

CanWEA 2017 – President Robert Hornung’s Day Two Plenary Remarks

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Montreal, Quebec, October 4, 2017 – Please find below the text of the remarks delivered by the President of the Canadian Wind Energy Association (CanWEA), Robert Hornung, on the second day of this year’s [CanWEA 2017](#) (check against delivery).

Bonjour à tous et bienvenue à cette deuxième journée de CanWEA 2017

Good morning everyone and welcome to Day Two of CanWEA 2017.

This morning’s plenary session will tackle a subject most of us spend a lot of time thinking about – what will drive future demand for wind energy?

While wind energy has been the largest source of new electricity generation in Canada for the last decade, we are living in an era where growth in electricity demand is flat or increasing very slowly. The reality is that increases in electricity demand are being offset by improvements in energy efficiency and many jurisdictions, including Quebec, have significant electricity supply available to use at this time. It doesn’t paint a pretty picture and it is clear that the build out of new wind energy has slowed down in Canada.

Mais....toute est une question de perspective. Comme l’a démontré la séance plénière d’hier, nous aurons nécessairement besoin de nouvelle électricité pour atteindre nos objectifs liés aux changements climatiques.

But...it is all a matter of perspective. As yesterday’s plenary demonstrated, we will need significantly more renewable electricity in the future to address our climate change challenge.

Canada’s Mid-Century Long-Term Low-Greenhouse Gas Development Strategy makes it clear that meeting Canada’s objectives under the Paris Accord will require a complete decarbonisation of our electricity system and the production of two to three times more electricity than we produce today.

This is a massive opportunity for our industry and if we can continue to be the lowest cost source of non-greenhouse gas emitting electricity in Canada we can capitalize on it.

Over the course of this session, we will explore several ways in which action to address climate change can create new demand for wind energy.

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The most obvious way is through the decarbonisation of electricity production. These opportunities are more limited in Canada than in many other countries because 79 per cent of our electricity is already non-greenhouse gas emitting. Nonetheless, the new opportunities emerging for wind energy in Alberta and Saskatchewan are largely the product of policies in Alberta and federally to move to eliminate coal-fired generation in Canada by 2030.

In fact, when the federal government announced its plans to accelerate the phase out of conventional coal-fired generation in Canada, it also indicated that it would strive to ensure that 90 per cent of Canada's electricity would be non-emitting by 2030 – that's an eleven per cent improvement from where we are today. CanWEA is fully supportive of this target. We feel it is critical to both ensuring Canada meets its own 2030 emission-reduction commitment under the Paris Accord, and to start making progress toward the 100 per cent climate-friendly grid Canada will need to achieve the much larger carbon reductions that are going to be required by 2050.

But are we going to meet this target?

En concertation avec nos collègues de l'Association des industries solaires du Canada, CanWEA a mandaté une étude portant sur les façons d'atteindre cet objectif de 90 pour cent dans les temps prescrits, en vertu des différentes politiques en vigueur au gouvernement fédéral et dans les provinces.

CanWEA and our colleagues at the Canadian Solar Industries Association have commissioned a study to examine how likely it is that Canada will reach that 90 per cent target on schedule, given the policies currently in place from federal and provincial governments.

While the report is not yet final, I can share some high-level preliminary results. Those results show that we are going to fall well short of the 90 per cent by 2030 objective. In fact, the study projects that the percentage of non-emitting electricity in the Canadian grid will be only marginally higher in 2030 than it is today. It is unlikely that additional modelling runs will alter this fundamental conclusion.

Why so little progress? Aren't we phasing out coal?

It's not because we're not building new clean generating capacity. We will see a significant build out of almost 7,000 megawatts (MW) of new wind energy between now and 2030 in Alberta and Saskatchewan.

But our modelling also shows that a significant build out of natural gas-fired generation is also going to occur between now and 2030, with a lot of it coming on line sooner rather than later.

This is not completely surprising.

Natural gas is envisioned to help substitute for coal in both Alberta and Saskatchewan and it is certainly a candidate to replace nuclear power while plants are being closed and refurbished in Ontario. In fact, our study's preliminary results project greenhouse gas emissions from natural gas generation doubling between now and 2030.

This has profound implications.

It reminds us all that decarbonisation of the electricity grid does not stop with coal – it also needs to address natural gas.

It also reminds us that the decisions we take today in the electricity sector have long-term consequences because a significant build out of new greenhouse-gas emitting natural gas generation not only makes it impossible to meet the 90 per cent by 2030 target, the long-lived nature of such investments also could make it much more challenging to meet the 100 per cent clean energy grid we need by 2050 to address climate change.

Now natural gas has often been described as a transition fuel, and there's no doubt it has an important role to play in enabling the shift to a climate-friendly electricity grid and a low-carbon economy. It is also true, however, that the word "transition" implies there will be an end date to the use of natural gas generation in Canada -- but no such date has been identified and we are not even discussing it yet.

This is problematic.

With no vision of an end date for the use of natural gas generation, we can't design policies that send market signals consistent with such an objective. Without such signals, investors can't make informed investment decisions – opening up the possibility of poor investments that harm both investors and consumers by becoming stranded assets.

Tout le monde, y compris les entreprises intéressées à construire de nouvelles installations de production d'électricité au gaz naturel, bénéficiera d'un cadre politique clair et à long terme qui définira le rôle de la production d'électricité à partir de gaz naturel dans l'avenir. Une telle clarté aiderait également à définir et à augmenter les opportunités futures pour l'énergie éolienne.

Everyone, including companies interested in building new natural gas facilities, would benefit from a clear, long-term policy framework that outlines what the role of natural gas generation will be going forward. Such clarity would also help to define and scope future opportunities for wind energy as well.

What tools do government have to send such signals?

- Governments could identify a phase-out date for the use of greenhouse gas-emitting natural gas in electricity generation.
- Governments could make a commitment not to build any new emitting generation. Indeed, CanWEA is advocating that Ontario adopt this position in its new Long-Term Energy Plan to ensure that future electricity policy remains consistent with the province's climate change targets.
- Governments could provide long-term visibility on carbon pricing, making it clear that electricity generated from natural gas will become more and more costly and less and less profitable over time because of its emissions profile. Right now, governments are only looking out as far as 2022, which does not provide companies with enough certainty to influence decisions on an asset that could operate for decades.
- Governments could set increasingly stringent greenhouse gas emissions standards for natural gas-fired generation, which is another way to provide investors with the signals they need to make informed decisions.

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Will governments be willing to take such actions?

They will need to if they are serious about their climate change commitments and they will want to if they are confident that alternatives are available.

When it became clear coal was going to be phased out, stakeholders came together to examine how to do this in a way that would provide significant environmental benefits, yet not impact the reliability of the electricity system. And we found a way. We can – and must – do the same with natural gas.

CanWEA wants to be a voice in initiating this discussion, and to be an active participant in it. We believe it is critical this discussion begin now so that we can make sure that future investments are consistent with Canada's long-term climate change commitments.

Ces engagements ont le potentiel d'ouvrir d'importantes nouvelles opportunités pour notre industrie dans bon nombre de secteurs, incluant l'électrification des transports, les exportations d'énergie renouvelable, l'achat par des corporations d'énergie renouvelable ainsi qu'en agissant sur les interconnexions et dans les réseaux isolés.

Those commitments have the potential to open up significant new opportunities for our industry in a number of areas, including the electrification of transportation, clean energy exports, corporate procurement of renewable energy, increased interconnection and off-grid power.

This morning we are going to spend some time exploring these other potential areas of demand growth for our industry.

Rochelle Pancoast, Managing Director of Gas and Renewables at TransAlta Corporation and the vice-chair of CanWEA's board, is going to lead this morning's discussion. Rochelle has been with TransAlta since 1999, and in her current position is responsible for driving the long-term profitability of TransAlta's North American gas and renewables fleet. Prior to that, she was the company's director of wind operations.

Please join me in welcoming Rochelle to the podium.

Merci.

Thank you.

Robert Hornung
CanWEA President

About the Canadian Wind Energy Association

CanWEA is the voice of Canada's wind energy industry, actively promoting the responsible and sustainable growth of wind energy. A national non-profit association, CanWEA serves as Canada's

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leading source of credible information about wind energy and its social, economic and environmental benefits. Join us on [Facebook](#), follow us on [Twitter](#) and [LinkedIn](#). Learn more at www.canwea.ca.

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