

Aside from the tax relief, the federal government has provided some project-specific assistance. Cabinet agreed in principle, on October 8th, 1985, to provide loan guarantees to the Newgrade upgrader at the consumers co-operative refinery in Regina, Sask. At the end of 1986 detailed negotiations were continuing.

On April 8, 1986, the federal government agreed, jointly with Alberta and Saskatchewan, to help finance pre-construction engineering for the Husky upgrader at a total cost of some \$90 million.

11.2.2 Energy security programs

The objective of the Distribution Systems Expansion Program (DSEP) was to assist the extension of natural gas distribution systems to areas where gas service was not available. The funding source of DSEP east of Alberta was the Market Development Incentive Payments (MDIP). As a result of the Western Accord of March 1985, the MDIP fund was capped at \$160 million, which was expected to be reached by the termination date of April 30, 1986. This amount will be sufficient to cover outstanding commitments made in 1984-85 under all MDIP supported programs, including the DSEP, but will not permit any new commitments to be made. Therefore, the program has been essentially terminated. Over the life of the DSEP, approximately 100,000 new customers have been added to the natural gas distribution system and, as a result, over one million cubic metres of oil will be displaced annually.

Three hundred and fifty super energy-efficient housing units have been built under the Super Energy-Efficient Housing Demonstration (SEEHD) Program by the Canadian house-building industry. Energy consumption for space heating will be about 25% of that in conventional homes. There is strong industry support, and the technology being developed is affecting Canadian housing construction practices positively.

In February 1983, the federal government announced two natural gas contribution programs in the transportation field. The Natural Gas Fuelling Station Contribution Program (NGFSCP) was designed to encourage the development of a vehicle refuelling station network for natural gas. It provided a taxable contribution of up to \$50,000, extended to some 125 fuelling station operators by March 1987. The Natural Gas Vehicle Program (NGVP) was established to encourage the use of natural gas in vehicles by offsetting the costs of vehicle conversions. It offers taxable contributions to both

commercial users and private consumers of up to \$500 toward the estimated \$1,800 cost of converting a vehicle for natural gas use. A target of 35,000 vehicles powered by compressed natural gas by March 1987 was set for this program.

The objective of the Solar Demonstration Program is to have cost-effective applications of active solar energy in Canada by 1988. The total approved budget is \$25 million, through to March 1988, plus \$20 million for R&D. To date, 150 demonstrations include about 5,000 solar domestic hot water systems, 92 commercial/industrial projects and 20 special projects.

The Remote Community Demonstration Program (RCDP) provides financial support to remote communities to identify and adopt alternative-to-oil energy supply and energy conservation methods in order to reduce the use of, and dependence on, high-cost oil products. To date, 84 studies have been funded.

By September 1985, the Canadian Home Insulation Program (CHIP) had provided more than 3 million Canadian households with contributions of up to \$500. Approximately 80% of Canadian residences were eligible for these contributions. Expenditures to September 1985 totalled more than \$960 million. The CHIP contribution rate was reduced from 60% to 33 1/3% effective January 1985, and the program itself terminated March 31, 1986.

The Industrial and Commercial Energy Conservation Programs are intended to encourage greater efficiency and lower costs in the use of energy by industry, commerce and agriculture, which account for 35% of national energy use.

The voluntary industrial energy conservation task forces represent the core of these programs. Currently, approximately 750 companies, using 80% of industrial energy within their manufacturing facilities, are involved through a network of 16 industry task forces which promote energy conservation through studies of conservation opportunities workshops, seminars and newsletters.

Energy conservation task forces have also been formed in non-manufacturing sectors, including the hospitality industry, office buildings, agriculture, post-secondary education and, most recently, distribution trades.

Other governmental support measures include the Class 34 — Tax Incentive which provides a fast write-off (three years) for a range of energy conservation and renewables energy equipment and the Industrial Energy Research and Development Program which supports research, development and application for energy conservation techniques in the industrial sector.