

SASKATCHEWAN CHAMBER OF COMMERCE

EXECUTIVE SUMMARY 2017
SUBMITTED BY: ENERGY EFFICIENCY TASK FORCE



Energy Efficiency Strategy

BACKGROUND

In November 2016, the Chamber surveyed its members on the issue of carbon pricing and the feedback it received was loud and clear. While a large majority of respondents concluded that reducing carbon emissions was important, almost three quarters opposed the use of carbon pricing as the mechanism to achieve such reductions. The Chamber maintains that a direct carbon pricing scheme (either in the form of a broad-based tax or through cap and trade) is not the appropriate mechanism for reducing greenhouse gas (GHG) emissions in Saskatchewan. Instead, actively increasing energy efficiency and conservation to reduce GHG emissions is recommended. Membership has made it clear

The primary objectives of the recommendations listed below are to reduce GHG emissions and to increase industry competitiveness.

that the Chamber should continue to oppose the implementation of carbon pricing and instead support technological investments and incentives as a prudent way to reduce energy consumption.

In response, the Chamber formed a 100-Day Energy Efficiency Task Force in the Fall of 2016 to articulate a clear framework for Saskatchewan moving forward with respect to promoting energy conservation measures. The mandate of the Energy Efficiency Task Force was to create a series of recommendations to advance the



implementation of energy efficiency measures as the first step toward reducing carbon emissions and lowering energy costs. Task Force members have specialized knowledge on energy conservation and on Demand Side Management (DSM) programs aimed at the commercial-industrial sector. The primary objectives of the recommendations listed below are to reduce GHG emissions and to increase industry competitiveness. Reducing energy consumption per unit of production makes both business and environmental sense.



Compressed Natural Gas station

POLICY RECOMMENDATIONS

Create an Energy Pricing Arrangement Where Inefficiency is Identified and Efficiency is Rewarded with Lower Costs

A proposed energy pricing arrangement would assess the energy efficiency of power and natural gas customers and use the differential in rates between high and low efficiencies to fund improvement programs. Those businesses and related equipment with poor energy efficiency would now have a financial incentive to upgrade to new and cleaner technology.

Expand the SaskPower Industrial Energy Optimization Program (IEOP)

The IEOP is aimed at businesses that have an electricity demand of 1 MVA or greater and is designed to “offer financial incentives and customized technical support for the identification, development, and implementation of energy management and capital projects.” The Chamber recommends that SaskPower expand participation in the IEOP by at least a factor of ten.

Promote the Adoption of Online Assessment Tools

Encourage industry in Saskatchewan to adopt accepted tracking and measurement tools for benchmarking purposes. The process of tracking and analyzing energy consumption on a regular basis encourages a closer scrutiny of energy usage. Ultimately businesses cannot improve their energy efficiency unless they proactively measure it.

Incent Saskatchewan Industry to Adopt Clean Technology by Providing Transitional Support and Funding

Direct subsidies should be provided to businesses to incentivize the replacement of existing capital with new and cleaner technology. A form of accelerated capital cost allowance on depreciation should be offered for firms to replace existing technology when more energy efficient technology exists. In addition, support should also be offered to businesses who must retrain workers so that new and innovative technologies can be utilized effectively.

Those businesses and related equipment with poor energy efficiency would now have a financial incentive to upgrade to new and cleaner technology.



Compressed Natural Gas truck

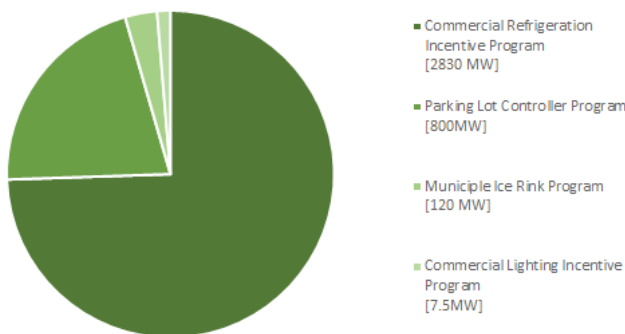
Expand SaskPower Demand Side Management (DSM) Programs

Consistent with earlier recommendations surrounding the IEOP, the Chamber advises that budgets for administering an assortment of DSM programs currently being offered (commercial lighting, commercial refrigeration, compressed air system audit, parking lot controller subsidy, municipal ice rink energy audit, facility walkthrough assessment, net metering program) be increased significantly. Funding for these programs should also be reclassified from operating expenses to capital investment to ensure a robust and predictable stream of funding. The advantages of these programs are that they are targeted and lead to demonstrated reductions in megawatt hours of electricity per year.

Create a Building Envelope Energy Efficiency Improvement Program Under SaskEnergy

There is currently a lack of information surrounding the age and energy performance of the province's existing commercial building stock. A proposed *Building Envelope Energy Efficiency Program* should address the insulation of walls, roofs, windows, doors, building seal, and heating furnaces. Other considerations include switching to more efficient fuels, measured outcomes, assessing building stock efficiency, and the inclusion of building code upgrade requirements. Funding should be reclassified from an operating expense to capital investment.

Energy Saved by SaskPower Demand Side Management Programs



Expand SaskEnergy Demand Side Management (DSM) Programs

Existing DSM programs that incentivize commercial facilities to retrofit their less energy efficient capital with high-efficiency equipment offer long-term benefits for businesses, like reductions in operating costs, better performance, lower GHG emissions, and sizeable energy savings. Such incentives offset the incremental price of installing high-efficiency equipment over the purchase price of standard efficiency equipment. These initiatives include the Combined Heat and Power Energy Resiliency program, as well as the Commercial HVAC and Commercial Boiler programs.

Promote Conversion for Specific Fleets of Vehicles and Heavy Equipment

Converting fleet services with a Return-to-Base component and heavy equipment to natural gas is the most cost-effective method in the short to medium-term as natural gas is 20 – 30% cheaper and emits 20 – 25% less GHG emissions. Natural gas vehicles have lower life-cycle costs due to its cleaner burning nature. Public sector fleet services should serve as large-scale early adopters to put downward pressure on upfront capital costs, like on-site filling station infrastructure, and the retrofitting of existing vehicles.

Encourage Industry in Saskatchewan to Develop a Culture Around Energy Management

Presently, the market for energy management services is immature and underdeveloped in Saskatchewan. Encouraging the creation of a forum or council for industrial energy champions to disseminate information on energy management, as well as technical knowledge and training would go a long way in developing a networking infrastructure for industry and would support a culture of energy management across the province.

Incentives offset the incremental price of installing high-efficiency equipment.

ENERGY EFFICIENCY TASK FORCE

In response to federal plans to impose Carbon pricing, the Saskatchewan Chamber of Commerce formed a 100-Day Energy Efficiency Task Force in the Fall of 2016 to articulate a clear framework for Saskatchewan moving forward with respect to promoting energy conservation measures. The mandate of the Energy Efficiency Task Force was to create a series of recommendations to advance the implementation of energy efficiency measures as the first step toward reducing carbon emissions and lowering energy costs. Task Force members have specialized knowledge on energy conservation and on Demand Side Management programs aimed at the commercial-industrial sector.

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