



December 4, 2008

The Honourable James Flaherty
Minister of Finance
Minister's Office, L'Esplanade Laurier
140 O'Connor Street Ottawa, Ontario K1A 0G5
By e-mail: jflaherty@fin.gc.ca

Re: Providing Stimulus to the Canadian Economy Through an Expansion and Extension of the ecoENERGY for Renewable Power Program in the 2009 Federal Budget

Dear Minister Flaherty,

I am writing on behalf of the Canadian Wind Energy Association (CanWEA) to both congratulate you on your appointment as Minister of Finance and to urge you to take action in the 2009 Federal Budget to stimulate the Canadian economy by expanding and extending the extremely successful ecoENERGY for Renewable Power Program (eRPP) so that it will support the deployment of an additional 8,000 MW of new renewable energy in Canada by March 31, 2014. This program is currently poised to fully allocate all of its funding and meet its initial target of supporting the deployment of 4,000 MW of new renewable energy in Canada early in the 2009-2010 fiscal year – almost two years ahead of schedule.

In the Throne Speech, your government made a commitment that 90 percent of Canada's electricity would be produced from non-emitting sources by 2020. CanWEA strongly supports this commitment, and it cannot be implemented without a significant increase in wind energy generation in Canada. Without an extension and expansion of the eRPP, however, investment in new wind energy facilities in Canada will significantly slow down, just when we need it to accelerate.

The eRPP is a production incentive payment that is results based – it is only paid out when wind turbines are generating electricity. Every dollar provided as a production incentive stimulates almost nine dollars of private sector investment in the construction of new wind energy facilities. CanWEA's proposal would cost \$15 million in 2009-2010, \$45 million in 2010-2011, and a bit more than \$600 million in total between 2009 and 2014. The result: \$6 billion in new private sector investment and the creation of 8,000 new jobs in Canada over this same five year period.

An end to the eRPP will make Canada a less attractive and competitive destination for global wind energy investment at a time when it is projected that \$1 trillion dollars will be spent on new wind energy projects worldwide between now and 2020, creating more than two million new jobs. This is particularly true with respect to our main competitor for investment, the United States:



- **The U.S. federal Production Tax Credit already provides more than twice as much value to wind energy project developers as the eRPP.** This has stimulated the construction of more than 18,000 MW of new wind energy capacity in the United States in the last four years (second only to natural gas as a new source of electricity generation). President-Elect Obama has already made a commitment to extend the US federal Production Tax Credit to the end of 2014. An end to the eRPP will significantly reduce our ability to compete for wind energy project investment.
- **In the last 18 months, 41 new / expanded wind energy manufacturing facilities have been announced or constructed in the United States, representing \$1 billion in investment and creating 9,000 new jobs.** An end to the eRPP will signal to manufacturers that Canada is not committed to creating the stable, long-term policy framework necessary to support investment in manufacturing.

While CanWEA appreciates the federal government's efforts to establish a regulatory framework for greenhouse gas emissions, it will be some time until carbon markets represent a viable alternative to the ecoENERGY program. Currently, there is tremendous uncertainty around the structure of a greenhouse gas offset program, the potential value of the offsets under a program, and the possible lifespan of an offset system. As a result of this uncertainty, organizations that finance wind energy projects assume the value of greenhouse gas offsets as heavily discounted or zero. Even if all uncertainty was removed tomorrow, however, all proposals currently on the table would provide less value to wind projects for several years than ecoENERGY already provides.

We believe that our proposal is a fiscally responsible initiative that will stimulate private sector investment in electricity infrastructure that will help your government meet its Throne Speech commitments at a time when such investments are also required to help Canada meet its current economic challenges. It will create a stable environment for investment and job creation, while also being very popular with the voting public and providing clean air/greenhouse gas reduction benefits.

Please find attached a briefing note that provides a more detailed explanation of the rationale for an expansion and extension of the eRPP. Thank you for your consideration.

Yours sincerely,



Robert Hornung, President

cc: The Right Honourable Stephen Joseph Harper, Prime Minister, The Honourable Lisa Raitt, Minister of Natural Resources, The Honourable Jim Prentice, Minister of the Environment, The Honourable Tony Clement, Minister of Industry

