List of Recommendations:

1.) Support for the freight sector through an enhanced and expanded Green Commercial Freight Assessment and Deployment Program to deploy low emissions fleet technologies – $500 million. Funding for commercial fleets to deploy a variety of low emissions technologies and alternative fuel vehicles including NGVs – to leverage private sector investments supporting significant Canadian technologies and suppliers.

2.) Support Canadian marine leadership with strategic investments in liquefied natural gas (LNG) bunkering and in supporting fleets converting to LNG -- $750 million. To build on existing private sector supported projects and to encourage additional activities to grow Canada's leadership role in deploying LNG in the global marine sector.

3.) Support for transit agencies and municipal services through federal-provincial infrastructure and transit agreements – $500 million in federal funding to leverage local government and private sector investments in natural gas vehicles (NGVs) for public transit and NGVs in municipal fleet use, including private sector refuse collection fleets; and support for renewable gas and hydrogen projects.

4.) Enhancing existing provincial or local initiatives and projects deploying NGVs and renewable gasses for potential use in transportation with incremental federal funding -- $250 million. To leverage existing provincial contributions and to encourage other governments to support these deployments.

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August 7, 2020

The Honourable Wayne Easter, MP
Chair Standing Committee on Finance
House of Commons
Ottawa, Ontario K1A 1A0

Dear Mr. Easter,

The Canadian Natural Gas Vehicle Alliance (CNGVA) is pleased to provide input into the Federal Government's 2021 pre-budget consultations.

Our recommendations highlight previous proposals shared with Parliamentarians and recent post-COVID-19 stimulus proposals provided to four key Ministers. CNGVA notes the critical role our members have played in providing a sense of normalcy for Canadians during this pandemic. Keeping Canada on a path to prosperity requires support that can leverage private sector investments while encouraging transformative technologies. Abundant Canadian energy will be a cornerstone of the economic recovery, including Canadian clean technologies that support gaseous fuel use in transportation. Using Canadian resources, technology and clean tech innovations in natural gas vehicle (NGV) transportation will also support long-term emissions reduction goals. Natural gas use in transportation is creating demand for a global transformation that is turning waste into energy in the form of renewable natural gas (RNG) and will unlock various pathways for greater use of gaseous fuels such as hydrogen.

CNGVA has proposed investments in four areas that will help medium- and heavy-duty transportation fleets in their transformation to lower emissions while maintaining critical cost advantages. While these proposals are viewed through a natural gas vehicle and gaseous fuels lens, it is essential that technologies are treated equally. Meeting the double objective of supporting shovel ready and stimulus worthy projects requires that funding supports commercially available technologies that have sufficient long-term future. NGV technologies deliver the potential to support net zero or greater emissions reductions through the blending of renewable and other low carbon gases. Today, NGVs coupled with electric drive assist are the only commercially available heavy-duty hybrid vehicles in the Canadian market and are leading the way on electrification. Renewable natural (RNG) gas projects already produce sufficient volumes to support net zero blends for Canada's NGV fleets. Most recently, Toronto city Council unanimously approved a motion embracing a citywide greenhouse gas reduction strategy through blending RNG and natural gas as its low-carbon fuel option. Meanwhile, Canada's natural gas vehicle industry is investing in hydrogen handling and production, setting the foundation for several hydrogen pathways for medium- and heavy-duty transportation.

The global economic challenges facing policy makers today are daunting. CNGVA members are proud of our role in supporting Canadians through (I changed this) these unprecedented times and are poised to help the economic recovery.

Thank you for the opportunity to provide input and I look forward to discussing our recommendations with Committee members.

Yours sincerely,

Bruce Winchester – Executive Director

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Federal Pre-Budget Submission 2021

Introduction

The Canadian Natural Gas Vehicle Alliance (CNGVA) represents Canada's natural gas vehicle (NGV) industry. NGV technologies are proven, commercially available transportation solutions for fleets that reduce emissions while using lower-cost Canadian fuels and technologies. Our members include leading Canadian companies involved in manufacturing, fuel and infrastructure supply, vehicle technology, consulting, research, energy utilities and transportation fleets. Our mission is to promote use of gaseous fuels in transportation for the benefit of Canada's economy and environment.

The current COVID-19 pandemic is an historic and significant public policy challenge. Canadians have responded in a steady and stoic manner with many CNGVA members playing a key role helping citizens retain vestiges of normalcy. In crafting a response to the resulting economic uncertainty and societal angst, the work of this committee and of governments across Canada is no small task. We at the CNGVA offer our observations and suggestions in the spirit of lightening this load.

NGV Transportation Opportunity

Use of gaseous fuels as an alternative to petroleum-based fuels has been a critical component of Canada's clean technology sector for many decades. Natural gas use in transportation offers a low-cost approach to emissions reductions, due to the inherent low emissions characteristics of the fuel, coupled with abundant supply and an extensive distribution network. Original equipment engines that operate using natural gas are commercially available from a number of suppliers and can meet the needs of on-road, off-road, rail and marine transportation fleets. Canadian firms lead in the development of various technologies used to support deployment of these vehicles. The advantages of these vehicles are already benefitting Canadians.

The continuum of gaseous fuels in Canada ranges from auto propane and natural gas – currently in use – to renewable gases, including hydrogen. CNGVA members derive their primary business from the deployment of natural gas-based fuels, while all have expertise and products that can and likely will be used in hydrogen-based transportation. Renewable natural gas (RNG) is one of the most accessible and versatile drop-in fuels. In fact, RNG is identical to pipeline specification natural gas and is without the limitations of other renewable fuels. In the near term, RNG blended with conventional natural gas offers a cost effective and compelling pathway to net zero emissions in the medium- and heavy-duty transportation sector. Building more RNG production offers immediate stimulus opportunities, while deploying more NGVs can use this waste-to-energy resource to reduce transportation emissions.

Hydrogen is of growing interest as a pathway to reducing emissions. It is a versatile fuel that can accentuate the performance of both the electricity grid and gaseous pipeline and distribution networks. It should not be viewed as an endgame on its own, but rather as a key intertie between existing Canadian energy systems and as an enabler for greater emissions reductions. CNGVA's experience with the deployment of alternative fuels in transportation transposed onto hydrogen points to the following areas for additional study and evaluation: Blending of hydrogen into delivered natural gas; use of hydrogen for internal combustion engines; and charting a transportation roadmap for medium- and heavy-duty hydrogen vehicles. Early investments in Canada's hydrogen economy need to be targeted effectively to garner the best long-term results.

Continued improvements in NGV technologies, drawing on Canadian innovations, can further enhance cost effective emissions reductions. Recently electric drivetrains have been mated with Class 8 NGV trucks to deliver the first commercially available electrified options for heavy-duty transportation. Innovations like these can support significant emissions reductions today while building a foundation to meet more aggressive long-term objectives.

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Transportation in Canada an Environmental and Economic Challenge

The COVID-19 pandemic has significantly altered the economy of transportation in Canada. Some segments of the industry, particularly grocery, package delivery and refuse pick-up, have continued with existing shipping volumes or with significant increases in some delivery activities. On the surface this is encouraging, but the shift toward urban areas with Canadians remaining primarily at home has altered the underlying economics of these businesses. CNGVA members providing, and supporting, these activities are proud of our role in helping Canadians go about their daily lives. Global overseas shipping has been sharply impacted, as has goods delivery of non-essential items. Similarly, the trend toward work at home coupled with the need for social distancing has significantly reduced ridership and revenues in the private and public transit sectors. Overall downward pressure on economic growth also tends to hit the bottom line in the transportation sector.

Prior to the COVID-19 pandemic, the transportation sector was a vibrant and growing economic sector, where key labour shortages and fuel costs presented very different business challenges. Strong economic growth allowed more financial room for firms in the sector to press on despite these cost pressures. In the post COVID-19 economy, a redistribution of economic opportunities resulting from shifting demand – redeploying labour from the transit segment to the grocery and package delivery segments for instance – may ease some of these pressures. However, the transportation sector still faces a significant challenge in reducing emissions. In the case of greenhouse gas emissions these have been difficult to reduce, particularly in the medium- and heavy-duty segments. The use of NGVs have proven to be a cost-effective pathway to reducing these emissions. As CNGVA noted in our previous submission to the House of Commons Standing Committee on Finance, more needs to be done to support the transition to lower emissions transportation.

Actions to Re-start Canada's Economy

In response to the unprecedented business impact of the COVID-19 pandemic, earlier this year CNGVA provided the Ministers of Natural Resources, Transportation, Infrastructure and Innovation with accessible options for post-COVID stimulus measures. These build on existing programs – federal-provincial infrastructure agreements; Natural Resources Canada's Green Freight Assessment Program – to support shovel ready and stimulus worthy projects. Taking a project-based approach is the most practical way to get Canada' economy back on track. But it is important that these efforts be targeted on projects that continue to be relevant in a post COVID-19 economy; that they can draw on private sector investments; that they can help Canadians get back to work; and that they support and showcase leading Canadian resources and technologies.

The following is a brief overview of these proposals:

1.) Support for the freight sector through an enhanced and expanded Green Commercial Freight Assessment and Deployment Program for low emissions fleet technologies – $500 million. Funding for commercial fleets to deploy a variety of low emissions technologies and alternative fuel vehicles including NGVs – to leverage private sector investments supporting significant Canadian technologies and suppliers.
2.) Support Canadian marine leadership with strategic investments in liquefied natural gas (LNG) bunkering and in supporting fleets converting to LNG -- $750 million. To build on existing private sector supported projects and to encourage additional activities to grow Canada's leadership role in deploying LNG in the global marine sector.
3.) Support for transit agencies and municipal services through federal-provincial infrastructure and transit agreements – $500 million in federal funding to leverage local government and private sector investments in NGVs for public transit and NGVs in municipal fleet use, including private sector refuse collection fleets; and support for renewable gas and hydrogen projects.

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Conclusion - Unlocking Opportunity

Securing long-term prosperity requires a clear view of vital Canadian interests. Canada's abundant energy resources are a cornerstone of our economy. When Canada effectively uses all these together with the best practices, we can not only export energy but also clean technologies and knowhow. Canadian should not make the mistake of pitting one type of energy against others – we need them all to remain prosperous and meet emissions reductions goals.

Supporting Canada's transportation industry in managing both a transition to lower emissions and in adapting to life post COVID-19 is critically important to our economy. CNGVA has outlined program ideas that can support shovel ready and stimulus worthy projects with the potential to leverage significant private sector support. These projects will get Canadians back to work, advance an emissions reductions agenda and help set the foundation for future economic growth.

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