



# Accelerating Canada's Clean Growth through Regulatory Reform

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# Agenda

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## **The target.**

2030 and 2050 national net zero targets. Budget 2023 commitment.

## **The context.**

Drivers of regulatory inefficiency have remained unclear in Canada.

## **The obstacle.**

Canada's regulatory process is too slow and unpredictable.

## **The options.**

Strategic Assessments. Permit Fast-Tracking. US Case Studies.

## **The lessons learned.**

Predictability. Consolidation. Engagement. Outcomes.

# The Target.

Canada requires a massive transformation of its electricity systems to reach net zero electricity generation by 2035 and economy-wide net zero by 2050.

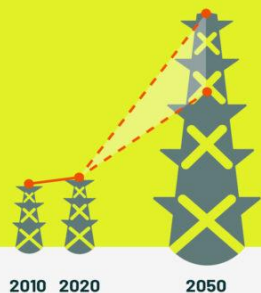
Meeting Canada's emissions goals and enhancing economic competitiveness also demands substantial investment in other clean growth projects (e.g., clean hydrogen, CCUS, batteries/storage, etc).

The federal government has committed to improving the efficiency of the impact assessment and permitting processes for major projects.

## Canada's electricity systems need to get ...

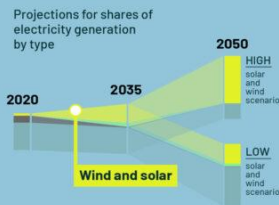
### BIGGER

Electricity generation capacity needs to grow **2.2 to 3.4 times bigger** than today



### CLEANER

By 2050, wind and solar will make up **31-75%** of generation compared to only 6% today



### SMARTER

Canada needs to deploy a range of solutions to build smarter, more flexible systems



# The Context.

Structural issues within the regulatory process are slowing investment.

Clean growth projects take too long to build.

- Regulatory approval for mining projects: 10+ years.
- Permitting process for wind-to-hydrogen: 8-10 years.
- Development of hydroelectric plants: Up to 25 years from initial planning to full operation.

Canada lacks a detailed understanding of the problem, its causes, and its solutions.

Canadian Climate Institute research provides insights on the problem, along with potential solutions.



# The Obstacle.

Canada's regime is too slow and unpredictable.

## Unresolved policy issues *outside* the regulatory system

- Economic risks and financing challenges hinder development.
- Neglecting Indigenous reconciliation creates process hurdles.
- Obstacles to electricity market integration persist across regions.

## Inefficiencies *within* the regulatory system

- Delayed enactment of current laws.
- Outdated regulations.
- Inefficient FPT process coordination, resulting in redundancy.
- Weak inter-departmental collaboration.
- Limited resources for Indigenous participation in project reviews.
- Regulatory emphasis on processes over innovation.

## Insufficient strategic direction for evaluating *trade-offs*

- Lack of guidance and incentives.
- Inability to make trade-offs in the planning phase.
- Uncertainty in climate impact accounting.

The  
options.



# Strategic Assessments

01

## **BROAD DEFINITION.**

For policies and issues.  
On a wider scale than impact assessments.  
Not regionally-bound like regional assessments.

02

## **CHALLENGES WITH CURRENT APPLICATION.**

Unclear initiation.  
Unclear processes for identifying and evaluating impacts.  
Unclear channels for informing IAs.

03

## **POTENTIAL TO STREAMLINE REGULATORY REVIEW.**

To address cumulatively significant issues.  
To share regulatory burdens with impact assessments.  
To encourage collaboration across industries.

04

## **LEADING PRACTICES FOR STREAMLINING WITH SAs.**

Prioritizing key subjects for clean growth projects.  
Engaging the public early and consistently.  
Providing practical and timely information to IAs.  
Monitoring outcomes.

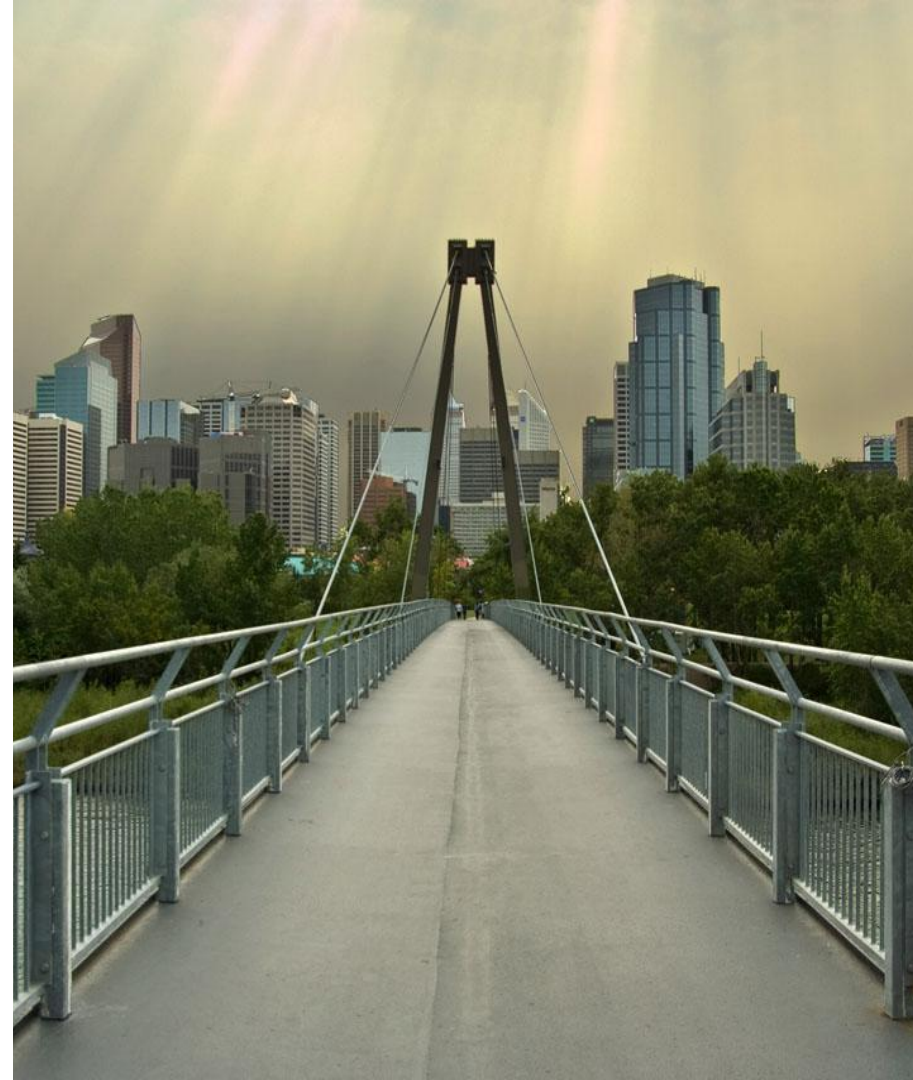
05

## **CONSIDERATIONS FOR IMPROVEMENT.**

Transparency in triggering strategic assessments.  
Formal guidelines for how strategic assessments inform IAs.  
Post-assessment monitoring for policy effectiveness.

# Two Pathways for Strategic Assessments

- 1. Assessing positive impacts of clean growth projects.**  
Clean growth projects offer significant climate and economic benefits. Strategic assessments can recommend methodologies for assessing and quantifying these positive impacts and propose benchmarks for fast-tracked regulatory review.
- 2. Assessing negative impacts on Indigenous communities.**  
Current regulatory processes have failed to adequately consider cumulative negative impacts, particularly on Indigenous communities. Strategic assessments can help identify and evaluate these impacts, establish standards for sharing project benefits, and improve the inclusion of Indigenous knowledge in impact assessments.





# Fast-Tracking Permits

01

## CURRENT STATE.

Reactive and complex. Project-specific regulatory processes are time, expertise, and resource intensive.

02

## FRICION BETWEEN LEVELS OF PERMITTING.

Each order of government has laws to govern permitting. Timelines for approval processes differ and are often partial and do not cover the entire process from planning through construction to operation.

03

## PROPOSED SOLUTION.

Fast-tracking permitting for eligible technologies. Based on specific criteria, reducing the need for extensive location-specific studies.

04

## COMMON TWO-TRACK PERMITTING FRAMEWORK.

**Track 1:** Existing approvals for major projects, unproven technologies, or large impact zones.  
**Track 2:** Expedited permitting for proven, small-scale, zero-emission facilities.

05

## ROLES AND RESPONSIBILITIES.

**Local authorities** (municipal and Indigenous) lead project decisions for fast-track approvals.  
**Provinces and territories** collaborate to establish a common framework for eligible technologies, permitting criteria, qualifications for local reviewers, timelines.

# The 'Fast-Track' Method

## Technology criteria

1. Commercially proven/viable.
2. Few off-site environmental impacts and no adverse effects on human health.
3. Limited zone of off-site environmental impacts.
4. Readily available for construction.
5. Rapid path to construction and operation.

## Local impact criteria

1. Community impact: Does the project have the support of local government?
2. On-site impacts: Does the project avoid harm to key ecological features?
3. Off-site impacts: Does the project impose no uncompensated adverse impact on nearby residents?

# US Case Studies

01

## INFLATION REDUCTION ACT.

Expected to channel at least US\$370 billion in public funds to develop clean technologies.

But this does not automatically translate to “shovels in the ground.”

02

## COMMON CAUSES OF DELAY.

Intricate and time-consuming permitting procedures that involve multiple levels of government.

Local opposition and the politicization of clean energy development.

03

## FOCUS ON STATE-LEVEL.

Most US clean energy projects require state-level permits and assessments before construction.

Bears similarities to how Canadian provinces review and approve projects.

# US CASE STUDIES

## NEW YORK

### Accelerated Renewable Energy Growth and Community Benefit Act

1. **Streamlined permitting:** Creates an office to act as a "one-stop shop" to speed up approvals. Act also sets time limits for building permits.
2. **Large-scale projects:** Projects > 25 MW capacity. Smaller projects (20-25 MW) can opt into streamlined process.
3. **Community benefits and employment:** Mandates benefits for host communities (e.g., utility credits) to gain community support and provides funding to ensure tangible benefits from proposed projects.
4. **Build-Ready Program:** Allows the private sector to proactively identify and nominate brownfield sites for renewable energy development.

## CALIFORNIA

### Assembly Bill 205

1. **California Energy Commission's New Authority:** Identifies sole authority for permitting wind and solar projects (>50 MW) and storage projects (>200 MW).
2. **Environmental Impact Review Timeframe:** Establishes a 270-day limit for Environmental Impact Reviews.
3. **Community benefits and employment:** Mandates community and employment benefits, requiring project proponents to engage with community organizations, provide job training, and invest in public infrastructure.
4. **Other:** The California Energy Commission can impose additional conditions to gain project approval and address local issues.

# Strengths and limitations of New York and California's permitting reforms for clean energy projects

## Strengths

1. Clear project timelines boost clean energy project financial viability.
2. Mandatory community benefit agreements can reduce local opposition, increasing permitting speed.
3. Removing permitting costs on brownfield sites accelerates clean energy project development.
4. Time limits on litigation can reduce project proponent costs.
5. Opting into accelerated permitting offers developers more flexibility.
6. Minimum project size thresholds prioritize larger, barrier-prone projects.

## Limitations

1. Vague language in the California reform puts its effectiveness at risk.
2. Expedited permitting may adversely impact Indigenous Nations and people's rights.
3. Both reforms aim for administrative efficiency, but the state of required staffing capacities remain unclear.
4. Neither reform addresses interstate electricity transmission, underlining the Federal government's crucial role in this aspect.

# Lessons Learned.

1

## **Transparency over discretion**

Standardized evaluation criteria, clear triggers for fast-track or prioritization, clear timelines

3

## **Meaningful engagement**

Early and ongoing engagement, opportunities for collaboration, benefit agreements, equity stakes

2

## **Optimizing the regulator**

One-stop shops, strategic assessments to complement impact assessments

4

## **Proactive decision-making**

Connecting with potential host communities, prescreening sites, targeting outcomes

# Next Major Research Project:

## Canada's Critical Mineral Value Chain

- Measure investment gaps within Canada's value chain, and identify barriers to investment.
- Define what constitute low-carbon critical mineral value chain projects in Canada.
- Provide recommendations to federal and provincial governments on how to standardize market information, mobilize private finance, and streamline project regulatory review.
- Timeline: publication Fall/Winter 2024



A white semi-truck is driving away from the viewer on a two-lane road covered in snow and ice. The road has yellow dashed lines. The landscape is a vast, open area with snow-covered hills and mountains in the distance under a clear blue sky. The overall scene is a winter, high-altitude environment.

**QUESTIONS?**





**THANK  
YOU**



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