



Solar Canada remarks by Craig Stewart

Solar Canada Annual Conference and Exposition (Check Against Delivery)

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Constitution Hall
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Thank you **Tom** for that introduction and good morning everyone.

I appreciate the opportunity to speak with you today at your annual conference – and I look forward to hearing any questions you may have.

Your first question may well be: Why is there an insurance guy speaking at our conference?

I'll answer that in two ways.

First, I'll tell you that the paths of our industries have crossed before. Back in 2009, the Ontario government launched the MicroFIT Solar Program: Install solar panels on your roof and sell the excess electricity to the grid. You may well be familiar with the program.

Great idea. Small problem: there was a disconnect as to whether the panels would be covered by home insurance. In fact, insurance uncertainty threatened to put an end to the program in its early days.

But IBC stepped in, got the insurance companies and the government on the same page, and new products were developed to guarantee the program could continue. Thousands of Ontario homeowners were then able to take advantage of the program – producing environmental benefits for our province.

Which brings me to the second, and more directly relevant answer for why I'm here today. It comes down to two words: climate change.

The solar industry of course long ago established itself as an ally in the fight against global warming – a source of clean energy that holds the potential to help Canadians reduce harmful emissions.

From the perspective of our industry, climate change has become an area of priority focus as we've grown to understand the increasing and, in many cases, alarming impacts caused by extreme weather events.

I'm going to start today by taking you back to this spring – and west to the home of Canada's oil sands.

On May 1st, a wildfire began southwest of Fort McMurray, Alberta.

Two days later, it reached the outskirts of the city. At 6:49 on the evening of May 3rd, the order was given: a mandatory evacuation of the whole of Fort McMurray.

Few will ever forget the images of cars lining Highway 63, flames rising high along the shoulder of the road.

Some 2,400 homes and buildings were lost in the Fort McMurray fire. It would take two months to bring the blaze under control.

It will stand as the largest fire-related evacuation our country has ever seen, and the largest-ever loss of property.

As soon as it was possible, we had people on the ground – some who wound up spending months in Fort Mac and the surrounding area. They saw evidence of a fire so hot that it left nothing but powder where homes used to stand – and silver puddles of metal where trucks were parked.

Today, insurers are managing 44,000 claims that total almost \$4 billion.

[*Pause*]

Now, as we all know, wildfires are a fact of life in a country abundant in boreal forest. Most fires are relatively small. Many are actually beneficial in the long run. Almost all are manageable.

But the Fort McMurray fire was different.

In the months that have followed, there has been plenty of discussion about whether climate change was responsible for this particular wildfire, at this particular time.

There is no way to answer that question definitively – and even if we could, it wouldn't matter.

It wouldn't matter to the families who lost their homes and were displaced.

It wouldn't matter to the kids who were forced to move to new cities and towns, and start up at new schools.

And frankly, it wouldn't – or shouldn't – matter to policy makers.

What matters – what we cannot ignore – are the long-term trends. Those trends are clear.

And policy makers have a responsibility to respond to the fact that we have entered a troubling new era.

Around the world, natural disasters are happening more frequently, and with greater severity.

The risk varies from country to country – and within Canada, it varies from province to province – but let’s not kid ourselves: no one is immune.

We all need to adapt to – and better prepare for – this new normal.

Many Canadians hear the words “climate change” and, let’s face it, thoughts turn first to the distant future. We consider what life on our planet may be like 20 or even 50 years from now.

That’s understandable. And it’s important to be far-sighted in our thinking.

Climate change, however, has moved from future threat to present danger.

We are already feeling its effects:

Longer periods of drought, leading to more forest fires.

And more storms, hurricanes and prolonged, multiple-day rainfalls – leading to more frequent and intense flooding. As we witnessed this past Thanksgiving in Atlantic Canada.

Every part of our country is vulnerable in some way. No part of our country is immune or impervious.

This is about more than anecdotal evidence. It's about more than isolated events.

In Ottawa, the Parliamentary Budget Officer issued a report some time before the Fort McMurray fire. It estimated that over the next five years, the financial cost of natural disasters, driven in part by climate change, will be far greater than previously estimated.

It's important to get a handle on the scope of the transformation that's underway – because it underlines the clear and present impact of climate change on our lives today.

Let's look at the period between 1970 and 1994. Back then, the federal government paid out an average of \$54 million each year from its disaster fund. And that's adjusted to 2014 dollars.

The new PBO report estimates that over the coming five years, weather events linked to climate change will cost the government \$900 million annually.

That's a remarkable increase. And it is far in excess of what the government has currently set aside to deal with such events.

Most of the damage – in excess of 80 per cent of the total – is expected to be caused by floods alone.

How serious is the immediate threat?

Consider this: Right now, financial assistance for floods and other catastrophes is provided through the Disaster Financial Assistance Arrangements, which is operated by Public Safety Canada.

For catastrophic events where loss compensation from private insurance is limited or outright unavailable, it's the primary source of financial support for Canadians.

But the Parliamentary Budget Officer is blunt in his assessment: The current fiscal framework understates, in a material way, the likely costs to citizens of severe weather.

And that's a problem. It means tax dollars to pay for damages beyond what the fund can cover will need to be sourced elsewhere – resulting either in cuts to other programs or an increase in the federal deficit.

We need only reflect on the devastating floods in Alberta in 2013.

In September of that year, the federal government announced that its deficit for the fiscal year would increase by \$2.8 billion – all because of unexpected expenditures and support related to the flood. That's almost half of the contingency built into the current finance minister's fiscal forecasts.

Beyond the increasing costs, here's another important change we've seen in recent years: We're no longer focused only on areas that have traditionally been exposed to risk. Our changing climate is altering

that equation, and areas previously thought to be risk-free are becoming exposed to extreme weather events.

For instance, some 10 per cent of Canadian households are currently at high risk of flooding – and that figure will likely increase over time, unless we implement ways to adapt to the changing climate and mitigate its impacts.

The risk of wildfire continues to grow as a result of climate change. As one meteorologist put it, in the simplest of terms: “Places that are hot and dry are going to keep getting hotter and drier.”

I think most of us would agree that the new federal government has been both vocal and ambitious in its pursuit of a more progressive approach to climate change – to reducing emissions and better protecting communities from the effects of our changing climate.

At the same time, the election of a new and, shall we say unorthodox, president in the United States holds the potential to affect the immediate future of companies focused on renewable energy and combating climate change.

At minimum, I think we can agree there is an element of uncertainty about how the U.S. will proceed in terms of green energy and emission-cutting policies.

Which is why it is both reassuring and far-sighted that the Prime Minister continues to pursue a pan-Canadian approach to reducing emissions – an approach that includes measures aimed at climate adaptation and resilience.

What will become of that approach will be more apparent in a few days, after the First Ministers gather to get deeper into the details of a potential climate plan.

I think it's pretty clear that hurdles still remain and there are voices of dissent – most notably in Saskatchewan. But we are seeing a significant majority of political leaders in our country strive to move forward in a way that will make a profound difference in the lives of many.

This is an opportunity to meet an immediate test of leadership on climate change, make lives better and keep Canadians safer.

And frankly it's an opportunity for those who work in industries that offer the promise of reducing traditional energy use and mitigating the effects of climate change.

None of it will be easy, of course. It will be a long fight – and there will always be headwinds.

But fighting climate change is a marathon, not a sprint. It's important to hold fast and continue to be part of the solution. That's what I've long admired about people and companies dedicated to renewable energy. You live your commitment and your beliefs every day you go to work.

In the insurance industry, we have been working with government to try to mitigate its effects in the short term – so real and lasting solutions can tackle it over the long term.

Most recently, we've been working to try to put in place a National Flood Strategy. Currently we're one of the only G7 country that doesn't have one.

Our goal is to help reduce the financial burden caused by floods, and to better protect Canadians through smarter land-use policies,

incentives for individual and community-level mitigation efforts, and investment in climate-resilient and green infrastructure.

This is important to us, and let me try to tell you why. I'll give you a quick glimpse into the world I come from: Basically, I work with people who worry for a living.

Insurance Bureau of Canada represents more than 90 per cent of all car, home and business insurers in the country.

We've seen lives forever altered in the aftermath of severe weather. Houses and memories gone forever. And we've seen lives lost.

So we worry – but we worry based on facts, on trends, on hard evidence and provable theories.

With that in mind, we believe there is an urgent need to respond now, today, to the troubling challenges presented by our changing climate. The longer we delay, the higher the costs and the greater the risk – to property, to the federal treasury and to Canadians.

As the Premier of British Columbia said of the fires raging in her province and across the Prairies this past spring: “We can’t just cross our fingers and hope it won’t be a bad year anymore.”

Severe weather is a fact beyond our immediate control. Floods and fires are going to continue to be a growing problem. Government needs to accept reality as it is.

Collectively – industry, governments, consumers – we need to come to grips with this new reality, and take action to adapt to it.

And we need a greater focus on renewable and low-carbon alternatives to fossil fuels and the emissions they produce.

I am happy to say that in this regard, the federal government seems aware of, and willing to respond to, the immediate challenges posed by climate-based risks in communities across our country.

And provinces such as Alberta are also investing in infrastructure to reduce or eliminate some of the potential damage of flooding.

Investments of this sort protect families. They protect property and livelihoods. And they protect the treasury from the costs of damage and rebuilding.

And I think we were all heartened by the announcement that, by 2025, 100 per cent of electricity used in federal government buildings and operations will come from renewable energy sources. That's important both practically and symbolically.

It sends a message even as it helps to reduce emissions in a real and long-term way. It also creates a tremendous opportunity for renewable energy producers to expand their market presence in Canada.

[*Pause*]

By way of conclusion today, I'll say this:

Like most Canadians, we support efforts by governments and groups at all levels – and by citizens from coast to coast – to reduce carbon emissions.

It is very important that Canada do its part and join in the global effort to fight climate change and reduce its long-term effects.

But we also need to be concerned with the here and now.

I spoke earlier about how people in the insurance industry are professional worriers.

But we are anxious in a very methodical fashion. We rely on data and evidence.

And what the evidence is telling us is clear: We need to take up the challenge of dealing with the immediate effects of a changing climate – and redouble our efforts to implement a meaningful long-term solution.

When I look out into this group of people this morning, I see a key part of that solution.

Thank you.