



Canadian Renewable  
Energy Association

WIND. SOLAR. STORAGE.

Association canadienne  
de l'énergie renouvelable

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# Opportunities and Risks in the Canadian Renewable Energy Sector

June 19, 2024



# The Canadian Renewable Energy Association

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The Canadian Renewable Energy Association was established on July 1, 2020 when the [Canadian Wind Energy Association](#) and the [Canadian Solar Industries Association](#) united to create one voice for wind energy, solar energy and energy storage solutions.

## What We Do

The Canadian Renewable Energy Association is the voice for wind energy, solar energy and energy storage solutions that will power Canada's energy future. We work with over 300 members to create the conditions for a modern energy system through stakeholder advocacy and public engagement. Our diverse members are uniquely positioned to deliver clean, low-cost, reliable, flexible and scalable solutions for Canada's energy needs.



# Federal – Opportunities

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- Electricity is an area of provincial responsibility.
- However, there several key Federal policies to influence a net-zero electricity transition:
  - Clean Electricity Regulation
    - Accelerating the phase out of electricity sector emissions, increasing opportunities for renewable generation
  - Output Based Pricing System
    - Levies a cost on emissions in the electricity sector, making renewable generation more cost-competitive on a per-MW basis
  - Clean Technology Investment Tax Credit
    - Provides a refundable tax credit of 20 – 30%, increasing potential returns for renewable generation

# Federal – Risks

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- Several key Federal policies face significant political risks over the coming months:
  - Clean Electricity Regulation
    - Judging from provincial pushback, may be rolled back pending federal election
  - Output Based Pricing System
    - Opposition has been unclear regarding their plans / position on the future of the OBPS
  - Clean Technology Investment Tax Credit
    - There remain questions around the timing and implementation of the Clean Technology and other ITCs

# Quebec – Opportunities

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- Hydro Quebec's Action Plan 2035
  - Hydro Quebec (HQ) plans to develop 60 TWh of renewable energy by 2035, plus an additional 90-140 TWh by 2050
  - To meet the 2035 target, HQ has signaled their intention to:
    - Add over 10,000 MW of new wind power generation by 2035.
    - Increase solar and energy storage by up to 300 MW.
      - These 300 MW include a target of more than 125,000 household and industrial customers, as well as the connection of small solar farms to the distribution grid.

# Quebec – Risks

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- Misalignment between HQ and government of Quebec?
  - HQ releases ‘Wind Development Strategy’ – May ‘24
    - Declares HQ role as project manager for GWs of wind, reducing Independent Power Producers (IPPs) to “industry partners”.
    - For smaller projects (300 to 350 MW), HQ intends to tender with private partners.
  - Quebec Government introduces Bill 69 (the ‘Energy Bill’) – June ‘24
    - Some consistency with Wind Development Strategy, including opportunities to negotiate bilateral agreements with partners, rather than requiring RFPs.
    - However, some inconsistency apparent – Quebec Government supportive of allowing private power producers to be able to sell electricity directly to “adjacent” industrial customers, bypassing HQ to do so.

# Ontario – Opportunities

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- Government and the IESO have signaled the intention to launch a series of procurements for non-emitting resources, beginning with the Long Term 2 (LT2) procurement, which seeks to acquire about 2000MW of energy producing resources and 500 to 1000MW of capacity – in-service by the end of the decade.
  - IESO has been extensively discussing key aspects of the procurement including the revenue model.
  - IESO is anticipating receipt of a guidance letter and/or direction from government to initiate the procurement.

# Ontario – Challenges

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- Barriers identified during the first stages of developing the LT2 procurement have raised doubts that the sector can develop projects, respond to procurements and build resources to begin delivery in 2029. Issues include:
  - Siting challenges relating to agricultural land in southern Ontario have required significant, ongoing cross-ministry engagement.
  - Issues accessing Crown Land in northern Ontario – including processes to erect meteorological towers – are still a work-in-progress.
- A June 6 cabinet shuffle has resulted in more uncertainty regarding long term plans for procurement
  - Minister Lecce has stressed a commitment to a ‘technology agnostic’ approach to maintaining affordability and reliability, while his first announcements have highlighted the importance of natural gas generation in meeting Ontario’s energy needs.



# Alberta - Opportunities

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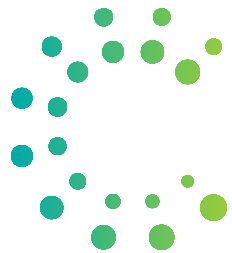
- 90% of all wind and solar capacity installed in 2023 was installed in Alberta
  - This is up from 70% in 2022
- This is due to three unique aspects of the Alberta market:
  - Deregulated market
  - Industrial carbon pricing
  - Congestion-free transmission policy
- This has led to opportunities in the development of virtual corporate PPAs

# Alberta – Risks

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  - This is up from 70% in 2022
- This is due to three unique aspects of the Alberta market:
  - Deregulated market
  - Industrial carbon pricing
  - Congestion-free transmission policy
- This has led to opportunities in the development of virtual corporate PPAs
- These opportunities are at risk due to changes to the following policies:
  - Deregulated market
  - Industrial carbon pricing
  - Congestion-free transmission policy

# Questions?



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