

Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Dear Prime Minister,

We are a group of Canadian cleantech CEOs, entrepreneurs and investors who are deeply committed to realizing the economic and environmental benefits of clean energy, climate action, resource efficiency and clean water through the commercialization of advanced technologies. The COVID-19 crisis is having an unprecedented impact on the Canadian economy and we thank you for the significant actions you have announced to date to help get small businesses through these turbulent times.

Canada's cleantech sector is particularly vulnerable. Many are early-stage companies with massive potential but little, if any, revenue, while many more have already emerged as global leaders and are at a critical phase of expansion requiring access to growth capital. Across the board, cleantech companies tend to be more capital-intensive and export-dependent than other sectors, and they rely heavily on a mix of venture capital, debt financing and non-dilutive grants to finance operations and meet payroll.

Over the past several weeks, customer demand in the sector has slowed dramatically, disrupted supply chains have prevented orders from being filled, and pools of capital have started to dry up, leaving cleantech companies without the cash resources needed to weather the COVID-19 crisis. For companies that rely on manufacturing or R&D in a lab environment, work-from-home and self-isolation policies effectively shut down most activity. Layoffs have already started.

The Government of Canada has been a champion of the cleantech sector with strategic support provided in the form of targeted investments, policies and programs, including through the Business Development Bank of Canada (BDC), Export Development Canada (EDC), Sustainable Development Technology Canada (SDTC), Natural Resources Canada (NRCan), the National Research Council (NRC), Regional Development Agencies and the Strategic Innovation Fund (SIF).

Today, Canadian cleantech companies are playing a critical role in the global transition to a clean economy. Our companies export worldwide into virtually every sector of the economy, from oil and gas, construction, mining and agriculture to power generation, transportation and chemicals. We've attracted billions of dollars in foreign direct investment and created thousands of highly skilled jobs.

But now the sector faces an existential threat, and we need help to avoid losing our highest potential companies and the strong momentum that has been built over the past decade. The climate crisis is not going away. In many ways, COVID-19 and its impact on our healthcare and financial systems is just a taste of what will come if the low-carbon transition is permitted to lose momentum. In the words of Fatih Birol, executive director of the International Energy Agency (IEA), "We should not allow today's crisis to compromise our efforts to tackle the world's inescapable challenge" – climate change.

To help the sector ride out the COVID-19 storm and to sustain momentum around climate action, we collectively ask the federal government to consider the following actions:

1. **Boost Liquidity.** Liquidity is the most important issue facing all cleantech companies, yet access to equity and debt markets is tightening. Existing and new investors may be more willing to step in, but only if government partners are prepared to share the risk.

Critical partners that already understand and work closely with the sector include: BDC, EDC, SDTC, Breakthrough Energy Solutions Canada (BESC), the National Research Council of Canada's Industrial Research Assistance Program (NRC IRAP), the Scientific Research and Experimental Development Tax Incentive (SR&ED) Program, and the Strategic Innovation Fund (SIF).

We recommend expanding, leveraging and adapting the roles of these federal partners/programs by boosting availability of funding, streamlining access to funds, and introducing more flexible payment and use terms, all with an eye to spurring more deal syndication.

Specific, immediate actions that would open access to dilutive (equity) and non-dilutive (debt, grants, incentives) capital include:

- a. **Equity** - Both BDC and EDC should divert more funding to support direct equity investments in cleantech, and urgently syndicate with existing and new investors to leverage more capital sooner;
 - b. **Debt** - BDC, SIF and RDAs should speed up processing of debt transactions, defer interest and principal payments (six to 12 months), remove the requirement for personal guarantees on loans, and convert sub-debt to equity. SIF should be quickly recapitalized and project approvals fast-tracked to stimulate deal syndication;
 - c. **Grants/Tax Credits** - All programs, including SDTC, NRCan, BESC, NRC-IRAP and SR&ED should accelerate processing times, increase the funding amount and percentage of eligible expenses, temporarily remove stacking limits and 10% holdbacks and advance prepayments on project milestones.
2. **Align Industrial Stimulus with Sustainability Goals.** Any planned stimulus for incumbent industries should ensure that Canada's cleantech and climate goals are included as conditions of spending. Sustainable and cleantech procurement policy criteria must be clearly integrated into economic stimulus for large industrial sectors including oil and gas, aviation, construction, transportation, mining, and agriculture. This is consistent with what Fatih Birol of the IEA has been advising as governments work to counter the economic damage caused by coronavirus. "These stimulus packages offer an excellent opportunity to ensure that the essential task of building a secure and sustainable energy future doesn't get lost amid the flurry of immediate priorities."
 3. **Protect Cleantech Workers.** Like other sectors, there will be many layoffs in the cleantech sector, particularly targeted at employees who are unable to work from home. For example, plant operators and lab technicians have no work to do if plants and R&D facilities have been temporarily shut down. We are aligned with recommendations coming from other industries and that have been proposed by the federal government. Measures such as employment insurance for those in self-isolation who are unable to work from home, extending tax-filing deadlines, and charging zero interest on personal tax deficits in 2020 will go a long way to ease the pain being felt by many cleantech workers and those in other sectors.

In closing, we believe the above actions taken swiftly by the federal government will help the Canadian cleantech sector avoid the worst effects of the COVID-19 crisis. With these measures, we can minimize the loss of high-potential companies, save jobs and emerge from this unprecedented slowdown strong and ready to lead the country - and the world - through a clean transition that will benefit all current and future Canadians.

Signed by 200+ CEOs

Cc ECCC, ISED, Deputy PM, NRCan, Finance, Global Affairs