

A Canada – US Clean Energy Entente?

The over \$2.6 bn of goods and services that cross the border daily attests to the close relationship and intensity of trade between Canada and the United States.

So where does energy fit into the picture?

Numbers tell the story. In 2006, Canadian oil exports to the U.S. totaled 2.6 million barrels per day, or 11% of American energy supply. Canada's 3.6 trillion cubic feet of natural gas sales in the US represented 16% of U.S. consumption. Electricity sales were a two-way street depending on regions. BC was a net power importer and Quebec a major exporter of electricity. On balance Canada supplied 1% of U.S. electricity demand. (*Source: U.S. Energy Information Administration*)

The trend lines point to Canada supplying a much larger percentage of U.S. oil and gas consumption (i.e. 18-20%) in a relatively short time period. The environmental and security implications of this trading pattern are profound. If growth in demand is to be satisfied through fossil fuels alone environmental impacts, such as rising Greenhouse Gas emissions will rise dramatically, and North America's economy will be vulnerable to global energy shocks. Not a desirable future.



Bottom line - both countries have an urgent vested interest in developing all sources of energy resources, and there are major environmental and security reasons to bring large volumes of cleaner fuels and power on line sooner rather than later.

So, a straightforward question: ***Is it time to forge a Canada – U.S. Clean Energy Entente?***

The straightforward answer would be, yes. However, the sad truth is state of bilateral energy planning between Canada and the United States is so low it defies measurement. With the exception of oil and gas systems, and some limited efforts at electricity grid integration, cooperation is modest between national governments, provinces and states, and corporations. This is especially the case for clean energy.

So what might a Canada – U.S. Clean Energy Entente look like? SEE Insight has identified five 'Pillars' of a potential Canada – U.S. Clean Energy Entente:

- **Pillar #1: Bi-Lateral Forums/Institutions:** A high-level bilateral forum focusing on Canada-U.S. clean energy cooperation with committed involvement from governments and major corporations would be a major draw. A clean energy version of the [North American Energy Working Group](#) is long overdue. Perhaps such a forum could be integrated into the pioneering work of the [Cleantech Network](#), or the [Globe Conference](#) in Vancouver.
- **Pillar #2: Innovation Collaboration:** Both the U.S. and Canada provide a range of public support, and tax/capital incentives for clean energy technology innovation. The work of organizations like [Sustainable Development Technology Canada](#), for example, is noteworthy. Active coordination, or joint venturing, of these efforts in areas such as: A U.S. – Canada Clean Coal Consortium, or Bio-fuels Research would accelerate the pace of clean energy R&D.
- **Pillar #3: Technology Performance Validation:** Varying jurisdictional requirements are a barrier to new clean energy technologies. A joint Canada – U.S. process of technology verification (e.g. in terms of environment performance) that is accepted in all jurisdictions (including all states and provinces) would overcome a number of barriers to technology diffusion. A prime domain which would benefit from such a mechanism is biomass gasification.
- **Pillar #4: Clean Energy Infrastructure Standards:** Many new clean energy platforms (e.g. hydrogen, bio-diesel) require new infrastructure. A 'Standards Approach' to new infrastructure norms, regulatory frameworks, etc. would establish a level playing field for technologies across the two countries.
- **Pillar #5: Capital Investment Regimes:** U.S. venture capital and investment banking capacity is second to none worldwide. A **Canada-US Clean Energy Entente** could build the connections between US capital and Canadian clean energy innovations and large-scale projects.

In essence, a **Canada-US Clean Energy Entente** involves a new set of cooperative and institutional arrangements emphasizing clean energy solutions. Over time, a more continental effort including Mexico could emerge. Canada and the United States have a storied history of shared values and economic cooperation. It's time we add a new chapter to that story; one that accelerates clean energy innovation for a sustainable future in North America.

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SEE Insight is complementary, available for download from www.lumosenergy.com and sent monthly to an influential group of clean energy, business, environment and public policy leaders. SEE Insight serves to invigorate Canada's sustainable energy dialogue.

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