



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

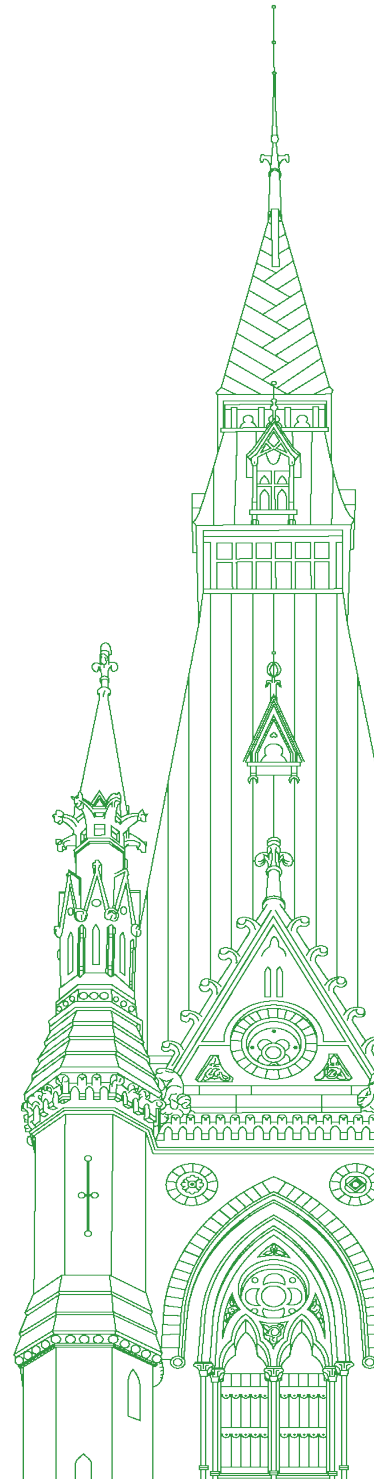
Standing Committee on Natural Resources

EVIDENCE

NUMBER 045

Wednesday, September 23, 2026

Chair: Terry Duguid



Standing Committee on Natural Resources

Wednesday, September 23, 2026

• (1715)

[English]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.)): Colleagues, let me call this meeting to order and welcome you all back to Parliament Hill. We're at day three. I hope you had a great summer reconnecting with constituents and family.

Let me also start by acknowledging, as we always do, that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting number 45 of the House of Commons Standing Committee on Natural Resources.

I would particularly like to welcome new members of the committee. We'll be electing a vice-chair shortly.

Welcome, Mr. Kelly.

Mr. Diotte, I think you're subbing for someone today, but welcome.

Monsieur Malette, it's good to have you back as the continuity on the committee, and of course you added mightily to our forestry study with an all-expenses-paid trip to Norway and Sweden with some of our colleagues.

Mario—or

[Translation]

Mr. Simard, I'm sorry.

[English]

It's great to have you.

Ms. Anstey, welcome.

Just let me say at the start, colleagues, that this has been a very collegial committee. We've done some good work. A report on critical minerals was conducted. Recommendations were made. The report was sent to the government. My understanding is that we actually had the recommendations responded to. I know we'll all be interested in looking at that.

I'm required to read the following before we elect our vice-chair on the opposition side. Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

Welcome to Ms. Khalid, who is subbing in today.

Before we continue, I would ask all in-person participants to consult the guidelines written on the cards on the table. These measures are in place to help prevent audio and feedback incidents and to protect the health and safety of all participants, including the interpreters. Our interpreters have done a fantastic job for us and will continue to do so. You will also notice a QR code on the card, which links to a short awareness video.

We'll jump right in. If the committee is in agreement, I will ask the clerk to proceed with the election of the vice-chair.

Madam Clerk, it's over to you.

The Clerk of the Committee (Vicky Sedhya Maurice-Sevigny): Thank you.

Pursuant to Standing Order 106(2), the vice-chair must be a member of the official opposition. I am now prepared to receive motions for the first vice-chair.

Pat Kelly (Calgary Crowfoot, CPC): I nominate Carol Anstey as vice-chair.

The Chair: That motion has been moved, colleagues.

All in favour?

(Motion agreed to)

The Chair: It's unanimous.

Some hon. members: Hear, hear!

The Chair: Congratulations, Ms. Anstey. We look forward to working with you.

We are in committee business, colleagues. When discussing committee business, there are a few items to consider. I would like to invite members of the committee to start thinking about possible new studies that the committee may wish to undertake. I know that Ms. Anstey and I have already talked about that. I think we won't be tabling them today, but we'll be asking you to think about it and come back. We'll have a committee business meeting when we return after the constituency week.

Go ahead, Monsieur Simard.

• (1720)

[Translation]

Mario Simard (Jonquière—Hébertville—Pays-des-Bleuets, BQ): It's good to see you again.

We had a brief discussion, Mr. Guay, Mr. Hogan, who isn't here today, Mr. Malette and I—

[English]

The Chair: Monsieur Simard, let's pause here.

Can everybody hear the interpretation? No.

I'll suspend for a moment.

• (1720)

(Pause)

• (1720)

[Translation]

Mario Simard: What I was saying, Mr. Chair, is that we had a brief discussion beforehand on a subject that might interest everyone.

Mr. Guay, Mr. Hogan and I—and I spoke to Mr. Malette earlier—think we could very cordially add this to our study on forestry. It has to end one day, I understand that very well, but a specific situation has come up: We now understand that at the end of November or December, I believe, a deforestation standard will come into effect in Europe. That would mean that products from the Chinese and Russian forestry sectors would be subject to tariffs in Europe at a level I do not currently know. If that happens, their niche market will probably become Canada and the United States. We would do well to look into that, to see how we could be affected once the European Union has decided to go ahead, and to see whether it's possible to think about some kind of mirror measure.

I think it would be worthwhile to conduct a study of no more than two meetings on this. It could also get off to a good start, because we all know that, sooner rather than later, the federal government is going to present the strategy that follows on from the task force's work. I think it would be worth looking into this issue, since it's something that may affect us greatly in the coming months. Mr. Guay and Mr. Hogan seemed to agree, and so did Mr. Malette.

My friendly proposal would be to move a motion, at our next meeting, that would enable us to hold two meetings to look into this and perhaps see how we can address this issue, which is going to be important for us. I'm saying this because there's a general consensus, and there won't be any debate on it. We don't have to hold a lot of meetings on it.

Thank you.

• (1725)

[English]

The Chair: Thank you, Mr. Simard.

We invite all members to think about what we would like to study. We're going to have a lot on our plate with the forestry study and with the response to the energy export recommendations, as well as completing the study we're undertaking today on energy security.

Colleagues, we're going to put this on the agenda for our next meeting. As we have done in the past, we encourage informal dialogue among all of you. We have come up with a consensus list that has been agreeable to all members. As you know, we like to address

the priorities of the opposition, of the governing party and of the Bloc Québécois, and we've been successful in setting out an agenda that has worked well for us. I encourage you to come back with those ideas and talk amongst yourselves. I'm sure we'll settle on some priorities that are agreeable to everyone.

I'm going to move on.

I'm sorry. We have Mr. Guay.

[Translation]

Claude Guay (LaSalle—Émard—Verdun, Lib.): I just want to add something to what Mr. Simard said, Mr. Chair.

I think this is an emergency, because we're talking about something that can hurt the lumber industry. That means it's related to what we worked on with lumber. If the European measure takes effect in November, those products will almost immediately start being dumped here in Canada.

In any case, I would encourage Mr. Simard to move the motion now or shortly, so that we can move forward on this at the next meeting. I just want to say that I think it's urgent. This is something we should consider quickly.

[English]

The Chair: Thank you for that comment. We'll revisit this when we come back after the break.

Colleagues, let's take a look at the committee calendar for the upcoming weeks. I have a brief update.

Madam Clerk, do insert yourself if I forget something.

We're going to look at the availability of time to do new studies. Some of them may be extremely timely and urgent, as Monsieur Guay has said.

Currently, the committee calendar is as follows. On Monday, October 5, we're going to continue with Canada's electrification energy self-sufficiency and domestic energy security study. On Wednesday, the 7th, I think we had anticipated that we would need the meeting for continuation of the energy security study.

Colleagues, you may have to leave this with me on the issue of committee business, given some of the statements I've heard from you today. On Monday, October 19, we have a break week in there, as you know, after the 12th.

Analysts, the forestry study report, with recommendations, has been written and is in translation, as I understand it.

Go ahead, please.

Laura Carter (Committee Researcher): We received the report back from translation today. It's going through the House publications office, and then we will review it to make sure it's in the right state to distribute to members.

The Chair: On both November 4 and November 19 we would be going through the report clause by clause. I think that is the suggestion. Okay.

We'll map this out for you formally and make sure it's sent to you by email so that you all know what to expect. I think I've heard today in committee business that forestry is going to be very much on the menu for this committee, at a very important time. I'll keep you updated as the calendar develops.

Colleagues, I think we have witnesses waiting. I'm going to suspend because we have to bring them in. We will hear from them shortly.

We are suspended.

• (1730) _____ (Pause) _____

• (1735)

The Chair: Colleagues, we're back in session.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, April 23, the committee has resumed its study of Canada's electrification, energy self-sufficiency and domestic energy security.

[Translation]

I would like to welcome Luc Boivin, mayor of Saguenay, as an individual.

[English]

From the Canadian Renewable Energy Association, we have Vittoria Bellissimo, president and chief executive officer.

From WaterPower Canada, we have Lorena Patterson, president and chief executive officer.

Welcome, all of you.

All virtual witnesses have conducted a mandatory witness onboarding test.

I would like to make a few comments for the benefit of the new witnesses.

Please wait until I recognize you by name before speaking. I have a reminder that all comments should be addressed through the chair. You will each have five minutes for your opening remarks, after which we will open the floor to questions.

[Translation]

Mr. Boivin, the floor is yours.

Luc Boivin (Mayor of Saguenay, As an Individual): Thank you, Mr. Chair.

Members of the committee, especially vice-chair Mario Simard, MP for my great city, thank you for having me here today.

My name is Luc Boivin. I am the mayor of the city of Saguenay, the northern metropolis of eastern Canada, an immersive city and one of the major cities in Quebec. Our city has a population of just over 150,000 across a vast area with a northern climate.

Saguenay is one of the few municipalities in Quebec to generate, harness and distribute its own electricity. Our municipal service Hydro-Jonquière manages three power plants and supplies electricity directly to the residents of the Jonquière borough. That capacity

is part of a broader regional history. Saguenay—Lac-Saint-Jean has built itself up around its resources and energy, together with major companies like Rio Tinto and now Domtar. In the truest sense, we are responsible water builders with decades of expertise in building, maintaining and operating hydroelectric projects.

That expertise is just a starting point. Saguenay also sees the potential of wind, solar and tidal power to diversify its clean energy production and build up reserves that can meet demand during peak periods. Quebec's electricity system currently relies mostly on large hydroelectric projects. We believe in a complementary transformation that protects existing sites, while diversifying the range of infrastructure types and sizes, including through new wind farms and a multitude of small power plants in our region, which still has rivers and suitable locations. Multiplying those resources means strengthening the system's resilience, both to respond to peak periods and to ensure a stable supply throughout the year.

This development will also have to be carried out in partnership with the indigenous nations in our territory, whose collaboration is essential to the success of any new energy project. The development of these systems depends on local stakeholders. We know the land, our citizens and what it takes to ensure the social acceptability of each project. It's important to give local stakeholders more autonomy through federal tools such as the Canada Infrastructure Bank, bearing in mind that the people in the best position to carry out a local project are those from the community itself. Saguenay is also working to modernize its own regulations to enable its citizens to generate their own energy directly at the point of consumption and sell the surplus. That project has become urgent with the rise in the number of electric vehicles and the electrification of transport.

Our request is simple [*Technical difficulty—Editor*]

• (1740)

[English]

The Chair: He's asking for nothing.

Mayor Boivin, you froze for a moment. If you can go back about 30 seconds, we can hear what you had to say.

Thank you.

[Translation]

Luc Boivin: I was saying that Saguenay is also working to modernize its own regulations to enable its citizens to generate their energy directly at the point of consumption. For example, we're working from an urban planning perspective to improve the installation of solar panels on homes, with the goal of ensuring that they fit in well with the landscape.

Our request is simple: RCMs should be considered the best option for diversifying supply in the areas of medium and small power.

Saguenay also holds a strategic position in diversifying Canadian markets. Our deepwater port and our industrial port zone make us a natural player in the northern corridor, and we intend to be a leader in its development. Of course, it's necessary to exercise that increased autonomy while respecting provincial and territorial jurisdiction over energy. Saguenay wants to be a partner in that collective effort.

Thank you for listening. I'm ready to answer your questions.

The Chair: Thank you, Mr. Boivin.

[English]

Ms. Bellissimo, you have the floor for five minutes.

Vittoria Bellissimo (President and Chief Executive Officer, Canadian Renewable Energy Association): Thank you, Chair and members of the committee, for the opportunity to appear today on behalf of the over 300 members of the Canadian Renewable Energy Association. My organization, also known as CanREA, is the voice for the wind energy, solar energy and energy storage solutions that will power Canada's energy future. We work to create the conditions for a modern energy system through stakeholder advocacy and public engagement. Our member companies are uniquely positioned to deliver clean, low-cost, reliable, flexible and scalable solutions that will help protect affordability for Canadian homes and businesses while powering industrial growth.

Canada is entering a period of significant electricity demand growth. Industrial expansion, electrification, manufacturing and emerging technologies all require more power. The new supply needs to be there and built before demand outpaces capacity. Wind, solar and energy storage can be a major part of the solution. They're affordable, reliable, clean and, importantly, can be deployed quickly. This is why jurisdictions across Canada are turning to renewables and energy storage at record rates—and not just for power generation. They're turning to CanREA members for grid support and demand management as well.

In Ontario's recent long-term request for proposals—LT2—capacity procurement, the system operator set out to buy, in an independent and competitive bid process, solutions to handle peak power demand. Instead of procuring new natural gas generation, the system operator selected 640 megawatts of capacity from eight-hour batteries. These new batteries will complement Ontario's existing generation portfolio while helping the system remain reliable during periods of peak demand. However, this is about more than producing electricity. It's also an enormous economic opportunity.

The LT2 procurement that I just mentioned is one of the many happening across the country. My team is tracking 26,000 megawatts—or 26 gigawatts—of power procurements happening across Canada. We estimate that these procurements represent roughly \$46 billion in new investments, but that is just a start. CanREA's recent “Watts at Stake” report estimates that Canada could attract up to \$200 billion in investment in wind, solar and energy storage by the mid-2030s. The question is how much of that opportunity Canada captures.

Over the past few years, many provinces and the federal government set the country on the path to realizing this opportunity. Repeated competitive provincial procurements, combined with the

federal clean economy tax investment tax credits and access to indigenous equity financing, can make Canada a leading destination for grid-scale investment.

We can strengthen that position further by simplifying access to the investment tax credits, accelerating transmission development and providing durable policy certainty on supply chains and carbon policy. The electricity build-out also creates an opportunity to manufacture more of what we need here in Canada.

CanREA and Dunskey Energy and Climate Advisors recently completed the first comprehensive examination of Canada's renewable energy and energy storage supply chain. Our analysis found that up to 30% of capital expenditures on new renewable electricity and energy storage through 2035 could potentially be spent on made-in-Canada components. This could mean up to \$100 billion in additional domestic manufacturing investment. This will require a tailored suite of incentives for both manufacturers and project developers.

Canada has a significant opportunity in front of us. We can build the electricity Canadians need, keep energy affordable, attract up to \$200 billion in investment in renewables and storage and up to \$100 billion in domestic manufacturing, strengthen Canadian manufacturing and create lasting economic opportunities for indigenous partners and communities across the country. The Canadian wind, solar and energy storage industry is ready to help deliver that future. The opportunity is here. What Canada needs now is the policy certainty and investment environment to build it.

Thank you, and I look forward to your questions.

● (1745)

The Chair: Thank you, Ms. Bellissimo.

We'll now go to Ms. Patterson. You have the floor for five minutes.

Lorena Patterson (President and Chief Executive Officer, WaterPower Canada): Thank you, Chair, and thank you, committee members.

I'm here today on behalf of WaterPower Canada, the national association that represents Canada's hydro power industry. Our members include public and private utilities, developers, manufacturers and engineering firms, and they represent more than 95% of Canada's installed hydro power capacity and operate over 600 facilities across the country.

As the committee considers Canada's electricity future, I'd like to leave you with a simple message: We cannot achieve our electricity, climate and economic goals without hydro power.

Hydro power already provides more than half Canada's electricity. It's clean, reliable, flexible and proven. It does much more than generating electricity; it provides the storage, balancing and grid stability services that allow other renewable resources such as wind and solar to operate efficiently. This synergy is fundamental to Canada's objective of doubling electricity infrastructure by 2050.

The challenge before us is significant. Estimates suggest that Canada will require between \$1 trillion and \$2 trillion of electricity investment in generation, transmission and storage infrastructure. Meeting this need will require a coordinated approach that mobilizes both public and private capital while maintaining affordability for Canadian households and businesses. Canada currently has 160,000 megawatts as its total capacity of electricity, including 83,000 megawatts of hydro. The recently signed MOU between Newfoundland and Labrador Hydro and Hydro-Québec would add another 14,000 megawatts to the system.

If we were only relying on hydro power to meet the federal government's target of doubling the size of the grid, we would have to build more than 11 similarly sized projects. The scale of this build-out is enormous, and no single source of power will be sufficient to meet the objective, but including more hydro is essential. It's already included in \$100 billion of planned projects, but our sector is challenged by multiple impediments to rolling out projects quickly. Our industry faces three key barriers to contributing to Canada's energy goals.

First, investors and utilities need greater confidence that future electricity demand will materialize. Utilities make investment decisions based on demonstrable long-term expectations of growth. If consumers and industries do not switch to electricity at the pace anticipated, large infrastructure investments may not proceed. If Canada expects significant electrification of transportation, buildings and industry, then federal public policy should provide consistent signals that the market supports the transition. Reducing uncertainty around future demand will help unlock the private and public capital needed to build major infrastructure projects.

Second, we need financing tools that recognize the unique nature of hydro power infrastructure. Large hydroelectric projects require substantial upfront investment and can take between 10 and 15 years to develop and build, but once in service, they operate for generations, often for a century or more. Traditional financing structures do not always reflect their intergenerational value. While smaller renewable projects often have adequate financing opportunities, large investment requirements, long development timelines, provincial borrowing constraints, ratepayer affordability concerns and competition for capital across the broader economy can all limit investment in hydro.

The federal government can play a critical role by providing low-interest, long-amortization loans; expanded loan guarantees; and financing mechanisms that reduce borrowing costs for projects that will benefit Canadians for generations. Otherwise, some of Canada's most important clean electricity projects could be disadvantaged despite their strategic importance.

Programs such as the clean electricity investment tax credit have the potential to become highly valuable tools, but eligibility time-lines and program design should better align with large infrastructure projects that require longer development periods. This is why we've recommended extending it to 2040 or beyond.

We also recommend revisiting federal EIFEL rules, which can increase financing costs for large infrastructure projects and ultimately raise costs for ratepayers.

We also support expanding indigenous participation through enhanced indigenous loan guarantee programs and facilitating indigenous equity participation in major electricity projects.

Third, regulatory certainty is essential. There is increasing uncertainty around electricity export approvals, which are often essential to the business case for large hydro developments.

Also, we see progress is being made in legislating regulatory efficiency in some federal agencies, but compliance with the Fisheries Act still entails long approval timelines and complex permitting processes for our industry, leading to increased and unpredictable project costs and unnecessary risk. These costs and additional risk are an impediment to the Government of Canada's objective of doubling the available electricity on the national grid, because capital that would otherwise flow to new production must be deployed to meet regulatory requirements of the act on facilities that have already been operating for decades, if not over a century.

Mr. Chair, Canada has a tremendous advantage. We have abundant water resources, a world-class hydro power sector and deep expertise in building and operating clean electricity systems. With the right financing and policy framework, we can leverage those strengths to build the electricity system that Canada can rely on for generations to come.

● (1750)

Thank you. I look forward to your questions.

The Chair: Thank you, Ms. Patterson.

Thanks to all of our witnesses for their testimony today.

We will now go to the rounds of questions and comments.

Ms. Anstey, we're going to start with you for six minutes.

Carol Anstey (Long Range Mountains, CPC): Thank you, Chair. It's great to be back.

Mayor Boivin, I'd like to start with you.

I want to talk about a topic that has already come up in some of the opening statements, which is the importance of affordable electricity. Energy affordability is not just a household issue, of course. It's also an economic competitiveness issue.

Families and businesses are already facing rising costs. Hydro-Québec increased residential electricity rates by 3% this year, and business and industrial rates were increased by 3.8%. At the same time, major employers are dealing with tariffs and continued uncertainty in the U.S. market.

For communities like yours that are trying to attract investment, affordable and reliable electricity can make the difference between a company investing, expanding and creating jobs or taking that investment elsewhere. From your perspective as mayor, how important is maintaining affordable electricity for the businesses you're trying to retain and attract?

[Translation]

Luc Boivin: That's a good question. In Quebec, rates are governed by the Régie de l'énergie. That means I don't have the power to adjust energy rates as the mayor.

However, projects have passed through my hands, and those of my predecessors, requesting access to megawatts of power for large-scale projects. However, we didn't have the energy needed to develop certain industries in our region. Rest assured of one thing: As mayor, I will fight to ensure that energy is available for projects in the region. In Saguenay, we have the port of Grande-Anse, one of the largest industrial sites that is available and ready to receive major projects.

However, for that to happen, we need energy to meet the energy needs of projects that will create wealth for Canada. I hope that answers your question.

[English]

Carol Anstey: This is also an important issue for Newfoundland and Labrador, because we want our electricity resources to support families, but we also want to attract mining, manufacturing and other industrial investments that create good jobs in our communities.

How important is it, though, not only to have access to the power but also to maintain access and have affordable electricity to attract investment? Can you expand on that point, please?

[Translation]

Luc Boivin: Energy affordability is clearly pivotal. Quebec was built on hydroelectric projects. In my region, we had the largest dam in the world, which was Rio Tinto's. It has made it possible to develop a thriving aluminum industry. The pulp and paper industry

in Saguenay—Lac-Saint-Jean also benefits from energy sources that power its plants competitively. Industry has developed because of this regional control.

As I said in my speech, we in Saguenay—Lac-Saint-Jean are water pioneers. We've also helped build a lot of projects in the north. A number of plants have benefited from the expertise of Saguenay, of our manufacturers, our engineers, our civil engineering teams and our builders. I would say that not only will we be there, but also that we are essential to meeting the growing energy needs of Quebec and Canada.

• (1755)

[English]

Carol Anstey: I want to zero in on small and medium-sized businesses for a moment, because they're also under significant pressure from high operating costs, tariffs and weaker consumer demand. Nationally, the CFIB found that 64% of small businesses reported higher electricity costs over the past year.

I'm wondering, Mayor, what you're hearing from small and medium-sized businesses about this, specifically. When their margins are already tight, can you expand on what even a modest increase in rates might mean for their businesses and their ability to hire, invest or expand their operations?

[Translation]

Luc Boivin: That's a good question.

This morning, I met with representatives of companies and manufacturers and industry people at the job fair. I would say that the priority of businesses in the region right now is labour availability. There is a shortage of workers, and immigration is a major issue for our businesses. Saguenay has a very low unemployment rate. We will contribute to the development of Canada. However, right now, energy costs are not the main issue; access to workers is really the main challenge.

I urge parliamentarians to consider the need for foreign workers.

The Chair: Mr. Guay, you have the floor for six minutes.

[English]

Claude Guay: Thank you, Mr. Chair.

Ms. Patterson, I'm going to start the discussion with you.

I was listening to your three different criteria or requests that you made, and I'm pretty sure that you spent some time looking at the deal in Newfoundland and Labrador and Quebec. Across these three criteria, did we learn something that supports your requests as part of this deal?

Lorena Patterson: More than the specific requests that I made this evening, I think the Churchill agreement shows what can happen when governments are working together across borders and across provincial and federal lines to make sure that projects can actually happen. I think the support of the federal government is critical in getting that agreement to take place and go forward.

Claude Guay: If I'm not mistaken, in that agreement, we are addressing the financing portion of your three elements by extending the period and by supplying the balance sheet of the federal government, which has a lower financing rate than the provinces. Is that correct?

Lorena Patterson: That's correct, and we would like to see that repeated in other projects across the country.

Claude Guay: The other thing that you talked about is the regulatory environment and certainty, and you mentioned fisheries. Have you had a chance to look at the building Canada strong act, the new bill we tabled?

Lorena Patterson: Yes.

Claude Guay: What do you think about the approach to impact assessment as part of that?

Lorena Patterson: It's a step forward, but it isn't enough.

The biggest problem we have in terms of the Fisheries Act is its focus on individual fish. The word "fish" in the act, which in 2019 was brought in, takes the focus off fish habitat and fish populations. Operators are then required to report on every single death of every single fish.

This is a huge responsibility for a utility that's trying to produce electricity with a spinning turbine in moving water. It's a very complex task to do that, and the rules haven't been clear so far. We've been asking for more clarity. We've been asking for transparent regulations. If we were writing a letter to Santa Claus, we would like to have a hydroelectric regulation that is specific for our industry and that takes into account the operating realities of a hydroelectric system.

• (1800)

Claude Guay: Doesn't the bill say that now the Energy Regulator is going to be in charge of the impact assessment? Now, of course, they're going to have to deal with the fisheries, but—

Lorena Patterson: That's for pipelines, I believe. The Energy Regulator is looking after pipelines.

Claude Guay: Not hydro?

Lorena Patterson: No.

Claude Guay: Now I will go to you, Ms. Bellissimo. It's good to see you again.

I really am curious to read the supply chain study you talked about, because one of the biggest issues we've had in talking and in my responsibility as parliamentary secretary, is about all of this manufacturing for many of the components of solar, wind or stor-

age being mostly in China. We have many manufacturing industries that are under attack right now with the tariffs and countertariffs and all of what's happening. There's nothing that we would wish for more than to have some of our manufacturing industry transformed to support our ambition in electricity in doubling the grid.

Would you be kind enough to share that study with the committee? We'd be happy to receive it. Did you have a chance to share it with industry and with ISED in particular? It's the department in the government that is responsible for manufacturing processes, so I'm curious about where you are with that, if you can answer my question.

The Chair: Thank you.

You have about 40 seconds.

Vittoria Bellissimo: Thank you for the question. I will talk very quickly so that I can use my 40 seconds.

We will do our best to make the information from the study as public as possible. We're releasing a report soon in advance of our major conference, which is called "Clean Power Nation". The report will have the forward-looking view on what we can do in Canada.

It's divided into three categories, including what is highly feasible in Canada and what is conditional in Canada. Together, the market sizes of both of those add up to just under \$100 billion, as I said. High feasibility is about \$35 billion and conditional feasibility is about \$63 billion. There's also a low-feasibility category, which is basically components of electricity that it doesn't make a lot of sense to manufacture in Canada.

I will tell you that there are a lot of discussions about what's made where and what's made in China. I'll give you the example of steel towers. The market share is 25% Chinese, but there's also 20% from Turkey, 18% from Vietnam—

The Chair: Thank you—

Vittoria Bellissimo: I'll tell you the rest later.

The Chair: Yes, I'm sure you can get in some of that information in another question.

Thanks so much.

[Translation]

Mr. Simard, you have six minutes.

Mario Simard: Thank you, Mr. Chair.

I want to start by congratulating my colleague, Ms. Anstey, who has just been appointed vice-chair of the committee, and by providing an update.

We'll be writing a report on this. We have to be careful when talking about electricity affordability in connection with Quebec. I think back to the question my colleague asked earlier. We have to be aware that in Quebec, there is what we call the heritage block for individuals, which means that we are probably the people who pay the most affordable price for electricity in all of Canada. The industrial rate that Hydro-Québec applies makes it a non-negotiable competitive advantage for us. That also explains why aluminum smelters, which are the biggest consumers of aluminum, are mainly located in Quebec. Therefore, if we want to address the issue of electricity, we must not do so through the lens of affordability, because electricity is affordable in Quebec. Our problem is more the development of new hydroelectric blocks to meet demand. Our analysts can keep that in mind.

Ms. Bellissimo and Ms. Patterson, in keeping with what I just said, one of my main concerns in this study is to see how we can create conditions conducive to the deployment of new infrastructure. Some of my colleagues won't be happy, but I get the feeling that we're more accommodating with the oil and gas sector. The oil and gas sector has it easier than the energy sector. I understand perfectly: The tax credit works very well, which is what people came here to tell us.

That said, I understand that the government has announced a form of accelerated capital cost allowance. I don't know how that's going to roll out. Perhaps that's what I'd like to hear your thoughts on. We think it would be a good idea for it to apply to all projects. If there were a form of accelerated capital cost allowance for electrical infrastructure, as we saw in the last budget for the oil and gas sector, would that seem to you like something that would enable us to develop more infrastructure in the electricity sector?

I'll come back to Mr. Boivin later.

• (1805)

[English]

Lorena Patterson: Yes, absolutely. We produced a study earlier this year on precisely that point, arguing that hydroelectricity facilities should have a longer amortization period, and I'd be happy to share that with the committee as well.

This would enable us to develop these projects at a much lower cost for the ratepayers, because it would probably be stretched out across a couple of generations, which is appropriate because the power will continue to be available for generations to come. We believe it's a very important tool.

It's also important to point out that, strategically, hydroelectricity keeps us safe as Canadians, because we're not subject to all the rising and falling prices in fuels that happen with the oil and gas sector. Strategically, it does make a lot of sense to invest in our industry.

[Translation]

Mario Simard: Thank you.

Ms. Bellissimo, are you thinking along the same lines?

[English]

Vittoria Bellissimo: I'll say "yes, but". For what we're doing in wind, solar and storage, which are the most economical forms of electricity on planet earth today, we have a reasonable matchup of procurement programs that address what we need. The clean economy investment tax credits do a great job. An extension would be great. If we wanted to go further into the domestic content outer territory, to encourage domestic manufacturing of components of our technologies, I think that would be great.

Therefore, it's "yes, but". We have a reasonable set-up right now for investments in clean electricity for our technologies. We just need to speed them up.

The Chair: Thank you, both.

[Translation]

Mr. Malette, you have five minutes.

Gaétan Malette (Kapuskasing—Timmins—Mushkegowuk, CPC): Saguenay mayor Boivin, the Saguenay region has many similarities to northern Ontario, where I live, including its significant energy potential. Can you explain to us the importance of having access to affordable energy? What economic benefits can that generate in a region like yours, for example?

Luc Boivin: There are industrial projects. I'm not here to list them, because there are agreements. However, it is clear that when new investors come to us and ask for energy blocks of 50 megawatts or more, we have to be able to provide them with that energy. I feel that access to energy is clearly one. We are one of the energy-producing regions. We want the regions to be on the front lines and to be favoured for projects with high energy demands. We've seen that in the past. I like Mr. Simard's analogy: Aluminum smelters were set up in Quebec and the Saguenay—Lac-Saint-Jean region mainly because we had access to major hydroelectricity sources.

Now, with the challenges we have, the regions are able to deploy small or medium-sized projects to increase the capacity of energy production and distribution. We're moving towards hybrid models. We see it with wind turbines when there is no wind. Hydroelectricity is a stable resource, but the combination of different sources is meeting growth in energy needs and allowing for predictability and excess capacity. We know that, for hydroelectricity, we can turn off the floodgates and dams while the sun is shining or the wind is blowing. When we need electricity during winter periods when electrical peaks are very high, the energy models we are able to develop will be very useful in meeting future demand.

No development project should be minimized. Saguenay is a good example of a city that has developed dams. We built two when I was a councillor under mayor Jean Tremblay. We have the capacity to make, buy or design other projects, both for hydroelectricity and for wind turbine models. I met with the reeves of Saguenay—Lac-Saint-Jean this week, and there's a strong desire to regionalize our capacity to develop energy projects that will benefit communities in terms of financial performance. That is an important message that I want to bring to your attention: Allow communities to develop energy projects so that the projects' economic benefits flow back to those communities.

• (1810)

Gaétan Malette: Thank you.

[English]

Madame Patterson, what role could hydro power play in attracting investment in the development of AI data, such as in centres in northern Ontario?

Lorena Patterson: It absolutely can play a role. One factor is how quickly we can get them permitted and built. The permitting process at the beginning is fundamentally important if we're going to use this sort of technology for data centres. The advantages would be the consistency and dispatchability of the system and the cleanliness of the production of the electricity through our technologies. It can be used for that purpose.

A lot of the utilities are struggling right now with how to incorporate those data centres into their grids. This is because of other complexities that come along with them. There are significant complexities there.

Gaétan Malette: You touched on this, but I'd like you to come back to it. Hydroelectric projects can take many years to approve and construct. What can the federal government do to shorten approval timelines while maintaining proper environmental oversight?

Lorena Patterson: I think the government is taking some good steps toward reducing the timelines, and we need to see more of that. As I mentioned, the Fisheries Act could be improved significantly to provide greater certainty for our industry. This would be the biggest support the federal government could provide right now.

The Chair: There is time for a short question. Are you good? Okay. Thank you.

We're moving on to Mr. St-Pierre for five minutes.

Eric St-Pierre (Honoré-Mercier, Lib.): Thank you, Mr. Chair.

Ms. Bellissimo, thank you for joining us virtually.

A few days ago, the IEA—the International Energy Agency—published a very interesting dedicated electrification report for Turkey and Australia. The report provides an assessment of “how far and how fast electrification can advance across sectors and regions, and what it means for energy security, affordability and emissions.” I'm wondering if you could provide a copy of this report to our committee.

More importantly, the report finds that global electricity “accounts for [around] 23% of total final energy consumption.” I'm curious to know if you can answer the question of how Canada ranks.

How is Canada doing, and how can Canada improve?

Vittoria Bellissimo: My colleagues have already sent the report to your committee. We anticipated your question. It is very interesting. All of the IEA reports are always very interesting.

In Canada right now, about 20% of the energy we use is electricity, and globally there's a bit of a movement to get to 35% electrification by 2035. The report is pretty interesting, because it says the 35% target is economically viable today globally. It mentions significant economic and energy security gains that are possible, and it touches upon the need to scale the electricity system to meet the need.

Electrification of 35% by 2035 is very possible in Canada, and it would have some tremendous benefits for Canadians, including lower overall energy wallets. It's a step in the right direction.

You can see how it will be different in different areas of the country, and I think we need to be very cognizant of that as we roll out electrification. Provinces such as Alberta and Saskatchewan will have a harder time electrifying than other places, but movement can be made in that direction.

I would say I'm bullish on electricity, and it will be a good news story for customers in the long run.

• (1815)

Eric St-Pierre: Great.

I have a follow-up question.

We were talking earlier about Churchill Falls, so I'd like to acknowledge my colleague, Carol Anstey, who's now on this committee—she's from Newfoundland—and I know my colleague Claude Guay worked on this important agreement over the summer.

We're talking about 14 gigawatts of clean energy, which is absolutely massive. Can you comment on how the Churchill Falls agreement is being perceived by CanREA members?

Vittoria Bellissimo: Any situation in which you have multiple layers of government working together is good news for CanREA members. We're starting to see it more and more across the country, and we certainly appreciate it. The coordination will make building our energy systems easier.

If we expand upon this and get to an environment in which we can see inter-regional planning—provinces working to look at the resources they and their neighbours have when we talk about an integrated resource plan for a region—that's a better news story for ratepayers coast to coast because you'll see better deals being made and collective thinking where the sum is greater than the parts.

As my colleague from WaterPower Canada mentioned at the beginning, it's a step in the right direction. It's 14 gigawatts, absolutely, but that's 9% of what we're talking about when we're trying to double the electricity system, so we're going to need more projects like that, and we're going to need them in a hurry.

Eric St-Pierre: Excellent.

I have one last question.

Our federal government announced plans to double Canada's electricity supply under the national electricity strategy. Recently, I read a letter from New Economy Canada—I believe CanREA was also a signatory; I believe it was you—which argued that a supply goal alone is a really good first step, but having an explicit target of Canada's final energy use coming from electricity would also be an important second step.

I'm wondering if you could provide a copy of this letter to this committee. It'd be informative for our study.

Can you expand on that? It calls for a doubling of national objectives toward electrification. Can you speak to that? I think you mentioned 35% by 2035 earlier. Can you elaborate in 30 seconds?

Vittoria Bellissimo: Sure.

The Chair: Exactly. You beat me to the punch.

Go ahead.

Vittoria Bellissimo: The letter on it has been sent in. With regard to the letter, we started with a double, double, double approach because we wanted to make a Tim Hortons reference; you can't get more Canadian than that. This is how you ended up with the commentary around that.

I would look at it this way: You have the supply side of the market and the demand side of the market, and it would be irresponsible to look at one side only. We're talking about doubling the capacity on the supply side of the market. We need to talk about the growth of electrification so that the system can be built out with a clear goal in mind. We also need to talk about energy efficiency, because the cheapest megawatts are megawatts....

The Chair: Thank you.

Colleagues, the report that Ms. Bellissimo mentioned is in translation. Once it's translated, it'll be shared with the committee.

We are on to Mr. Simard.

[Translation]

You have the floor for two and a half minutes.

Mario Simard: Thank you, Mr. Chair.

I can't do much in two and a half minutes, but I want to acknowledge the presence of my mayor. Because we will take the witnesses' opinions into account in drafting our report, I invite my mayor to submit a report to the committee outlining the benefits of Saguenay—Lac-Saint-Jean as a region with very significant energy resources and an industrial sector that can be developed.

We recently heard from the people from IDEA Contrôle, who have a very interesting solution.

In the short time I have, Ms. Bellissimo, I want to pick up on your discussion about supply and demand. Apparently, Canada is saying that it is going to double its hydroelectricity generation by 2035. However, Canada's energy mix includes 17% hydroelectricity. In Quebec, 40% of the energy consumption mix comes from electricity. Doubling Canada's energy mix by 2050—not 2035, pardon the slip of the tongue, since 2035 is from Hydro-Québec's plan—reduces it to 34%. Today, China is already at 32%. I feel that it's not such an ambitious goal to increase Canada's entire energy mix to 34% by 2050. That's a long way away, 2050.

I would like to hear your thoughts on that, as well as Ms. Patterson's. As far as I'm concerned, I don't think the objective is that ambitious, and I think there's some catching up to do outside Quebec.

• (1820)

[English]

The Chair: You have 30 seconds.

[Translation]

Mario Simard: Ms. Bellissimo, you will have the opportunity to respond in writing, but I will give you the floor for a few moments.

[English]

The Chair: Thank you.

Give a quick response if you want, Ms. Bellissimo.

Vittoria Bellissimo: In 30 seconds?

The Chair: You can try, yes.

Vittoria Bellissimo: Do I think the electrification piece is ambitious? I think we can do better than that; I absolutely do. The supply piece is ambitious. It is considering past rates of development, but if we got our ducks in a row and treated it as a nation-building project, I think we could hit those targets.

The Chair: Okay.

We have two speakers left, Mr. Kelly and Ms. McKelvie, each for five minutes.

Welcome, Mr. Kelly. I'll turn the floor over to you.

Pat Kelly: Thank you, Mr. Chair.

It's good to be at this committee. I've never sat as a full member of this committee before. I've visited a few times as a substitute. It's good to be here, though. Natural resources are an extraordinarily important part of the economy in my riding. The energy industry employs a tremendous number of Calgarians, so it's good to be here at the natural resources committee.

I'm going to direct my question to Ms. Patterson.

In response to an earlier question about regulatory process, you said that Bill C-39, the new bill that was tabled this week, doesn't go nearly far enough and does not address some of the very serious regulatory burdens your industry faces that arise from the Fisheries Act.

Can you take some time to unpack that a bit and give us some specific regulatory problems that you continue to grapple with as an industry? Can you give us some steps that need to be taken and have not been taken by the government?

Lorena Patterson: The Fisheries Act was passed in 2019, and we're only just seeing the first regulations coming into effect now. Industry has been asking for a long time for clarity and transparency with regard to the application of the Fisheries Act. There has also been a different application of the act across the country. Some regions have one interpretation while others have a different interpretation, creating different conditions for the utilities across the country. We would like clarity.

We also want to see the utilities and provinces maintain the jurisdiction they have over producing this energy. This debate is continuing between the department and our industry. We hope that, as part of the regulatory reform the government is working on, it can provide some greater clarity and some greater operational ability for these utilities, which have been struggling for a few years.

Pat Kelly: What effect does ambiguous regulation have on investment?

Lorena Patterson: It doesn't happen. We have heard that some investors have chosen not to continue to invest specifically because of issues with the Fisheries Act and the uncertainty it has represented.

Pat Kelly: The Fisheries Act of 2019 has caused investors to flat out say "no", over these last seven years since that—

Lorena Patterson: Yes, or they put projects on pause.

Pat Kelly: Projects are on pause or cancelled—and this is just in the hydro power sector.

I think we all know about another act that got royal assent in 2019, the Impact Assessment Act—Bill C-69—and the effect that it had on pipeline construction and major projects for other forms of energy.

You say Bill C-39 doesn't go far enough. What would it need to do to allow major projects to go forward?

Lorena Patterson: For our industry, the Fisheries Act would have the permits happen within a year. There would be an exemption for the facilities that are already in operation, that were built under a previous regulatory regime, unless there was some significant change that merited further study or some sort of change in conditions that required an additional permit. This would help us.

• (1825)

Pat Kelly: What's the effect of moving goalposts on investment? That's really what has happened. You're saying that old projects approved under a previous set of regulations are now subject to.... When you move the goalposts, what does that do to investment?

Lorena Patterson: Well, clear guidelines always help to provide regulatory certainty. This is something we would hope to see. Having clarity with regard to what we need to do would create the conditions for further investment and faster investment.

Pat Kelly: A full 14 months ago—15 months ago, I think, now—our Parliament passed Bill C-5, with the help of Conservatives, who allowed it to.... It's very unusual to allow a bill to pass so quickly with such little debate. We were promised then that it would allow major projects to be built at unprecedented speed. Do you see any evidence in your industry that Bill C-5 has caused a new project to be built at an unimaginable speed?

The Chair: You'll have to give a quick response, Ms. Patterson, please.

Lorena Patterson: Our projects tend to take a long time to build, so there hasn't been enough time yet for this to happen in our industry. I think the government is taking important steps to allow these projects to go forward, but there's still more to do.

The Chair: Thank you both.

Ms. McKelvie, you're wrapping up our panel. Go ahead for five minutes, please.

Jennifer McKelvie (Ajax, Lib.): Thank you, Mr. Chair.

My first question is for Ms. Bellissimo. Can you speak to the scale of projects? We could do hundreds of thousands of small projects. We could do megaprojects. What are your thoughts and your industry's feelings around the balance that we should have between those projects, for example, from the homeowner level all the way up to a full megaproject?

Vittoria Bellissimo: Thank you for your question and for giving consideration to different project sizes.

Let me give you some quick context on wind, solar and storage. We've built 25 gigawatts of wind, solar and storage projects in Canada to date. Those are January 1 numbers. We're currently tracking 26 gigawatts of projects in development through the procurement processes of various jurisdictions. Looking forward, we have up to 66 gigawatts that might participate in the next phase of procurement up to 2035.

The question is really about how we get more capacity faster and how we tailor what we need to various market sizes.

For large projects, we need clear, repeated procurement schedules so that developers can look at what they can do and can look forward, say that if they miss this procurement window, they'll build in the next one, and have a real window to invest in various markets across Canada.

When you're talking about what we call BTM, or behind the meter, meaning on-site generation at houses and businesses, you need the regulations to be correct and you need a rate structure that lets customers get a reasonable return for their investment and lets them put power back on the grid in some instances. It's more a case of reducing barriers to entry, whereas for larger-scale projects, it's more to show the repeated pathways and show how this is going to work in the long term.

I don't think it's that we set a percentage for both and we go for it; it's build it all and build it all faster than you ever have before. We're going to need absolutely all of it.

Jennifer McKelvie: Can you speak to what you see as your limiting factor or your bottleneck around this? Is it willingness, supply chains, materials, permit approvals, financing or the lack of grid infrastructure, for smart grids in particular, to have flow both ways? What do you see as limiting wind, solar and energy storage right now?

Vittoria Bellissimo: The way we look at it on our team is that we've given it four pillars.

There are various improvements that need to be made, largely at the provincial level, in policy and regulatory environments. Supply chain is a major one, and I've provided some commentary today on what we can do from a domestic supply chain investment perspective, but we also need to make sure that tariffs and supply chain disruptions don't prohibit the build we have going on.

Finance, procurement and indigenous prosperity is another of the pillars. There are a lot of financing mechanisms that help in this instance. Having indigenous equity participation early in projects will help get larger projects off the ground.

Last but not least is public opinion. We need to ensure that we talk to the public on a regular basis about what energy means to them, what it means to their wallets, how they can participate in the electricity system and why this is important to them as Canadians.

• (1830)

Jennifer McKelvie: Thank you.

My next question is for Ms. Patterson.

Can you speak to distribution, intertie or some of the learnings you had from the big Churchill project? What can we bring forward to take distribution of electricity to the next level?

Lorena Patterson: As Vittoria mentioned, having a regional approach would create a less expensive grid for ratepayers and would provide a more robust grid. You'd be able to draw from the least expensive forms of energy during different times of the day, depending on what's happening on the system. It's an excellent approach, and it would be nice to see it happen east-west as opposed to always going north-south.

Right now, we have a lot of exports and imports of electrons happening with the United States, and it provides us with a more robust system, because we draw from those sources when they're less expensive or if we need to bring in additional electricity to meet our own needs. When you have a stronger system in this way, you can use it in multiple ways to make sure that the system is as cheap as possible and as robust as possible for ratepayers.

Jennifer McKelvie: Okay.

Do I have time?

The Chair: You have 20 seconds.

Jennifer McKelvie: Okay. Well, I'll thank you all for coming in.

The Chair: Thank you, Ms. McKelvie.

Thank you, colleagues, for your questions today.

Thank you to our witnesses for your very fulsome answers. I think you'll agree that we learned a lot today. Your responses to the questions will contribute in an important way to our study.

Colleagues, this brings our meeting to an end. We'll see you on October 5. Do come forward with suggestions for future studies.

We'll see you in a little over a week.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>