

Canadian Electricity Association

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The Canadian Electricity Association (CEA) is the national forum and authoritative voice of electricity in Canada. Electricity generation, transmission, and distribution are the fundamental drivers of any modern economy. From schools and hospitals, to homes and businesses, a reliable supply of electricity is essential for the services that maintain our way of life. A modern and reliable electricity sector is also a determining factor in improving Canada's overall economic productivity and competitive advantage on the international stage. In addition, the electricity sector is an important player in the Canadian economy, having contributed \$24.6 billion to the Canadian economy in 2010 and employed more than 108,000 workers from coast to coast to coast. As Canada recovers from the recent global economic downturn, the electricity sector must fulfill its role as the enabler for all economic sectors by continuing to provide an electricity supply that is reliable, sustainable, and affordable through continuous investment. The emergence of smart grid technologies, electric vehicles, and a changing electricity generation mix, along with new environmental requirements, require investment to rebuild and modernize our electricity system as we transition to a lower carbon future. In the last decade, proposed electricity infrastructure projects have faced growing legislative and regulatory complexity, characterized by lengthy and often duplicative regulatory processes. In some cases, regulatory approval processes and construction periods for electricity infrastructure can take more than 10 years from project initiation to grid connection – of which 4 years is spent in the federal EA process. The federal government's Responsible Resource Development plan, Budget 2012 and Bill C-38 made significant improvements to Canada's regulatory regime for energy projects. These changes were welcomed by the electricity sector. While these changes are expected to enable new projects to move through regulatory approvals processes more efficiently, significant regulatory challenges for operations of existing facilities remain. Nevertheless, CEA encourages the federal government to continue improving the Canadian legislative and regulatory landscape, thus facilitating infrastructure investment and the operation of a reliable electricity sector.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

In 2010, the Canadian electricity sector employed over 108,000 workers across Canada. A recent Conference Board of Canada report indicated that investment in electricity infrastructure in Canada will require an estimated \$15 billion dollars per year over the next 20 years. The same report estimated that this future investment will not only result in the addition of an average of \$10.9 billion per year, including electricity trade revenue with the US, to our national real GDP, but also the creation of an average of 156,000 jobs per year. Therefore, besides direct economic benefits, investment in reliable and modern electricity infrastructure has also enormous potential to promote job creation in Canada.

Nevertheless, the financing for the renewal and upgrade of our infrastructure remains a challenge for the electricity sector. Federal support for investing in reliable, sustainable, and affordable electricity infrastructure can reduce the financial burden borne by the sector and ultimately by its rate-payers. For example, a memorandum of agreement on a federal loan guarantee for the Lower Churchill hydro development has helped lessen the project's financing costs, thus ensuring the project's viability and feasibility. As the electricity sector seeks to renew and upgrade our infrastructure and to provide stable employment to many Canadians, CEA calls on the federal government to extend similar federal support to other electricity projects in a fair and equitable fashion, in consultation with provincial and territorial governments and other stakeholders.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

As the Canadian demography continues to evolve in the face of an aging population and skills shortages, the electricity sector is currently confronting two important challenges. First, a recent Electricity Sector Council report indicated that employers will need to recruit over 45,000 new workers between 2011 and 2016 alone, representing over 40% of the current workforce. In other words, the electricity sector is facing an unprecedented recruiting challenge to replace retiring workers. Secondly, of primary concern is the training and recruitment of a new generation of skilled and specialized electricity professionals. Employers are increasingly encountering skills shortages as planned investment to renew and upgrade infrastructure require workers that not only possess existing industry knowledge, but also leading edge skills required in the implementation and operation of the next generation of electricity infrastructure, such as smart grid technologies, the integration of wind and solar electricity, and electric vehicles. To assist in overcoming these demographic challenges for the electricity sector, CEA makes the following recommendations: 1. Canada's Immigration policy must target skilled workers in occupations of greatest need. For example, once the Federal Skilled Worker Program is re-established, electricity sector occupations should be identified and included in the list of 29 eligible occupations. 2. The Foreign Credential Recognition program should specifically target and focus on sectors where high quality jobs are available and the need for skilled workers is greatest. Therefore, foreign credentials that are valuable to the electricity sector such as trades and engineering should be given a higher priority in the foreign credential assessment and recognition process. 3. The federal government should develop new programs to attract and support women, Aboriginals and other underrepresented groups to trades and other needed occupations, and more effectively use existing information materials and resources to attract these groups to employment opportunities in the electricity sector.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

As the electricity sector continues to expand to meet our energy needs, electricity projects are increasingly being sited on Aboriginal land and developed in collaboration with Aboriginal communities. These communities stand to benefit from electricity infrastructure projects. However, to address projected skilled labour shortage in the electricity industry and increasing resource development in northern Canada, there is a significant need for quality federal Aboriginal training programs. The electricity sector aims to facilitate the development of desired skill sets while supporting local employment needs in the communities in which they operate. The re-organization, streamlining, and improvement of federal Aboriginal training programs will improve productivity and address labour

market challenges in the electricity sector.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Sustainable, reliable, and affordable electricity is essential to meet current and anticipated electricity needs from all sectors in Canada, particularly the flourishing natural resources extraction sector. The challenges faced by Canada's electricity sector must be a priority for the country. Species at Risk Act Reform In terms of federal legislation changes, while the single amendment to the Species at Risk Act (SARA) included in Bill C-38 (duration of permits) was significant and positive, the Act in its current form remains broken and fails to accomplish its purpose and goals. CEA proposes changes to SARA that enable electricity utilities to achieve compliance by linking industry environmental stewardship activities and SARA permitting. This will enhance protection of species at risk, provide regulatory certainty to investors, and ensure that industry retains a social license to operate and build. CEA members seek regulatory predictability, consistency of application – and in every instance – positive environmental outcomes. CEA has worked closely with environmental groups and civil society to develop many of our proposals for SARA reform and would welcome the inclusion of our recommendations in Budget 2013. Fisheries Act To enable effective implementation of the legislative changes to the Fisheries Act made in Bill C-38, CEA encourages the government to consider funding to explore Habitat Banking. Habitat Banking Agreements may be a key component of establishing and exchanging credits that can be used to offset unavoidable loss of fish habitat from development projects and to meet the policy requirements for obtaining an authorization under section 35 of the amended Fisheries Act. Habitat banking can potentially provide many benefits with respect to enabling a more effective and efficient means of offsetting unavoidable losses of species and their habitats and ecosystem services, associated with development projects. While research in habitat banking has been focused on the offset of unavoidable loss of fish habitat, it is widely acknowledged that the results of the work can be more broadly applied (e.g. wetlands, species at risk, wildlife and their habitats, etc.).