



Premiers Alison Redford of Alberta, Kathleen Wynne of Ontario and Christy Clark of BC at the Council of the Federation conference at Niagara-on-the-Lake in July. All three are key players in making progress towards a Canadian Energy Strategy. Flickr photo

Our Energy Future: A Little More Ambition Please

Velma McColl

With the federal government focused elsewhere, and increasing demands from the public and major players in the private sector, a somewhat surprising group is stepping into the leadership vacuum on energy policy: Canada's premiers. Progress has been made to define a Canadian energy strategy over the past few years – but now political capital is needed to broker a credible deal by summer 2014. With a little more ambition and effort to push past traditional intergovernmental lethargy, a plan can be created that works for the regions and for Canada's economic and environmental future.

Premiers talked energy this summer at the Council of the Federation (COF) and issued progress report, a placeholder to give them more time to negotiate a broader Canadian energy strategy. Alberta Premier Alison Redford was the original driving force and she is now joined by Premier Greg Selinger of Manitoba and Premier Kathy Dunderdale of Newfoundland and Labrador in leading the premiers toward a full report in 2014. They were smart to take a slower approach last year, framing the debate and surfacing – but not resolving – some of the uncomfortable issues. Moving forward, they need to start addressing the concerns over energy infrastructure, innovation, conservation and climate change and develop a credible package that stakeholders and the public can support. This will require a little creativity, common sense and, to broker something worthy of Canada's energy ambition, some political capital.

The premiers took up the mantle of the Canadian energy strategy, under-

standing that there was public interest and demand. Three years ago, an odd array of interests began to ring the bell and call for a Canadian energy strategy. A full range of environmental groups spoke up, as did Canada's largest think tanks, business leaders and, more recently, strong voices began emerging from First Nations, labour, transportation interests and municipalities. We even saw the creation of a new voice for business – the Energy Policy Institute of Canada (EPIC). And in the face of the long delays on Keystone XL through the US and the public hearings on pipelines, other media and public voices have started echoing the need for greater coherence in Canada's approach to energy.

The recent and growing conversation began tentatively at first, given the politically charged discussions on energy and climate change over the last 40 years. The dividing lines have been cut and re-cut in many directions – regionally with East vs. West or Alberta vs. Ontario or Newfoundland vs. Quebec; philosophically with environmental groups, business interests and First Nations; and, politically with parties traditionally picking a side in the old environment vs. the economy debate based on electoral calculations. More often than not, these divisions have been exploited for short-term political advantage and the complexity of energy trade-offs has been lost.

However, with the new interest-based approach to Canada's energy challenges, a greater and greater consensus has been emerging, crossing these historic divides. The key themes are energy conservation, innovation, a low-carbon future, diversification of energy supply and energy markets, even carbon pricing. Only a few years ago, we were fighting fiercely over so-called Dutch disease, where eastern manufacturing was suffering from rising energy revenues or the West was disadvantaged by Kyoto climate change policies or Stephane Dion's Green Shift was a tax on families (actually we're still fighting a variation of that one). However, today we are moving toward more common ground on what the elements of an energy strategy might be. This makes it less interesting to the media but potentially more constructive for the country.

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about their interim report on the Canadian energy strategy. It laid out three key areas – energy conservation and literacy; technology and innovation, and moving energy to people (infrastructure for electricity and getting Canadian energy to global markets). Governments consulted with a wide range of stakeholders earlier in June and drew these themes from their own provincial and territorial priorities. However, the interim report is little more than a catalogue of what's currently happening in the country and does not map out a future energy vision or identify clear pathways for success. Hopefully that resolve will emerge over the next ten months.

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The three premiers (Redford, Dunderdale and Selinger) will now work closely with Ontario Premier Kathleen Wynne as current COF Chair to deliver a robust report. For now, BC and Quebec are playing it cool and the federal government is not at the table. It's well understood that the Harper government doesn't like grand strategies and particularly not in areas of provincial jurisdiction. If the premiers foresee a future reconciliation across all interests, they may need to re-cast their work as a more flexible energy "framework".

While three years has moved the dialogue from outside stakeholders to squarely on government agendas, the consensus becomes much more fragile just below the surface. The real work for the COF

will be to broker a balanced package of specific measures that will make a difference for the country's energy future, one that envisions Canada's participation in global markets for raw energy resources (oil, gas, uranium, electricity to the US) as well as export of clean technologies into both developed and developing countries and deployment of those same technologies in Canada. Broader domestic policies are needed to address a low-carbon future, diversification of our electricity sources and infrastructure, increasing electrification of transportation and urban environments, and better environmental performance in traditional industries such as energy, mining, forestry, manufacturing and aerospace. All of this can be married with an understanding that different regions need a different mix of these options.

Many question the relevance of a Canadian energy strategy, with some suggesting "hands off" – the market will decide. Still others suggest that premiers should just stick to their knitting within their own borders, turning a blind eye to the national or international context. It's been our modus operandi for years in this country and it's time to ask objectively how that's working out for us.

It's impossible to ignore the national headlines or the delays and controversies on major energy decisions facing us each week: transportation of energy by pipeline (Keystone XL, Gateway, Energy East) or by rail (Kinder Morgan's proposal through BC, the fall-out from Lac-Mégantic); building of new electricity infrastructure (Maritime Link, Site C Dam in BC, Bipole III in Manitoba); siting of wind energy projects; investments in our resources by state-owned enterprises or multinationals; the development of the Arctic; and the growing desire of First Nations for resource revenue sharing to name but a few. All of these major decisions affect our energy prospects. We appear, by default, to believe these factors require no larger policy coherence and that there is no need to have an informed public that understands the complexity of the trade-offs.

It's true that domestic and international market imperatives have been the driving force behind the expansion of pipelines, oil by rail, the export of LNG and the modernization of our electricity infrastructure to meet growing population and demand. It's also true that all these energy decisions at some point turn a corner and meet public imperatives such as community interest, social license to operate, First Nations rights and title, and concerns over environmental impact on land, air and water. To pretend otherwise is to ignore the history of the never-built but much debated MacKenzie Valley pipeline through the North. Or continue the fallacy that Keystone XL will be passed in the US because Canada believes "it's a no-brainer". Market imperatives and public policy imperatives must be reconciled at some point or energy advances wither away.

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On Keystone, everyone is reading the tea leaves on what US President Barack Obama will decide later this fall. One thing is certain. He has sent a clear signal that Canada needs to do more to reduce carbon from energy production. Understanding that our governments needed to respond and find a way to

both communicate what Canada is doing (because we do have a story to tell) but also put more in the window, Prime Minister Harper has sent a letter to US President Barack Obama formally proposing "joint action to reduce greenhouse gas emissions in the oil and gas sector". The politics suggest that if Canada doesn't meet the US at least part of the way, the project will likely slip into the 2014 pre-election window and could easily be subject to further political delay. Over the next six months, it is anyone's guess whether Ottawa and Alberta can agree on a plan for the sector and then have the US accept it. The stakes are high for Canada so our Ambassador to the US Gary Doer will have his work cut out for him.

At the same time, we cannot remain blind to the rapidly changing global context for our energy. Global players continue to want Canada's resources either for export or as investments – though our policy delays are becoming increasingly unattractive. The global market for clean technology will be \$3 trillion by 2020. Canada has a sliver of this market now but we could grow our advantage and support SMEs ready to create jobs and support our economic recovery. Domestically, we should envision an increasingly integrated North American electricity market – and build infrastructure that both meets the needs of our consumers at reasonable prices and allows for export. The US doesn't just need our oil, it needs our clean electricity too.

It's also time to recognize that, in today's world, it's possible to merge economic and environmental outcomes with creative policy and fiscal tools. Alberta, BC and Quebec are leaders with pricing policies on carbon but

China, Japan and Europe are all testing economic instruments to drive environmental and, ultimately, economic performance. We need to face the environment and energy divide squarely and with more courage than we've shown so far. There is a temptation to make the Canadian energy strategy only about energy production but that ignores at least half the equation – and deflects the issues that the next generation will face.

In essence, the context has changed, the lines are being re-drawn and Canada needs to catch up. Though we are rich in energy resources, services and technology, we are on the verge of squandering economic opportunities by failing to reconcile market and public imperatives or take advantage of innovative policy tools. We need to also watch that the COF and the lethargy of our intergovernmental processes don't drag the whole initiative down. Energy ministers, their officials and stakeholders have been pushing (some more than others) but they should now be given license to be creative.

COF and the premiers took an important step this summer with the progress report but now it's time to step up the ambition and political brokering. With a little determination, we can create an energy framework worthy of the country, transforming dysfunction and delay into opportunity at home, in North America and worldwide. **P**

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