CHAMBRE DE COMMERCE
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BOARD OF TRADE OF METROPOLITAN MONTREAL

Recommendations of the Board of Trade of Metropolitan Montreal as part of consultations of the Commission sur les enjeux énergétiques du Québec

September 2013

Preamble

The Board of Trade of Metropolitan Montreal is made up of some 7,000 members. Its mission is to represent the interests of the business community of Greater Montréal and to provide individuals, merchants and businesses of all sizes with a range of specialized services to help them achieve their full potential in terms of innovation, productivity and competitiveness. The Board of Trade is Quebec's leading private economic development organization.

Background

The Government of Quebec created the Commission sur les enjeux énergétiques du Québec (commission on Quebec's energy issues) to stimulate discussion with a view to tabling a new energy policy in 2014. This commission, which will travel across Quebec, is strategically important for economic development in Quebec and the Greater Montréal area, against an international backdrop where energy takes centre stage. Whether we are talking about the revolution in unconventional hydrocarbons, the fight against climate change or the potential of green technology, the industry is changing, and we need to take full advantage of the opportunities that arise.

The Board of Trade has studied the industry's issues. This brief, submitted to the Commission sur les enjeux énergétiques du Québec by its president and CEO, presents the Board of Trade's recommendations.

Introduction

Since the launch of large-scale hydroelectric dam projects in James Bay, Quebec has become an energy powerhouse within North America. Expertise developed in a variety of sectors has helped create a rich and diverse entrepreneurial ecosystem. Quebec also has some of the largest engineering firms in the world.

In April 2012, the Board of Trade of Metropolitan Montreal published a study entitled *Natural Resources: Leverage for the City's Growth*. The study revealed that there are significant economic benefits to be derived from the natural resources industry over the next 25 years. The mining, energy, forestry and aluminum sectors will help create or maintain close to 15,000 jobs and generate estimated economic spinoffs of $52 billion during the same period.[1]

For the energy sector alone, our study put spinoffs for Greater Montréal at over $16.2 billion, with more than 5,000 jobs created or maintained over the next 25 years. These spinoffs take into account only Hydro-Québec projects located north of the 49th parallel and are based on projections from the old *Plan Nord* and Hydro-Québec's *Strategic Plan 2009-2013*, in which the government corporation indicated its intention to add 8,000 MW to its generating fleet and make investments of $56.5 billion by 2035.

The Board of Trade's study also pointed to two realities that are too often ignored when addressing the issue of natural resources, and, therefore, energy.

- While the metropolitan area has made the shift to the knowledge economy, our study showed that, far from being poles apart, the knowledge economy and the natural resources economy are often interdependent. Major projects in natural resources require the involvement of engineering firms, professional services, suppliers, users and highly qualified labour, the products of a dynamic knowledge economy in the metropolitan area.

- The corollary of this interdependence between the two types of economies is interdependence between the economic development of resource regions and the metropolitan area. The city draws tremendous benefit from the vitality of major energy production sites, even though they are far away, by virtue of its head offices, network of suppliers, institutions of learning, and so on. The development of resource regions goes hand in hand with the city's development.

Furthermore, in spite of many assets that contributed to the metropolitan area's resilience during the recent economic crisis, the city is struggling in its role as an economic driver of Quebec. In a modern economy strongly focused on high-value-added services, it is aberrant and frankly unacceptable that a metropolitan area have an unemployment rate higher than in its area of influence, particularly given that this situation has endured for a number of years.

[1] The Board of Trade of Metropolitan Montreal, *Natural Resources: Leverage for the City's Growth*, Montréal, April 2012.

It is important to understand that a properly balanced energy policy can play a significant role in the metropolitan area's development, for example, by consolidating the activities of head offices, private and public research and development centres, major academic institutions and engineering and professional services firms.

To effectively play its role as leverage for our economic base, an energy policy must respect three major principles.

- The policy should be pragmatic. It is fine to have ambitious objectives for renewable energy and energy efficiency, but we cannot ignore certain realities, i.e., that fossil fuels will need to be used for many years to come. In fact, a well-integrated energy industry is needed to ensure safe supply at a competitive rate for Quebec businesses that use fossil fuels as inputs.

- To achieve the full leverage effect of this policy, we need to diversify our energy portfolio. Diversification will allow us to offer a broader range of options to consumers and help build our energy independence.

- Finally, the energy policy needs to be aligned with other major government policies, whether its greenhouse gas emissions reduction policy or its industrial policy.

Following these broad principles will allow Quebec to consolidate its prominent position in the energy sector, while offering significant opportunities for economic development. The metropolitan area, with its assets and strong potential for innovation, will play a leading role in this effort.

1. Showing pragmatism in developing an energy policy

In spite of energy efficiency initiatives, global demand for energy could double by 2050, the result of population growth, urbanization, economic development and mobility needs.[2] Furthermore, fossil fuels will not be depleted tomorrow, particularly given the revolution in unconventional hydrocarbons, notably in the United States.[3] While Quebec remains one of the world's largest producers of hydroelectricity, we still depend on hydrocarbons for over 50% of our energy needs.[4]

While energy savings are possible and desirable through a variety of measures, including energy efficiency measures and the electrification of transportation, we cannot bury our heads in the sand. The transport of merchandise, aviation and a number of industrial sectors cannot be electrified at this time, indeed probably not for a long time.

1. The Board of Trade encourages the government to pursue the development of our production capacity for renewable energy. However, we must not impose objectives that could compromise our attractiveness to users with a range of needs.

A pragmatic policy requires conclusive information and data. Rigorous data on the costs and benefits of each sector are needed. It is important to take into account not only production costs, but also transportation costs, economic impact and the attractiveness of certain industrial sectors, as well as environmental externalities. This data should be made public, provided that

[2] World Energy Council, *2013 World Energy Issues Monitor*, London, 2013.
[3] International Energy Agency, *World Energy Outlook 2012*, Paris, 2012.
[4] Government of Quebec, *De la réduction des gaz à effet de serre à l'indépendance énergétique du Québec*, consultation paper, Commission sur les enjeux énergétiques du Québec, 2013.

confidentiality is protected whenever necessary. This information will enable more informed choices about the best source of energy for each type of use.

2. We ask the government to institute a rigorous information system that allows for a thorough cost-benefit analysis of each energy sector.

The government has announced that it will lift the freeze on heritage pool rates beginning in 2014. For the time being, this indexing affects only consumers, but we can expect that the government will eventually increase electricity rates for its industrial client base. A number of arguments have been made in favour of this sort of increase, in particular that it will help better reflect production costs, encourage more rational use of the resource and increase government revenues. We believe that the government's energy policy should stipulate that no major increase in electricity rates will be imposed on industrial users and that any eventual increase will be accompanied by mitigation measures to protect our economic base in the sectors most sensitive to energy costs.[5]

3. The Board of Trade asks the government to stipulate that no sudden major increase in electricity rates will be imposed on industrial users. Any eventual increase should be accompanied by mitigation measures to protect our economic base in the sectors most sensitive to energy costs.

Finally, the fundamental pragmatism of the energy policy must be accompanied by a diversification of our energy portfolio so that the most suitable options are available to energy users in Quebec.

2. Promote the diversity of Quebec's energy portfolio

Québec has a great deal of expertise in hydroelectricity, with 35,000 MW of installed capacity. This important legacy should be fully exploited, but we also need to explore new ways of securing our supply through greater energy independence. Diversification will offer optimal conditions to industrial investors and create wealth by reducing imports and opening the door to potential export markets. We must not forget that in 2012, of a total trade deficit of $20.8 billion, oil imports represented over $13.7 billion. The stakes are high.

- **Hydroelectricity**

As mentioned above, Quebec's leading role in the production of hydroelectricity is an asset worth protecting. The current surplus situation should not discourage potentially profitable investments. After the construction of major dams in James Bay, Quebec found itself with surpluses and was therefore able to attract major industries, such as aluminum smelters, with competitive energy prices. The current surpluses could be used to attract new businesses, for example, computer server farms. In recent months, the construction of this sort of infrastructure was announced in the metropolitan area. We have only to think of OVH, a French data hosting company that will open its doors shortly in Beauharnois, or Ericsson, which in June 2013 announced an investment of $1.2 billion for the construction of a research centre in Vaudreuil-Dorion.

This decision must obviously take into account the revolution in shale gas south of the border and its recessionary impact on the cost of electricity generated using natural gas. However, many

[5] Such attenuation measures for consumers were proposed by Jean-François Lisée, the current Minister of International Relations, La Francophonie and External Trade, in his book *Comment mettre la droite K.-O. en 15 arguments* (Stanké, Montréal, 2012). Like consumers, business should benefit from attenuation measures for a rate increase.

specialists agree that the demand for natural gas in the United States will inevitably drive up the price of gas within the next 20 years, re-establishing better prospects for exports of Quebec electricity.[6]

Finally, obviously it is vital to consolidate current and potential export markets. To this end, we need to pay more attention to maintaining smooth business relationships with our closest neighbours in the United States and Canada. Quebec will always need stable export markets served by reliable, efficient distribution networks, like the new Champlain-Hudson line that will serve New York City.

4. In spite of the current surplus, the Board of Trade encourages the government to continue to develop our hydroelectric potential to position Québec for when the price of natural gas rises in the United States and prospects for exports improve.

As noted above, taking advantage of low energy costs will help Quebec attract major industrial users, who will in turn help develop our economic base. The best example of this is the aluminum sector, which contributed to the development of a number of regions, including the metropolitan area, thanks to a dynamic value chain. We benefited as a society, in addition to witnessing the emergence of service and equipment firms that are active on the international scene.

However, we must recognize that international competition is growing stronger when it comes to energy costs for major industries. For example, the world's largest aluminum smelter, currently under construction, the Ma'aden project in association with Alcoa in Saudi Arabia, will enjoy very low-cost electricity produced using Saudi hydrocarbons. Closer to home, many American states are taking advantage of the revolution in shale gas to produce low-cost electricity that is increasingly competitive for major industrial users.

We must remain vigilant and implement a strategy that allows us to exploit the available surplus and differentiate ourselves through our clean electricity. In fact, Quebec should help develop a "renewable energy" certification, similar to the Forest Stewardship Council (FSC) certification in the forestry sector.

5. The Board of Trade encourages the government to analyze our competitive position with respect to the cost of electricity for major industrial users and to study the possibility of implementing an environmental certification for products manufactured using renewable energy.

While the metropolitan area is obviously not a major producer of hydroelectricity,[7] it benefits from the presence of Hydro-Québec's head office. We need to remember that the government corporation spent around $1.7 billion on goods and services in the metropolitan area in 2010. This is around 61% of the company's total spending. Of this, $337 million was spent on professional services.[8] The Government of Quebec's energy policy must, in this respect, recognize and encourage the base-building role that Hydro-Québec plays in the economy of Quebec's largest city.

[6] François Normand, "Les exportations d'électricité aux États-Unis redeviendront plus rentables," *Les Affaires*, August 17, 2013, p. 7.
[7] Beauharnois Generating Station (1,900 MW) and Les Cèdres Generating Station (103 MW).
[8] The Board of Trade of Metropolitan Montreal, *National Resources: Leverage for the City's Growth*, April 2012.

- **Natural gas**

While Quebec is not a producer of natural gas, the sector is still one of the pillars of our energy offer. Natural gas is a major asset as a replacement energy for fuel oil, which produces much higher emissions. As noted above, certain sectors simply cannot use electricity in their industrial processes for a variety of reasons, notably because of the thermal load needed or power requirements. As such, it is important to continue to have available a stable, predictable and competitive supply of natural gas, a significant part of our energy portfolio.

A concrete example of the importance of this energy source for our attractiveness is the urea plant in Bécancour, a project developed by the Indian Farmers Fertiliser Cooperative (IFFCO) and the Coop fédérée. This investment, valued at over $1 billion, would not have been possible without a sufficient supply of natural gas. The industrial process requires tremendous heat production, making the use of electricity impossible.

6. The Board of Trade asks the government to ensure that we have a stable, predictable and competitive supply of natural gas, in particular by supporting Gaz Métro as it expands its distribution network.

The natural gas distributed in Quebec comes mainly from Western Canada and the United States. TransCanada PipeLines (TCPL) is currently studying the possibility of transforming its gas pipeline, the source of the majority of the natural gas distributed in Quebec, into an oil pipeline to transport Canadian oil to New Brunswick. While it is not our role to comment on the advisability of such a business decision, the potential consequences of this change need to be recognized.

If TCPL's plans were to go ahead, it could create upward pressure on the price of natural gas, and industrial clients in Quebec could see their rates increase substantially – from 10% to 20%, according to Gaz Métro. As such, there are grounds for evaluating the suitability of supporting other natural gas supply plans for the Gaz Métro network in Quebec.

In addition to this consultation on Quebec's energy issues, Bureau d'audiences publiques sur l'environnement (BAPE) hearings on shale gas exploration and exploitation will take place shortly. If the BAPE concludes that exploitation can be done safely and sustainably, we encourage the government to develop this potential to contribute to our energy independence.

7. If the BAPE concludes that the exploitation of shale gas in Quebec can be done safely and sustainably, we encourage the government to go ahead and develop this potential, which will contribute to our energy independence.

Since the metropolitan area is a major hub for transportation and logistics, the gains resulting from the conversion of diesel to natural gas could be considerable. Estimates are that trucks using natural gas emit 25% less greenhouse gas than trucks using diesel. Gaz Métro is currently developing the "Blue Road" project, in partnership with Robert Transport and the Coop fédérée. Three private liquefied natural gas refuelling sites currently connect the A-20 to the A-401 in Ontario, a high-traffic corridor for the trucking industry. Five public refuelling sites will be built by 2014-2015. The Board of Trade supports this initiative.

8. The Board of Trade encourages the government to support the efforts of Gaz Métro and its partners in implementing the "Blue Road."

Like Hydro-Québec, Gaz Métro has its head office in the city. The company has over 1,300 employees in the metropolitan area, 800 of them at its head office in the Mercier–Hochelaga-Maisonneuve borough, making it one of the largest employers on the eastern end of the island. The head office thus contributes to wealth creation in the metropolitan area and the consolidation of the economic fabric of a part of the city that has suffered major losses in recent decades.

- **Petroleum products**

Two petroleum product transportation projects are currently attracting attention in Quebec: the reversal of Enbridge's Line 9B and the transformation of part of TCPL's gas pipeline. We would like to reiterate the principle of pragmatism, which means recognizing that petroleum products will remain part of Quebec's energy landscape for many years to come. No matter what decisions are made in these two matters, we will continue to use, and therefore transport, oil within our territory. We believe it is a more considered approach to benefit from the leverage effect of more limited dependence on foreign oil than to continue to import resources and increase our trade deficit. There is no such thing as zero risk, but of course petroleum product transportation projects must be subject to stringent measures for maintaining pipelines and extremely rigorous intervention measures in the event of a leak.

These oil pipeline projects open the door to major potential for economic development for Quebec, and more particularly for Eastern Montréal. A stable oil supply at more competitive rates than those for oil we currently import from North Africa and the North Sea would increase the competitiveness of our refineries and the many suppliers and users. The Port of Montréal would also benefit from a consolidation and revival of industrial activities in Eastern Montréal. However, these projects should not threaten our natural gas supply, an important energy source for many industrial clients.

We cannot forget that almost 70% of companies in Quebec's chemical and petrochemical sector are found in the metropolitan area. In recent decades, the sector was hit by business closings, in particular the shutdown of the Shell refinery in 2010 (550 direct jobs lost and 3,500 indirect jobs affected) and that of Pétromont in Varennes in 2008 (300 direct jobs lost).

The only refinery in Eastern Montréal, Suncor, supplies a complex ecosystem of 48 petrochemical companies that employ 3,610 workers.[9] The polyester chain, which is unique in North America and includes Suncor, ParaChem, CEPSA and Selenis, would benefit from more economical supply, which could lead to productivity gains. The metropolitan area cannot afford not to be connected to the main supply networks.

9. The Board of Trade asks the government to support Enbridge's Line 9B reversal project to consolidate our refining activities, particularly in Eastern Montréal, and revitalize the ecosystem of upstream and downstream suppliers and users in the value chain. The Board of Trade further recommends that the government support any other project to secure our supply of oil, as well as of natural gas.

Furthermore, while exploration is at a nascent stage, Quebec may have major oil deposits. According to preliminary data, the Gaspé could have over 400 million barrels, the Quebec portion of the Old Harry deposit, 7 billion barrels and Anticosti Island, 46 billion barrels.[10]

[9] Jean-François Minardi, "The Economic Benefits of Pipeline Projects to Eastern Canada," *Economic note*, Montreal Economic Institute, September 2013.
[10] Jean-Benoît Nadeau and Pierre Duhamel, "Le pétrole en 22 questions," *L'Actualité*, March 28, 2013.

While Quebec's oil potential cannot be compared with that of Alberta or Norway, it is nonetheless a unique opportunity for reducing our trade deficit, which, we should remember, was fuelled by oil imports of some $14 billion in 2012, representing around 70% of our total trade deficit.

Given the short- and long-term importance of Quebec's oil sector, as well as its strong potential, the Board of Trade believes that the energy policy must pay greater attention to the implementation of an optimal energy portfolio.

10. If Quebec's oil deposits turn out to be profitable for exploitation, we encourage the government to allow and promote the development of this sector to reduce our trade deficit and supply local refineries with Quebec oil. The oil royalties could be put toward the Generations Fund, like Alaska with its Permanent Fund and Norway with its Government Pension Fund.

- **Energy efficiency**

It has been said that the best energy is energy we do not consume. According to the International Energy Agency, two thirds of the economic potential that energy efficiency offers will not be exploited by 2035.[11] Efficient energy consumption generates major savings, which can be channeled to increase business productivity. It is also a sector that is essential to achieving objectives for reductions in greenhouse gas emissions. Unfortunately, in recent years, a number of energy efficiency programs were discontinued, temporarily resurrected or modified. Plus, a number of programs have overly stringent eligibility criteria, discouraging companies from investing time and money in them.

11. The Board of Trade encourages the government to pursue its awareness-raising efforts about the economic benefits of energy efficiency. We also recommend that energy efficiency programs be maintained, that they be stable and predictable and that they be easy for targeted companies to implement.

It would also be to Quebec's benefit to overcome the taboo on the negative effects of low electricity rates on consumption in Quebec. Keeping rates abnormally low discourages energy savings and distorts analyses of the return on investment of energy savings. This rate policy leads to wasting renewable energy in Quebec, when the kilowatt-hours could be exported to other markets, replacing electricity produced using more polluting forms of energy. A better price signal could make Quebecers more aware of the advantages of energy savings and help reduce greenhouse gas emissions. But, as mentioned above, a new rate strategy should be gradual, predictable and accompanied by attenuation measures.

In addition to energy savings and the importance for the environment, energy efficiency also makes it possible to develop new green technologies, advancing expertise that is in demand around the world. In this area, Quebec already has a large basin of entrepreneurs that offer innovative products, many of which are grouped in the Ecotech Quebec cluster. In August, the cluster received a grant of over $700,000 from the federal government to promote connections between industrial sectors and green technology companies.

12. We encourage governments to continue their financial aid to the Ecotech Quebec cluster so that it can pursue and even intensify the mobilization of companies in the green technology sector to encourage the dissemination, commercialization and export of innovations in the field.

- **Wind energy**

Many stakeholders criticized the decision to issue a new invitation to tender for 800 MW in wind energy, arguing that wind energy is too expensive and does not offer interesting spinoffs when there is a surplus. As noted above, it is difficult, even impossible, in the current environment to perform a cost-benefit analysis using a variety factors, including regional economic development, for the different energy production sectors.

As with hydroelectricity, it is ill-advised to base decisions on a cyclical surplus. Furthermore, wind energy could be a promising avenue for energy generation for mining projects in Northern Quebec, thereby reducing the use of diesel and fuel oil.

13. The Board of Trade encourages the government to pursue the development of a wind energy sector based on a rigorous medium- and long-term cost-benefit analysis. The

[11] International Energy Agency, *World Energy Outlook 2012*, Paris, 2012.

benefits of wind energy should be analyzed taking into account the impact of additional investments on the average cost of producing electricity in Quebec.

- **Emerging sectors**

There are a number of emerging sectors that may be interesting options for our energy supply. Whether through forest biomass, biomethanization, underwater generators, tidal and wave technologies or pyrolysis, there is significant potential for innovation. These sectors could help reduce greenhouse gas emissions and improve our energy efficiency performance.

14. The Board of Trade recommends that the government conduct cost-benefit analyses of emerging energy production sectors and support technologies that offer the most potential.

The metropolitan area, by relying on its major concentration of innovative, creative industries, can play a driving role in research and development for emerging sectors. Montréal's many universities and their research centres, such as the new Trottier Energy Institute at the École Polytechnique de Montréal, along with government research centres, such as the Institut de recherche d'Hydro-Québec (IREQ) and the National Research Council of Canada's (NRC) industrial materials research facilities, make the city a nerve centre for developing new energy technologies. The private sector is also a major player in technological advances. The metropolitan area is the Canadian leader in venture capital in large part due to the private capital invested in clean technologies and emerging energy, representing the largest share of investments of this type in the city.[12]

15. The Board of Trade recommends that the government support the research and development efforts of universities and public institutions and that it create an environment conducive to private research into emerging energy sectors.

3. Align the energy policy with different government policies and strategies

While the principle of pragmatism in an energy policy necessarily leads to diversification of our energy supply, we must also be sure to standardize this policy with other government policies and strategies that have an impact on economic development.

The energy policy must therefore be part of a broader portfolio of government policies and strategies. Their standardization is essential so that the different objectives can be achieved.

Choices that will be made with respect to an energy policy will have a major impact on our industrial fabric, priorities in terms of mobility, greenhouse gas reduction objectives, the development of natural resources and strategies for innovation and exports.

One of the best illustrations of the need for standardization is the upcoming adoption of the industrial policy and the sustainable mobility policy. These policies place a great deal of emphasis on the electrification of transportation. The two new policies have been developed using recognized principles of sustainable development and should distinguish us, while helping achieve our objectives for reducing greenhouse gas emissions. Quebec is already recognized worldwide for its expertise in electricity. A transportation electrification initiative would promote, in addition to the consumption of locally produced energy, the consolidation of our industrial base and the development of new expertise.

[12] Peter Hadekel, "Montreal leads Canada in venture capital funding," *The Gazette*, September 4, 2013, p. A17.

The electrification of transportation networks will require major public investment, in particular for public transit. The demographic concentration and the intensity of the metropolitan area's public transit network make it the perfect place to invest in the electrification of public transit infrastructures.

Local processing of mineral resources is another example of the importance of standardizing policies. The industrial policy and the new *Mining Act* address plans for local processing of natural resources. As we indicated in our study on metals processing and its impact on the metropolitan area, it is ill-advised to try to impose uniform local processing targets without taking into account the specifics of each sector.[13] However, this study identified major processing potential in the lithium sector, lithium being an essential component of batteries for electric vehicles.

In short, a *Mining Act* that does not discourage investments, an industrial policy that offers incentives to investors, a mobility policy that encourages the electrification of transportation and an energy policy that showcases our expertise in electricity could contribute to the development of a new and promising industrial sector in lithium battery manufacturing.

16. The Board of Trade recommends that the government adopt an integrated approach so that the energy policy sets out the relationships between its objectives and those pursued by other government policies and strategies that have an impact on economic development.

Finally, the many projects under way and those that will be developed over the years will put pressure on the availability of qualified labour. In our study on natural resources, the businesses surveyed, whether in the mining sector or the energy, forestry or aluminium sectors, all said that the issue of labour was one of their main challenges for the coming years.[14]

The energy policy should therefore reflect this challenge and be aligned with a labour development strategy to meet industry needs. In this, the metropolitan area can play a leading role, whether through its universities or specialized training centres, like Collège de Maisonneuve's Institut des procédés industriels and Gaz Métro's École de technologie gazière in Boucherville.

17. The Board of Trade recommends that the energy policy propose measures to respond to the challenge of the supply of qualified labour and encourage training programs that meet the needs of industry.

Conclusion

In recent years, the world energy environment has undergone profound change, in particular resulting from the revolution in unconventional hydrocarbons. The economic growth of emerging countries, massive urbanization and mobility needs are helping increase demand. On the flip side of the coin, greenhouse gas emissions from human activity are growing and could have serious consequences for global warming. This dilemma has placed the energy sector at the centre of the world's major issues.

[13] Board of Trade of Metropolitan Montreal, *Metal Processing and Greater Montréal: A Sustainable and Promising Alliance*, Montréal, February 2013.
[14] Board of Trade of Metropolitan Montreal, *Natural Resources: Leverage for the City's Growth*, April 2012.

As a major producer and user of energy, Quebec cannot ignore this new environment. The business community recognizes its collective responsibility in this respect. This is why the Board of Trade of Metropolitan Montreal supports the government's intention to adopt a new energy policy.

This new policy should provide an optimal response to issues that have a significant impact on our economic future. To accomplish this, the Board of Trade proposes basing the policy on three major principles:

- First, we have to be pragmatic in establishing our objectives. Vision has its place; it helps us progress and innovate. But we cannot ignore certain realities, such as the role of fossil fuels, which will be part of the energy supply for many years to come.

- Second, to offer an attractive business environment for the largest number of industrial users, we believe it is essential to diversify our energy portfolio.

- Third, the government should closely tie the new energy policy to other government policies and strategies that will have an impact on economic development, and provide the refereeing that this requires.

As we have demonstrated throughout this brief, Greater Montréal, as the economic driver of Quebec, has many assets that allow it to play a leading role in implementing the forthcoming energy policy. We would like the government to acknowledge the driving role of the city and its business community.

THE BOARD OF TRADE'S RECOMMENDATIONS TO THE COMMISSION SUR LES ENJEUX ÉNERGÉTIQUES DU QUÉBEC

1. The Board of Trade encourages the government to pursue the development of our production capacity for renewable energy. However, we must not impose objectives that could compromise our attractiveness to users with a range of needs.

2. We ask the government to institute a rigorous information system that allows for a thorough cost-benefit analysis of each energy sector.

3. The Board of Trade asks the government to stipulate that no sudden major increase in electricity rates will be imposed on industrial users. Any eventual increase should be accompanied by mitigation measures to protect our economic base in the sectors most sensitive to energy costs.

4. In spite of the current surplus, the Board of Trade encourages the government to continue to develop our hydroelectric potential to position Quebec for when the price of natural gas rises in the United States and prospects for exports improve.

5. The Board of Trade encourages the government to analyze our competitive position with respect to the cost of electricity for major industrial users and to study the possibility of implementing an environmental certification for products manufactured using renewable energy.

6. The Board of Trade asks the government to ensure that we have a stable, predictable and competitive supply of natural gas, in particular by supporting Gaz Métro as it expands its distribution network.

7. If the BAPE concludes that the exploitation of shale gas in Quebec can be done safely and sustainably, we encourage the government to go ahead and develop this potential, which will contribute to our energy independence.

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12. We encourage governments to continue their financial aid to the Ecotech Quebec cluster so that it can pursue and even intensify the mobilization of companies in the green technology sector, and to encourage the dissemination, commercialization and export of innovations in the field.

13. The Board of Trade encourages the government to pursue the development of a wind energy sector based on a rigorous medium- and long-term cost-benefit analysis. The benefits of wind energy should be analyzed taking into account the impact of additional investments on the average cost of producing electricity in Quebec.

14. The Board of Trade recommends that the government conduct cost-benefit analyses of emerging energy production sectors and support technologies that offer the most potential.

15. The Board of Trade recommends that the government support the research and development efforts of universities and public institutions and that it create an environment conducive to private research into emerging energy sectors.

16. The Board of Trade recommends that the government adopt an integrated approach so that the energy policy sets out the relationships between its objectives and those pursued by other government policies and strategies that have an impact on economic development.

17. The Board of Trade recommends that the energy policy propose measures to respond to the challenge of the supply of qualified labour and encourage training programs that meet the needs of industry.