

Cleantech

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The North American Clean Energy Action Plan Accelerates Cleantech Opportunities

The Climate and Clean Energy Action Plan¹ (the “**Action Plan**”), announced at the North American Leaders’ Summit in Ottawa on June 29, builds on the recent US-Canada Joint Statement on Climate and Energy² and the trilateral Climate Change and Energy Collaboration MOU,³ and confirms that climate action and the transition to clean energy are top priorities for Canada, the United States, and Mexico. Their common commitment to aggressively scale up clean energy deployment, and to support cleantech innovation will likely result in a substantial expansion of the cleantech industry in Canada and throughout North America. The Action Plan parallels and complements other Canadian climate change and clean energy initiatives, including the Climate Action Plan launched earlier this month by the Province of Ontario.⁴

The Action Plan

The Action Plan commits North America to achieve 50 per cent clean power generation by

2025. While Canada alone currently exceeds this measure, continental demand for clean Canadian electrons will provide export opportunities and help to spur a more rapid transition to clean energy by provinces which remain heavy users of fossil fuels for power generation.

Advancing Clean and Secure Power

The Action Plan reflects that North America’s highly integrated economies and energy systems afford a tremendous opportunity to harness growth in our continuing transition to a clean energy economy. With a view to this overarching goal, the Action Plan commits Canada to:

- collaborate on cross-border transmission projects, including for renewable energy;⁵
- encourage the greening of government initiatives to purchase more efficient products;⁶
- drive industrial and commercial efficiency to reduce energy use and increase competitiveness through the voluntary ISO 50001 energy performance standard, and commit to set a common target date for ISO 50001 uptake by 2017;
- build on North American leadership in international forums such as Mission Innovation

¹ See “Leader’s Statement on a North American Climate, Clean Energy, and Environment Partnership” at: <http://pm.gc.ca/eng/news/2016/06/29/leaders-statement-north-american-climate-clean-energy-and-environment-partnership>

² See “US Canada Joint Statement on Climate, Energy, and Arctic Leadership” at: <http://pm.gc.ca/eng/news/2016/03/10/us-canada-joint-statement-climate-energy-and-arctic-leadership>, discussed in Goodmans Update at: http://www.goodmans.ca/Doc/Paris_to_Vancouver_and_Washington_DC__Sunny_Days_Ahead_for_Cleantech_in_Canada

³ See Memorandum of Understanding at: <http://www.nrcan.gc.ca/energy/international/nacei/18102>

⁴ See Climate Change Action Plan at: <https://www.ontario.ca/page/climate-change-action-plan>, discussed in Goodmans Update at: http://www.goodmans.ca/Doc/The_New_Ontario_Climate_Change_Action_Plan_Paves_the_Way_for_the_Future_of_Cleantech_in_the_Province

⁵ This includes at least six transmission lines which would add approximately 5,000 megawatts (MW) of new cross-border transmission capacity.

⁶ Public Services and Procurement Canada announced their intention to increase the percentage of electricity they purchase from clean energy sources to 100 per cent by 2025.

- by identifying joint research and demonstration initiatives to advance clean technologies in priority areas such as: reducing methane emissions, carbon capture, utilization, and storage, electricity grids, and energy storage; and
- advance a North American Clean Energy Partnership Initiative (NACEPI) to support the development of linkages among clean energy technology companies, with a focus on SMEs, and to promote the use and export of North American clean energy and environmental technology.

Driving Down Short-Lived Climate Pollutants

The three countries also committed to reducing methane from the oil and gas sector by 40 to 45 per cent by 2025 as part of achieving their nationally determined greenhouse gas (“**GHG**”) targets. They will develop and implement federal regulations to reduce emissions from existing and new sources in the oil and gas sector.

The Action Plan will also encourage investors in Canada to collaborate with one another, as well as international partners, in seeking alternatives to highly polluting hydrofluorocarbons, and in reducing emissions of black carbon.

Promoting Clean and Efficient Transportation

The countries committed to adopt aligned emissions standards with the goal of reducing GHG and other air pollutant emissions over the course of the next decade. Recognizing the potential for an integrated North American transportation network, the leaders also committed to:

- accelerating deployment of clean vehicles in government fleets;
- working collaboratively with industry to encourage the adoption of clean vehicles by identifying initiatives to support consumer choice;
- encouraging public and private infrastructure investments to establish North American refueling corridors for clean vehicles;

- working to align applicable regulations, codes and standards where appropriate;
- fostering research, development, and demonstration activities for new clean technologies; and
- convening industry leaders and other stakeholders by spring 2017 as part of a shared vision for a competitive and clean North American automotive sector.

Additional industry-specific initiatives include expanding the SmartWay program to Mexico, which will drive down fuel use through best practices in fleet operations and management, improving energy efficiency while reducing emissions. In addition, the countries will work together through the International Maritime Organization (IMO) to address GHG emissions from international shipping. Finally, in aviation, the countries will work together and through the International Civil Aviation Organization (ICAO) to reduce emissions and to facilitate carbon neutral growth from 2020 onward.

Implications

The further development of projects and policies to achieve the goals of the Action Plan is expected to create thousands of clean jobs and support Canada’s vision for a clean growth economy. To achieve 50 per cent clean power generation by 2025, the three countries will have to ensure that essentially all new power generation investments are for clean energy.

The Action Plan commitments to support innovation while reducing GHG emissions are expected to further drive down the costs, and to increase the size of the markets for clean energy and other cleantech products and services in North America, and to create further opportunities for entrepreneurs and investors to profitably participate in this rapidly growing sector.

For further information, please contact any member of our [Cleantech Group](#).