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Montréal, January 19, 2010

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The Honourable James M. Flaherty, P.C., M.P.
Minister of Finance
Finance Canada
L'Esplanade Laurier
East Tower, 21st Floor
140 O'Connor
Ottawa, Ontario
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Dear Minister Flaherty:

We understand that you are currently working on defining the details of the next federal budget. In the past months, many of our industry stakeholders from all across Canada have expressed their concerns about the fragile state of our emerging industry in the context of difficult economic times. They shared with us a numbers of issues and fears. However, they have also identified numerous interesting ideas which we feel could potentially assist your government in fostering economic growth while preserving and creating jobs in the renewable industry sector everywhere in Canada.

The CGC is Canada's national industry association for the ground source heat pump industry also known as the geoechange industry. We are the catalyst to unite private and public sector stakeholders, and to expand the market for geoechange technology in Canada. We set in motion a major market transformation initiative a few years ago and today our industry is supported by over 600 qualified companies who hire more than 1200 accredited professionals. This highly qualified workforce is now engaged in the installations of thousands of geoechange systems every year.

In the words of many of those industry stakeholders, the best thing that happened to this industry in the past 20 years was the federal ecoENERGY Retrofit – Homes Program. Through this program, our accredited professionals and qualified companies installed more than 10,000 residential geoechange systems all across Canada, creating jobs and economic activity in local communities for a value well beyond \$250 millions.

Geoechange technology is unique with coefficients of performance usually ranging from 3 to 4. This means that for every unit of energy used to operate the heat pumps, the systems extract 3 to 4 times the equivalent in free and clean energy from the ground to heat and cool our homes. As a consequence, homeowners are displacing traditional energy sources by a clean and renewable alternative while cutting down our global green house gases emissions.

While our industry has known some successes in the recent past, it is still somewhat in its infancy it continues to expand creating new business and jobs through out Canada. In light of this growth, we are sure you understand any interruption to this emerging industry could be devastating to its future. One of such would be the termination of the ecoENERGY programs in March of 2011. Many industry stakeholders have invested thousands of dollars in professional training and new equipment. For the most part, they are afraid that without a continuation of the ecoENERGY Retrofit – Homes program, their investment will never be amortized, putting their business and livelihood at risk.

Our members and industry stakeholders have witnessed with satisfaction the efforts deployed by your government to improve the efficient use of our energy resources. Regularly, they have expressed their hopes that the government will expand its programs to consolidate our emerging but still fragile industry.

Their views can be summarized in the following recommendations:

1. **An extension of the ecoENERGY Retrofit – Homes Program.** Although more than 10,000 systems have been installed under this program, the industry still needs a little push to help amortize the major investments made by the private sector. An extension of the program to March 2013 would contribute significantly to the consolidation of our industry.
2. **The extension of the ecoENERGY to new homes.** So far, there has been no financial assistance provided by the federal government for owners of new homes who chose to install a geexchange system. It has been suggested by many that the expansion of the ecoENERGY program to new homes would do much towards consolidating the CGC led market transformation initiative and create a market momentum for many qualified companies and accredited professionals.
3. **Some reengineering of the ecoENERGY for Renewable Heat Program to support R&D efforts.** With the recent growth in the geexchange industry, many companies have engaged into R&D programs with promising results. Those efforts are at significant risk if our emerging industry starts limping for lack of sustained growth and economic activity. We therefore recommend some reengineering of the above mentioned program to help geexchange industry stakeholders deploy and test their new ideas and technologies in the market place, including standardization efforts for those new technologies.

Thanks to the federal government, the CGC and geexchange industry stakeholders have successfully moved the Canadian geexchange industry forward. Today, it is emerging as a viable option to traditional methods of heating and cooling our buildings. While much has been done, a lot remains to be accomplished if we are to call our common market transformation effort a success.

We are confident we can move this industry one step further. We can certainly help the government meet its job creation objectives while expanding the environmental role of our unique technology. CGC officials and Board members are available to meet with you to discuss the recommendations above and share more information regarding our industry and its role in local and regional markets.

Sincerely,



Denis Tanguay
President & CEO
Canadian GeoExchange Coalition

cc.

The Honourable Stockwell Day, President of the Treasury Board and Minister for the Asia-Pacific Gateway
The Honourable Jim Prentice, Minister of the Environment
L'honorable Christian Paradis, ministre des Ressources naturelles
Mr. Wayne G. Wouters, Clerk of the Privy Council and Secretary to the Cabinet