

## PROGRAMS FOR ENERGY SECURITY

### OIL SUBSTITUTION

A major objective of the National Energy Program is a rapid shift from oil to other, more abundant, fuels. In the residential, commercial and industrial sectors, the goal is to reduce oil consumption to 10 per cent of total energy use. In the transportation sector, the goal is to halt, and eventually reverse, the growth of oil consumption. A related objective is to improve the efficiency with which Canada uses its crude oil supplies.

### CONVERSION INCENTIVES

The federal government will seek agreements with the provinces to implement a program of incentives for conversion. While details may vary from province to province, the basic program would provide taxable grants to subsidize conversion from oil heating to natural gas, electricity or other sources.

The grants will cover 50 per cent of the conversion cost, up to a grant maximum of \$800. They will be payable for conversions made from October 28, 1980. Individuals who convert immediately should keep receipts and claim payment once the program is in full operation.

As an alternative to federal assistance for conversion expenditures that are available on a national basis, an enhanced conservation program will be offered in provinces and territories where neither natural gas or reasonably priced electricity is available as an alternative to oil. In Newfoundland, Prince Edward Island, the Yukon and the Northwest Territories, the program will provide grants, additional to the CHIP or HIP incentives, for conservation expenditures. Eligible measures will include energy audits, oil furnace retrofits, and additional insulation. The program will provide up to an \$800 grant covering 50 per cent of eligible costs.

To reinforce the conversion program, the Government is stipulating that no new residential unit built after July 1, 1981, will qualify for federal financial assistance or guarantees if it is heated by oil, unless no reasonable alternative is available.

The Government of Canada will also establish a substantial conversion fund to finance the capital cost of fuel-system conversions in buildings and facilities owned by its departments and Crown agencies.

### GAS PIPELINE EXTENSIONS

The Government of Canada favours the extension of natural gas pipeline service to Vancouver Island and the Maritimes. The Government will, if necessary, contribute financially to ensure that these pipeline projects proceed as rapidly as possible, and will set aside up to \$500 million for the eastern and western extensions.

### RENEWABLE ENERGY RESOURCES

The Government of Canada will establish a Canadian alternative energy corporation—Enertech Canada—to support the commercial production of renewable energy and conservation technologies. Enertech Canada will support the work of Canadian firms engaged in the development and commercialization of these technologies by entering joint ventures, making equity investments and offering marketing assistance. To be set up initially as a subsidiary of Petro-Canada, Enertech Canada will eventually become an independent Crown corporation.

The Forest Industries Renewable Energy Program (F.I.R.E.), which now provides grants to forest industry firms that convert to wood-waste fuels, will be expanded to include other biomass fuels (such as agricultural and municipal wastes) and all industrial and commercial firms. The \$4 million limit on grants will be removed.