

Enserva Member Brief: Federal Budget 2024

On Tuesday, April 16, 2024, Canada's Deputy Prime Minister and Minister of Finance Chrystia Freeland released [Budget 2024: Fairness for every generation](#). Overall, the budget is focused on building housing and improving affordability, both of which were the primary subjects of the announcements in the lead up to the Budget release.

Energy Industry Implications

Investment Tax Credits

Budget 2024 announced that government anticipates Royal Assent for CCUS and clean tech investment tax credit legislation (Bill C-59) by June 1, 2024, including:

- Carbon Capture, Utilization, and Storage investment tax credit – available as of January 1, 2022;
- Clean Technology investment tax credit – available as of March 28, 2023; and,
- Labour Requirements – effective as of November 28, 2023.

Commitment was also made to introduce legislation around the Clean Hydrogen investment tax credit and the Clean Technology Manufacturing investment tax credit soon.

For members involved in the electricity sector, Budget 2024 announced the design and implementation details of the Clean Electricity investment tax credit. It will feature a 15 per cent refundable tax credit rate for eligible investments in new equipment or refurbishments. Eligible investments include low-emission electricity generation systems, stationary electricity storage systems, and interprovincial and territorial electricity transmission, with the full tax credit contingent upon meeting robust labor requirements. The initiative is expected to incur costs of \$7.2 billion over five years starting 2024-25, with an additional \$25 billion from 2029-30 to 2034-35.

Carbon Contracts for Difference (CCFD)

Budget 2024 announces that the Canada Growth Fund¹ is developing an expanded range of CCFD offerings tailored to different markets. As announced in the budget, the Canada Growth Fund will explore ways to broaden its approach, for example by developing off-the-shelf contracts for certain jurisdictions and ways to offer these contracts on a competitive basis for a set amount of emissions reductions.

Of the initial \$7 billion allocation, the Canada Growth Fund has around \$6 billion remaining to continue issuing CCFDs and carbon offtake agreements.

The government is also evaluating options to enhance the Canada Growth Fund's capacity to offer CCFDs, including by exploring the possibility of a government backstop of certain CCFD liabilities of the Canada Growth Fund.

¹ The Canada Growth Fund is a \$15 billion arm's length public investment vehicle launched by the federal government to attract private capital and invest in Canadian projects and businesses.

Getting Major Projects Done

Budget 2024 announces measures to help clarify and reduce timelines for major projects. It allocates \$9 million over three years to the Privy Council Office's Clean Growth Office to implement recommendations to address interdepartmental inefficiencies, and establish a Federal Permitting Coordinator.

Budget 2024 laid out a target of five years or less to complete federal impact assessment and permitting processes for federally designated projects, and a target of two years or less for permitting of non-federally designated projects. To drive these goals forward, a Cabinet Directive will be issued, intended to foster cultural shifts, meet new targets, and delineate federal roles and responsibilities across departments.

Additionally, Budget 2024 announced plans to build a Federal Permitting Dashboard to track the progress of large projects requiring permits.

A target of three-years has also been set for nuclear project reviews, along with plans to explore how duplication between the Canadian Nuclear Safety Commission and Impact Assessment Agency of Canada can be reduced.

To advance the principle of "one project, one review", Budget 2024 proposes to amend the Impact Assessment Act to respond to the October 2023 Supreme Court of Canada decision that ruled that elements of the Act are unconstitutional. The proposed amendments will ensure the Act is constitutionally sound, while aiming to provide increased certainty through measures that include increasing flexibility in substitution of assessments. The Impact Assessment Agency of Canada will retain its role as the Crown consultation body for federally assessed projects.

The budget also proposed to engage Northern Premiers, Indigenous communities, industry, and other partners to discuss transformative changes to their unique project review frameworks, to ensure the North is also prepared to assess and build clean growth projects.

Budget 2024 aims to enhance engagement and partnerships, particularly with Indigenous partners. The government plans to advance Indigenous involvement in major projects through the Indigenous Loan Guarantee Program. Additionally, efforts will be made to establish a Crown Consultation Coordinator, ensuring efficient and meaningful consultations with Indigenous peoples regarding federal regulatory permits for projects not undergoing federal impact assessments. This initiative will involve consultations with various Indigenous groups to design the Coordinator's role.

Indigenous consultation capacity will be bolstered through the co-development and implementation of consultation protocol agreements and resource centers, led by Crown-Indigenous Relations and Northern Affairs Canada.

If you have specific concerns or areas of interest related to the budget, please contact our Policy and Government Relation team at thides@enserva.ca.

