

## BC CHARTS A 'CLEAN TECH' FUTURE, BUT IS THE MAP RIGHT?<sup>1</sup>

Colleen Kimmett©

"You are here," says a smooth male voice, as an animated map of British Columbia appears onscreen. "Right here, in the windy, sunny, hydroelectric, geothermic, hydrogen-celled, bio-energy heart of the clean energy future." This is the opening segment of a new video<sup>2</sup> produced by Clean Works BC that was aired for foreign business contingents during the Olympics -- a kind of coming-out party for B.C.'s nascent clean tech sector -- and again last month at GLOBE, an international conference on business and the environment. There, in one of the Vancouver Convention Centre's expansive ballrooms, Energy Minister Blair Lekstrom told delegates that clean tech is the oil and gas of the future. "In British Columbia," he said, "we're open for business, we're open for innovation and together we're going to build a clean, green economy."

Last week, with the release of its Clean Energy Act, the provincial government promised to build that economy by combining increased conservation within the province, while producing more power to export outside of B.C. The act comes on the heels of a slew of other energy legislation and funding initiatives like the carbon tax, greenhouse gas emissions targets, a biofuels mandate, and an Innovative Clean Energy Fund with \$174 million earmarked to develop clean and renewable energy technologies. British Columbia has one of the lowest corporate tax rates in North America, and increased the amount of tax credits available to clean tech investors. In many ways, these policies put us ahead of other jurisdictions.

But still, this so-called "windy, sunny, hydroelectric, geothermic, hydrogen-celled, bio-energy heart of the clean energy future" has no solar, wind or geothermic electricity generation to speak of. At GLOBE, Nexterra president and CEO Jonathan Rhone was optimistic about what the future would bring. "We'd like to see some explicit policies around supporting the development and adoption of all manner of small-scale generation technologies," he said. "So small communities can develop, own and operate solar facilities or wind turbines and be able to feed that into the grid. I think some of the policies that government are working on will hopefully move us in that direction."

### 'Feed-in Tariff' Would Promote Competition

Small scale, community ownership -- these are the same elements of a truly green energy plan that environmental organizations also advocated for in advance of provincial legislation on energy development. While the Clean Energy Act outlined clear directives around export in a bid to increase investment in this sector -- some aren't sure that it has what it takes to create a sustainable and green economy. In December 2009, Ernst and Young LLP hosted a brainstorming session in Vancouver, in which members of the municipal and provincial governments, as well as industry executives, were invited to share their thoughts on what would help or hinder clean tech and clean energy growth.

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<sup>1</sup> The Tyee. May 04, 2010

<sup>2</sup> [www.cleanworksbc.com/](http://www.cleanworksbc.com/)

According to a subsequent report, "There is a risk that the province's more obvious natural advantages may actually cause people to overlook other resources that have the potential to be viable, such as geothermal energy... There needs to be greater competition in the province to encourage smaller, more entrepreneurial players to be able to bring their innovations to market."

One of the recommendations gleaned from the brainstorming session was that government should create a feed-in tariff (FIT), offering higher prices for electricity in order to encourage unconventional types of generation. In Germany, this mechanism stimulated what is now one of the largest solar manufacturing markets in the world. Ontario's new feed-in tariff program requires that developers procure 50 per cent of project material from within the province. The rationale for this contentious rule is that the subsequent job creation will justify higher electricity rates.

Alison Thompson, chair of the Canadian Geothermal Energy Association and vice president of corporate relations for Vancouver-based Magma Energy Corp., says the inclusion of a FIT in the Clean Energy Act is good news. She said she'd also like to see the industry receive the same kind of government assistance that oil and gas currently do -- such as relief on infrastructure costs and funding for training programs. "We have some catching up to do as the ministry of energy hasn't allowed land tenure for geothermal since 2004 which has prevented geothermal projects from going ahead," Thompson pointed out.

The British Columbia Sustainable Energy Association also recommended that the province adopt a voluntary FIT program. That "would do wonders for the development of solar, tidal, wave biogas, biomass, geothermal, run-of-river hydro, and wind energy in B.C.," *wrote* president Guy Dauncey on the BCSEA website in February. "B.C.'s market price system locks the first six of these energy types out of the B.C. market, creating much frustration among solar and tidal energy [etc.] companies, and stymying [sic] the government's desire to make B.C. a Clean Energy Powerhouse."

### **Raise Rates to Promote Conservation?**

Though the Clean Energy Act opens up the possibility of a FIT, "to foster the development of emerging technologies in renewable power production," Minister Lekstrom said it's a mechanism that the government "may or may not use" and assured reporters that it would not involve subsidies. "This is not about subsidies," said Lekstrom. "This is about working with our clean tech sector, looking at new emerging technologies to build the infrastructure and to build opportunities here in British Columbia." Paying a subsidized rate for as many as 695 projects under the FIT program will cost the Ontario government -- and ultimately taxpayers -- \$8 billion. According to a recent CBC *article*, residential electricity rates could increase by as much as \$300 per year. "I'm not sure that would go over at all well here in British Columbia," said Lekstrom. "We don't compare ourselves to Ontario, to be honest. It is a different world in British Columbia."

But for a province that puts energy conservation high on its list of priorities (the act also calls for BC Hydro to meet 66 per cent of new demand through conservation efforts), an FIT resulting in higher prices for ratepayers could be the best way to encourage conservation, argue some. "The truth is that rising energy costs are going to happen," the Green Party's Philip Stone told The Tyee during last year's provincial election, when his party campaigned for a FIT. "The question

is whether we're going to use the money to subsidize large mega-projects or put the money into a public-owned utility."

It was during this election that the Liberal's energy plan came to the forefront of public debate. The issue quickly became polarized; a question of private vs. public, all or none. Not long after the election, four environmental groups -- Watershed Watch Salmon Society, the Pembina Institute, the David Suzuki Foundation and West Coast Environmental Law -- made recommendations<sup>3</sup> on how the province should move forward with renewable energy development. "Many British Columbians -- including those deeply concerned about climate change -- harbour concerns about how renewable electricity is currently planned, promoted and developed in B.C.," reads the first paragraph of the report, which was endorsed by 22 other organizations. "They want to see renewable electricity projects, but they want to be confident that those are planned and developed in a way that limits impacts and maximizes benefits for British Columbians."

Key recommendations included a strategic planning strategy, to identify which types of electricity projects could be developed with the least impact, and where they shouldn't be developed at all. They asked the government to create guidelines to prioritize low-impact projects that provide maximum benefits to communities.

### **Approvals Too Politicized?**

Josh Paterson of West Coast Environmental Law said part of the new act includes an integrated resource plan. BC Hydro has 18 months to conduct the plan, from the time the bill gets royal assent. As part of this planning process, there are specific questions that the act requires BC Hydro to answer, such as how much capacity, and what kind of transmission lines, will be required. But Paterson says there are also "a whole bunch of weaknesses" with the plan. "They don't explicitly have to consider trying to find the best low-impact way of generating electricity," he said. "Also, the integrated resource plans will be approved by cabinet in a political process, not independently vetted by the BCUC [BC Utilities Commission]. This is cause for concern." Paterson said a lack of details around the planning process makes it hard to say what kind of an impact it might have. "It remains to be seen whether the process is going to have a really robust systematic way of weighting the potential benefits of these projects against the potential drawbacks."

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<sup>3</sup> Recommendations for responsible clean electricity development in British Columbia. December 17, 2009. Prepared by: David Suzuki Foundation, Pembina Institute, Watershed Watch Salmon Society, West Coast Environmental Law. <http://pubs.pembina.org/reports/clean-electricity-recommendations.pdf>