FRUIT & VEGETABLE GROWERS OF CANADA | PRODUCTEURS DE FRUITS ET LÉGUMES DU CANADA

Environment and Climate Change Canada
Public Information Centre
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Gatineau, Quebec K1A 0H3
Email: enviroinfo@ec.gc.ca

Subject: FVGC Submission on Clean Electricity Regulations Public Update

Dear Environment and Climate Change Canada,

On behalf of the Fruit and Vegetable Growers Coalition (FVGC), I would like to express our appreciation for the opportunity to engage in the consultation process for the Clean Electricity Regulations (CER). FVGC is committed to promoting sustainable agricultural practices and recognizes the importance of transitioning to clean energy as a pivotal element in combating climate change. Our response aims to highlight specific areas within the proposed regulations that are of significant concern to our members and offer constructive feedback to ensure the regulations support the unique needs of the agricultural sector.

As a leading advocate for Canada's horticulture sector, FVGC is dedicated to advancing the interests of our growers, who are instrumental in producing a diverse array of crops that form a vital part of Canada's agricultural landscape. Our association, representing over 14,000 farms that contribute significantly to the nation's economy with a farm gate value of $6.8 billion in 2022, is deeply committed to sustainable agricultural practices. We understand the importance of transitioning to clean energy as a critical measure in combating climate change and ensuring the longevity and prosperity of our industry.

We must emphasize a significant challenge confronting our growers: the impact of the carbon tax. This financial burden, while aimed at encouraging environmental responsibility, inadvertently places a strain on our members' ability to invest in necessary innovations and improvements. The capital that could be directed towards enhancing sustainability and efficiency is instead being collected by the federal government, and allocated/re-invested in projects (e.g., public infrastructure) that do not directly benefit farmers across Canada- the expected return of proceeds to farmers , as committed by the government in Budget 2021, has not been fully realized, further exacerbating the financial challenges faced by our growers. This creates a disparity between the intent of the tax and its actual implications for the agricultural sector.

With these considerations in mind, our submission aims to articulate the specific concerns of the horticulture sector regarding the proposed Clean Electricity Regulations and to offer constructive feedback that aligns with the unique needs and realities of our industry. We are committed to engaging

in a meaningful dialogue to ensure that the regulations not only advance our shared environmental goals but also support the economic viability and growth of the agricultural sector.

The Vital Role of Cogeneration in Greenhouses

Stakeholders from multiple industries have expressed concerns that the performance requirements in the proposed regulations could be challenging for most existing cogeneration, or combined heat and power (CHP) facilities, to meet. There is worry that these facilities might choose to discontinue exporting electricity to the grid to avoid being subject to these stringent requirements. Such a decision would have significant implications, as cogeneration plays a crucial role in the energy generation mix, supporting not just energy supply but also the agricultural sector, particularly greenhouses.

In greenhouses, cogeneration systems are essential for several reasons. They provide CO2 enrichment, a byproduct of cogeneration, which is vital for plant photosynthesis, leading to better growth and higher yields. These systems also offer energy efficiency by generating both electricity and heat from a single fuel source, with the heat used to maintain optimal greenhouse temperatures and the electricity to power various operations. This operational self-sufficiency reduces reliance on external energy sources, offering greater control and stability. Furthermore, the economic benefits of cogeneration, such as the ability to sell excess electricity back to the grid, create an additional revenue stream for greenhouse operators while contributing to energy market stability.

The concerns highlight the need for regulatory frameworks that acknowledge and support the multifaceted benefits of cogeneration, ensuring that these systems can continue to operate effectively and sustainably, supporting both the energy and agricultural sectors.

We recommend a food-first federal enabling policy and supportive legislative agenda for the establishment of efficient, on-farm energy assets, such as cogeneration, that can also provide key benefits to improving the supply and demand resiliency in regions with constrained electrical capacity or future demand that threatens to outstrip forecasted supply. FVGC would emphasize that mechanism(s) need to be tailored for greenhouse growers.

Flexibility in Regulation

The proposed flexibility in regulation, characterized by unit-specific annual emissions limits and the potential for emissions limits pooling, offers several benefits for the agricultural sector, particularly for greenhouses. This approach allows for tailored energy management, where each greenhouse facility can have an emissions cap that reflects its unique energy usage and operational patterns. Such customization facilitates more precise and efficient energy management, catering to the diverse needs of different greenhouse operations. It enhances efficiency, as tailored limits encourage facilities to optimize their energy use, potentially leading to cost savings and improved competitiveness. Furthermore, this flexibility supports a more effective and less disruptive transition to clean energy

sources, accommodating the varied circumstances of greenhouse operations and ensuring operational continuity.

This approach also raises several significant concerns. The complexity of implementing a system with individualized caps could be administratively challenging and difficult to monitor. Ensuring equity in the allocation of emissions limits could be particularly challenging, as there needs to be a fair distribution between larger and smaller operations or those with differing financial capacities to invest in cleaner technologies. The necessity for detailed monitoring and reporting to adhere to individual limits might impose additional operational burdens on greenhouse operators, potentially diverting sources from other productive activities. The management of this flexible regulatory framework would likely fall under the purview of a regulatory body, in collaboration with environmental agencies, which would need to establish and manage these limits, requiring detailed data on each facility's operations. Disputes over emissions allocations or compliance could necessitate a transparent and fair arbitration process, possibly overseen by the regulatory body or an independent arbitrator, to ensure that any issues are resolved equitably. This balance and arbitration process would be crucial in maintaining trust in the regulatory system and ensuring that the benefits of flexibility in regulation are realized without compromising the overarching goal of emissions reduction.

Emissions Limits Pooling

Emissions limits pooling offers a collaborative path to manage emissions, but it's laden with challenges that need serious consideration. Coordinating diverse facilities to work together raises complex logistical and cultural hurdles, essential for maintaining the system's effectiveness and avoiding inefficiencies or conflicts.

Accountability is another critical concern. Ensuring precise and transparent emission tracking across facilities is paramount for the system's integrity, yet this demands sophisticated monitoring and compliance mechanisms, posing a significant operational challenge.

The proposed management structure, whether an industry association or a dedicated body, adds complexity. It must navigate governance, enforce rules, and resolve disputes efficiently to prevent bureaucratic slowdowns that could impair the system's responsiveness and effectiveness.

As well, establishing clear rules for balancing contributions and resolving disputes is vital for fairness and trust within the pooling system. Without a fair and enforceable framework, there's a risk that the pooling initiative could lead to tensions rather than collaborative progress toward shared environmental goals.

Offsets and Compliance

The horticulture sector acknowledges the complexity and necessity of integrating an effective offset system to meet the environmental regulations and sustainability goals. We recognize that our sector

presents unique challenges in calculating and implementing offsets due to the diverse lifecycles and varied production processes inherent in our industry. Unlike sectors with more uniform commodity cycles, horticulture encompasses a wide array of crops, each with distinct growth patterns, carbon sequestration capabilities, and energy requirements. This diversity necessitates a bespoke approach to offsets, one that is carefully tailored to reflect the intricate nature of our work and the specific environmental impacts of our diverse commodities.

We are committed to working collaboratively with the government to develop an offset system that is purpose-built for the horticulture sector. Our goal is to create a system that is both equitable and effective, capturing the true value of our industry's contributions to carbon sequestration and emissions reduction. We believe that through a cooperative and informed dialogue, we can establish a framework that not only aligns with our sector's unique characteristics but also contributes positively to our collective environmental objectives. We are eager to contribute our insights and expertise, and we welcome the opportunity to engage with policymakers, environmental experts, and other stakeholders in crafting a system that supports the sustainable advancement of the horticulture sector.

Investment in Clean Technologies

The transition to cleaner energy sources within the horticulture sector is not just a matter of environmental responsibility but also a crucial step toward ensuring long-term sustainability and competitiveness. The sector's unique requirements, characterized by a wide variety of crops with distinct needs, amplify the necessity for a tailored approach in adopting clean technologies. These technologies, many of which are still emerging, hold the promise of reducing the sector's carbon footprint, enhancing resource efficiency, and potentially offering economic benefits in the long run. However, the path to their adoption is fraught with challenges, particularly concerning the significant investments required and the uncertainties associated with new technologies.

Addressing the upfront costs and mitigating the risks associated with adopting new technologies are crucial aspects of this framework. Financial incentives are essential, but they should be structured in a way that aligns with the long-term benefits of clean technology adoption, ensuring that growers are supported throughout the transition process. Risk-sharing mechanisms could be considered to alleviate the burden on individual growers and encourage more widespread adoption of innovative practices.

Ultimately, the goal of this government-led framework should be to create an enabling environment where the adoption of clean technologies in horticulture is not just seen as a regulatory requirement but as a strategic investment in the future of the sector. By providing the necessary support and resources, the government can play a pivotal role in transforming the horticulture sector into a leader in sustainability and innovation, ensuring its resilience and prosperity in the face of evolving environmental and economic landscapes.

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Conclusion

Your thoughtful consideration of our feedback is greatly appreciated. FVGC is eager to continue collaborating with Environment and Climate Change Canada to foster a regulatory environment that supports the sustainable advancement of the horticulture sector while addressing the pressing challenges of climate change.

Sincerely,

Amy Argentino

Director of Operations
Fruit and Vegetable Growers of Canada

Aaron Coristine

Chair, Energy, Environment and Climate Change Working Group
Fruit and Vegetable Growers of Canada

Fruit and Vegetable Growers Canada (FVGC)

The Fruit and Vegetable Growers of Canada (FVGC) represents growers across the country involved in the production of over 120 different types of crops on over 14,000 farms, with a farm gate value of $6.8 billion in 2022. FVGC is an Ottawa-based voluntary, not-for-profit, national association, and, since 1922, has advocated on important issues that impact Canada's fresh produce sector, promoting healthy, safe, and sustainable food, ensuring the continued success and growth of the industry.