



## **Highlights of the Federal Budget Regarding the Geothermal Industry in Ontario June 6, 2011**

There is good news for the Ontario residential geothermal industry. The June 6, 2011 budget has reinstated the ecoENERGY Program in the Next Phase of Canada's Economic Action Plan. Funding and tax measures that will support growth of the Ontario geothermal industry include:

### **1. Re-Instatement of ecoENERGY Retrofit-Homes Program**

Budget 2011 includes an investment of almost \$870 million over two years to address climate change and support the development of clean energy technologies. The largest portion of this investment will be allocated to the revival of the ecoENERGY Retrofit-Homes program. A total of \$400 million in funding will be provided in 2011-12 to help homeowners make their homes more energy efficient and to reduce the burden of high energy costs.

Details of the ecoENERGY Retrofit-Homes program are not included in the budget, but will be announced in the near future. In the previous program, the largest grants were available to homeowners who retrofitted oil, natural gas and electrical heating and air-conditioning units with geothermal heat pumps.

Recent OGA meetings with the Ontario Ministry of Energy and Infrastructure indicated that if the Federal Government revived the ecoENERGY Retrofit-Homes program, the province would match the funding programs.

### **2. Accelerated Capital Cost Allowance (CCA) for Clean Energy Generation**

In 2005, the Federal government introduced Class 43.2 in order to support the development and installation of Clean Energy systems. In 2010, the accelerated CCA was expanded to include investment in technologies that produce thermal energy, such as geothermal heat pump equipment.

The June 6, 2011 Budget outlines tax measures that will encourage businesses to invest in geothermal energy generation and conservation systems. CCA Class 43.2 includes geothermal heat pump equipment and district energy equipment that distributes thermal energy from geothermal heat pumps. The budget states



that Class 43.2 "allows the cost of the assets to be deducted for tax purposes at a rate of 50% per year on a declining balance basis – which is faster than would be implied by the useful life of the assets"

**The OGA will continue to lobby the Ontario government to match the Federal government's funding for residential retrofit geothermal systems.**

OGA Thanks the **Save ecoENERGY Coalition**, who represents a group of home energy associations (manufacturers, suppliers, contractors, energy audit businesses, etc.) for the campaign they spearheaded to re-instate the **ecoENERGY for Homes retrofit program**. The Coalition letter of May 6, 2011, to Prime Minister Harper outlined a national plan that would involve renewal of the program for the next four years, at which time the ecoENERGY would be sustained without home retrofit grants.