

The Canadian Solar Thermal Hot Water Industry: Investing in Canadian Communities and Families



Canadian Solar Industries Association (CanSIA) June 2010



Canadian Solar Industries Association (CanSIA)

Who we are:

- National Trade Association representing over 500 solar energy businesses and organizations throughout Canada.
- Represent firms active in Solar Photovoltaic and Solar Thermal segments of the market.

Our mission and strategic objectives:

- Strengthen the Canadian Solar Industry.
- Develop and expand solar markets.
- Remove market barriers.
- Strengthen labour force training and expertise.
- Improve awareness and understanding of solar viability across Canada and internationally.



The Canadian Solar Thermal Hot Water Industry: A Strong Record of Achievement

Many successes to date:

- Over 300 businesses active in the industry ranging from small local businesses to multi-national corporations.
- Annual average growth of over 65% in domestic sales between 2004 and 2008 (compared to 20% globally).
- Annual average growth of over 100% in export sales between 2004 and 2008.
- Growing exports to USA and Europe.
- A labour force with 400 full time positions in 2010.
- \$32 million sales revenue in 2009 (approx. in full value chain)

An Industry at the Crossroads

Short term government investment leads to short term industry investment and unfavourable outcomes

- Withdrawal of government support through closure of ecoENERGY programs puts industry in jeopardy.
- Regulatory stability and strong domestic market required to attract long term investment in Canadian industry.
- Barriers still exist to wide-scale deployment in Canada.
- Need strengthened domestic market to grow exports.

Canadian Economy Benefits from Investment in Solar Thermal Hot Water Industry

Opportunity to be world leader with significant benefits for Canadian Economy:

- Strengthen communities with valuable green jobs across Canada.
- Contribute to innovation and expand skill base.
- Generate domestic and export revenues.

And Canadian Environment:

- Harness an abundant national renewable resource.
- Improve air quality for Canadian communities.
- Reduce greenhouse gas emissions for next generation.
- Enhance Canada's environmental reputation on world stage.

Inaction Will be Costly

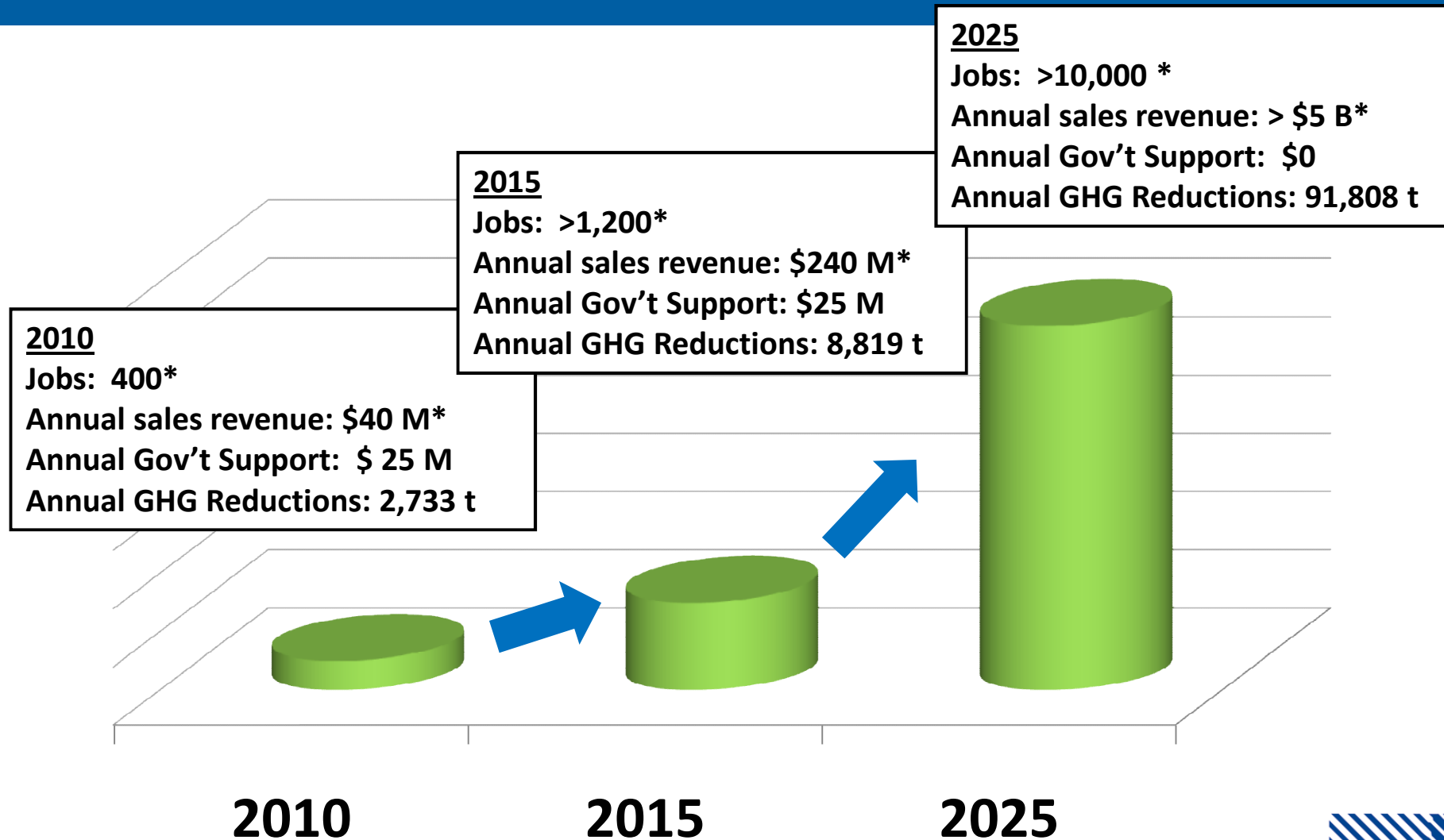
Since the ecoENERGY Retrofit Program Cancellation:

- Major Canadian solar hot water manufacturers and distributors have experienced a 50%+ decline in sales.
- Job losses in the industry have been substantial.

Failure to act now will result in:

- Loss of progress and competitive advantage.
- Further Job losses and business closures in the coming months.
- Lost opportunity for creating future clean-tech jobs.
- Setbacks to deployment of innovative technologies currently under development in Canada.
- Lost opportunity to harness solar thermal as the technology that reduces green house gases at the lowest cost per tonne.

Long Term Commitment to Solar Thermal will Bring Significant Benefits to Canadian Economy.



* Including full value chain (i.e. manufacturing, distribution, service and installation).

What we Need to Succeed

- Continuing investment to create a healthy market structure.
- Stable, and long-term government commitment to increasing contribution of renewable energy to energy-mix.
- Strong stable financial incentive program to accelerate adoption of systems.
- Access to financing for project developers.
- Favourable regulatory environment to remove disincentives and barriers to rapid deployment.
- Access to rapid testing and certification of systems to promote innovation.
- A labour force development strategy that addresses key gaps in training, apprenticeship programs and research and development.
- Public education and awareness to stimulate adoption on a large scale.

Key Principles for a Solar Thermal Road Map for Canada

- 1. Fiscally responsible.**
- 2. Focused on creation of domestic jobs.**
- 3. Innovation to promote new technologies.**
- 4. Grow export markets.**
- 5. Benefit families and small businesses.**
- 6. Support Greenhouse gas emissions reductions.**
- 7. Committed to quality products and installation practices.**

A Solar Thermal Road Map for Canada

Both immediate and ongoing actions are needed to maximize the potential of solar thermal technology:

Immediate:

- Continue government incentive programs to restore market stability and industry investment, and to build momentum and capacity.

Medium to long term:

- Develop a bridging strategy to achieve market sustainability through changes to the regulatory framework.

Immediate Actions

To ensure capacity and momentum is not lost Industry needs:

- Reinstatement/redesign of ecoENERGY.
- Introduction of new residential program for new builds.
- Extension of ecoENERGY for commercial buildings beyond 2011.

Annual Financial Considerations (for duration of 5 years):

<u>Industry</u>	<u>Annual Government Investment</u>
Residential	\$7 million
Commercial	\$14 million
Capacity Development	<u>\$4 million</u>
Total	<u>\$25 million</u>

Medium to Long Term Strategy

Bridging strategy to market sustainability requires:

- Regulatory changes to include Solar and Renewable Energy in National Building Code and Model National Energy Codes.
- Continuation of Financial incentives to enable capacity development.
- Review of Financial Incentives as required.

Return on Investment

Across Canada:

Growth of made-in-Canada business enterprise.

- Create and maintain a new sector of home-grown small and medium business enterprises and green energy jobs in local communities.

Innovation in new technologies.

- Make Canada a leader in clean energy technology.

Clean Energy Supply.

- Help to meet Canada's clean energy targets and climate change objectives.

Next Steps

Restore market stability

- Reinstate or redesign and extend ecoENERGY programs.
 - » CanSIA will meet with NRCan to discuss options and government objectives.
 - » Members will meet with local MPs over the summer to make them fully aware of solar thermal opportunities.
 - » CanSIA will participate in Fall pre-budget consultations.

Plan for market sustainability

Create NRCan Task Force with broad stakeholder participation to review future opportunities such as solar requirements in National Building Code and Model National Energy Codes and other capacity development options.



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