

Building Sustainable Value
A Canada-US Energy Roundtable
December 1st, 2014 | Washington, DC



Summary Report





The Public Policy Forum is an independent, not-for-profit organization dedicated to improving the quality of government in Canada through enhanced dialogue among the public, private and voluntary sectors. The Forum's members, drawn from business, federal, provincial and territorial governments, the voluntary sector and organized labour, share a belief that an efficient and effective public service is important in ensuring Canada's competitiveness abroad and quality of life at home.

Established in 1987, the Forum has earned a reputation as a trusted, nonpartisan facilitator, capable of bringing together a wide range of stakeholders in productive dialogue. Its research program provides a neutral base to inform collective decision making. By promoting information sharing and greater links between governments and other sectors, the Forum helps ensure public policy in our country is dynamic, coordinated and responsive to future challenges and opportunities.

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Introduction

To address climate change, governments and industries face the challenge of meeting energy demands in an environmentally responsible manner. However, focusing on where economic and environmental interests converge can promote energy innovation. Around the world, clean technology and diversification strategies are increasingly driven by economics as sustainable practices today can help ensure competitive advantage in the transition toward a low-carbon future. As the world's largest energy market, Canada and the US are well-positioned to harness their interdependency and collective capacity to transform North America into a global leader in energy innovation.

On December 1, 2014, the Public Policy Forum convened a Canada-US energy roundtable in Washington, D.C. to explore global trends in clean energy, opportunities for bilateral cooperation, and partnerships within and across sectors. Hosted by the Canadian Embassy in Washington, this invitation-only event brought together some 40 Canadian and American leaders to share diverse views on supporting innovation across the North American energy sector. The roundtable began with an opening address by Gary Doer, Canadian Ambassador to the US, followed by two panel discussions featuring industry, academic, and non-profit perspectives.

Setting the Context

While Canada-US energy relations continue to evolve, a number of new developments are shifting dynamics and priorities. In his opening address, Ambassador Doer emphasized that changes are already emerging in the following areas: energy efficiency, renewable energy, oil and gas development, and energy innovation.

Positive bilateral developments include joint emission standards for light-duty vehicles, approval of a transmission line to deliver Quebec hydropower to New York, as well as collaboration on energy productivity and carbon capture technology. The expansion of US shale development may reshape bilateral relations, whereas oil development in Mexico could further transform the North American energy landscape. Considering the ongoing reliance on fossil fuels, energy innovation is also creating new possibilities for reducing environmental impacts.



Gary Doer, Ambassador of Canada to the US

Another key development with potential implications for the North American energy sector is the rise in clean energy investment around the world. Over the past decade, the clean energy sector has moved into the mainstream, attracting a quarter of a trillion dollars in investments. Although markets have fluctuated globally, clean energy investment continues to expand in the developing world, where countries are seeking to improve energy access and sustainability. Contributing to the shift from the West to the East, China has become the global leader in clean energy investment, attracting \$54 billion in 2013.

Global growth in clean energy investment can be attributed in part to price reductions in clean technologies and new financing vehicles providing lower-cost pools of capital, such as clean energy stocks and bonds. Ambitious, long-term energy policies also create favourable conditions for investment. The US is second only to China although policy uncertainty, especially around the Production Tax Credit, has had an impact on the clean energy sector. With the largest growth in clean energy investment in the Americas, Canada has benefited from policy incentives across provincial jurisdictions.

As clean energy addresses economic, environmental, and energy security objectives, current estimates suggest that renewable energy will make up the majority of energy investments and capacity additions by 2030. Ongoing technological and financial innovations will help improve cost efficiencies and access to capital. The rise in clean energy deployment will also enable the growth of distributed generation models, which may eventually replace centralized utility systems. Furthermore, climate change is becoming a global priority as demonstrated by the US-China agreement. The two largest economies in the world will certainly create more opportunities for clean energy investment and deployment as they aspire towards a low-carbon future.

Identifying Bilateral Opportunities

Although clean energy investment is on the rebound, low oil prices and energy abundance are not only creating greater uncertainty in bilateral relations, but they may also limit progress on energy innovation. For instance, new opportunities in oil and gas are shifting the focus from bilateral to internal and international trade. In the case of natural gas, the US may even become a competitor to Canada. The



L-R: Monica Gattinger, University of Ottawa; Phil Sharp, Resources for the Future; Phyllis Cuttino, The Pew Charitable Trusts

drop in oil prices could also reduce investment in clean technology and shift the policy focus away from renewable energy. Neither country has a clear long-term carbon policy in place. However, increasing polarization on energy development and global demand for clean energy solutions may provide the impetus for further bilateral cooperation in energy innovation.

Despite notable progress since the Copenhagen Accord, both countries will need to make greater strides to ensure sustainable growth. As mentioned by Ambassador Doer, Canada and the US will benefit from greater alignment in energy and environmental policy. Applying emission standards to other types of transportation and modernizing electricity grids for clean energy transmission are just some of the specific opportunities for bilateral cooperation.

With common challenges and expertise on both sides of the border, roundtable participants highlighted opportunities for more research collaboration. While Canada and the US are already working on joint studies in some areas, supporting more cross-border and inter-jurisdictional research may prevent redundancy and accelerate innovation. In particular, focusing on both supply and end-use innovations will help improve overall energy safety, affordability, reliability, and sustainability.

To build on the Clean Energy Dialogue and the North American Energy Working Group, some participants emphasized sharing best practices to enable innovation and inform public discourse. Canada and the US can take advantage of world-class researchers and regulators on both sides of the border to support constructive public debate and promote clean energy solutions around the world.

Leveraging Partnerships across Sectors

Industry partnerships and collaboration across sectors play an integral role in advancing energy innovation. Formed by 13 oil and gas companies, Canada's Oil Sands Innovation Alliance (COSIA) is focused on improving the sector's environmental performance by working together and sharing innovation. Since 2012, COSIA has made progress on reducing water utilization and is currently exploring opportunities to undertake collective action on greenhouse gas emissions. Partnerships have also been instrumental to the success of GE's Ecomagination initiative, which seeks technology solutions for environmental challenges facing clients and the company's own operations. In fact, Ecomagination has partnered with COSIA to develop game-changing technologies over the next five years. To reduce the environmental impact of natural gas development, Ecomagination is also working with industry partners on carbon capture and utilization technology.

A range of non-profit organizations in Canada and the US are also actively engaged in clean technology research and investment. Sustainable Development Technology Canada (SDTC) is a federally funded foundation that provides capital for clean technology commercialization. In addition to leveraging public funds to mobilize private capital, SDTC is also working with multinational corporations to encourage the adoption of new innovations. The Environmental Defense Fund (EDF) is an American non-partisan advocacy group that engages all stakeholders to find market-based solutions to environmental challenges. For example, EDF is currently working with academics, regulators, and industry leaders to address such issues as methane leakage, seismicity, and water quality in natural gas development.



L-R: Vicky Sharpe, Sustainable Development Technology Canada; Deb Frodl, Ecomagination, GE

Throughout the discussion, participants emphasized a number of factors in forging successful partnerships. Defining the problem enables all parties to focus their efforts on a common goal. Using language that resonates with each sector involved helps make a business case that is both relevant and effective. Another important lesson is building trust through the influence of leaders and the establishment of clear roles and boundaries. With the challenges of partnership, learning from failure, sharing results, and pivoting quickly can improve outcomes and enhance credibility. Given that climate change is a global issue, focusing on the bigger picture may also encourage a more open and collaborative approach to innovation.

Regardless of the progress achieved, the reputation of the energy sector depends on effective communication. Building public support for innovative public policy also requires clear messaging and a strong evidence base. While outreach, transparency, and peer-reviewed research can contribute to public trust, industry and government need to learn how to tell their story in a compelling manner that is both accessible and informative.

Building a Low-Carbon Future

Many opportunities for further bilateral cooperation rely on policy alignment between Canada and the US, as well as internal harmonization on both sides of the border. From carbon pricing and environmental regulation to infrastructure investments and clean technology incentives, public policy is a key driver of energy innovation and collaboration. Civil society also plays a critical role in shaping public policy as demonstrated by the growing political impact of community and environmental groups.



With significant energy developments underway in Mexico and the interdependencies within an increasingly global energy market, Canada and the US may benefit from more trilateral and international dialogue. Based on growing momentum for global climate action, new emission targets will be subject to greater public scrutiny and accountability. As oil and gas development continues in North America, finding new opportunities for energy innovation will be imperative to achieving a sustainable competitive advantage.

L-R: Drew Nelson, Environmental Defense Fund; Judy Fairburn, Canada's Oil Sands Innovation Alliance

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Niagara Room, Embassy of Canada
501 Pennsylvania Ave NW



Agenda

11:30am – 12:25pm	Networking and Buffet Lunch
12:25pm – 12:30pm	Welcome by David Mitchell, President and CEO, Public Policy Forum
12:30pm – 1:00pm	Opening Address by Gary Doer, Canadian Ambassador to the US
1:00pm – 1:15pm	Global Trends: <i>Moving toward a low-carbon future</i> <ul style="list-style-type: none">• Phyllis Cuttino, Director, Clean Energy Initiative, The Pew Charitable Trusts
1:15pm – 2:15pm	Bilateral Opportunities: <i>Creating sustainable value together</i> <ul style="list-style-type: none">• Monica Gattinger, Chair, Collaboratory on Energy Research and Policy, University of Ottawa• Phil Sharp, President, Resources for the Future
2:15pm – 3:15pm	Partnerships within and across sectors: <i>Advancing innovation through collaboration</i> <ul style="list-style-type: none">• Judy Fairburn, Chair, Canada's Oil Sands Innovation Alliance• Deb Frodl, Global Executive Director, Ecomagination, GE• Drew Nelson, Senior Manager, Natural Gas, Environmental Defense Fund• Vicky Sharpe, Strategic Advisor to the Board, Sustainable Development Technology Canada
3:15pm – 3:25pm	Closing Comments <ul style="list-style-type: none">• Elliot Diringer, Executive Vice President, Center for Climate and Energy Solutions
3:25pm – 3:30pm	Concluding Remarks by David Mitchell

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