



Accelerating Clean Growth
Newfoundland & Labrador

Developing a New Climate Change Action Plan

Recommendations
for the Government of
Newfoundland and Labrador

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Introduction

econext is appreciative to have the opportunity to provide recommendations for the development of Newfoundland and Labrador's new climate change action plan.

About *econext*

econext is a not-for-profit association with a mission to accelerate clean growth in Newfoundland and Labrador (NL). *econext* pursues clean growth in NL with a focus on three areas: innovation, workforce, and net zero.

- **Innovation:** *econext* works with partners in the public, private, and academic sectors to stimulate and support R&D and innovation that advances clean growth in Newfoundland and Labrador.
- **Workforce:** *econext* coordinates with private, public, and academic partners to ensure Newfoundland and Labrador's workforce is prepared for the emerging green economy.
- **Net Zero:** *econext* is a catalyst for climate change action within Newfoundland and Labrador, helping industry, businesses, and communities find a better balance between economy and environment.

econext has been working for over 30 years on behalf of its members across many sectors to support environmentally sustainable economic development in NL.

It is through this lens which we make recommendations to the Government of NL in the development of its new climate change action plan.

Background

Much has changed since the release of NL's last climate change action plan in 2019. *econext* has observed:

- International commitments (and pressures) to fight climate change have accelerated during this time period, with the concept of 'net zero' becoming a common long-term objective for many jurisdictions around the world. This includes Canada and NL who have each made commitments to achieve net zero by the year 2050.
- The prospect of using 'cleaner' approaches to produce fuels (i.e., renewable diesel, hydrogen) has advanced from an aspirational concept in 2019 to being viewed internationally as a vital aspect in tackling climate change in 2024. [NL is extremely well positioned](#) to become a large-scale producer of clean fuels and therefore a meaningful contributor to the fight against climate change on a global scale. Here at home, with clean fuels now already being produced locally, domestic decarbonization opportunities are present today that were not foreseeable in 2019.
- It has become clearer that pursuing environmental sustainability in a strategic fashion can yield positive economic benefits. This approach presents opportunities for investment attraction, economic development, and long-term cost-benefits today that were not as evident in 2019. Moreover, enabling conditions like

regulation and programming at the Federal Government level and the advancement of technology and business models are providing a much clearer picture about how progress can occur.

Circumstances in 2024 are markedly different than they were in 2019; *econext* believes that the importance of climate change planning from an economic growth perspective have never been more present in NL than they are today.

Our Approach

Embracing proactivity in the pursuit of net zero can ensure that decarbonization is not something that 'happens to' NL, but rather it is something NL is helping to design, lead, and benefit from.

There are many different activities that NL could take to fight climate change. *econext* has attempted to focus on a small number of direct actions that can be taken that will have the greatest positive impact. *econext* considered environmental and economic impacts, aspiring to arrive at recommendations that were likely to achieve significant results for both.

In developing these recommendations, *econext* engaged its membership, leveraged the different areas of expertise of its 13 full-time staff, and was guided by its Board of Directors.

econext arrived at 19 recommendations spread across 7 distinct themes:

- Ensure long-term access to clean electricity;
- Maximize domestic clean fuels opportunities;
- Assist heavy industry in its decarbonization;
- Support businesses to contribute to net zero;
- Include buildings as part of the solution;
- Establish strategic regional partnerships; and
- Define the negative emissions opportunity.

Ensure Long-Term Access to Clean Electricity

NL features an electricity grid that is derived from 90%+ renewable sources which puts the province in an excellent position from decarbonization and investment attraction perspectives. However, it is becoming clear that electricity demand is expected to soon exceed electricity supply. This will slow the speed at which electrification can occur and challenge net zero commitments. Moreover, this will inhibit the opportunity to attract investment, complicate heavy industry's decarbonization objectives, and threaten the province's ability to capitalize on low carbon economic development opportunities. NL needs to accelerate the development of new clean electricity and enhance access. *econext* makes the following recommendations:

1. Issue mandate letters to Newfoundland and Labrador Hydro and the Board of Commissioners of Public Utilities (PUB) to **have between 400MW-500MW of new firm electricity commissioned on the interconnected grid by the year 2035** to meet anticipated needs and to maintain a 90% 'green' electricity supply for the province.

2. **Define opportunities for third party investment into clean electricity** (i.e., by communities, indigenous groups, and/or the private sector). This must include exploring partnerships with wind-to-hydrogen project developers on electricity supply and energy storage for the mutual benefit of industry and ratepayers/taxpayers.
3. Provide resources to utilities to **enable the piloting and demonstration of new technologies** and services to de-risk future larger scale investments. Incentivize projects with involve local technology developers and service providers.

Maximize Domestic Clean Fuels Opportunities

NL is on the frontier of the emerging global clean fuels industry. As of February 2024 renewable diesel is in production within the province and it is reasonable to assume that hydrogen will be in production in the years ahead. Clean fuels are particularly effective in helping to address GHG emissions in hard to abate sectors like transportation and heavy industry. With this in mind, NL should seek to utilize clean fuels domestically for the benefit of both the environment and a new industry which it should seek to support. *econext* makes the following recommendations:

4. **Develop a domestic clean fuels use strategy** for the near, medium, and long term (i.e. to 2050). As a first step, strategic research should be undertaken to identify domestic clean fuel adoption opportunities, infrastructure requirements, and environmental/economic impacts.
5. To make a meaningful impact on transportation GHGs, NL must be open to new ideas on how goods, services, and people can be transported. Based on the findings of the research undertaken above, **develop a transportation decarbonization strategy which focuses on marine and long-haul transportation**. Marine transportation accounts for 27% of all transportation GHGs in NL and clean fuels present a promising solution. Facilitating the decarbonization of marine transportation, with special consideration for the role of ports and clean energy infrastructure, will help multiple industry verticals in their pursuit of net zero simultaneously. Meanwhile, on-road transportation accounts for 52% of all transportation GHGs in NL and 25% of the province's total emissions and clean fuels presents a promising solution.
6. Undertake strategic research to **define the feasibility of organic waste-to-energy concepts** in NL. Organic waste accounts for ~33% of all waste in the province; continuing to treat this resource as waste shortens the life span of our landfills and creates significant GHGs in its transportation and as it breaks down. Technology is quickly advancing in this field, and there may be valuable synergies with the province's emerging clean energy industry.

Assist Heavy Industry in its Decarbonization

Heavy industry is responsible for ~40% of NL's GHGs and their decarbonization should be a provincial priority. These industries, like offshore oil and gas and mining, are presently the backbone of the provincial economy and

are already required and incentivized to reduce their GHGs through various carbon pricing systems that they are subject to. Further decarbonization beyond what is required should be encouraged for environmental reasons and also because innovative action in industry creates green jobs and helps the province tell a compelling story about its net zero economy. Beyond ensuring access to clean electricity (see above), *econext* makes the following recommendations:

7. **Provide certainty in policy and regulation.** To achieve significant GHG reductions in heavy industry, large investments are typically required. It is difficult to commit to such action when policy and regulation is in flux. NL should enshrine its net zero by 2050 commitment into legislation, and signal that it is committed to carbon pricing and GHG intensity targets regardless of the position of a federal government.
8. **Ensure that enabling regulations are in place** to support the adoption of new technologies. Clean fuels use, offshore wind, and carbon capture, utilization, and storage (CCUS) are promising avenues for mining and offshore oil and gas industries to decarbonize. However, in each case the regulatory framework does not yet exist to support their implementation.
9. **Invest in research, development, and demonstration activities which align with defined net zero pathways of heavy industry** (i.e., clean fuels use, offshore wind, and CCUS, heavy duty vehicles). Take a proactive approach in defining heavy industry's net zero pathways in NL to the federal government and attract investment to support their advancement. Build on the progress achieved through the Regional Energy and Resource Tables.

Support Businesses to Contribute to Net Zero

Small to medium sized enterprises (SMEs) can play an important role in helping NL achieve its net zero objectives, but need support to understand how they can benefit, prioritize their actions, and make the needed investments. Such support will not only be to the province's environmental benefit, but also create green jobs and green economic activity. *econext* makes the following recommendations:

10. **Invest in education, awareness, and skills.** SME's need help to understand what their impact on the environment is, what they can do to improve, and how taking action can help with their bottom line. Businesses and their employees need to have the skills to remain competitive in a decarbonizing global economy and NL must continue to invest in education and training for the workforce.
11. **Help businesses transition to zero emissions vehicles (ZEVs).** Corporate fleets are on the road at all hours travelling significant mileage. The adoption of ZEV technology can be meaningful from an environmental perspective. Purchase incentives for ZEVs should be maintained until such time that up front cost parity exists between ZEVs and their fossil fuel-based counterparts. Significant planning and investment is required to build the more robust charging network that is required to enable widespread EV adoption.

Include Buildings as Part of the Solution

A focus on energy efficiency in our buildings and homes can help energy consumers reduce their bills, help alleviate near term grid capacity challenges, and create green jobs and economic development. *econext* makes the following recommendations:

12. **Continue to invest energy efficiency programs for commercial and residential electricity customers**, with a focus on technologies and services that provide best value. This can extend beyond traditional incentive structures and into innovative financing mechanisms which can help facilitate the deep energy efficiency retrofits that are required to make meaningful impacts.
13. **Include incentives for small-scale residential and commercial clean electricity generation and storage projects**. Increase the cap on net metering from 5MW. This will give energy consumers more options to address rising energy prices.
14. **Require that new buildings are more energy efficient**. Take a more proactive approach to adopting national building codes or developing provincial ones which emphasize energy efficiency and climate resilience. Take a regional approach to enforcement (see below).

Establish Strategic Regional Partnerships

In other jurisdictions municipalities and regional bodies play an important and often-times aggressive role in developing and pursuing net zero strategies. In NL however, with a small number of exceptions, there is very little capacity at the municipal or regional level to engage in this type of activity. Yet, municipalities, indigenous groups, and not-for-profits can access a variety of different and complementary funding mechanisms which can de-risk provincial investments. More proactive strategic planning with partners in the community presents opportunities to leverage different funding sources and accelerate climate action. In this vein, *econext* makes the following recommendations:

15. **Support 'green' economic development through a regional lens**. The economic opportunities associated with industrial, commercial, and community development are most often not restricted within the boundaries of a single municipality. Communities working together in partnership to advance green economic development strategies and initiatives should be supported. Action taken independently by stakeholders without regional consideration will result in duplication of efforts, conflicting strategies, and missed opportunities.
16. Where applicable, **ensure NL climate change priorities are reflected in regional green economic development plans**. In return for supports provided (see #15), regions should be expected to explore how they can contribute to provincial objectives. Regional plans should also seek to address significant lingering environmental challenges in NL such as waste and wastewater management. This will require closer coordination between provincial government departments responsible for environment and climate change, municipalities, and economic development respectively.

17. Require that regional green economic development plans consider the impacts that climate change is already having in NL. It is important that any planned future investments take these changing variables into account as they may present new risks. Regional plans should incorporate (or involve the acquisition of) **community and coastal flood risk mapping** data. Municipal infrastructure funding should be prioritized for communities who are a part of regional green economic development plans.

Define the Negative Emissions Opportunity

No matter what action NL takes to decarbonize, achieving absolute zero GHG emissions is an impossibility. In any scenario, negative emissions projects will be required to meet its net zero by 2050 commitment. While various technological and natural approaches to carbon sequestration are known, there is little understanding as to which solutions would provide the greatest opportunity for NL from either sequestration or economic perspectives. Negative emissions projects within the province will not only allow help NL (and Canada) meet net zero commitments, but also create new opportunities for investment attraction and green economic development. *econext* makes the following recommendations:

18. Immediately **undertake strategic research to understand the best opportunities for negative emissions projects in NL** based on environmental and economic factors. What is NL's capacity to sequester carbon? What are the most promising options? Which options are most cost-efficient or present the best business case? How can NL most effectively supply the carbon offsets that will be required for it (and Canada) to meet net zero objectives?
19. **Ensure carbon offset policies and regulations** align with the most promising negative emissions opportunities in NL either through influencing Federal policy and programming and/or developing NL-specific frameworks.

Conclusion

NL has the potential to make a substantive contribution in the fight against climate change on a global scale. In this pursuit, the province must be aggressive in addressing its own climate change challenges; it will be more difficult for NL to solidify a leadership position if it is not ambitiously tackling climate change domestically as well.

Pursuing net zero and environmental sustainability in a strategic fashion can yield many positive economic outcomes for the province.

econext is a willing and able partner for NL in this regard. The association has many initiatives ongoing or in development related to the recommendations it makes above. We would welcome the opportunity to engage the provincial government proactively in a dialogue on how we can work together for the benefit of both environment and economy.