

## 27. Electricity in Canada – Power for Future Competitiveness

### Issue

The availability of reliable, abundant and comparatively inexpensive electricity that has minimal environmental impacts both as an input to economic activity and as an export commodity will have a direct impact on Canada's future economic growth and competitiveness.

Canada's electricity system is a significant contributor to all aspects of the Canadian economy: a direct commodity input to business and industry, a participant in trade and export markets, an enabler of technology development and deployment and innovation and a high-skills employer.

According to Canadian Chamber of Commerce, demand for energy is likely to at least double between now and 2050 – less than 40 years away.<sup>1</sup> From the history of energy systems, this is not a lot of time in which to change energy production practices. A 2012 report by the Conference Board of Canada estimated that \$347.5 billion will need to be invested in Canadian electricity infrastructure (including electricity generation, transmission and distribution) from 2011 to 2030.

To keep up with this demand Provinces and Territories must work closely with the Federal Government to continue to invest in electricity generation, transmission and distribution systems to ensure long-term economic growth and competitiveness as well as the need to define the ground rules for energy trade, including electricity within Canada.

### Background

Canada boasts sufficient untapped supplies of electricity, primarily large hydro, to meet its future needs. Providing reliable electricity to business, industrial and residential customers requires a robust and integrated electricity generation, transmission and distribution system.

An efficient electricity system is a significant direct contributor to the Canadian economy and can impact Canadian competitiveness. For every \$100 million (inflation adjusted) invested in electricity generation, transmission and distribution infrastructure, real Gross Domestic Product (GDP) will increase by \$85.6 million.<sup>2</sup>

Greater interprovincial transmission capacity would allow for additional export flexibility between provinces and can increase trade opportunities to the United States by reinforcing the reliability of the Canadian transmission grid.

National and global discussions on smart investments in the energy sector have become prevalent over the last few years. In July 2015 the Council of Federation released their Canadian Energy Strategy<sup>3</sup> identifying the delivery of energy to people as a strategic goal. And in April 2016 Prime Minister Trudeau signed the Paris Agreement on climate change<sup>4</sup>, a robust agreement that sets out a global action plan to put the world on track to avoid dangerous climate change. Canada's focus will be on harnessing renewable energy as a way of reducing greenhouse gas emissions.

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<sup>1</sup> Canadian Chamber of Commerce. 2013. Electricity in Canada: Smart Investment to Power Future Competitiveness. <http://www.chamber.ca/media/news-releases/130123-electricity-as-a-main-contributor-to-canadas-competitiveness/>

<sup>2</sup> Conference Board of Canada, 2012. Shedding Light on the Economic Impact of Investing in Electricity Infrastructure. <http://www.conferenceboard.ca/press/newsrelease/12-02-13/investment-in-electricity-infrastructure-generates-employment-and-economic-growth.aspx>

<sup>3</sup> Council of the Federation. July 2015. Canadian Energy Strategy. [http://www.canadaspremiers.ca/phocadownload/publications/canadian\\_energy\\_strategy\\_eng\\_fnl.pdf](http://www.canadaspremiers.ca/phocadownload/publications/canadian_energy_strategy_eng_fnl.pdf)

<sup>4</sup> Paris Agreement. December 2015. [http://ec.europa.eu/clima/policies/international/negotiations/paris/index\\_en.htm](http://ec.europa.eu/clima/policies/international/negotiations/paris/index_en.htm)

## **Recommendations**

That the federal government:

1. Pursue discussions in partnership with provincial, territorial and indigenous governments on energy trade and national carbon regulation, and re-engage on negotiations to complete an energy chapter under the AIT.
2. Increase, along with the provinces, territories, private enterprise and First Nations, regulatory clarity and determine the necessary efficiency needs to ensure transmission infrastructure investments can successfully be implemented and modernization of Canada's electricity infrastructure can occur.