

Implementing a Strategic Shift for the Trent-Severn Waterway

Observations and Recommendations by
the Ontario Waterpower Association

Presentation Overview

- ▶ The Ideal State
- ▶ Waterpower Contribution and Potential – A Business Case
- ▶ Key Drivers for Change
- ▶ Challenges and Opportunities
- ▶ Repositioning and Renewal
- ▶ Legislative and Regulatory Reform
- ▶ Governance
- ▶ Transition
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The Ideal State

- ▶ Power Generation is valued - every kilowatt (hour) of existing and potential power counts
- ▶ Water is not wasted but well managed (environment is protected)
- ▶ Infrastructure is safe and well managed
- ▶ TSW is properly resourced with investments tied to revenue streams

Waterpower Contribution and Potential – A Business Case

- ▶ Renewable, reliable energy production on the TSW has been providing social, economic and environmental benefits for more than a century – taxes paid, direct and indirect jobs and the associated economic multiplier effect
- ▶ Waterpower is a significant source of direct, non-tax revenue to the TSW (> \$2Million annually)
- ▶ Improved water management and the realization of new potential could double the contribution of water power
- ▶ Economic benefits of increased waterpower production and development are in the 100's of \$millions

Key Drivers for Change

- ▶ Federal leadership on Climate Change (Turning the Corner, Made in Canada solutions, International negotiations)
- ▶ Federal investment in renewable energy and small hydro (Ecoenergy, Capital tax incentives, NRCan initiatives)
- ▶ Provincial targets for new renewable energy (2,700 MW by 2010, 8,000 MW by 2025)
- ▶ Provincial policy focused on distributed renewable generation (Standard Offer Program)
- ▶ Emergence of dam and public safety as a priority public policy

Challenges and Opportunities

- ▶ Challenge – primacy of navigation
- ▶ Opportunity – rebalance priorities, more sophisticated water and risk management and integrated water resource management results in a win-win scenario
- ▶ Challenge – misalignment of policy and operational objectives
- ▶ Opportunity – specific recognition of the unique attributes of the TSW to create a better functioning system – more efficient and effective for stakeholders and society

Challenges and Opportunities

- ▶ Challenge – deteriorating infrastructure and operation – unfunded liabilities, under resourced operation, missed opportunities
- ▶ Opportunity - strategic investment of resources aligned with federal priorities (e.g. Climate Change), greater renewable power generation where water is not wasted, infrastructure is safe and well managed
- ▶ Challenge – antiquated legislation, regulation
- ▶ Opportunity – revitalized framework using existing building blocks (e.g. Dominion Waterpower Act) represents a tremendous “show case” opportunity for the Federal Government (Environment Canada)

Challenges and Opportunities

- ▶ Challenge – the current operation has a high rate of water wastage and impacts on the ecosystem and risks due to sudden and dramatic changes in water levels and flows
- ▶ Opportunity – more sophisticated water management tools and techniques with a more gradual draw down of water storages will ensure water can be converted to energy and enhance ecosystems . Risks will be better understood and better managed.

Repositioning and Renewal

- ▶ The TSW requires the capacity and competencies to effectively work with the waterpower industry
 - Policy
 - ▶ Water Resource Management
 - ▶ Tenure
 - ▶ Resource valuation
 - ▶ Land Disposition
 - ▶ Dam and Public Safety

Repositioning and Renewal

- ▶ The TSW requires the capacity and competencies to effectively work with the waterpower industry
 - Operations
 - ▶ Resourcing
 - ▶ Modern computerized water management modeling
 - ▶ Effective communications
 - ▶ Infrastructure renewal
- ▶ The waterpower industry has unique expertise to offer to the relationship

Legislative and Regulatory Reform

- ▶ An “Act to Sustain and Improve the Trent Severn Waterway”
- ▶ The Act should incorporate, as its purpose, the objectives of the TSW Review:
 - A model of environmental and economic sustainability
 - A premier system with a balanced set of priorities
 - A world-class destination for recreational boaters and vacationers
 - A case example of federal leadership on clean, renewable water power

Legislative and Regulatory Reform

- ▶ The Act should build upon, but super cede, the current, disparate legislative framework
 - Dominion Waterpower Act
 - Historic Canals Regulations
 - Navigable Waters Protection Act
 - Canada Shipping Act
 - Department of the Environment Act
 - Department of Natural Resources Act
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- ▶ The Act should provide for the investment of dedicated revenue to the areas from which the resources originate

Governance

- ▶ Short-term operational water management decision-making (i.e. control) should rest with the water manager with greater efforts not to waste water
- ▶ Mid-term operational strategies should be informed by representative interests
- ▶ Long term operational objectives should reflect the proposed legislative priorities
- ▶ An adaptive management approach (monitoring, evaluation, adjustment) should be adopted

Governance

- ▶ Establish a Trent Severn Waterway Authority
- ▶ Provide for the creation of an Advisory Board
- ▶ Explicitly recognize the distinct role and interests of those who operate other water management infrastructure on the system
- ▶ Evaluate the potential for a “Canada-Ontario Agreement”

Transition

- ▶ As important as the desired end-state is the path toward it
- ▶ The waterpower industry remains convinced that incremental improvements (i.e. water management) are not only possible, but consistent with the intent of the Panel review
- ▶ The current alignment of public policy objectives provides an immediate opportunity (i.e. spring 2008) to demonstrate success
- ▶ The existing policy and operational structure can be empowered to make change

Transition

- ▶ The Panel recommendations should enable a culture shift
- ▶ Innovation and continuous improvement should be corporate commitments
- ▶ Measures of “success” should be established to reflect the goals of the panel review

Conclusion

- ▶ There is a solid business case for optimizing and expanding the production of waterpower on the TSW
- ▶ While fundamental governance, legislative and policy change is required, improvements can be made in the short term
- ▶ The government of Canada has a unique opportunity to lead by example on the TSW with respect, in particular, to its climate change objectives
- ▶ The waterpower industry has and will continue to work cooperatively with the TSW to manage and develop water resources in the interest of sustainability

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