EXECUTIVE SUMMARY

1.1. Opportunities up for grabs

Consider it the "quiet power" of corporate sustainability targets. Billions of dollars of investment opportunity, along with thousands of jobs and millions in municipal tax revenue lie ready for the provinces and territories willing to plug into this hidden demand for renewable energy.

Sustainability targets should be viewed through the lens of opportunity: when you combine the targets of the top 100 Canadian companies listed on the Toronto Stock Exchange (TSX), a significant economic force emerges.

In the next 15 years, their combined pledges to reduce their greenhouse gas emissions commit them to the purchase of 7.7 gigawatts (GW) of renewable energy, with 3.9 GW of that required by 2030.

To put that in perspective, the 3.7 GW of corporate purchases tracked by the Business Renewables Centre-Canada have generated 7,000 jobs, $7.5 billion in capital investment, and production of enough energy to power 1.9 million homes. The 3.7 GW have all been developed over the last five years in one province — highlighting how achievable this opportunity is for the country.

It's also becoming increasingly obvious that the industries of the future will require a significant amount of energy and they would prefer it to be clean. Jurisdictions that enable companies with targets to move from pledge to power purchases will also entice additional investment into their communities.

1.2. Shining a spotlight on sustainability targets

Sustainability targets often stand apart and are ignored in financial reports. This is an oversight we corrected by shining a well-deserved light on the greenhouse gas emission reduction targets that many companies hold as part of their broader corporate sustainability strategies.

We zeroed in on the top 100 companies trading in the Toronto Stock Exchange (TSX), by market value. They represent a diverse mix of industries, including energy, technology, manufacturing and consumer goods, and their operations are spread across multiple provinces.

Our analysis looked into the emissions reductions these companies would need to achieve their Scope 2 emission reduction targets. Scope 2 emissions are indirect emissions from purchased electricity, steam, heat, or cooling. We focused on those emissions, since they are typically reduced through the procurement of renewable electricity. Combining all the Scope 2 emission targets and the required energy to meet those targets, we uncovered **a hidden demand to procure around 7.7 GW of renewable energy over the next 15 years.**

These corporate climate targets present a significant opportunity to expand renewable energy projects across Canada, while also supporting both corporate decarbonization and national climate objectives.

1.1. What we found

The 7.7 GW of renewable energy demand is distributed across 12 industries and eight provinces. More than **85% of the total renewable energy demand will come from a few industries,** such as the mining, quarrying, and oil and gas extraction industry, retail trade, manufacturing and the utilities sector and Ontario, Alberta and Quebec represent around 85% of the demand.

The target years set by the companies to meet their emission goals range from 2025 to 2040, with 2030 being the most common target year among companies.

1.2. The benefits of virtual power purchase agreements

Virtual power purchase agreements (vPPAs) are financial contracts in which an organization, or a renewable energy buyer, agrees to purchase electricity from a renewable energy project without physically receiving the electricity directly from that project. vPPAs are used throughout the energy industry to derisk projects from solar to natural gas.

These agreements help corporations address their Scope 2 emissions without requiring them to develop onsite projects.

At the same time, they support the decarbonization and generate economic benefits in the regions where the projects are built. This means that the region that hosts the project would not be burdened with the financial implications of project development but would still benefit from the economic and social benefits through investments, municipal tax revenues, job creation and access to renewable energy. In addition, vPPAs often support a build-out of renewable energy capacity that is larger than what the agreement is for, because it enables project developers to secure loans for larger projects, and that extra capacity can still be sold to the grid. **Renewable energy is cheaper to build and operate than other forms of energy,** and so the additional buildout results in cheaper energy prices for ratepayers.

Ultimately, vPPAs serve as a key mechanism to bridge the gap between corporate renewable energy demand with new project development. Therefore, the significant demand for renewable energy from corporate companies and the urgency at which various provinces need to address them to support the demand as discussed in the report can be met with the help of vPPAs.

1.3. Proving our point through publicly available data

The analysis and findings in this report are based on publicly available data from corporate reports of the top 100 Canadian TSX companies. To produce this analysis, estimates and assumptions were used to translate corporate Scope 2 emission targets to provincial and Canadian renewable energy demand. **The detailed methodology is provided in the appendix of the report.**