

October 21, 2020

The Right Honourable Justin Trudeau
Prime Minister of Canada

The Honourable Jonathan Wilkinson
Minister of Environment and Climate Change

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of
Finance

The Honourable Seamus O'Regan
Minister of Natural Resources

The Honourable Catherine McKenna
Minister of Infrastructure and Communities

House of Commons
Ottawa, Ontario K1A 0A6

RE: CHFCA Support for the Hydrogen Strategy for Canada

Dear Ministers,

The Canadian Hydrogen and Fuel Cell Association (CHFCA) represents Canada's world leading hydrogen and fuel cell sector. We have over 70 member companies comprising over 2,000 employees in highly skilled jobs and the sector has attracted over \$0.5 billion of investment in the past 2 years -- and is growing. But this is only the tip of the iceberg. Hydrogen energy will benefit millions of Canadians and help scores of industries decarbonize. The Hydrogen Council forecasts the global sector will become a \$2.5 trillion annual market by 2050 to achieve net-zero CO₂ emissions, while the Bank of America cites Bloomberg BNEF forecasting an \$11 trillion infrastructure market over the next 30 years¹. Canada is well positioned to secure a large share of that market due to the world renown strength of our technology companies and energy resources. But over 26 other countries also see the opportunity, so there is urgency to move quickly to maintain our Canadian advantage.

For that reason, the CHFCA, with the support of other leading Canadian industry associations, urges:

1. The prompt release of the Hydrogen Strategy for Canada,
2. That it be backed with significant federal government investment, and
3. That programs to support zero emission vehicles, clean power and zero emissions buildings be clearly articulated to include hydrogen and fuel cell technologies.

¹ <https://www.bofaml.com/en-us/content/esg-research/green-hydrogen-market-importance.html#:~:text=Green%20hydrogen%20could%20provide%20up,annual%20revenues%20of%20%242.5%20trillion.%E2%80%9D>

The Prompt Release of the Strategy is Vital

The federal government’s extensive hydrogen strategy consultation with many sectors and provincial governments led by Natural Resources Canada has generated much excitement. Stakeholders across the country applaud the leadership shown in developing the strategy and there is much anticipation regarding its imminent release. The CHFCA sat in on the consultations and has spoken extensively with stakeholders. Indications are that NRCAN has “gotten it right” and that it measures up to those released by Australia and other countries:

The hydrogen strategies released in Quebec, BC and now Alberta, the pending strategy in the Maritimes, Ontario and growing interest elsewhere show there is broad, pan-Canadian support. The prompt release of the federal Strategy will solidify and align provincial support. This will help unify Canada’s regions and disparate communities. Hydrogen energy will benefit millions of Canadians and Canadian industries, from Alberta oil workers to the Montreal tech industry.

It Must Be Backed with a Meaningful Financial Commitment

An investment of \$1 billion in hydrogen energy, as recommended by the Task Force for Resilient Recovery, would be an excellent start in implementing the Hydrogen Strategy for Canada. It would be in keeping with the Throne Speech promise to, “make Canada the most competitive jurisdiction in the world for clean technology”, and to help these companies, “create jobs and become a world leader in clean technology”. This would also be in line with the significant funding announcements from the EU, the UK, Asia and Australia, plus the recently announced US actions on hydrogen, that make it clear that investment in creation of hydrogen markets will be a big part of their recovery efforts from the effects of the COVID 19 pandemic.

Benefits to Canada

The release of the Strategy backed with meaningful funding will provide the needed signal to Canadian industry that the government is serious about hydrogen energy. That would unlock investment in hydrogen infrastructure, stimulate projects and spur commercial deployment. This will enable decarbonization of challenging sectors, build a vital hydrogen and fuel cell industry and position Canadians and Canadian industry with a strong competitive advantage in a carbon-constrained world.

The member companies of the CHFCA stand ready to support the implementation of the Strategy. We are already gearing up regional branches to assist with project development and coordination; and national sector task forces, such as the Urban Transit Task Force to assist key sectors in the transition to hydrogen energy. We look forward to working with the federal government on the transition to a strong, profitable and inclusive net zero economy to maintain our Canadian advantage.

With my regards,



Mark Kirby
President & CEO

BACKGROUND

The Hydrogen Strategy for Canada – Output from the Consultation Process

- The Strategy will recognize that hydrogen energy is an essential component of achieving the government’s commitment to net-zero 2050; the enormous business opportunity this represents for Canada and the excellent choice it can provide Canadians and Canadian businesses as they work to decarbonize their operations;
- The Strategy will identify practical actions needed to drive commercialization of hydrogen energy, including a national steering committee, regional blueprints, sector transformation task forces and a focus on scale through hydrogen nodes/clusters;
- The Strategy will recommend essential underpinnings, including supportive policies and measures to de-risk investment in hydrogen infrastructure and products by the private sector.

Response to the Strategy

Industry, municipalities, individuals and non-governmental organizations accept that they must decarbonize – and soon. There is growing awareness that renewable hydrogen is a must for countries to meet their climate reduction targets. It is a powerful and, in many cases, will be the only or the best technological option in the decarbonizing efforts. A strong signal from the federal government that it will work to ensure Canadians and Canadian industry have access to low-cost, low-carbon intensity hydrogen, world leading hydrogen products and technology, and that it will address barriers to adoption and export will encourage them to seriously consider hydrogen technologies. This commitment will:

- Lead to international recognition of Canadian leadership;
- Stimulate investment in Canadian technology companies;
- Generate support for development/demonstration projects;
- Continue the growth of skilled jobs in the sector and opportunity for the transition of skilled workers from other sectors;
- Increase support for Canada’s GHG mitigation targets among the public in all regions of the country as they become aware that practical, inclusive, cost effective solutions exist;
- Begin the process of commercialization in time to meet our national targets and maintain our leadership;
- Alleviate stress in the national energy discussion since all geographical regions of the country are aligned on hydrogen and are working on a path forward.

Financial and Policy Backing Needed

The release of the Hydrogen Strategy for Canada is a critical step to mobilize activity for hydrogen energy, but it must be backed with concrete policy and funding to demonstrate the government’s commitment and to unlock private capital:

1. On the policy front, the price on carbon, implementation of the Clean Fuel Standard without delay, clean building standards and policy in support of zero emission vehicles including Fuel Cell Electric Vehicles (FCEV’s) are critical to signal that the timely transition to net zero is a priority and not option.

2. Investments in clean fuels, clean power and CO₂ mitigation (storage, management), including hydrogen production and distribution should be supported through favorable tax treatment as recommended by Canada Cleantech Alliance.

3. Direct funding for hydrogen energy in the amount of \$1 billion over 5 years is recommended by the Task Force for a Resilient Recovery. The CHFCA supports this amount as a minimum, but emphasizes:
 - a. It must be on top of broader funding support initiatives that can include hydrogen. E.g.: Clean Fuel Standard credits; Infrastructure Canada support for ZEV & clean buildings.
 - b. Major infrastructure projects to support hydrogen export to urban centres or overseas markets will require additional federal support

4. The Canadian Infrastructure Bank Growth Plan should be clearly articulated to encourage and support hydrogen energy:
 - a. Light and heavy duty hydrogen FCEV's and hydrogen fueling infrastructure qualify for the \$1.5 billion zero emission vehicle program;
 - b. Power to gas; gas blending and hydrogen storage qualify for the \$2.5 billion Clean Power program;
 - c. Gaseous hydrogen heating and hydrogen blending qualify for the \$2.5 billion Energy Efficient Building Retrofits program.



Cc:

The Honourable Dominic LeBlanc, Minister of Intergovernmental Affairs

The Honourable Minister Navdeep Bains, Minister of Industry, Science & Economic Development

The Honourable Mona Fortier, Minister of Middle-Class Prosperity and Associate Minister of Finance

The Honourable Mary Ng, Minister of International Trade

The Honourable François-Philippe Champagne, Minister of Global Affairs

Treasury Board President Jean-Yves Duclos

The Honourable James Carr

Canada Infrastructure Bank Chair Michael Sabia

Clerk of the Privy Council Ian Shugart

Deputy Clerk Christyne Tremblay

Deputy Minister of ECCC Christine Horgan

Deputy Minister of NRCan Jean-François Tremblay

Associate Deputy Minister of NRCan Shawn Tupper

Alberta: Honourable Sonya Savage, Minister of Energy

British Columbia: Honourable Bruce Ralston, Minister of Energy, Mines and Petroleum Resources

Ontario: Honourable Greg Rickford, Minister of Energy, Northern Development and Mines; Minister of Indigenous Affairs

Quebec: Honourable Jonatan Julien, Minister of Energy and Natural Resources

Manitoba: Neil Cunningham, Director, Climate Change & Energy Branch

Saskatchewan: Honourable Bronwyn Eyre, Minister of Energy and Natural Resources

New Brunswick: Honourable Mike Holland, Minister of Natural Resources and Energy Development

Nova Scotia: Honourable Derek Mombourquette, Minister of Energy and Mines