development designed to ensure that a range of energy options is available in the future, options which the private sector may view as requiring too long a payback period to warrant significant investment today. The federal government has reduced its research, development and demonstration (R,D&D) spending too severely on new energy technologies, alternative energy development and energy conservation.

11. The Committee recommends that the federal government increase its financial support for research, development and demonstration directed to increasing the efficiency of energy use.

It is apparent that the opportunities to pursue energy conservation, even at reduced energy prices, are far from fully exploited. Conservation remains one of the most cost-effective approaches to balancing energy supply and demand. Yet current federal spending is much more channeled to the supply side of the energy budget than to the demand side.

Over the years, the federal and provincial governments have extensively supported the development of Canada's conventional energy system – that is, the use of oil, natural gas, coal, hydro-electricity and nuclear-electricity. In the future, Canada should increasingly incorporate nonconventional energy forms such as biomass, wind energy, direct solar radiation, tidal energy and geothermal energy into its energy supply. New technologies will be required to allow this exploitation and to increase the scope for fuel substitution.

12. The Committee recommends that the federal government increase its financial support for research, development and demonstration to promote the availability of nonconventional energy forms, and for R,D&D to promote the substitution of both conventional and nonconventional energy forms for oil.

Some of the energy alternatives will require many years of development before their exploitation is feasible. Government support of R,D&D will help to ensure that these new energy options are available for our future needs. Canada will also benefit from the export opportunities afforded by these new technologies, particularly in the developing world.