

B.C. Citizens for Green Energy

www.greenenergybc.ca

Presentation to the Select Standing Committee on Finance and Government Services

Friday, October 16, 2009

I want to thank you for this opportunity to address the Select Standing Committee on Finance and Government Services.

My name is Bruce Sanderson and I'm speaking on behalf of B.C. Citizens for Green Energy. We are an advocacy group representing a cross-section of British Columbians who encourage a legacy of clean, sustainable electricity, now and for future generations.

Through this public consultation process, you've asked the citizens of this province to tell you what our priorities are for a better, stronger British Columbia.

Should government continue to protect core services such as health and education?

Should government continue to reduce taxes?

The answer to both of these questions is clearly "yes."

The real question is HOW can government increase revenues to pay for these services and control deficits during difficult economic times?

Our group believes that B.C.'s abundance of renewable green energy is a big part of the answer to this question and that this abundance can help ensure that our province has a strong fiscal foundation as we work to build a stronger, more prosperous British Columbia.

The Budget Update in September made it clear that green energy is key to the province's plan to strengthen the economy and create jobs, and our group was pleased to see B.C.'s leadership on climate change, and B.C.'s growing expertise in the field of green technology, highlighted as key advantages we have in positioning ourselves for renewed economic growth.

One of the key questions our group has been asking ourselves over the past year, as the full magnitude of B.C.'s green energy potential became clear to us, is how B.C.'s abundance of green energy could put us in the driver's seat for a change and generate substantial new revenues for B.C. by helping our neighbouring states and provinces reduce their dependence on greenhouse gas-emitting sources like burning coal.

Clean, renewable green energy is a natural resource that B.C. has in great abundance, and it's a resource that could have considerable benefits for the people of B.C., not only in terms of meeting our environmental and climate change objectives, but also in terms of meeting our province's financial objectives through the revenues this renewable green abundance could generate.

The Throne Speech in August spoke about opening up B.C.'s green energy potential "with new vigour," and our group was understandably pleased to hear this. We have no doubt whatsoever that becoming a global leader in clean energy, and energy conservation, will lead to the creation of new jobs and prosperity that will benefit all British Columbians.

Along these lines, our group is eager to see the Green Energy Task Force announced in the Throne Speech begin the work of reviewing "the policies, incentives and impediments currently affecting B.C.'s green power potential" and creating a plan for maximizing that green energy potential, including "a principled, economically-viable and environmentally-sustainable export development policy."

As the members of this committee are undoubtedly aware, Quebec and Manitoba are already contributing to continent-wide efforts to reduce greenhouse gas emissions through their exports of clean, renewable green energy and they are benefitting financially from this activity.

Hydro-Québec has been exporting clean electricity to Ontario since the early 2000s, and to various markets in the American northeast since 1999; providing a major source of revenue to the province of Québec and helping to substantially reduce greenhouse gas (GHG) emissions in north eastern North America.

Hydro-Québec's exports totalled \$1.9 billion in 2008, accounting for 8 percent of Hydro-Québec's revenues and 32 percent of its net income of \$977 million.

Hydro-Québec's Strategic Plan for 2009-2023 calls for substantial increases in clean, renewable electricity to be supplied to New England and New York as well as an increase in energy interchanges with Ontario.

Manitoba Hydro also has plans to increase its exports of clean, renewable electricity and they already supply renewable green energy to over 30 electric utilities through participation in four wholesale markets in Canada and the mid-western United States.

Manitoba Hydro's electricity export revenues totalled \$625 million in 2007/08, with 82 percent coming from the American market and 18 per cent from Canadian markets.

Manitoba Hydro's electricity exports typically account for more than 40 per cent of Manitoba Hydro's revenues, and development of Manitoba's clean, renewable energy resources is understandably a major part of the Manitoba's long term vision to build the province's economy.

The renewable, clean electricity that Manitoba supplies to neighbouring provinces and the American Midwest also helps to keep Manitoba Hydro's rates among the lowest in North America at the same time as it helps to reduce greenhouse gas emissions in the region.

Over the past 35 years, Manitoba Hydro's exports of clean electricity have reduced greenhouse gas emissions by 172 million tonnes in the region through the reduced need for thermal electricity generation from coal and gas-fired sources.

In contrast to Manitoba and Quebec, B.C.'s enormous potential to become the preeminent renewable green energy powerhouse in western North America is going untapped and unrealized; even as the devastating impacts of global climate change are becoming more and more readily apparent each day. This year's record breaking forest fire season in B.C. is just one of many examples.

British Columbia needs to take its place alongside Quebec and Manitoba, both of which are making substantial contributions to continent-wide efforts to reduce greenhouse gas emissions and dependence on fossil fuels, and achieving considerable financial benefits for their citizens in the process.

If we were to fully harness our green energy potential here in B.C., our green energy resources could potentially generate enough revenue to wipe out the province's debt or even replace the revenue now raised through the provincial sales tax as Alberta has shown can be done.

According to the September Budget Update 2009/10 – 2011/12, our total provincial debt (which includes commercial Crown corporation debt) currently stands at close to \$40 billion, and it is forecast to increase to \$52.8 billion over the next three years.

By 2011/12, the taxpayer-supported portion of British Columbia's total debt is forecast to increase to \$37.3 billion, which is almost as much as the province's present \$40 billion total debt.

We recognize that British Columbia's debt burden is among the lowest in Canada and that a significant amount of British Columbia's debt relates to capital expenditures on vital public infrastructure such as bridges, highways, schools, hospitals and community facilities, all of which have enduring, long term value.

However, debt is debt and it has to be paid by one means or another, as does the cost of servicing the debt.

According to the estimates in the September Budget Update 2009, B.C.'s provincial debt servicing costs are more than \$2.2 billion per year. If British Columbia was debt-free like Alberta, the money we currently spend to service our provincial debt could be spent instead on vital services like health care and education.

For example, the \$2.2 billion we currently spend servicing the province's debt would be enough to build six 300 bed hospitals similar to the new Abbotsford Regional Hospital and Cancer Centre.

If \$2.2 billion was freed up from servicing B.C.'s debt costs each year it could almost fund the entire \$2.5 billion being spent on capital investments in British Columbia health care facilities over the next three years, including key projects like: the new 500 bed Royal Jubilee Hospital in Victoria; the new full-service Kelowna Cardiac Centre and expansion of Kelowna General Hospital; construction of a new patient care tower at Vernon Jubilee Hospital (with a new emergency department and new operating rooms); the redevelopment of Surrey Memorial Hospital and the new \$239-million Surrey Outpatient Hospital; construction of a replacement hospital and new residential care facility in Fort St. John; and construction of a new Northern Cancer Centre in Prince George.

Likewise, the \$2.2 billion we spend each year servicing our provincial debt could completely cover the \$1.5 billion cost of the Ministry of Education's Seismic Mitigation Program making B.C.'s schools safer in the event of an earthquake—with \$700 million to spare for other education needs

Alberta's steady reduction of their debt was made possible by revenues generated by their enormous non-renewable petroleum resources. Being debt free has allowed the Alberta government to save around \$1.5 billion annually in debt servicing costs which they've been able to redirect to important priorities like healthcare, education, tax cuts, savings and infrastructure.

Alberta's debt-free status, and the financial reserves they've been able to set aside, has also positioned Alberta to weather the impacts of the recent global economic downturn and the first recession Alberta has faced since 1986.

Thanks to the debt elimination measures Alberta has taken over the past 16 years, Alberta has \$18.3 billion in short term savings set aside which is helping to offset the province's current deficit. Alberta remains the only province where total financial assets exceed total liabilities.

British Columbia has indeed been hard hit by the global economic downturn just as every jurisdiction in the world has. As the Budget Consultation Paper states, projected revenues from corporate and personal income tax have fallen dramatically.

Tapping into B.C.'s green energy potential can help insulate us from future global economic downturns just like Alberta has been able to do and also help us build a better, stronger British Columbia.

In a few short months B.C. will be centre-stage in the world with the 2010 Winter Olympics. The eyes of the world will be focused on this great province and all that it has to offer.

We believe British Columbia's enormous green energy potential, and what B.C. could be contributing to the battle against climate change, is something the world is going to see with great clarity.

Climate change and greenhouse gas emissions do not recognize international or provincial boundaries, and our group feels it is our international duty to put B.C.'s green energy potential to work providing clean, renewable electricity to our neighbouring states and provinces and helping them reduce their reliance on dirty

coal-fired and gas-fired sources of electricity as Quebec and Manitoba are already doing.

Everyone in B.C. stands to benefit from the development of our province's enormous green energy potential, and the benefits are ones that will be there for our children, for our grandchildren, and for generations to come.

Thank you.

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