it will be. Yet we're still trying to find out.... We estimate somewhere around $3.7 billion was announced for Kyoto. Somewhere around $2 billion has been actually allocated, and somewhat less than half of that has been actually spent.

I'm wondering where the faith still remains for 4,000 megawatts—what a fantastic announcement! There have been commitments to and rhetoric on Kyoto year after year, yet when I look at the numbers—I'm an end-of-the-road type of person—when I look at iron in the ground, or whatever expressions you may use, we're absolutely falling behind everywhere else. Even in the rate of increase in terms of new production coming online, we're still not even close to the rates of introduction in other countries.

I'm wondering—we can start with Mr. Keating—how we got ourselves into this position, and where the source of optimism lies.

Mr. John Keating: As the CEO of a public company, my job is to be eternally optimistic and—

● (1230)

Mr. Nathan Cullen: Apparently truthful.

Mr. John Keating: That is my nature.

I also have a lot of faith in processes. Whenever we put a project together, there are a lot of variables, as you night imagine, and never are all of the variables in place. If they were, we would never have gotten anything built. So we always have to go on good faith for some variables in every project.

The country has come a long way in the last ten years since the introduction of the original flow-through rules, which allowed flow-through shares to be issued in 1996 to allow us to issue flow-through shares like the oil patch does for renewable energy projects. That caused just a little bit of activity. So it's really slow to start.

And we are way, way behind, not in terms of hydroelectric power—we're leaders—but on the wind energy front. On the biomass front, I'm not sure where we sit—probably somewhat behind. But we have a wealth of forestry and municipal waste resources across the country. So I guess it's that enduring optimism I look to.

On the allocation of those funds that have just been announced, it takes a long time to get iron in the ground, because we have to go through environmental assessment processes, both provincially and federally, which can be delayed because of the NIMBY aspect, and what not. So these things do take a lot of time. And it will take a long time for the industry to invest $1 billion or $2 billion of federal aid. That aid is really just a portion, obviously, of the economics. It tips us over into making projects economical sometimes, but it is just a portion of the economic picture of putting a project together.

Mr. Nathan Cullen: Mr. Passmore, I wonder—and then I would like to hear from Mr. Hornung—just in terms of your last comment, when you said we need to decide whether we want Kyoto or not, it leads me to believe that perhaps from the federal government's perspective, we're not sure yet.

The delay in the plan and the lack of coherency within the departments is giving many of us cause for great concern, because these targets remain. And the concern is that we will be going offshore for a substantial...and not investing in the industries you folks represent.

Yet this is not new; we haven't come to this debate suddenly. We didn't wake up in February and realize, “My gosh, Kyoto is coming in.” This has been years.

What has been lacking to this point and what is needed in giving you folks more consistency, not just optimism, in terms of how the federal government will conduct itself?

Mr. Jeff Passmore: I think anybody in the renewable energy industry in Canada has to be a born optimist like John Keating; everybody on this panel has been at this for 20 years or so.

I guess I'd make a couple of observations. First of all, there are a lot of programs in Canada on the research, development, and demonstration side. Lots of money has been spent on programs, and I've listed a couple of slides in my deck that show this.

Where we have failed in Canada is on the economic instruments side. Programs are great, and they're labour-intensive for bureaucrats who can dole out money; but at the end of the day, if you don't establish the appropriate policy environment to have some market pull for those technologies that you've developed.... As I've described in the past, Canada has a problem with an R and D backlog. We get all this wonderful technology that's R-and-D'd and demonstrated. Then it sits on the shelf, because you don't have the appropriate economic instruments to create the market pull to pull it off the shelf.

Now, flow-through shares and accelerated depreciation are the kinds of things that interest investors in pulling those technologies off the shelf and using them, but we need more of that; hence my comment about tilting. The playing field was tilted, as Mr. Keating said, for many years in the direction of conventional energy and fossil fuels. Now we need to tilt it in the direction of renewables, if indeed we're serious about reducing greenhouse gas emissions.

Dr. Robert Hornung: Just one quick comment to say that I think the optimism is based in things we are seeing on the ground in terms of new developments. We're optimistic that—in terms of going to the end picture you were talking about—the changes we've talked about and the vision we see in the wind energy industry, for example, represent significant growth for the industry. But do they make Canada a world leader in wind energy? No. Does it move Canada to the middle of the pack? Maybe. It's a significant step forward, but is it all we could do, and does it move us into the ranks of the global leaders? No, not yet.

Mr. Jeff Passmore: Germany is a good example. You heard various other people talk about the German situation. I used to be in the wind business before I got into cellulose ethanol, and I can tell you that Germany made a policy decision. It had no wind installed, I guess it was back in the 1980s—Robert probably knows more about this—but within five years it was the world leader because it made a decision to take the resources, spend the money, and tell utilities they had to buy power at avoided cost. And basically, as you heard the other witnesses testify, Germany is now the world leader in installed capacity in wind technology.

Well, cellulose ethanol could be comparable. The world-leading technology has been developed in this country through research, development, and demonstration and through all kinds of programs at Natural Resources Canada and the National Research Council and Industry Canada. Now we're at the stage where we need to sit down and negotiate with the government what economic instrument is going to be used to commercialize this technology domestically so that we remain world leaders and the technology doesn't go offshore.

Mr. Nathan Cullen: Bearing in mind the inherent optimism of this panel, I'd like if I could to get a comment, perhaps from each of you, about what you see as the possibility of Canada making its targets under the current Kyoto regime.

There was some discussion early on when this minister came into the file that targets should not be our source of obsession, that we should push them aside and just talk about implementation, which caused others of us to be quite concerned—because without a target, where are you headed?

I would suggest the decision to do this has been lacking within Canada; that's the conclusion I draw. If Germany made a decision on a national basis to do this and then did it, clearly we have the capacity in Canada and have chosen not to make this decision yet.

As the clock ticks toward 2008, 2010, 2012, there is concern within this committee and others within the House that with so much inaction we're heading for a conclusion where we will be buying a majority of our megatons, or some significant portion, offshore.

How optimistic are you folks about the targets under the current lack of plan—there was somewhat of a plan in 2002—and for Canada making its targets without substantial purchase of offshore credits?

● (1235)

The Chair: We'll start with Mr. McMonagle, and we'll have to keep it fairly succinct.

Mr. Rob McMonagle: You have to remember that Kyoto is really only the first step. There's an after-Kyoto stage, and that's one of the frustrations we deal with in the solar energy industry. We are so small at the moment that we're told we're not going to make a difference in Kyoto, so they're not going to support us. There's no long-term vision. Look at Germany or Japan, where they said they couldn't build an industry overnight or in five or six years, that they needed a long-term vision.

With the solar industry, we deal with programs that typically last two to three years and then complete. Then we wait for another year before something else starts up, so we're up and down, up and down. There's no long-term vision. If we get the long-term vision, all the industries can start growing pretty rapidly.

The Chair: Mr. Keating.

Mr. John Keating: Thank you, Mr. Chairman.

I agree. Personally I don't think we're going to make our targets without going offshore, and I think, coming from Alberta, going offshore to buy credits is the last thing we should do. We should legislate against doing that, actually. We should get the federal government to orchestrate this national energy strategy for renewable energy and do it quickly without coast-to-coast consultation, which has been done over and over again. You've been at it for ten years. I was here with Jeff Passmore ten years ago, doing exactly what we're doing today—ten years ago.

I'm not aware of the plan yet that's going to allow us to achieve Kyoto, so I'm in full agreement with your comment and with Mr. Passmore that we need to tilt, tilt, and tilt further.

The Chair: Dr. Hornung.

Dr. Robert Hornung: CanWEA is not really in a position to comment on the plan as a whole, because there's a whole bunch of elements we're not particularly familiar with. I think it's clear, though, from our understanding, that there's absolutely no way Canada can meet its targets, certainly without access to international offsets, as it's currently thinking.

I guess the comment I would make is this. Can wind energy contribute more to the plan? Sure. Can Canada think bigger about wind energy? Yes, but that entails pulling together a broader strategy and vision toward the development of wind and renewables than what we have at this point.

Mr. Jeff Passmore: It's going to be a huge challenge to meet the Kyoto commitment. There's a lot of focus on electricity. I would encourage the committee to also remember the transportation story—you know, 30% to 40% of our emissions. If we do not do something about transport, then we will definitely not meet Kyoto.

We could build five plants in western Canada that would produce a billion litres of 90% reduction in greenhouse gas emission transportation fuel, so let's get started.

The Chair: Okay. Thank you, Mr. Cullen.

I'm sorry, we're well out of time on that one, but we're going to our five-minute session and we're working toward a quarter to.

Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chairman.

Being from northern Alberta, where the oil sand is processed and found, I'm curious as to what other technology and when you see this technology, specifically wind power, being effective to replace natural gas, which of course right now is consuming approximately $6 per barrel in cost. I know Suncor has experimented and is experimenting in southern Alberta with some forms of wind energy, but I'm wondering when you foresee being able to use that renewable source of energy in the oil sands.

Dr. Robert Hornung: Whether or not wind energy would be a useful contribution in the oil sands will depend to some extent on the wind resource in northern Alberta, in the sense that if you're looking at large transmission, then it's hard to.... You're producing electricity, but whether it's directly tied to the oil sands is a different question.

There's certainly a lot of potential in Alberta for wind energy. You have hundreds of megawatts of projects that are just waiting for new transmission capacity to go forward. They all have their approvals and they're ready to go. You have companies like Suncor, Talisman, Nexon, Shell, all engaged in the wind energy business at this time, all recognizing that it has an important role to play.

Mr. Brian Jean: Still, the wind map, the Canadian wind atlas, didn't take into account northern Alberta. I think it actually ignored anywhere past Edmonton, if I'm correct on that. Has there been any discussion as far as having a wind atlas....? And I know the line loss with electricity is substantial, so obviously it would have to be somewhere in northern Alberta. Is there any thought as far as redoing the wind map and having some sort of study on northern Alberta?

● (1240)

Dr. Robert Hornung: To my knowledge, the wind map actually does cover northern Alberta as well. The issue, though, is that the wind map is a very rough guide. If anyone is actually going to produce wind energy, they use the wind atlas as a directional tool that says I should explore in this area and then they have to go and do monitoring on the ground in that area to be able to make an assessment.

I'm not aware of—and maybe John will help me on this—a lot of developers who are looking in northern Alberta right now. I certainly am aware of developers who are looking in the Peace River region in B.C., in Grand Prairie and in places around there, so that may offer some potential. But at this point in time developers are looking at areas with the best possible wind resource, with the best possible access to transmission, because at this point in time the economics are such that you want to find the best possible places to go.

The Chair: Mr. Keating.

Mr. John Keating: Thank you.

The oil sands use an awful lot of natural gas, and what they're generating is not just electricity. Their primary purpose in burning that natural gas is to generate steam for the industrial process. The application of wind energy, even if there were a phenomenal wind resource right there, would probably not solve that problem.

The other opportunity we've looked at is the hydroelectric potential in the Northwest Territories and in northwestern Alberta vis-à-vis the oil sands, but the generation of that low-impact electricity wouldn't solve the problem of the requirement for steam. I'll throw it back that I don't think that would solve the problem even if the resource were there.

Mr. Brian Jean: I know that for the oil sands the new technology with SAGD and steam injection seems to be up and coming. It saves about $2 a barrel, apparently. We won't know that until we've seen some ten years of activity.

Are there any other possibilities for alternative sources of energy for the oil sands any of you gentlemen see that haven't been spoken about today?

Mr. John Keating: The only other thing, one I hesitate to throw out, is the nuclear option; nuclear power also generates a lot of heat.

Mr. Brian Jean: Thank you.

The Chair: I would seek a little direction. We have time for maybe one question from this side and one question from either Mr. Simard or Mr. Bigras.

Mr. Wilfert.

Let's try to keep it to two minutes apiece.

Hon. Bryon Wilfert (Richmond Hill, Lib.): I was going to make more of a comment, Mr. Chairman.

Obviously, the world is divided into optimists and pessimists, but it's hard sometimes to really understand how, when we have the greenest budget in history, some members can complain and vote against it.

We need to have the right tools in order to move forward. We now have, I believe, the fiscal tools to move forward, and you've all commented on the 2005 budget. I think that's very important. When the minister releases the enhanced plan in the near future, you will in fact see that situation.

Some hon. members: Hear, hear!

Some hon. members: Oh, oh!

Hon. Bryon Wilfert: This is from a group over here that sometimes doesn't know the 2002 and 2000 plans were actually issued.

However, I want to point out to you, Mr. Hornung, with respect to your comments, that I will be seeing the minister in about half an hour, and I will raise that issue with him. I think he is certainly aware there was some rumour out there. Again, we haven't seen the final plan, but clearly you make a very good point, one I will certainly bring to his attention.

Concerning this issue of a national renewable energy strategy, I didn't hear what specific elements you were suggesting should maybe be part of that. What are the outcomes you're looking for in terms of that strategy—in about thirty seconds, right?

The Chair: Maybe I'll intervene just for a moment. May I suggest that the question might be one you could ask in writing?

And in case the parliamentary secretary's message doesn't get through to the minister, on behalf of the committee I'm requesting that our Liberal researchers—sorry, this is a new role for me—that the researchers for the committee look at what I think is a very important point, the one on the green emissions credit. The point was made that it is a disincentive if it is not made available as a credit to wind, solar, or whoever is putting the development forward.

Sorry about that slip. It certainly wasn't intentional.

What I'd like to do is go to Mr. Bigras or Mr. Simard for a two-minute question, and then we'll close it down.

● (1245)

[*Translation*]

Mr. Bernard Bigras: Thank you, Mr. Chair. I'll be quite brief.

My questions are directed mainly to Mr. Keating. We are asking that the efforts made in the past can be recognized, in particular in the hydropower sector. Last week, I was talking to the representatives of Hydro-Québec about the time when they would like the recognition of the efforts made in the past to be done.

Do you require on the one hand that the efforts and the projects of your sector are recognized? What is on the other hand the reference date for this retroactivity to enable your industry to get credits? Is it 1990? Is it the date of the ratification by Canada of the Kyoto Protocol?

[*English*]

Mr. John Keating: Thank you.

In direct response to that, the date should be January 1, 1990. I say that because this is the date, I believe, that Environment Canada chose after a two-year round of stakeholder review in generating their low-impact renewable energy guideline. That allowed the existing projects or projects that come from this current era to be included and that first movers were not penalized as a result.

The Chair: Thank you, Mr. Keating.

That last point has been raised in other deputations with respect to retroactivity as part of that emissions-trading system. I appreciate Mr. Bigras raising that issue. It's one of the issues that in the back of our process report we'll certainly come to grips with.

Thank you very much for your input today. I can assure you, on behalf of the committee, that we are very appreciative of the input you've made. It will help us as we move toward the kind of vision you can work with as part of our plan, if you will. Thank you very much.

If the deputants could leave in high ceremonial style, we'll get on with the motions that we have.

We have a couple of motions, members, we will deal with. The first motion is by Mr. Mills.

Mr. Mills, if you would like to introduce it, we'll then take it to the committee.

Mr. Bob Mills (Red Deer, CPC): This motion of course is to report our vote of last week, or the week before, regarding the withdrawing of Mr. Murray's appointment. Obviously the Prime Minister has somewhat short-circuited this, but I still think that it's worth while reporting to the House and to have a vote on the desirability of Mr. Murray in fact being appointed to that position. Appointments can always be changed and reversed.

The Chair: This is a carriage motion, and we're dealing really with the process. The motion is not what we're debating. It's just adding on to the process.

Mr. McGuinty.

Mr. David McGuinty: Thanks, Mr. Chairman.

I apologize, Mr. Chairman, for not knowing the rules of procedure of committees as well as I ought to perhaps. Could I get some guidance maybe from yourself or from the clerk?

What is the common practice with respect to referring matters to the House of Commons? Is a separate motion actually required? Given the fact that the Prime Minister has announced the appointment of Mr. Murray, is it common practice of standing committees to refer such matters to the House of Commons? I'm totally at a loss and in a vacuum with respect to the procedure and the practice.

● (1250)

The Chair: I'm going to ask the clerk to respond to that.

Mr. Clerk.

The Clerk of the Committee: It's common practice. Committees can report from time to time on anything they wish to. Because they're a creature of the House, they do their business. If they wanted to travel, they'd report it to the House. This is not unusual. As a matter of fact, there's a new standing order that just came out that calls for concurrence in a report. They've allowed three hours for the House to debate it and it would be voted on. So they're probably expecting more of these motions from committees or reports.

Mr. David McGuinty: Thank you for that, Mr. Clerk.

I'm wondering, Mr. Chairman, do I then take from that, with respect to reporting anything to the House of Commons, that it must first be subject to a motion by a member of this committee? Is that the case?

The Clerk: It should be agreed to by the committee.

The Chair: Okay?

Mr. Bigras and then Mr. Wilfert.

[*Translation*]

Mr. Bernard Bigras: Mr. Chair, I have nothing to add to what my friend Mr. Mills just said. In my view, this motion aims to demonstrate the whole transparency of the committee concerning his business and his decisions. We cannot commit ourselves to reform our practice in a democratic way without the transparency being there.

In my view, the motion put forward allows to demonstrate to the House of Commons that the committee shows transparency when it makes decisions, and that it intends to be open when it makes future decisions.

[*English*]

The Chair: Thank you, Mr. Bigras.

Mr. Wilfert.

Hon. Bryon Wilfert: Mr. Chairman, we all support transparency. The last time we dealt with this there was a motion from Mr. Mills, I believe, to send it to the Prime Minister, which was done. I think the motion is actually redundant. It has already been sent, it's been reviewed, action has been taken. I don't know why Mr. Mills now has decided he wants to do this. If he wants to do it, that's fine, but the reality is I don't know why it wasn't done the first time around, instead of waiting a few weeks later to now say we'll report it to the House.

The Chair: Mr. Wilfert, I haven't been asked to rule on it, but I would suggest it is not redundant, in terms of carriage. As the clerk has indicated, it is within the rights of a member to direct a motion, at least to put a motion before the committee to direct it.

I go to Mr. Paradis, and that will be the final speaker.

[*Translation*]

Mr. Denis Paradis (Brome—Missisquoi, Lib.): I would simply like to mention, Mr. Speaker, that the word "decision" is used in the motion. It says to report to the House of Commons its decision on the motion.

Wouldn't it be rather a recommendation?

[*English*]

The Chair: The decision was a recommendation and the full motion would be to reported to the House.

Hon. Denis Paradis: Recommendation?

The Chair: Yes.

The Clerk: I think it would read, "and that the House reports and recommends the following", and then we put in the original motion.

The Chair: Right.

(Motion agreed to)

Mr. Cullen, you have the second motion.

Perhaps I'll read it, Mr. Cullen. I'm sorry, I should have read the other one also for the public to know. It states that the Government of Canada developskills and competence-related criteria for allgovernment appointments, including boardmembers and senior officers of crowncorporations and other government agencies,for which the Standing Committee on theEnvironment and Sustainable Developmenthas reviewing responsibility, and that thesecriteria specifically address the non-partisannature of these appointments.

Mr. Cullen.

Mr. Nathan Cullen: Thank you, Mr. Chair.

This actually speaks to what the committee has just gone through in the last couple of weeks with respect to Mr. Murray, in some sense. This is a motion that's been brought forward to a number of standing committees of the House, been adopted by a number of them, as well, slightly modified or in its original form.

This is meant to clear up the confusion I've always had with this democratic deficit and the enhancement of committee authority: the parameters of what we, as a committee, are looking at when an appointment comes before us, that we don't know if we are, in fact, a job interview panel or what powers we have or don't have with respect to this. This starts to clarify the parameters of what the committee is meant to be doing with respect to government appointments when they come forward to us.

I won't take credit for this. This was originally put forward by Mr. Broadbent. I think it adds some fair parameters and clarity to the process we're going through so that we can avoid.... As Mr. Wilfert has mentioned before, and many committee members, this committee has, generally speaking, worked very effectively in a non-partisan way. I'd wish not to have to go through this same process every time an appointment comes forward and rather have some rules we can all live by and get some good decisions out to the Canadian people.

● (1255)

The Chair: Thank you, Mr. Cullen.

Mr. McGuinty.

Mr. David McGuinty: Thanks, Mr. Chairman. On a point of order, I'm wondering if the previous vote and the next vote could be a recorded vote, so that the record reflects clearly.

The Chair: Could we deal with this one, and then we reopen the first one just for the matter? Do I have consent to do that?

Some hon. members: Agreed.

The Chair: I have consent to do that, Mr. McGuinty.

Mr. Wilfert, still speaking on this one.

Hon. Bryon Wilfert: Yes, Mr. Chairman.

I have argued for a long time in this committee that we needed to have coherent rules, in terms of how we deal with this issue. My question is—and maybe the clerk could clarify—through you, to the clerk, how many committees have in fact adopted this?

I know the clerk is going to tell me that committees are masters of their own fate. I would like to see a standard approach. If we are going to have, in fact, a review at one committee on appointments, I would assume it should be the same at all. I don't know why they would be different.

Could you address how many of these have been adopted in this particular form?

The Clerk: I think it's about five. But as far as changing the process, the House would have to do that, not one committee or another committee.

Hon. Bryon Wilfert: Five have adopted the same motion.

The Clerk: I think so, yes. I think it's around five.

Hon. Bryon Wilfert: Have any rejected them?

The Clerk: I don't know offhand. I'd have to find out and come back to you.

The Chair: All right.

Mr. Cullen, did you want to clarify something?

Mr. Nathan Cullen: It was only in respect to whether any have been rejected. We can find out. It wouldn't be too hard.

As to the eventual landing place, which committee would eventually deal with this if we wanted a broad sweeping change to committee rules?

The Clerk: It would be the committee on procedure and House affairs, I presume.

Mr. Nathan Cullen: Yes. I think there is some direction within some of the committees to head towards House affairs, but there is some importance in committees taking some direction. They are their own authors and authorities on a lot of this.

The Chair: Mr. McGuinty.

Mr. David McGuinty: Thank you, Mr. Chairman.

I share the concern of my colleague Mr. Wilfert in looking for a generic set of standards to be applied across all standing committees, but sometimes the best way to start is to start.

I'd like to raise with Mr. Cullen that under paragraph one or bullet point one, the motion speaks to reviewing appointments for which the Standing Committee on the Environment and Sustainable Development has reviewing responsibility. I have no knowledge as to which ones those are. Could that also form part of this motion, with some clear indication on which appointments are in fact under the reviewing responsibility of this committee?

The Clerk: All the positions that can come under review of the committee were already sent to us from the offices of the House leaders. It was sent to the chair in a letter that I passed around to everybody. It listed all the appointments that the committee could review.

Mr. David McGuinty: On a question for clarification, do we know how the decision is made to allocate these appointments to standing committees?

The Clerk: I think you'd have to direct that to the Privy Council Office.

Mr. David McGuinty: For example, I understand that on Mr. Murray's appointment to the National Round Table on the Environment and the Economy, it's an interesting fact that it is sent to the standing committee, in fact, when the National Round Table on the Environment and the Economy does not report to the Minister of the Environment. It reports to the Prime Minister directly and is a PCO-based institution.

The Clerk: That's a good question. There are things that aren't normal. Sometimes you see bills referred to another committee and you say in your head that it's not logical.

Who makes the decision? I presume it's the cabinet in the end that decides whether to refer something to us. It's the same for votes under estimates. Some votes go to committees that don't seem logical.

● (1300)

Mr. David McGuinty: Am I to understand or are all of us to understand, Mr. Chairman, that the short list of three or four appointees or positions that were sent to us, and the five or six at the beginning of this committee when it was struck, is the definitive and final list?

The Clerk: No.

Mr. David McGuinty: Why don't we actually clarify it?

The Clerk: There were about 69, I think, in the letter. I think that 69 positions came from the House leaders, potential positions the committee could look at.

Mr. David McGuinty: I'm sorry, my memory must be fading because I've had no lunch. Apparently we're not having lunch over a working session, which I want to come to in a second, Mr. Chairman.

I can't recall ever receiving a list of 69 appointments that were reporting to this committee.

The Clerk: I'll dig that up and send it to the members again.

The Chair: Members of the committee, I think we could append the list to this motion, obviously, if we've been informed.

Mr. Wilfert.

Hon. Bryon Wilfert: I assume that all members would agree that it isn't the intent of the committee to review all 69 in this case. Obviously we'd have to pick and choose. Otherwise, I'd suggest, Mr. Chair, that we'd have a lot more meetings simply to deal with reviews. We'd have to pick and choose what we think would be obviously important. Flexibility would still be there.

The Chair: I don't think the wording of this motion precludes that, Mr. Wilfert. I think your inference is correct.

Hon. Bryon Wilfert: I only want to put it on the record.

The Chair: Okay, good.

The Clerk: That's in the Standing Orders—unless the House changes the Standing Orders; then you can pick and choose.

The Chair: Thank you.

Are there any other speakers?

We have consent then to put the motion. All in favour of the motion? This will be a recorded vote.

Mr. Clerk, would you take the recorded vote?

The Clerk: It's unanimous.

(Motion agreed to)

The Chair: It is unanimous. Thank you very much.

The Clerk: Do you still want a recorded vote?

The Chair: We're going to do a recorded vote for the first one. The clerk is asking if it's necessary, being a unanimous vote, to have a recorded vote.

What's your request on that? You had required a recorded vote. We can simply refer to it as being unanimous any time it's discussed.

We had agreed to reopen the other issue to take the vote as a recorded vote. It's reopened.

Mr. Clerk, would you take the vote on the first motion?

The Clerk: On the first motion.

(Motion agreed to: yeas 9; nays 2)

The Chair: Mr. McGuinty.

Mr. David McGuinty: Mr. Chairman, I wanted to raise the issue of energy levels. We were speaking about renewable energy a moment ago. I know most of us have fully charged schedules, and I understand there was a decision taken by the executive of the committee about not serving lunch to members, which is fine by me. I can't speak for any other member. However, I'm wondering if we can reconsider the timing of this committee, because 11 a.m. to 1 p. m. is lunch hour in every working setting I've ever worked in. I'm wondering if it's possible to consider or table with members the notion of changing the time of the committee to 10 a.m. to noon so that we can then be properly energized for our one o'clock meeting.

The Chair: Mr. McGuinty, if I may explain, I guess I have wrongfully treated the committee on this through an action that I think I should have taken. The suggestion, I believe by Mr. Bigras, was that instead of having the soup and all of the associated parts of the menu, that we at least have sandwiches brought in and members could avail themselves of that. I did not communicate that in the appropriate manner. In any case, Mr. McGuinty, technically it should have been brought before the committee to confirm the direction the steering committee had made. I apologize in advance for that not being done.

Can I take it as the expression that at least sandwiches be brought in? We had brought forward, as you know, salads, soups, and so on. I'm sorry we have to do this in public, but we really should set the table appropriately. It appears the appropriate thing is that members would like a sandwich in that time period and that the clerk be directed to do that.

I take that as unanimous.

Thank you very much, and thank you, Mr. McGuinty, for raising that at lunch time.

We are now adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

Also available on the Parliamentary Internet Parlementaire at the following address:
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :
http://www.parl.gc.ca
