



Wednesday, January 24, 2024

Canada Electricity Advisory Council  
Natural Resources Canada  
Sent via CEAC-CCCE@nrcan-rncan.gc.ca

***Re. Feedback to discussion guide: Barriers & solutions to achieving net-zero emissions goals in Canada's electricity sector***

To whom it may concern,

On behalf of the Atlantica Centre for Energy, I am sharing feedback to the Canada Electricity Advisory Council based on the discussion guide provided, to help inform the Council's final feedback, final findings and recommendations to share with the Minister of Energy and Natural Resources.

The Atlantica Centre for Energy provides a unique forum for industry, academia, government, and the community at large to foster partnerships and proactively engage in energy-related issues in Atlantic Canada. The Centre's partners represent the largest employers, energy producers, distributors, and consumers in the region, as well as virtually all sources of energy generation. Some of the Centre's partners and stakeholders are represented on the Council.

The Centre is proud to serve as an informed and independent voice with respect to the evolution and growth of this region's energy sector, including efforts to launch transformative new clean technologies and decarbonization systems in support of our collective net-zero goals.

The Centre appreciates the Council's mandate to provide independent advice to the federal government on how to accelerate investment in and promote sustainable, affordable and reliable electricity systems. The Council's Interim Report and discussion guide have already raised valid concerns and identified several potential solutions to help achieve the desired goals.

The Centre supports the Council's feedback and recommendations to date except where additional considerations are raised in proceeding answers to questions from the discussion guide. Additionally, select submissions from the Centre's previous submissions for developing the Clean Electricity Regulations and different Investment Tax Credits are attached or linked to this submission for further information.

## **1. Improving planning and oversight of electricity systems**

*1.1 How might the mandates of regulators, system operators and utilities need to change or expand, to meet net-zero? How could net-zero mandates be implemented and operationalized?*

*1.2 How should independent, provincial/territorial pathway to decarbonization assessments be approached and scoped to inform net-zero energy roadmaps and coordinated system planning?*

*1.3 What features should provincial governments build into their net-zero energy roadmaps to enable more effective planning and utility regulation?*

*1.5 What conditions, if any, should be attached to provincial and territorial receipt of federal supports in order to facilitate a cost-effective decarbonization and build-out of Canadian electricity systems in line with climate goals?*

The Centre agrees with the Council's preliminary recommendation to remove the condition for provincial and territorial net-zero commitments from the Clean Electricity Investment Tax Credit. However, the Centre is concerned adding alternative stipulations to access critical federal funding programs, such as the recommended net-zero energy roadmaps for each province and territory could have unintended consequences.

The Centre supports jurisdictions developing their own clean energy roadmaps, such as the [Path](#) recently released by the Government of New Brunswick, and the [Clean Power Plan](#) on released on October 16, 2023, by the Province of Nova Scotia and endorsed by the federal government. Ensuring these roadmaps are evergreen policies and have specific deliverables helps improve their effectiveness. However, it is the Centre's observation that although these plans can be important tools to improve confidence for developers and ratepayers, they are not prerequisite to decarbonize local energy systems, nor provide guarantees for this success.

If such a requirement were in place to access important federal funding tools, the Centre is concerned about how the requirement could be harmonized across the country as each province has a different set of infrastructure realities. For example, although British Columbia's electrical grid is nearly non-emitting, it has a robust natural gas grid that residents and businesses rely on. In contrast, Prince Edward Island relies partially on off-Island generation for its electricity grid but has no natural gas grid. The pathways for any plans to reach net-zero energy in either province would be dramatically different.

Furthermore, the Centre is concerned the recommended requirement for net-zero energy roadmaps could overstep jurisdiction.

The Centre supports jurisdictions developing clean energy roadmaps independently, and also that national collaboration and information sharing in this regard could achieve similar desired results nationally.

***1.4 What policy changes are needed to enable accelerated investment in electricity systems and infrastructure, and how does our appetite for risk need to evolve?***

The Centre believes changes to improve flexibility in the Clean Electricity Regulations and Investment Tax Credits (ITC) could accelerate investment in electricity systems and infrastructure (see attached submissions).

Improving access to funding for Indigenous communities could accelerate some energy projects, especially once the Clean Electricity ITC is in place.

More collaboration between the federal and provincial governments could serve to improve policy certainty and investor confidence. Furthermore, more alignment on overarching emission reduction goals and timelines between the federal government and the Official Opposition could also improve investor confidence, especially in the short-to medium-term.

Regulatory agility and reducing regulatory redundancies will be critical to accelerating the development of projects before 2035, especially while corresponding federal funding supports remain in place (see attached discussion paper).

**2. Building electricity infrastructure in a timely manner while creating benefits for Indigenous partners**

**2A) Improving project approvals**

***2A.1 Is a change to, or clarification of, the mandates of regulators needed to enable net zero project approvals? If so, how could this be accomplished? If not, what approaches could enable these projects to receive regulator approval?***

***2A.2 What are the most effective approaches to enabling federal, provincial and territorial governments to cooperate to streamline project assessment, approval and permitting, and how can those approaches be quickly operationalized?***

Please see the attached discussion paper: *Energy Regulatory Reform: An Atlantic Canadian Imperative*. It is critical to avoiding regulatory duplication, speed approval timelines and stick to deadlines. Ensuring policies are applied consistently within a province is necessary.



For example, a relatively recent interjection from the Premier of Nova Scotia in the province's Utility and Review Board relating to a Nova Scotia Power hearing, undermined sector confidence in the decision-making process in the province.

To that end, the Centre is concerned about potential changes on which factors utility review boards across the country must consider. It is clear in Atlantic Canada that utility boards must consider provincial and federal emission reduction regulations, but must (of course) ensure any investments find the lowest-cost solutions for ratepayers unless otherwise specified. As was the demonstrated [recently in New Brunswick](#), legislators can make exceptions to purchase specific generation sources above the lowest-cost alternatives.

The Centre is concerned that both public and industry confidence in the utility review board process could be undermined if ratepayers' dollars are not carefully scrutinized for all investment decisions. After all, utility Integrated Resource Plans are often long-term strategies and are challenged to maintain accurate pricing and technology forecasts which evolve rapidly.

However, potential alternatives to ensure the review process do not undermine the need to invest quickly could include moving to multi-year approvals and adding additional staff. These alternatives could help the board decision makers progress through reviews as efficiently as possible.

The Centre agrees with the Council that there is a need to streamline project approvals, address the federal-provincial overlaps that cause duplication in assessments and in parallel, enhance the capacity and expertise of regulatory agencies to handle the surge in projects expected over the coming years. The Centre has also made these same recommendations when providing feedback to provincial governments. These should be goals shared between federal and provincial governments, however the capacity of staffing and expertise needed to make these changes at the provincial level has not grown evenly across the four Atlantic provinces.

The Centre also agrees fostering effective engagement and partnerships (with Indigenous communities in particular) is vital in the regulatory process. Similarly, however, process at the provincial government level in Atlantic Canada is often outpaced by some project developers (several recent projects in Atlantic Canada have fostered collaborative partnerships with Indigenous communities). The Centre believes there are opportunities for provincial governments to learn from some recent success stories in Atlantic Canada that involve Indigenous investment in clean energy projects.

***2A.5 Should electricity projects with strategic importance to net-zero be provided faster approval processes and, if so, how? How should strategic importance to net-zero be defined?***

The Centre has diverse stakeholders and is technology agnostic. All energies, including fossil fuels, will continue to play important roles in moving our economies to net-zero by 2050. As a result, the Centre is concerned some technologies may be prioritised over others. Instead, we an emphasis should be placed on building additional regulatory capacity and removing red tape to ensure all projects can proceed in expeditiously.

**2B) Creating benefits for Indigenous partners**

***2B.1 What are the information and awareness gaps that, if filled, would help specific stakeholders understand the Indigenous context in Canada to more effectively advance projects in partnership with Indigenous communities, and what mechanisms could be used to address those gaps?***

***2B.2 What is necessary to enable proponents to engage earlier with Indigenous communities as active participants in project development, and conversely, what is necessary to enable Indigenous communities to fully engage with proponents in advancing projects quickly, effectively and with full participation, both early on and throughout the project implementation lifecycle?***

The Centre is concerned there lacks consistent forward process across provinces to improve economic reconciliation, among other important goals. While indigenous economic reconciliation is an important component of the energy transition, indigenous relations with provincial governments reaches across multiple sectors and all departments.

These relationships should be prioritized within government with a specific focus on meaningful efforts to develop trust among the parties. To date, not all Atlantic provinces have enabled this to develop, which is slowing progress in the energy sector.

The Centre believes there are opportunities for provincial governments to learn from some recent success stories in Atlantic Canada that partnership between the energy sector and Indigenous communities to invest in clean energy projects.

From observations, the Centre believes an openness to find partnerships and successful examples for reference can enable proponents in Atlantic Canada to engage earlier with Indigenous communities in projects. Federal and provincial government should work with Indigenous communities to help build capacity within the communities to prepare to form these partnerships in developing projects.

***2B.3 What mechanisms are most effective at ensuring Indigenous communities can fully participate in financing and equity ownership of electricity projects in their territories, and what gaps are there in existing policies, programs, and other mechanisms?***

The Centre supports the federal government’s commitment to create a National Indigenous Loan Guarantee program, and also support’s the Council preliminary recommendation that funding for investments under this program be commensurate with the scope of investments needed in the sector.

***2B.4 What additional organizations or initiatives should the Council look to for learning or to source best practices, either in Canada or internationally?***

The Council should discuss processes with [Natural Forces](#), [ARC Clean Technology](#), [Moltex Energy](#), [NB Power](#), [Saint John Energy](#) and the [Port of Belledune](#), all of which have developed significant and meaningful relationships and partnerships with First Nations.

**3. Attracting capital investments to clean electricity projects and maintaining affordability for consumers**

***3.1 What are the policy, regulatory, and other conditions that would lower the capital costs (including risk capital) for clean electricity projects?***

The Centre supports the need for much more flexibility in the proposed Clean Electricity Regulations to help avoid adding unnecessary baseload generating units or storage, for example, to help meet demand peaks (see attached submission). As written, the draft CERs will not create a system that can produce reliable and affordable energy in provinces that have relied on fossil-based generation.

Regarding the ITCs, the Centre supports the preliminary recommendation to expand the Clean Electricity ITC to include interprovincial transmission projects, which will be especially important in Atlantic Canada. The Centre also supports the addition of intra-provincial transmission projects to the ITC. Federal ITCs should be expanded to include all sources of low or non-emitting generation, which is not currently the case (see attached submissions).

***3.2 What can governments do to support creating a competitive investment climate for the electricity grid in Canada and attract sufficient private capital to fund the electricity grid's decarbonization and expansion?***

As outlined in previous sections, improving regulatory agility, reducing regulatory duplication and improving policy certainty will improve investor confidence and help create a competitive investment climate for the electricity grid.

It is also important for Canada to be continually mindful of the United States' *Inflation Reduction Act*, which is attracting significant global capital to U.S.-based projects, sometimes at the expense of investments in Canadian projects. The Centre expects companies with operations in both countries to deploy their capital where there are greater incentives, predictable returns on investment, and less risk. The incentives in the IRA therefore should be closely monitored by Canadian policy makers, and Canada's incentive structure evolve as needed to reduce capital flight to the United States.

***3.3 What policies, programs, or other structural changes would support affordable and competitive electricity rates for all Canadians and businesses?***

***3.4 How can governments address the cost impact inequalities across and within electricity user groups (residential, commercial, and industrial) and provinces/territories?***

As outlined in its submission on the Clean Electricity Regulations, the Centre is concerned that, like policies and regulations which are consistent across provinces and territories, the federal government's financial tools to encourage investments in clean electricity are equally applied across provinces. The geographic, economic, demographic and infrastructure realities vary across provinces and reaching net-zero electricity by 2035 will be more challenging and costly for some provinces to achieve than others.

Emission reduction and climate change are problems shared by all Canadians. The costs of reaching these goals should be as well.

Regarding difference in inequities between user groups within a province or territory, determining the best approach should be left to the provincial or territorial government.

#### **4. Enhancing regional cooperation to take advantage of efficient, low-cost pathways to a net-zero grid.**

##### ***4.1 Do you think an improvement in regional integration and cooperation is required to meet electrification and decarbonisation targets? If so, what are the advantages and/or risks of deepened regional cooperation?***

The Centre believes regional integration and cooperation is an important tool to help the Atlantic provinces reach their electrification and decarbonization targets as cost effectively and timely as possible. The Centre has called for this approach across the region and is pleased to see positive progress being made, especially within the electricity sector.

Based on the geographic realities in the Atlantic provinces, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador would benefit from a more integrated grid, and with greater interconnections with the rest of Canada. The Atlantic provinces are actively engaged on matters of regional interconnection. While the provinces should take the leading role regarding interconnections within their jurisdictions, the federal government can play an important convening role in helping eliminate regulatory overlap on federal and provincial permitting, and helping to reduce the cost of regional investments through the use of Investment Tax Credits, grants and financing structures, which were introduced in Budget 2023.

##### ***4.2 What general approach do you think could help advance regional integration and collaboration in Canada to meet electrification needs and goals?***

The Centre believes each project should be evaluated on its own economic merits, but utilities and provinces should be willing and open to collaborate together. For this reason, the Centre understands the previous Atlantic Loop project is not viable today, but may be in the future. Accordingly, the Centre believes discussions about this viability of this project should not end entirely.

The federal government, of course, has a role to play but should defer to provinces and utilities given their level of expertise and familiarity with projects.



**5. Enabling electricity sector innovations that can reduce the cost and risk of the energy transition while maintaining grid reliability and resiliency.**

***5.2 How can financing from ratepayers and taxpayers be shared and effectively coordinated to create a more predictable investment context for innovation and operational changes to support reliability in a highly electrified future?***

Depending on the province, but especially in Atlantic Canada, these investments must be supported largely by the rate base under the current structure. Additional funding supported by the federal and provincial governments could serve to better support ratepayers with added confidence they are receiving value, especially as electricity rates rise in the short-term.

***5.3 Where are the biggest gaps in electricity sector regulatory structures and policy levers in driving the development of technology innovation? Where would be effective points of intervention for the federal government?***

Within Atlantic Canada, the Centre is pleased to see innovative projects developing every day in the region's electricity sector. An ability to invest for some utilities and a willingness for ratepayers to accept the associated costs, can limit future development of technology innovation.

Pilot projects which demonstrate potential outcomes or additional financial support from projects to help de-risk investments can serve to build confidence amongst ratepayers. Furthermore, federal funding should encourage projects of all sizes and not limit funding access for smaller projects. This is relevant in Atlantic Canada as many projects are much smaller, especially in R&D stages or for proof of concept.

***5.4 What methods, policies, and programs should be implemented to support greater customer participation in the electricity grid (including by local and Indigenous communities), and foster social license for and ensure benefits from electricity investments in Canada's net-zero transition?***

Please see responses to questions in sections 3.1, 3.2, 3.3 and 3.4

Additionally, policies to foster demand-side management could engage ratepayers to a greater degree in Atlantic Canada.

Furthermore, the Centre believes improving energy literacy amongst ratepayers and the public is an important tool to help improve participation in the electricity grid and foster social license.



The Centre is currently exploring the level of energy literacy across the region and potential actions to improve energy literacy where it is most needed.

*5.5 What innovative approaches to working should be adapted to enable our scarce resources to deliver on the energy transition objectives. How do we create practitioners in all the needed skills in a reliable, rapid, and scalable manner? How do we organize our currently siloed expertise to be able to better capture and imbed learnings into subsequent projects?*

The Centre supports the Council's recommendation to the federal government to build on efforts to address workforce and supply chain issues, with a focus on addressing the electricity sector labour and supply chain challenges.

In Atlantic Canada, provincial departments must understand both the utilities' integrated resources plans (for electricity utilities as well as any similar organizational plans shared by other utilities in their jurisdiction), as well as the implications of any provincial clean energy strategy. By doing so, provincial governments can coordinate better with industry to scale up training, for example, as needed.

Successful strategies from inside or outside of Canada should be shared with provincial and territories to ensure energy planning is executed as effectively as possible.

## **Conclusion**

Thank you for the opportunity to share feedback in develop the Council's final recommendations to government to accelerate investment in and promote sustainable, affordable and reliable electricity systems.

As always, the Atlantica Centre for Energy is available to discuss the feedback above in more detail to ensure the priorities of Atlantic Canada's energy sector are understood by government. To discuss further, you can reach me at directly at 506-674-9439 or by email at [michelle.robichaud@atlanticaenergy.org](mailto:michelle.robichaud@atlanticaenergy.org).

Sincerely,

A handwritten signature in blue ink that reads "M Robichaud".

Michelle Robichaud  
President