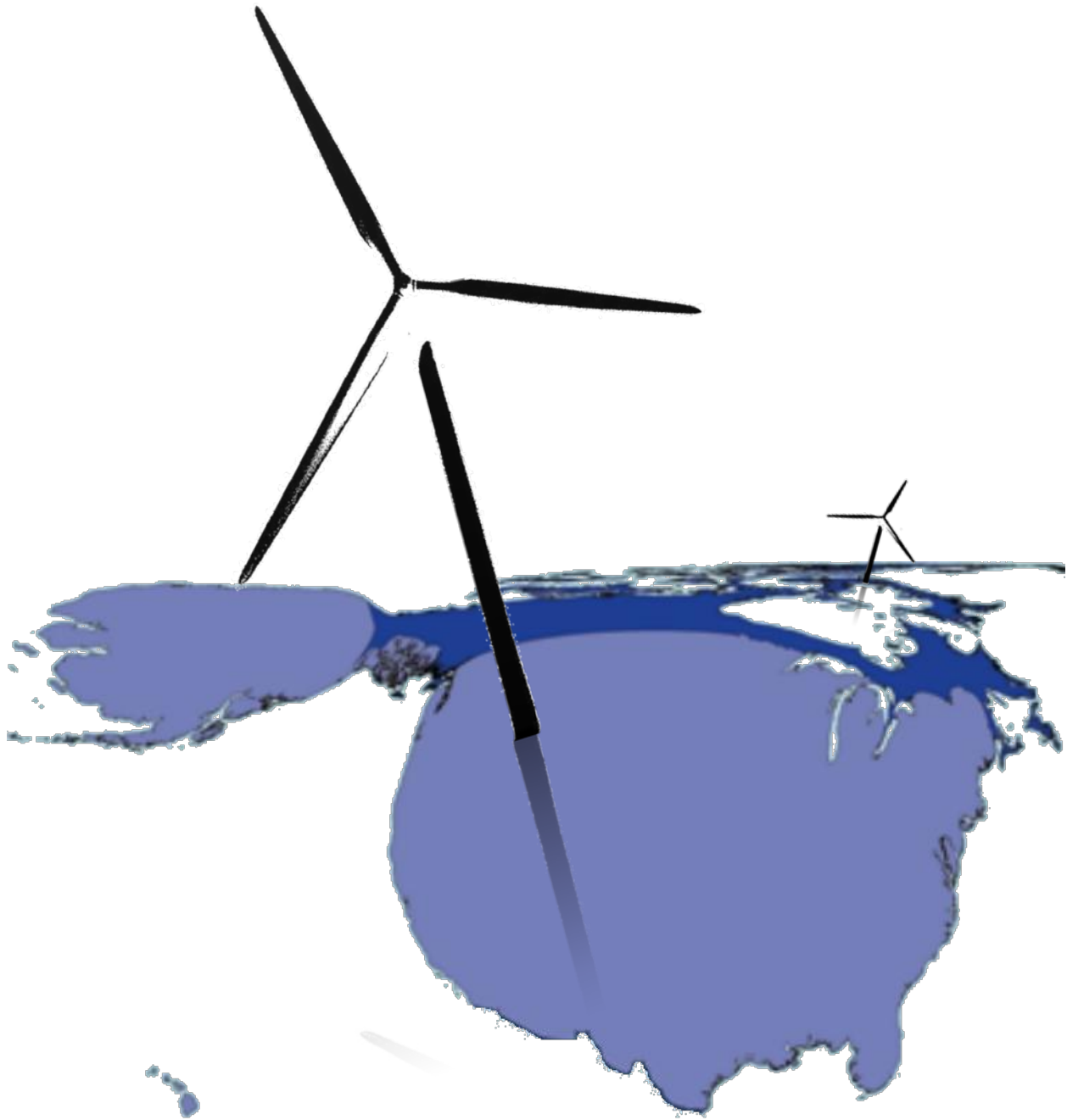


# Understanding Canada's Federal Support for Renewable Electricity



**Backgrounder**

# Understanding Canada's Federal Support for Renewable Electricity

June 19, 2009

Worldwide, renewable energy had a record year in 2008 attracting over 120 billion \$US<sup>1</sup>, becoming the leader in power generating capacity investment over coal and natural gas<sup>2</sup>. Many countries are making major investments in renewable energy, to help stimulate their economies in addition to the environmental and energy security benefits inherent to renewable energy projects.

Comparing the most recent budgets, the United States will outspend Canada by a factor of almost 14:1<sup>3</sup>, which is notable as Canada will compete directly with the United States for investment in renewable energy projects. This document outlines the status of the active Federal incentives for renewable power in Canada and provides a comparison to similar incentives for renewable power development in the United States.

## 1. ecoENERGY for Renewable Power

<b>Announced</b>	Budget 2007
<b>Budget</b>	\$1.48 billion over 14 years <sup>4</sup>
<b>Goals</b>	To support up to 4,000 MW of “clean electricity from renewable sources such as wind, biomass, low-impact hydro, geothermal, solar photovoltaic and ocean energy.”
<b>Mechanism</b>	1 ¢/kWh production incentive
<b>Status</b>	<b>Funds expected be exhausted in Fall 2009</b>
<b>Notes</b>	<i>“It has been a very successful project. It is anticipated that we will have exhausted the funding about a year and a half earlier than anticipated. That has caused great concern for the wind energy folks.”</i> - Honourable Lisa Raitt, Minister of Natural Resources <sup>5</sup>
<b>American comparison</b>	American production tax credit is valued at 2.1 ¢/kWh and was extended until 2012 in the 2009 budget.

<sup>1</sup> Renewables Global Status Report, 2009 Update ([http://www.ren21.net/pdf/RE\\_GSR\\_2009\\_Update.pdf](http://www.ren21.net/pdf/RE_GSR_2009_Update.pdf))

<sup>2</sup> <http://sefi.unep.org/english/globaltrends22009.html>

<sup>3</sup> <http://re.pembina.org/pub/1786>

<sup>4</sup> Payments are received for the first 10 years of production, so a project built in 2009 would receive support until 2019, although the program is only open for new project applications until 2011.

<sup>5</sup> Standing Committee on Natural Resources (April 23, 2009)



## 2. The Clean Energy Fund

<b>Announced</b>	Budget 2009
<b>Budget</b>	\$1 billion over 5 years
<b>Goals</b>	To support the development and demonstration of promising technologies, including large-scale carbon capture and storage projects.
<b>Mechanism</b>	Request for proposals (RPF)
<b>Status</b>	\$650 million awarded to carbon capture and storage projects \$150 million dedicated to research and development <b>\$200 million available for demonstration projects</b>
<b>Notes</b>	Unclear whether proven technologies such as large-scale wind power or run-of-river hydro would be eligible
<b>American comparison</b>	Governor Sarah Palin has announced a larger renewable energy fund (\$250 million over 3 years <sup>6</sup> ) for a state with less than 700,000 people.

## 3. The Green Infrastructure Fund

<b>Announced</b>	Budget 2009
<b>Budget</b>	\$1 billion over 5 years
<b>Goals</b>	To support projects that promote cleaner air, reduced greenhouse gas emissions, and cleaner water such as: wastewater infrastructure; green energy generation infrastructure; green energy transmission infrastructure and solid waste infrastructure, and carbon transmission and storage infrastructure.
<b>Mechanism</b>	Request for proposals (RPF)
<b>Status</b>	<b>Launched on May 29, 2009. \$71 million of spending announced as of June 12, 2009.</b>
<b>Notes</b>	Appears that renewable energy projects could compete amongst other priorities for this fund, although the terms and conditions of the program are not yet available as of June 19, 2009.
<b>American comparison</b>	~15 \$US billion over 3 years was announced in the United States 2009 budget for renewable energy infrastructure, notably “smart grids”

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<sup>6</sup> [http://www.alaskajournal.com/stories/012309/leg\\_img\\_8001.shtml](http://www.alaskajournal.com/stories/012309/leg_img_8001.shtml)