Durable Balance: Informed Reform of Energy Decision-Making in Canada

Briefing Note for the Senate of Canada Committee on Energy, Environment and Natural Resources - October 23, 1918

Introduction

In 2015, the University of Ottawa launched the Positive Energy initiative. The mandate of the first three years of Positive Energy has been to strengthen public confidence in Canadian energy policy, regulation and decision-making through evidence-based research and analysis, engagement and recommendations for action. The report from which this summary is extracted marks the conclusion of the first three years of Positive Energy, summing up what was undertaken and achieved, what was learned that may inform the actions of others, and what remains to be done as Canada looks to grapple with ever growing strains on its energy economy and decision-making system.

Guiding Concepts

Over the first three years of Positive Energy, a number of important guiding concepts have emerged from our research and engagement.

1. Energy decision-making is a system of multiple parts operating within the market-based and physical energy systems.

2. Energy systems embody multiple imperatives that often conflict and demand trade-offs and balance.

3. A long-term energy vision for Canada needs to be as clear as possible when it comes to how competing priorities will be balanced and bridged.

4. Energy decision-making needs to balance and bridge municipal, Indigenous and broader (regional, provincial, national) energy interests and concerns.

5. The energy system isn’t broken but needs to be modernized through ‘informed reform’ that takes the long view.

6. ‘Durable balance’ needs to be the touchstone for reform.
The concepts of ‘durable balance’ and ‘informed reform’ lie at the heart of Positive Energy’s research, engagement and recommendations for action.

Reforms need to strike a durable balance between competing priorities and tensions: demands of communities for engagement, involvement, transparency and representation; requirements of investors for adequate stability, timeliness and predictability in decision processes and outcomes; demands of consumers for safe, affordable, reliable energy. Governments have a crucial role to play in ‘durable balance’ – not only in their reforms to the system, but in standing behind system reforms and the decisions made once reformed systems are in place. In other words, governments too must have – and be seen to have – confidence in the system.

‘Informed reform,’ for its part, emerges from the fact that energy decision-making is a complex organic and ever-changing system of multiple component parts. It is in need of repair, but it requires informed reform that carefully considers both short- and long-term intended and unintended consequences from a systems perspective. Reforms to any one part of this system that fail to account for its interconnections will fall at the first fence.

‘Durable balance’ and ‘informed reform’ emerged from extensive research and engagement undertaken through two core Positive Energy projects: the ‘Communities Project’ (undertaken in collaboration with the Canada West Foundation) and the ‘Public Authorities Project

The Communities Project

The Communities Project involved a series of six case studies looking at energy decisions for a wide variety of projects and jurisdictional responsibilities, in diverse circumstances and communities across Canada. Several broad themes emerged from the case studies. They were pivotal in developing the guiding concepts enumerated above, and in framing the ‘problem’ of why public confidence has become an increasing challenge in Canada:

- More often than not, policy failures played an important role in understanding community satisfaction or dissatisfaction.

- More important still were what might be termed process failures.

- Context matters.
• No community is monolithic.

• Economic interests, while important, appeared to play a secondary role relative to values.

• Information matters but energy literacy is not necessarily the issue.

• Engagement has to be real and early in the process.

• Planning matters and it most often needs to be done in a regional context.

The Public Authorities Project

The Public Authorities Project expanded the analysis from energy project decision-making at the community level to the entire energy decision-making system: from policy through to planning, regulatory development and project decision-making. The project revealed that many unresolved tensions have emerged in energy decision-making in recent decades:

• Many horses have left many barns. Decision-makers are operating in a very different context due to widespread social and value change.

• There are many elephants in many rooms. Policy gaps on issues like climate, reconciliation with Indigenous peoples and cumulative effects have spilled over into project decision-making processes that are ill- or not at all equipped to deal with them.

• In this context, policymakers and regulators – but especially regulators – are sitting ducks for critique when it comes to the substance and process of their decisions.

Drawing on its extensive research and engagement program over the last three years, Positive Energy proposes a number of key directions to achieve durable balance and informed reform, thereby strengthening public confidence in energy decision-making.[1]

[1] Readers are invited to review Positive Energy’s previous reports, such as: Who Decides? Balancing and Bridging Local, Indigenous and Broader Societal Interests in Canadian Energy Decision-Making (Fast 2017); The Policy-Regulatory Nexus in Canada: From Best Practices to Next Practices (Bird 2018); and How to Decide? Engagement: Information and Capacity (Simard 2018), by visiting the Positive Energy website.
1. The Policy-Regulatory Nexus: Bridging the Two Silos
   - Well-articulated public policy flowing from federal, provincial and territorial governments will be the foundation of successful outcomes.
   - Governments need to talk to regulators.
   - Governments need to respect the independence of regulators.
   - There could be benefit in mechanisms for oversight of the complete decision-making system.

2. Local, Indigenous and Broader Societal Interests: Who Decides?
   - Strengthened local and Indigenous input and decision-making will be of critical importance.
   - Federal, provincial and territorial governments are the ultimate decision-makers.
   - Capacity building is critical.

3. How to Decide? Information, Capacity and Engagement
   - Engagement of citizens will grow as an essential foundation of durable decisions.
   - Information lies at the heart of all reforms.
   - Capacity is of critical importance for citizens as well as governments.

Confidence and trust in the decision system needs to be widespread, extending well beyond individual citizens. Yes it starts with citizens, but it needs to extend to local communities and their mandated authorities; it needs to extend to investors – without whom there will be no energy project decisions to make; and, pivotally, it needs to extend to public authorities themselves, whose goal should be a system characterized by durable balance and one in which they themselves have and are seen to have confidence.