



# The Big Reset and Newfoundland and Labrador's Clean Growth Opportunity

A Response to the Premier's Economic  
Recovery Team Report

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Newfoundland and Labrador  
Environmental Industry Association

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## Introduction

The Newfoundland and Labrador Environmental Industry Association (NEIA) is pleased to provide feedback to the *Provincial Economic Recovery Task Force (PERT) Report “The Big Reset”* released on May 6, 2021.

NEIA’s feedback is driven by a substantial cleantech and environmental services sector strategy development process that began in 2019, and a series of recent publications on behalf of its membership:

- [\*‘Economic Recovery: Towards a Clean Growth Future for Newfoundland and Labrador’\*](#)
- [\*‘Advancing the Offshore Oil & Gas Industry through the Lens of the Energy Transition: A Submission to Newfoundland and Labrador’s Oil and Gas Industry Recovery Task Force’\*](#)
- [\*‘The Hydrogen Economy and the Potential for Newfoundland and Labrador’\*](#)

NEIA believes there is substantial opportunity for economic growth, diversification, and innovation in Newfoundland and Labrador related to clean growth. To achieve this, the Provincial Government must be bold in taking immediate, deliberate, strategic, and visible action.

Newfoundland and Labrador should move without further delay on a number of the recommendations being made in the PERT report.

## The Transition to a Green Economy

NEIA was encouraged by the degree to which the PERT report focused on the clean growth economy. Indeed, *‘building a greener, technologically advanced economy’* emerged as one of the four key areas of strategic focus for the report.

In her forward, Dame Moya Greene states that *“The province has exactly the right assets to lead as the world grapples with the imperative of our generation, namely, the need to transition economies everywhere to net-zero carbon emissions.”* She goes on to say that *“This is one of the big resets that is proposed in this recovery agenda and in this essential financial improvement plan.”*

This position is in line with recommendations made to the Government of Newfoundland and Labrador by NEIA and its members through its recent publications.

Though discussion about the green economy often focuses on energy, the transition must occur economy-wide. As the PERT report identifies, the province's rich mineral resources can play a strong role in enabling clean growth on an international scale and Newfoundland and Labrador is well placed to benefit. Meanwhile, the degree to which Newfoundland and Labrador's industries green their operations across the board – from fisheries and aquaculture to manufacturing – will have a direct impact on their international competitiveness and prospects for growth in the medium term.

Though the province is well positioned to grow and diversify its economy through clean growth and be a leader in the global pursuit of net zero, there is a need for bold, strategic, and immediate action. Without advancement in the near term, Newfoundland and Labrador runs the risk of incurring all of the costs associated with the energy transition – while reaping none of the rewards.

A deliberate choice needs to be made about whether Newfoundland and Labrador becomes a leader in what the PERT report calls '*Industry 5.0*', or if it will simply allow the energy transition to happen 'to' the province and its industries. Significant work is required as well to understand *how* the Province will accomplish this transition.

## Green Energy Transition Strategy

Deliberate action starts with planning, and as such NEIA fully supports the development of a '*green energy transition strategy*' for Newfoundland and Labrador. The PERT recommends a 20-year time horizon, however a plan that ends in the year 2050 when net zero is to be achieved would be more appropriate and strategic.

This plan should have goals, timelines, and measurable outcomes, and include a particular focus on what NEIA views as being the four pillars of Newfoundland and Labrador's energy transition: low-emissions oil and gas; the development of the province's renewable energy resources; hydrogen; and 'electrification' or the maximization of value of the province's existing renewable energy production. Taking a holistic view of these priorities and their interrelationships will ensure that opportunities for interplay between them are understood and pursued.

Some of the specific recommendations made in the PERT report around the divestment of assets, restructuring of crown and arms-length entities, and approaches to future developments should be decided on after they are fully analyzed and it is understood how these considerations may fit into a long-term strategy that benefits the people of the Province.

Work should begin on this strategy immediately in an effort to avoid missed opportunities. The PERT report states *‘the province is behind the curve on the economic transition to a greener economy relative to many other provinces’*; through its own research and the experience of its members, NEIA suggests that on an international basis the Province is even further behind. Though Newfoundland and Labrador is not a leader in the field, with strategic action in the short term, it could be.

In areas of great urgency, Newfoundland and Labrador can increase momentum by executing on the 30-year strategy in parallel of its development. It is not necessary to have the full 30-year strategy completely planned prior to implementing key critical components. Having the strategy divided in smaller immediately actionable elements, will help the Province gain ground.

NEIA is ready, willing, and able to help. There is much that NEIA can do to support the province’s efforts to develop a green energy transition strategy, with examples outlined at the end of this document.

## Low-Emissions Oil and Gas

On the subject of low-emissions oil and gas, the PERT report yields to the recommendations of the *Oil and Gas Industry Recovery Task Force* (OGIRTF). OGIRTF stated that *“... both GovNL and the Federal Government must signal to the world that the continued responsible and sustainable development of NL’s petroleum resources is within Canada’s national interest in support of net-zero Greenhouse Gas (GHG) emissions by 2050.”*

This echoes research undertaken by NEIA, Noia, and the Newfoundland and Labrador Oil Corporation (OilCo) in 2020-21, funded by DIET and the Atlantic Canada Opportunities Agency (ACOA) titled [\*‘Identifying regulatory and support ecosystem initiatives from leading jurisdictions supporting clean technology innovation in the offshore oil and gas industry’\*](#). This report was direct in its findings that the status quo was not sufficient.

The OGIRTF report's 27<sup>th</sup> recommendation reads “*GovNL and industry cooperate for the establishment and funding of a designated energy transition organizational capability with four centers of excellence for different focus areas including a carbon capture and storage (CCS) center, a hydrogen center, a renewable energy center, and a center for digitalization.*”

NEIA has become recognized across Canada as a thought leader on the subject of low-emissions offshore oil and gas. In partnership with Noia, OilCo, and others, much has been accomplished to advance stakeholders' understanding of the challenges and opportunities associated with the energy transition within the industry.

It is NEIA's position that the strategic pursuit of net zero within the offshore oil and gas industry can realize the enormous economic growth potential of the Province's offshore resources, while at the same time providing long-term diversification and innovation opportunities for Newfoundland and Labrador.

## Renewable Energy

From hydro, to wave/tidal, to solar, to wind – Newfoundland and Labrador has a riche cache of undeveloped renewable energy resources. In a world that is increasingly becoming fixated with accelerating the energy transition and ‘building back better’, the time is now for the Province to attract the investment and create the conditions that will be required for their development.

Transmission infrastructure and the complications of electricity transmission across jurisdictions have been barriers to renewables development in Newfoundland and Labrador – where domestic demand is already satisfied with an abundance of clean energy. However, the electricity needs of our provincial neighbours are opening doors to greater collaboration and more development vis-à-vis the so called ‘*Atlantic Loop*’. NEIA encourages the Provincial Government to continue engagement within the region and the Federal government in this regard.

Meanwhile, new pathways for renewable energy development are emerging. Global industries are increasingly looking for clean electricity sources for their operations. Hydrogen can be produced via renewable energy sources, which sidesteps the transmission issue almost entirely in favour of the creation of a commodity that can be transported to international markets.

Given the Province's fiscal situation, it is unlikely to take on the risks associated with developing these resources itself. Thus, pathways to development are likely to be led by the private sector. Newfoundland and Labrador must be aggressive in the promotion of these clean energy opportunities, and proactively attract investment towards their development. One possibility is that the Province issue a request for expressions of interest (EOI) for the development of promising resources. Parallel to this, the Province must begin conceptualizing what enablers must be put in place to allow for such developments (e.g. royalty structures, land leases, etc.).

## Hydrogen

As alluded to, a key pathway for the development of the Province's energy resources is through hydrogen production.

NEIA believes that hydrogen production represents one of the best potential opportunities for the diversification and growth of Newfoundland and Labrador's economy. A soon to be released independent feasibility report highlighting the opportunities for the province related to hydrogen will confirm this.

Therefore, NEIA was pleased to see the subject given significant attention in the PERT report. However, the window of opportunity for the province to be an early entrant into the industry (from both a national and international perspective) is closing. Late entrants into the industry will be at a disadvantage in a world that is moving quickly towards hydrogen production.

NEIA is taking the next logical step in kick-starting hydrogen development with the creation of a working group that helps identify needs, opportunities, challenges, strategies, and large-scale pilot projects. This working group will focus not just on green hydrogen, but also blue hydrogen where there is yet more potential.

Some immediate needs are clear. Newfoundland and Labrador needs to better understand the export opportunity for hydrogen and the implications for existing and future enabling infrastructure. The province needs to understand the feasibility of using its immense clean energy assets and its offshore natural gas resources for hydrogen production.

NEIA and partners are progressing these and other initiatives in the near term, with an overall goal of informing the specific opportunities for Newfoundland and Labrador companies.

## Electrification

Of course, an important element of the green transition is making the most of the clean energy that we already have. While Newfoundland and Labrador's investment in the Muskrat Falls project is often cited as a major contributing factor to its current financial circumstances, the fact remains that it will bring the province's energy mix close to 100% renewable.

There is much that the province can do to maximize this asset from a greenhouse gas (GHG) emissions reduction perspective, and increasingly from an economic perspective as carbon pricing continues to position the electricity it generates favourably. The more electrified the provincial economy becomes, the better it can mitigate electricity rates.

Environmental and economic objectives in this case are in direct alignment. Vital is that the province is able to achieve stabilized electricity rates; should it manage to do so, a concrete and visible electrification strategy should be developed, implemented, and communicated.

NEIA recognizes that the province has made progress towards electrification and was pleased to see Budget 2021 include electric vehicle (EV) rebates and robust supports to encourage homeowners to switch from fossil fuel heating to electric. A clear and articulate plan will send the right signals to the general public, the private sector, and potential investors.

A 100% clean energy grid is something that Newfoundland and Labrador should be proud of, and it needs to move on from lamenting decisions that were made in the past and focus on the envious position that the province is now in from an electricity perspective.

## Financing the Green Energy Transition

NEIA supports the PERT's recommendation that *'the Provincial Government should create a Future Fund to support the transition to a green economy.'*

Newfoundland and Labrador has lacked dedicated funding mechanisms to assist in clean growth projects, and has found itself unable to respond to time-sensitive Federal Government initiatives through its traditional programming as a result.



NEIA also agrees with the PERT recommendation that oil and mineral royalty revenues, as well as carbon pricing revenues, accrued by the provincial government should be used to finance Newfoundland and Labrador's green energy transition.

Resources earmarked for this cause should be overseen by an external investment advisory group, as PERT recommends. The participation of a number of stakeholder groups and skilled investment professionals will help ensure the investments yield healthy returns while achieving a strong balance between improving both the broader economy and the environment.

## Government's Role

The PERT report references on a number of occasions that the Government itself is not best positioned to create long term economic growth for the province: *'The public places unreasonable expectations on government. Many Newfoundlanders and Labradorians ask the Provincial Government to create jobs. The reality is that government has limited ability to create jobs beyond hiring people for the public service.'*

NEIA agrees with this sentiment, and the notion that *'more must come from the people of the province and from entrepreneurs.'* This said, the Provincial Government has a vital role to play in setting the conditions that will enable such activity to take place. As the PERT report states, *'The Provincial Government can put a framework in place to encourage investment, business start-ups, and private sector job creation...'*

This means ensuring that the services that Government provides are as efficient as possible. Progress has been made in this respect through the *'Digital Government'* initiative, and the Government should be commended on its achievements in that regard and NEIA recommends that this work continue.

From a clean growth perspective, ensuring effective, efficient, and competitive regulation is in place will become increasingly important for Newfoundland and Labrador. If the expectation is that the private sector does more to grow the provincial economy, barriers to success must be removed. Inefficient regulation is costly for business and discourages investment. This is true for current industries (mining, oil and gas, aquaculture, forestry, etc.) and emerging industries (value from waste, renewables, hydrogen).

If Newfoundland and Labrador is to become a global leader in the energy transition, it must take deliberate action to set the conditions that are attractive to innovators and international investors: competitiveness, effectiveness, and certainty. Newfoundland and Labrador is a small province – this should lend itself to a nimble regulatory environment which could become a competitive advantage.

The Province may need to adjust its structure to add capacity to accomplish this. This capacity can come from reallocating resources that are currently providing environmental services that could be delivered by the private sector.

## Centre of Excellence

NEIA agrees with the PERT recommendation that Memorial University and the College of the North Atlantic should establish a *Centre of Excellence in Green Technology*.

The formation of this *Centre of Excellence* should include substantial industry participation to ensure that its subject matter focuses and programming are aligned with the economic growth, diversification, and innovation opportunities as understood by the business community.

Newfoundland and Labrador's academic institutions already have substantial expertise that is highly relevant to the energy transition. A Centre of Excellence can help position this expertise accordingly in order to '*attract expertise, establish global networks, learn from other countries, monitor progress, and identify gaps and opportunities*' and '*...become a forum for leadership and development of practical applications to drive economic transition...*' as the PERT suggests.

NEIA is keen to engage Memorial University and the College of the North Atlantic to discuss this opportunity.

In addition, NEIA is working with a number of partners (including, but not limited to: techNL, Ocean Supercluster, Petroleum Research Newfoundland and Labrador, and Noia) for the creation of an innovation centre for Newfoundland and Labrador. The Province has been supportive of the group's efforts, and looks forward to working together to bring this vision to reality.

NEIA believes that this innovation centre can become a home base for a *Centre of Excellence in Green Technology* and the launch pad for myriad future initiatives.

## We Can Help

NEIA can play an important leadership role for Newfoundland and Labrador in helping the Province meet its clean growth potential. We recognize that capacity within the Government is a challenge. With a wide array of responsibilities and competing priorities, the Provincial Government cannot possibly achieve all of what is being recommended alone or without significant help. The PERT report notes that *'more must come from the people of the province and from entrepreneurs'*, and in line with this statement NEIA is proposing to do more.

To maximize the economic growth, diversification, and innovation potential associated with the energy transition and the pursuit of net zero, highly proactive work must take place in the short term to develop strategies, attract investments, build national and international partnerships, stimulate and foster projects and initiatives, and provide guidance to decision-makers.

NEIA and its partners have proposed *The Net Zero Project* to the Provincial Government that will help build capacity outside of Government to take on some of this proactive work and engage in economic development that is less reliant on the public sector.

This proposed *Net Zero Project* is aligned with independent recommendations being made to the Province from PERT, OGIRTF, and strategic research undertaken in 2020-21. NEIA is confident that this project will give Newfoundland and Labrador a better chance at reaching its clean growth potential. Not only can this additional capacity help define and exploit opportunities in low-emissions oil and gas, renewable energy, hydrogen, and electrification – but approached holistically in can also uncover where these opportunities are interrelated and can support one another.

NEIA is available at the Provincial Government's convenience to discuss this recommended partnership in-depth. As always, we remain an able and willing partner for clean growth in Newfoundland and Labrador. Our Board of Directors, staff, and members stand ready to provide feedback and ideas on clean growth opportunities and issues.

## Conclusion

Newfoundland and Labrador is ideally positioned to become a global leader in the energy transition. The aggressive pursuit of net zero by 2050 can yield exciting economic growth, diversification, and innovation opportunities for the province.

To achieve this, the Provincial Government must be bold in taking immediate, deliberate, strategic, and visible action. Third party reports from both PERT and OGIRTF are advising decisive and immediate action.

NEIA urges the Provincial Government to move forward without any further delay in the development of a green energy transition strategy.

NEIA can provide substantial support in this regard, and is hopeful that the Provincial Government sees the value that the association can bring to the table in helping build Newfoundland and Labrador's clean growth future.