HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

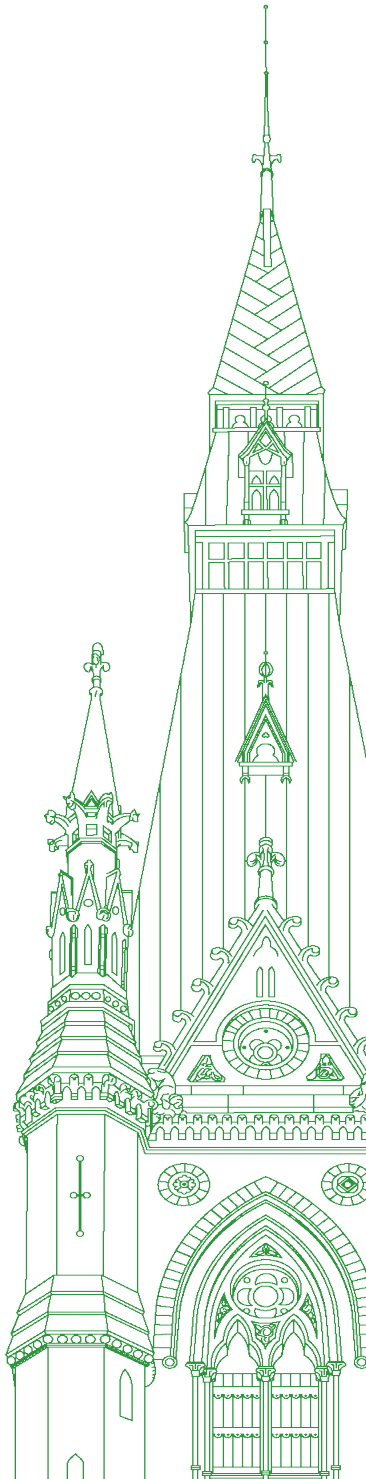
45th PARLIAMENT, 1st SESSION

Standing Committee on Natural Resources

EVIDENCE

NUMBER 039

Thursday, May 28, 2026



Chair: Terry Duguid

Standing Committee on Natural Resources

Thursday, May 28, 2026

● (1530)

[*English*]

The Vice-Chair (Shannon Stubbs (Lakeland, CPC)): Colleagues, I call this meeting to order.

Thank you to all the witnesses who are joining us today.

I want to acknowledge that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting number 39 of the House of Commons Standing Committee on Natural Resources. This meeting is taking place in a hybrid format, so I need to remind participants of the following points.

Before you speak, please wait until I recognize you.

For colleagues here, I realize how hypocritical that is of me to say.

Voices: Oh, oh!

The Vice-Chair (Shannon Stubbs): Anyway, moving on, for those participating by video conference, click on the microphone icon to activate your mic. Please mute yourself when you are not speaking.

I would like to remind witnesses that committee members may ask questions in either French or English. If you will need interpretation, take a moment now to prepare your earpiece and select the listening channel in advance in order to take full advantage of the time allotted for questions and answers.

For members participating in person or via Zoom, please raise your hand if you wish to speak. The committee clerk and I will do our best to maintain a consolidated speaking order. All comments should be addressed through the chair.

Pursuant to Standing Order 108(2) and the motion adopted on Thursday, April 23, 2026, our committee shall resume its study of Canada's electrification, energy self-sufficiency and domestic energy security.

I would like to welcome our witnesses for today.

With us in person is Paul Cheliak—I have feeling you share the heritage of many people I represent in my area—who is the vice-president of strategy and delivery with the Canadian Gas Association.

We have Travis Balaski, president of the Inuvialuit Petroleum Corporation.

On behalf of the Inuvialuit Regional Corporation, we have Piers Kreps, director of government affairs. He joins us by video conference.

The Montreal Economic Institute is represented by Renaud Brossard, vice-president of communications, and Gabriel Giguère, senior policy analyst.

All virtual witnesses have conducted a mandatory witness onboarding test.

You will each have five minutes for your opening remarks, which I think you've been advised of, after which we will open the floor to questions.

Mr. Cheliak, you have the floor.

Paul Cheliak (Vice-President, Strategy and Delivery, Canadian Gas Association): Thank you, Madam Chair and all members, for the opportunity to appear today.

The Canadian Gas Association represents Canada's natural gas pipeline industry. We operate 600,000 kilometres of infrastructure, serving 20 million Canadians with energy every single day. Through this system, natural gas meets 40% of all of Canada's energy needs.

CGA and its members advocate strongly for bringing transparency to the domestic energy conversation, and we offer our support to the committee as it undertakes this ambitious study.

My remarks will focus on three areas: trends in natural gas and electricity over the last 15 years in Canada, electrification policy and the importance of peak energy use, and the need for policy clarity on domestic natural gas in Canada.

Looking at trends in Canadian energy use, we have provided a dataset as part of our package that will highlight these changes, but I'll address a few of them here today with you.

Over the last 15 years, natural gas use in Canada is up by 63%, driven by a 100% increase in industrial natural gas use. The increase in industrial gas use, for context, is 10 times the entire increase in all electricity use in Canada over the same period.

On an annual basis, electricity has increased by 0.7% and natural gas has increased by 4.2% on the consumption side. Doubling our electric system by 2050 would require an annual growth rate of 4.3% every year from 2027 to 2050, a pace six times higher than that of the last 15 years. On pricing, the price of natural gas has declined by 30% in 15 years, whereas electricity prices have increased by 1%.

As we look at policy, we highlight the many electrification programs introduced in the last decade, including electric vehicle incentives, investment tax credits, funding programs for smart grids, heat pump incentives, etc.

As you know, a lot has changed in the energy market, including a heightened focus on affordability, energy security and looming shortages of electricity in key regions of the country. As such, new programs or spending commitments must be assessed against what consumer costs will be, what electricity will be available when and where and what higher demand will do for peak energy. Policies that add electricity demand to the grid, especially for home and commercial building heating, will dramatically affect peak energy.

As you know, energy systems are designed for the top hour of the year. That's the coldest day or the hottest day. They must be able to meet peak demand during the peak hour. In Canada, that's the winter. The average home uses six times more energy in the winter than it does in the summer.

I'll provide some examples of how significant this is. In January 2025, Ontario's natural gas system delivered the equivalent of 80,000 megawatts of energy, six times the capacity of Ontario's entire nuclear fleet. In January 2024, Alberta's natural gas system delivered 110,000 megawatts of energy versus 12,000 megawatts on the electric system. In British Columbia, where temperatures are more moderate, the natural gas system at peak times delivers twice the energy of the electric system.

This is not to say that we shouldn't use electricity for heat. For example, dual fuel heating uses a natural gas furnace paired with an electric heat pump. Doing so allows the electricity to operate when temperatures are moderate, and the natural gas takes over when temperatures cool down. Dual systems mitigate significant peak energy demands. Data from B.C. shows a 70% decline in peak electric use in a home that uses dual fuel heating versus a home that simply uses an electric heat pump.

The increasing integration of gas and electricity systems points to the need for a clean federal vision for domestic natural gas in Canada. Natural gas is not just a source of fuel to create LNG for export or generate electricity, but the backbone of our industrial and heating economy, yet the domestic market is without a vision, one that will enable Canada to secure new pipeline investments to fuel AI, industrial customers, power generators and a growing population. We are smart to share this resource with the world and our allies, but we need a plan for our domestic industry.

Let me conclude with three recommendations. The first is that government review its federal electrification policies and ensure that new programs undergo a reliability test to ensure implications on reliability and peak energy are taken into consideration. The second is that government work with stakeholders to publish a national policy statement on natural gas, starting with a potential study by this committee on the role of natural gas in Canada. The third is that dual fuel heating be included as an essential component of how Canada mitigates peak energy on electric systems moving forward.

● (1535)

Thank you very much.

The Vice-Chair (Shannon Stubbs): Thank you, Mr. Cheliak.

Now we will move to Mr. Kreps for five minutes.

Piers Kreps (Director, Government Affairs, Inuvialuit Regional Corporation): *Ublaami*, good afternoon. *Quyanainni*, Madam Chair, honourable committee members and Mr. Clerk for your invitation.

My name is Piers Kimiksana Kreps. I'm the director of government affairs at the Inuvialuit Regional Corporation in Inuvik. I am joined today by my colleague Travis Balaski, president of the Inuvialuit Petroleum Corporation. We are delighted to present to the committee today on the Inuvialuit energy security project.

I would like to start off by giving some background information about the Inuvialuit.

We are located in six communities across the western Canadian Arctic, with Inuvik, NWT, being our regional hub. In 1984, our people ratified the Inuvialuit Final Agreement, which established the Inuvialuit Regional Corporation. A majority of our 5,000-plus beneficiaries live in the Inuvialuit settlement region. Our modern treaty, as we call it, also established several corporations to serve distinct purposes, including the Inuvialuit Land Corporation, which holds settlement lands over which we own surface and subsurface rights, and the Inuvialuit Petroleum Corporation, which facilitates the engagement of Inuvialuit in the energy and resources sector.

The Inuvialuit settlement region has a long history of natural resource development. The Berger inquiry was established over 50 years ago to investigate the impacts of major proposed developments on and around our lands. The inquiry found that our rights must be respected and that we must have economic self-determination. Today, the Inuvialuit have determined that the Inuvialuit energy security project can deliver us economic benefits while maintaining our identity and environment.

Now I would like to pass the mic to Mr. Balaski.

Travis Balaski (President, Inuvialuit Petroleum Corporation): Thank you, Mr. Kreps.

Good afternoon, Madam Chair and honourable committee members.

The Inuvialuit settlement region of the western Arctic is very rich in natural resources and is one of the largest untapped oil and gas reserves in the world, as is well understood by the many decades of drilling and investigation that have occurred, yet the region pays some of the highest energy costs in Canada for both household and commercial users. It is not uncommon to see a monthly heating utility bill of well over $1,000 per month, per household. One community, Inuvik, has benefited from 25 years plus of local gas production to manage energy costs somewhat, but even that resource is now at end-of-life, and all energy needed for the Inuvialuit settlement region is now imported from southern Canada or internationally.

Fortunately, the Inuvialuit energy security project is under construction and looking to begin operations in the next couple of years. It has been a long road for the project with significant risk, led solely by the Inuvialuit, who are fortunate and visionary in their approach to regional development. By the time the IESP is operational, it will be over a decade of development and effort since inception.

The IESP—or Inuvialuit energy security project—went through several years of local studies and four years of environmental screening and Canada Energy Regulator review, finally achieving full permits to construct and operate in the first quarter of 2024. This will be a one-of-a-kind project where an indigenous proponent will own the subsurface mineral rights, the surface lands and the facilities and be the largest customer. Consultation began early in 2018, is ongoing and will continue throughout the life of the project, making sure that local concerns are adaptively managed as the IESP progresses through its various life stages.

The project involves the construction of a gas plant that will produce natural gas and synthetic fuels, which can then be transported to local customers for power, heating and transportation applications. The IESP will reduce reliance on expensive southern fuel and exposure to intermittent access. Based on the estimated reserves of the IESP resource, the project will be able to operate for 50 years plus as currently designed.

The IESP will create opportunities for local beneficiaries and mitigate the cost of living and doing business in the Inuvialuit settlement region for generations to come. The IESP has already performed over $50 million in local Inuvialuit business contracts and employs many local people and Inuvialuit beneficiaries. The project provides huge environmental benefits by reducing greenhouse gas emissions and eliminating long-distance hydrocarbon supply chains, greatly reducing the risk of hydrocarbon spills across northern Canada and our waterways.

As mentioned, the Inuvialuit have led and have spent significant risked dollars to develop a critical infrastructure project for the western Arctic. The Inuvialuit Regional Corporation continues to work with many federal departments on advertising the many benefits the IESP provides to the north and Canada, but it is still seeking clarity from several federal departments and, ultimately, further government support. The IESP aligns very well with Department of National Defence Arctic initiatives as well as the potential for major projects across the north.

Permitting is mostly in the rear-view mirror at this point, but looking forward, reducing the capital burden and cost of capital on Inuvialuit is a key priority of the project and the Inuvialuit Regional Corporation. The end price of the product is driven by the infrastructure cost to build and operate and not by typical commodity markets. This is a stranded untapped resource, and the greatest economic opportunity for the project comes by reducing the Inuvialuit financial risk to build and operate.

We thank you for your time and the opportunity to speak today, and we look forward to the questions.

● (1540)

The Vice-Chair (Shannon Stubbs): Thank you very much.

I hope all colleagues support that I allowed him 39 extra seconds to finish the statement.

Mr. Brossard, you now have five minutes.

Renaud Brossard (Vice-President, Communications, Montreal Economic Institute): Thank you so much.

[*Translation*]

Good afternoon.

First, I'd like to thank you for inviting the Montreal Economic Institute to discuss a fundamental challenge for Canada's economic future, energy security. For those who aren't familiar with the institute, we are an independent think tank with offices in Montreal, Ottawa and Calgary. Through our research and media activities, we have been contributing to public policy debate in Quebec and Canada since 1998.

In the past few years, we have clearly seen the impact geopolitical upheavals have on the price of energy in the country. The invasion of Ukraine in 2022 and, more recently, the war in Iran are striking examples of that.

Whenever an event somewhere in the world threatens the energy supply, Canadians feel the effects at the pump. Farmers and business owners feel the effects in their energy bills, so products end up costing consumers more.

[*English*]

Canadians are not alone in seeing the price of energy jump. As markets are globalized and competition is fierce, prices follow the same trajectory all around globe. This is true despite Canada being a major producer of energy.

In this context, the best way to secure a reliable and affordable energy supply for Canadians is to allow our energy producers to help stabilize global supply. This means allowing the construction of the infrastructure that would allow them to ship the resources they produce to markets that need them. Unfortunately, over the course of the last decade, a series of policy choices have impeded our ability to secure the supply.

[*Translation*]

Our arbitrary and highly politicized project assessment process won out over any such efforts. Instead of establishing clear criteria based on mitigating risks and maximizing benefits for the country, the current process ultimately depends on whether the minister of the day wants a major project to get built or not. That's just as true for mines and pipelines as it is for routes and wind farms. The result is more uncertainty, which means less investment and fewer project proposals at the end of the day.

For example, the unfavourable decisions regarding the GNL Québec project helped to keep Canada's gas resources landlocked. For a few years, the government even claimed that there was no demand for the resources, despite our allies in Europe and Asia repeatedly asking for them. Although Canada did not answer the call then, it appears to have the opportunity now. This is Canada's opportunity.

In fact, the few projects that have been built, LNG Canada, in Kitimat, and the Trans Mountain pipeline expansion, in Burnaby, have shown the benefits these projects can have. Thanks to the deployment of that infrastructure, Canadian resources have found new markets. Our non-U.S. oil exports have risen from 3% to 14%, and 7% of our natural gas exports are not heading south of the border.

This does two things: one, provide the rest of the world with more reliable energy, which stabilizes prices here and elsewhere; and two, allow Canadian producers to get what their product is worth, which strengthens the economy. That is why a project to build a gas pipeline and liquefaction plant on the east coast, like the one Marinvest Energy wants to build in Baie-Comeau, should be prioritized.

By making it easier to transport natural gas from TC Energy's main system to the Côte-Nord in Quebec, we can position ourselves in European markets hungry for new sources of natural gas. That demand was on display just yesterday. To secure Canada's reliable natural gas, Germany is willing to have it brought all the way from British Columbia to gas terminals on the North Sea, via the Panama Canal. It will take more than 26 days to ship the gas by boat. If that boat were leaving from Baie-Comeau, instead of Prince Rupert, it would take just under eight days to reach the destination.

As you can imagine, a journey that long will affect transportation costs. The Germans are willing to pay those costs today because Canada provides something valuable, a stable and reliable supply of energy. Clearly, if eastern Canada had such a terminal, we could meet more of the European demand for natural gas, which would help our allies and stabilize energy prices.

There is no doubt that Canada has everything it needs to become a reliable supplier of oil and gas. We have abundant resources in an enviable geographic location, and as I said, importing countries are currently looking for new reliable suppliers. The only thing we are missing is an assessment process based on clear criteria, not the arbitrary decisions of the minister of the day. This is our best chance to build the projects Canada needs to help stabilize the world's energy supply and, by extension, ensure that Canadians have access to reliable and affordable energy.

Thank you.

● (1545)

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you.

I am constraining my reaction so as to act appropriately in this chair, but I appreciate your very important testimony.

We'll go to the Conservatives for the first round of questions.

For six minutes, we have Monsieur Groleau.

[*Translation*]

Jason Groleau (Beauce, CPC): Thank you, Madam Chair.

Thank you, fellow members, for having me today. It's my first time at the Standing Committee on Natural Resources.

Mr. Giguère and Mr. Brossard, I hope you're doing well. Thank you for being here.

Given the geopolitical instability around the world, how at risk is eastern Canada's oil and gas supply?

What would true energy self-sufficiency for our region look like?

Renaud Brossard: Thank you for your question.

As far as ensuring Canadian supply is concerned, we don't need to worry about shortages when we fill up. We're not going to run out of gas. What we are likely to see, however, is higher prices, and that's what we've seen over the past few months.

Even though Quebec doesn't get any oil from Iran or the area around the Strait of Hormuz, we've basically seen the price of oil skyrocket. The reason is simple. It's a global marketplace. Whether the oil is sold to Quebec, Asia or Europe, the resource is the same and so is the price. As I said in my remarks, the best way to secure both a reliable and affordable supply—a key component of energy security—is to help stabilize global demand.

Right now, a lot of our infrastructure moves resources westward. With that infrastructure, we can help stabilize markets in Asia somewhat. Unfortunately, we have little in the way of infrastructure that can move product eastward, so we can't help stabilize markets in Europe.

Jason Groleau: With Quebec putting a lot of eggs in the electricity basket, why do you think the all-electric transition, without a local oil or gas safety net, puts the province's energy resilience at risk?

Gabriel Giguère (Senior Policy Analyst, Montreal Economic Institute): Thank you for your question.

Basically, what we see is that Quebec is moving towards total electrification, away from a dynamic where it has surplus electricity. That is crystal clear and illustrates the importance of keeping natural gas in Quebec's energy mix.

I'd like to add to what my colleague said. In the current context, people understand the importance of having energy infrastructure in Canada and in Quebec. Quebec can't make the same mistake it made with GNL Québec in 2021, when it told people that there wouldn't be any demand. We can clearly see that there is. The Germans showed us that yesterday. Projects on the table today like the Marinvest Energy Canada development could go ahead, but a predictable regulatory framework is needed. Certainty is needed.

Whether we're talking about Canada, or even Quebec somewhat, that regulatory framework is missing.

● (1550)

Renaud Brossard: I would add that electricity is a major energy source for Quebec. However, most of its energy still comes from oil and gas, which represents 55% of Quebec's energy consumption. You can't replace that overnight.

Without a reliable, affordable supply of oil and gas, Quebec won't be able to meet 55% of its energy needs. It's an integral part of Quebec's energy security.

Jason Groleau: According to the institute's research, how would lifting the ban on oil and gas exploration affect the province's GDP and regional employment, in practical terms?

Gabriel Giguère: That's an extremely important aspect. When we did our analysis, we focused on natural gas. We found that just the development and exploration of Quebec's natural gas resources could add $93 billion to GDP over the next 25 years. That really highlights how significant the energy sector is in Quebec.

Quebec needs to be able to develop those resources, not only because it would increase GDP and government revenues by up to $15 billion, but also because it would generate thousands of paid jobs. That is huge. Statistics Canada data shows that, the average oil and gas worker earned $155,000 in 2024, not $40,000. That makes a difference for Quebec families.

Jason Groleau: You talked about infrastructure and a gas terminal in eastern Canada.

Why isn't the project going ahead? What's keeping it from seeing the light of day?

Gabriel Giguère: I think it's partly to do with the regulatory framework. We see that today with Bill C-69. The rules are very complex. The federal regulatory framework is a duplication of Quebec's regime. The combination of both regimes makes the process very complex. It'll be important to reform the current regulatory framework to get rid of any duplication and recognize the province's impact assessment process. The federal process needs to be short and tailored.

It's pretty clear that we need a new regulatory framework.

Renaud Brossard: Part of the problem is how arbitrary the federal piece is. In many cases, investors decide not to proceed even before the project is brought forward. Why? Simple. The minister of the day decides whether the environmental impact assessment is valid and whether the project should go ahead or not.

When the criteria are that arbitrary, it makes undertaking a project risky. When investors look at where they should put their money, they aren't keen on building a pipeline in Quebec or Canada. What they want is to be able to invest in a pipeline project that will be profitable. Because of the uncertain and arbitrary nature of the federal government's involvement, those projects are riskier and unfortunately less appealing from an economic standpoint.

In a nutshell, the government has regulated these projects out of existence [*Technical difficulty—Editor*].

Jason Groleau: Thank you.

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you. That completes a very informative round.

Now we'll move over to the Liberal Party with our movie star MP. Virtually, he's in a magnificent place.

For six minutes, you have the floor, Monsieur St-Pierre.

Eric St-Pierre (Honoré-Mercier, Lib.): Thank you. I'm calling from home. My wife owns a bookstore and is a big reader.

[*Translation*]

Mr. Brossard and Mr. Giguère, it's a pleasure to see you again.

I sincerely hope the Montreal Economic Institute is soon going to put out a report showing that the Habs are the best hockey team. Go, Habs, go!

That was for my colleague Mr. Guay.

In all seriousness, how, in your view, can the federal government accelerate the development of clean energy projects across the country?

Renaud Brossard: Thank you for your question.

Regarding hockey, a lot of this morning's reports talk about how we can have a better hockey team.

Turning back to energy, I would say there are things the federal government can do. I must admit, the government has announced some good things recently. It wants to review and fast-track the impact assessment process. We're very eager to see what that legislation looks like.

We want to see the government walk the talk. What we've heard so far sounds great. Whether it's clean energy technology, a mine or a pipeline, accelerating a project's development comes down to the same thing. They all have to go through the same assessment process. The federal Impact Assessment Act applies to offshore wind development projects in Newfoundland and Nova Scotia, mining projects in Ontario and interprovincial pipeline projects.

Something the government can do is review the criteria. One of the problems we've seen with the Impact Assessment Act is that it tries to do too much all at once. When you try to do everything well, you end up getting everything wrong, unfortunately.

That's more or less what we've seen with the tool. The time frames also need to be shortened. The recently proposed 12-month timeline is a big step in the right direction.

Ideally, the government would also get rid of the arbitrary elements in the act. One of our problems with the Impact Assessment Act is that the minister can intervene and put the process on hold at any time, resulting in a much longer process than initially set out in the act.

● (1555)

Eric St-Pierre: Thank you.

[*English*]

To Mr. Kreps or Mr. Balaski, I believe the IRC conducted a residential winterization blitz to help implement energy efficiency, with an insulation initiative that cut energy costs. Can you tell me a bit more about how this type of energy efficiency initiative helps reduce dependence on external energy and how that helps sovereignty?

Travis Balaski: I'm not super in the know on the program, but I understand the huge use of energy that all these homes have. This is a huge deal. They're all elevated because of the permafrost environment, which doesn't help with keeping heat in a home because you have free airflow underneath most houses.

There are a couple of very specialized energy-efficient homes that have been introduced in the region to reduce energy use in homes, which is important because the communities right now rely on very short windows to get energy into the region. This past winter, Inuvik was on a very short supply of energy—within days of having to curtail and evacuate people.

It is a sensitive topic. Any way you can extend the availability of energy that's stored in the region is going to be a huge help to households from a cost perspective. Also, it's an avoidance of what could be a bit of a disaster.

They are great programs. Energy efficiency is always top of mind for all the communities in the north.

Eric St-Pierre: Thank you, Mr. Balaski.

[*Translation*]

I have a question for Mr. Cheliak about the methane regulations.

Could the new methane regulations create jobs in Canada and help companies, including many in your association?

[*English*]

Paul Cheliak: Any time you introduce a new regulation, you are imposing an additional cost on a private entity. That additional cost will be spent into the Canadian economy.

One answer to the question is, yes, you will create jobs due to the regulatory compliance obligations. The challenge that members have with what has been proposed—the continuous monitoring technology solution—is they don't feel it is the most accurate way to track and monitor methane emissions on a 24-7 basis. We are currently working through a guidance document with the government to add more specificity to it.

Eric St-Pierre: I have one last question on that.

Could the methane regs help Canada's competitiveness and make us a bit more competitive globally? Could you speak very quickly, for 15 seconds, on what that could mean for your members?

Paul Cheliak: We already produce the world's cleanest natural gas. We're in a very good position without additional regulation.

Eric St-Pierre: Thank you for your time.

The Vice-Chair (Shannon Stubbs): I think you have 20 more seconds. Do you want to add anything?

Paul Cheliak: The members have had methane mitigation programs for decades. This is not a new space for any of the gas distribution or transmission companies in Canada.

It's their product. It's about consumer safety. They take it seriously every single day of the week in the field and in our communities. We take the issue to the core every single day.

● (1600)

The Vice-Chair (Shannon Stubbs): Thank you.

Now we will move to the Bloc Québécois, with Monsieur Simard for six minutes.

[*Translation*]

Mario Simard (Jonquière, BQ): Thank you, Madam Chair.

Mr. Brossard and Mr. Giguère, perhaps I misunderstood, but I noticed a slight inconsistency in your opening remarks.

You talked about global oil prices and the fact that they are of course tied to the stock exchange.

You seemed to suggest, though, that if we had more infrastructure and produced more energy in Canada, we'd be able to bring down prices. If that's your argument, I think it's a bit far-fetched.

Even the Canada Energy Regulator officials told us that if Canada's production were higher and we had more significant infrastructure, it wouldn't bring down global prices. Normand Mousseau, from the Trottier Energy Institute, shared that view. I think we can trust him when it comes to energy matters.

You can try to convince me that Canada could magically change world oil prices by producing more oil and gas, but I would be shocked if that were the case.

I want to come back to the GNL Québec project.

I don't want to get into all the history, but the project involved my region. The Government of Quebec initially supported the project but changed its mind when the proponents asked for public funding. That's the problem with getting infrastructure built. No one in the private sector wants to pay for it.

When it comes to oil infrastructure, nothing has changed. The head of Enbridge told us that it was too risky, so he wasn't willing to invest in oil and gas infrastructure. By the way, the company made $131 billion in profit between 2021 and 2024. It's going to make even more money with the high price of oil, but it won't put money into infrastructure. Worse still is that production has clearly gone up in recent years, but the number of jobs has gone down. The company is willing to invest in automation to lower production costs but employs fewer people. The economic benefits for us have decreased, but the company isn't willing to invest in infrastructure.

That's why I think your argument is a bit misbegotten. I'll give you the floor now, so you can try to change my mind.

Renaud Brossard: I don't know whether I'll be able to change your mind, but I will say that my colleague Gabriel Giguère is pretty well versed in all things energy.

As for oil supply, it's about basic economics, supply and demand. Canada is a major oil producer. We are experiencing a supply shock, and obviously Canada can't replace 20% of oil or natural gas production overnight. However, the lack of transportation infrastructure has undermined our ability to respond by releasing barrels of oil to help stabilize the oil market. Canada is a significant producer. It's a fact and—

Mario Simard: I understand very well. If you have numbers—

Renaud Brossard: If you'll let me finish—

Mario Simard: I can use my time as I see fit. That's a selfish element of committee meetings.

If you have any figures to send to the committee, we could use them to educate people at the Canadian Energy Regulator on the law of supply and demand. I'd be very interested. In fact, we could do the same thing with Mr. Mousseau.

There are basic laws when it comes to capitalism. One of them is to take the money and gamble it, which companies unfortunately don't want to do when it comes to infrastructure. They don't want to risk it. That's why we're in this situation when it comes to infrastructure. The only infrastructure that's been built in the last few years is the TMX expansion. It cost $34 billion and Canadians paid for it.

Is it because the government has put too many regulations in place? That's easy to say, but companies also have a responsibility. Unfortunately, for some time now, companies haven't assumed their responsibilities. They don't want to invest in infrastructure.

If you have figures to show us anything to the contrary, I'll take them, and I'll be happy to change my mind.

Renaud Brossard: As we were saying about infrastructure, it's really a matter of regulation and legislation. Each regulation leads to an increase in project costs and uncertainty. In fact, one act basically says the approval of a project is at the whim of ministers, which increases the risk. We're seeing a decline in—

● (1605)

Mario Simard: Which act are you referring to?

Renaud Brossard: I'm talking about Bill C-69, which enacted the Impact Assessment Act. Basically, we have an act that—

Mario Simard: You're playing into the Conservatives' hands, and you've learned it well. That's fine.

Renaud Brossard: I have no party affiliation.

It's just the facts. Oil investment in Canada is declining, while it's on the rise in the rest of the world. At a certain point, we have to make the connection between the cause, Bill C-69, the effect, which is a decline in oil sector investment and the fact that investors are going elsewhere.

Mario Simard: Thank you. That's interesting.

I will graciously give the rest of my time to the Montreal Economic Institute.

[*English*]

The Vice-Chair (Shannon Stubbs): You have 33 seconds.

[*Translation*]

Mario Simard: That's fine, Madam Chair.

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you.

This seems like a good time, with the remaining seconds, to advise all witnesses that you have the ability to provide written submissions to the committee, which we welcome, to follow up on any information, facts, statistics or points you've made in your presentations or exchanges with members to better inform this committee. That way we can make a committee report with realistic recommendations based on evidence, statistics and facts.

That said, we will move to our second round. We will begin with Jonathan Rowe, one of our Conservative members of Parliament.

You have five minutes.

Jonathan Rowe (Terra Nova—The Peninsulas, CPC): Thank you.

Good day and welcome. Thank you for coming.

Mr. Cheliak, I'd like to give you two scenarios. I'm wondering if you could weigh in on which one is better for global carbon emissions. In scenario one, we send natural gas in a pipeline to the United States of America and they turn it into electricity. In scenario two, we use that natural gas to create electricity here in Canada and then send the electricity to the United States of America.

Paul Cheliak: There's an optimal solution here. I think you understand well what it is, but I'll answer the question: Generate the power at home.

If I may add just a moment of colour, this is a very real situation in the province of British Columbia. Canadian natural gas is exported to the United States to generate power, which is then reimported back into British Columbia for use by homes and businesses in that province.

Jonathan Rowe: To me, that blows my mind. The emissions are the same, yet the revenue, profits and jobs created will be much higher for Canada. As you mentioned in your statement, as electricity prices are rising, natural gas prices are falling, creating higher profit margins for Canada. It's amazing that there are actually rules in place in Canada that prevent us from doing that. I mean, it's just unbelievable.

Now that there's a massive demand for AI and it's essential for national defence and security, do you think we should continue selling natural gas to the U.S. so they can use electricity to power their data centres, or do you think we should make electricity in Canada and use it for data centres in Canada?

Paul Cheliak: That's not as simple as it may seem. The gas that flows to the United States, which is a great partner of Canada on energy and will remain a great partner on energy, is under contract. People have paid for access on those pipelines, and they will use it. That's a binding contract. There are some business and contractual realities that exist.

Should Canada pursue data sovereignty with all energy sources on the table? Absolutely. We met with government yesterday. It seemed that there was an aspiration, anyway, to ensure that all energy sources are on the table as Canada aims to increase its data sovereignty through data centres.

Jonathan Rowe: If I understand correctly, we have rules in place right now in the name of saving the environment that prevent us from building liquefied natural gas facilities, or we at least make the permitting very long to not allow that to happen. Right now, from what I heard when I was in Alberta, we are selling our natural gas into the pipeline for less than a nickel per unit. The Americans are taking that, turning it into LNG product and selling it for over $12 per unit.

Are we actually helping the environment by doing this, or are we just helping Trump's economy by sacrificing our own?

Paul Cheliak: Again, the natural gas that's flowing to the United States is under contract. As you know, there's significant LNG development in Canada. There's a fairly frantic pace of development on the west coast, which will alleviate some of the challenge, but most certainly there is an analogy where there's a tap and there's a drain. The money is made at the drain.

Jonathan Rowe: Yes, absolutely.

I have a question for my friend Mr. Brossard.

I had this question written up before I came here, and you almost nailed it on the head in your speech. The German government came to Newfoundland and Labrador looking for natural gas. The Liberal government—being advised by Mark Carney, might I add—said there was no business case for this, but now there's a business case over in B.C. to ship it right around the world to Germany.

Was it major incompetence a few years past when Germany came over, or was it just intentional deception?

● (1610)

Renaud Brossard: In essence, the issue is that the government killed the business case by over-regulating it. It wasn't theoretically wrong when it said there was no business case, but it should have added that it was based on the laws that were added on the books to make it so that there were no business cases.

Germany, Japan, India, Poland and a lot of countries in Asia and Europe—our allies—have been asking for access to Canadian resources. They have been asking for the reliability and stability in supply that Canada can offer. Unfortunately, for the last decade, the government has been saying no. We feel that there's finally a bit of a shift. It's good to see that shift happen, but it is 10 years too late.

Jonathan Rowe: Thank you.

The Vice-Chair (Shannon Stubbs): Thank you.

That round concluded perfectly on time.

Now we'll move over to the Liberals for five minutes, with Mr. Saini.

Gurbux Saini (Fleetwood—Port Kells, Lib.): Thank you.

Thank you to all the witnesses.

My question is for Mr. Brossard.

Can you share your views on the one project, one review agreement that the federal government has signed with the provinces? How can such an agreement benefit energy and electricity projects?

Renaud Brossard: We see it very favourably. Last year, some of my colleagues wrote a very long research paper on how we could fix the issues with Bill C-69. One of the ways was to respect the provincial assessment processes and see them as sufficient. As a Quebecker, I'd say that comes as strong respect for the importance of provincial autonomy in those decisions.

The fact that the provincial assessments are good enough removes obligations and significantly reduces the cost of going through these processes. If the cost is reduced but the benefit is the same, it helps steer investment our way. It makes the business case that much more appealing and reduces uncertainty as well, as you don't have to file two different reports with a couple of different commas here and there in both and wait for the approval of two different entities.

Gurbux Saini: Mr. Cheliak, how can developing natural gas infrastructure support the growth of LNG export projects?

Paul Cheliak: It's essential to look at a project based on three components. You have the supply, the demand and the infrastructure to move it between the two points. If you look at it in the context of a Canadian LNG project, you obviously need a pipeline to move the gas from where it's produced to where it's going to be liquefied to be exported. Those are the three parts of the project. Without the infrastructure to move it to a liquefaction terminal, you would obviously not have the ability to create the LNG and export it.

Gurbux Saini: My next question is for Travis.

How can the Government of Canada support indigenous equity and leadership in energy projects? How can such efforts benefit northern indigenous communities?

Travis Balaski: I'll note a couple of things on this. There was a lot of talk earlier about permitting. The Inuvialuit energy security project went through a lot of the permitting debate, which was talked about a few minutes ago. We were through the CER process. There was definitely a lot of overlap between regional consultation and environmental review and with what the federal department was doing. Even for a relatively small project like ours—it had only a half-billion-dollar number—we were four years in the permitting process, which is far too long. I don't think external investors would have had the patience to do this. Kudos to the Inuvialuit for sticking with it.

The second thing is that we're actively working. We have funding with the Canada Infrastructure Bank. We're looking to expand our funding with the federal government. A whole bunch of programs have been announced, but it's very unclear how they all work together, whether it be something backed by DND, the indigenous loan guarantee program or the Canada Infrastructure Bank. It's not easy, even for us as an indigenous proponent, to come to the government and to get clarity as to who's going to help and what that's going to look like. We get passed around between the various departments. The Inuvialuit are fortunate that we have good access to government, but that's still not clear to us.

Clarity of permitting and financial support are top of mind.

● (1615)

Gurbux Saini: Mr. Cheliak, I lived in the small community of Williams Lake for a lot of years. If you go 10 or 15 miles outside the community, there are a lot of indigenous communities. I can think of at least 15. There's no natural gas in their homes. Why is that such a complicated issue?

Paul Cheliak: The fundamental challenge is that any utility in Canada is permitted to connect a community only where the users of the product—whether it's electricity or gas—can pay back the cost of the infrastructure over a 40-year period. The regulator looks at how many people are in a community. If the equation doesn't work out, the utility is not permitted to build the infrastructure. Sometimes they can get halfway there with the formula. Sometimes it's three-quarters the way there. Sometimes it's not very far at all. That's the limitation facing any regulated monopoly, which all utilities are in Canada.

We are in the process now of proposing to government that it unlock a program to have the public sector match funds from utilities in order to provide access to communities looking for natural gas, including dozens of indigenous communities across Canada.

The Vice-Chair (Shannon Stubbs): Thank you, gentlemen.

For the next round, we'll go to Monsieur Simard for two and a half minutes.

[*Translation*]

Mario Simard: Thank you, Madam Chair.

Mr. Cheliak, in your opening remarks, you talked about the price difference between gas and electricity, as well as the evolution of those prices. It might've happened more slowly for gas. It's possible, but I'd like to understand the situation. If you have any figures, it would be interesting to have them.

Canada's energy profile is not linear. There are distinctions to be made between the provinces. To make sure everyone understands, in the energy basket, 40% of the energy in Quebec comes from hydroelectricity, compared to 17% for Canada as a whole. These differences need to be taken into consideration. Also, I don't think Quebeckers pay a realistic price for energy. Let's say our hydro is a little less expensive.

At the peak consumption period, we're talking just under 300 hours a year. It's a challenge, but there's no glaring shortage of hydroelectricity in Quebec. Only when it's just under 300 hours a year can it become problematic.

Gas, another energy source, can also be used to drive down prices.

Have you done some kind of breakdown by province to see what that represents in the energy basket? It might be interesting for the committee to have that.

[*English*]

Paul Cheliak: Yes, we do. There's an excellent one published by the Canada Energy Regulator called “Canada's Energy Future 2026”. It looks out to 2050 and models supply, prices and demand for all regions of the country. I would definitely refer you to that.

On prices in Quebec specifically, it's important to recognize that industrial electricity customers subsidize residential customers. The bill that a Quebec residential electricity customer pays is about seven cents a kilowatt hour. Commercial pays almost double that, so there is an artificial skewing of the residential price of electricity in Quebec. There are many different reasons for that, which I won't comment on today, but it's important to look at market distortions alongside the actual price that people pay.

[*Translation*]

Mario Simard: That's exactly right.

● (1620)

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you, gentlemen.

If you want to provide a written submission afterwards with respect to Mr. Simard's question, you could add a few more of those factors.

[*Translation*]

Mario Simard: Thank you very much.

[*English*]

The Vice-Chair (Shannon Stubbs): Now, for five minutes, we'll move to our Conservative member of Parliament Mr. Khanna.

Arpan Khanna (Oxford, CPC): Thank you, Chair.

I want to thank the witnesses for being here today and for sharing their insights on such an important issue, especially during a time when we need affordable, reliable energy right across our country.

I represent a rural community, Oxford County, where there are a lot of farm operations. A lot of folks rely on natural gas to heat their homes and run their operations.

My first question is for Mr. Brossard.

You spoke about the roadblocks this government has been setting up over the last 10 years and about some of the challenges you've seen. Do you mind listing those challenges? What policies are problematic when it comes to supporting affordable natural gas and providing it to Canadians?

Renaud Brossard: If you don't mind, I'll leave it to my colleague Gabriel Giguère, who would be very qualified to talk about this.

Gabriel Giguère: I'm very sorry. Could you repeat the question, please?

Arpan Khanna: In his opening testimony, Mr. Brossard mentioned that the policies of the Liberal government during the last 10 years made it challenging for a business case, but the Liberals also made decisions that prevented getting natural gas to Canadians. What are those policies that caused some of the roadblocks to providing natural gas to Canadians?

[*Translation*]

Gabriel Giguère: One of the first things that stands out is that many small projects were impacted by Bill C-69.

That said, there's also the emissions cap issue for the oil and gas sector. It is undoubtedly part of the set of measures that have hindered development in the sector, particularly in terms of energy infrastructure.

Investor surveys were conducted on environmental regulations. In Canada, nearly 68% of those surveyed said they were concerned, versus only 41% in the U.S. That's a central element.

We understand Canada is much less competitive and attractive when it comes to capital. Capital investments in the oil and gas sector has decreased since 2015, particularly when we adjust for inflation. This poses a problem, because the oil and gas sector is one of the most productive and highest value-added sectors. Regulations that block projects are detrimental to Canada and that's been going on for more than 10 years.

[*English*]

Arpan Khanna: Clearly, the government's policies during the last 10 years caused this crisis. Do you see a shift in the government, that it's finally realizing that its own mistakes have caused these problems?

[*Translation*]

Gabriel Giguère: I think the tipping point is very obvious. Last year, they wanted to bypass Bill C-69 by creating the Major Projects Office in Canada, but in reality, they're adding arbitrary criteria.

I understand the government's objective, which isn't totally bad, but there's no need to add arbitrary criteria. My colleague Mr. Brossard said it very well: When Bill C-69 gets reformed, arbitrary criteria need to be reduced. We need a predictable and attractive regulatory framework for capital investment.

We understand very well that the act passed in 2019 has been repealed. Now, we have to hurry up and pass a new bill and adopt a new regulatory framework to be more attractive. We're behind the eight ball right now.

There is an LNG project operating in western Canada, but there are many more in the U.S. The first project was launched in February 2016. We're very late to the party.

[*English*]

Arpan Khanna: We haven't seen any of those changes come to the floor of Parliament. They haven't repealed their anti-energy laws at all.

This is a question for Mr. Balaski. I know you were talking about permitting. Canada has been one of the slowest countries in the OECD when it comes to permitting. You said it took almost four years. How does Canada compare to other countries? It was mentioned in previous testimony that investors weren't confident investing in Canada and that ultimately it's Canadians who pay the price for that. Can you please give us a comparison with other jurisdictions?

Travis Balaski: Building a project in the Arctic definitely has some special considerations that would extend any permitting process. Obviously, we had to consider Inuvialuit rights in the sensitive environment of the Arctic, but I would say that a typical project of this scale is usually done within a province or territory—even in the States it would be within a state—and it should be a six- to nine-month process, or maybe a 12-month process. Taking into consideration the Arctic, there would be a bit more time, but four years did seem like a long time.

● (1625)

Arpan Khanna: Yes, four years is definitely a long time compared to other jurisdictions.

Am I done? I'm sorry.

The Vice-Chair (Shannon Stubbs): Thank you. I apologize for cutting my colleague off. You are at time.

Now, for the last round, we will move over to Ms. McKelvie.

Jennifer McKelvie (Ajax, Lib.): Thank you so much, Madam Chair.

My first question is for Mr. Balaski.

You mentioned a major project that you have under way, and the emissions reductions that will happen through that. Can speak to the size and scale of that project? What does it mean for energy sovereignty in the area? Does this take you to being 100% reliant on energy from Inuvialuit? How close will you get on this single project?

Travis Balaski: This project is right around half a billion dollars. It teeters on...discussing with the Major Projects Office. I don't know if we would consider this a major project yet in the grand scheme of the country, but it can unlock the opportunity for other major projects. I don't know if we're quite in the “major project” designation.

In terms of emissions and the opportunity for fuel displacement, it will supply synthetic fuels and natural gas, which will mean power, heating and transportation for the majority of the region. The reason I say “majority” is that there will still be things like gasoline in vehicles. That's the only thing that will not be displaced, but any sort of major transportation, heating or power will be fuelled, really, throughout the western Arctic: the Kitikmeot in Nunavut, the northern Northwest Territories and the northern part of Yukon.

Jennifer McKelvie: Environmentally, you have huge savings since you're not transporting fuel over large distances. I think you're in the order of 40,000 tonnes. Do you know roughly how much that is? If I look at 40,000 tonnes, that's the equivalent of about 8,700 gasoline cars off the road, or the energy of 5,000 homes. Do you have a ballpark estimate on what that savings looks like?

Travis Balaski: From a CO2 perspective, that's a pretty good number, Madam McKelvie. It depends on what basis you use, but we've seen numbers like tens of thousands a tonne, which is a good estimate of what we're displacing. Obviously the majority is in transportation, and some of it is in the production emissions.

Jennifer McKelvie: Then there are other benefits. Maybe you can speak to some of the socio-economic ones. Do you know how many jobs this will bring to your area? What more can we do to help ensure that you have the skilled trades, that they're local and that locals are able to fully benefit from the economic wealth that this can generate for you?

Travis Balaski: Right now, for any energy that's imported into the region, I would say that 95% plus of the revenue leaves the region. They're all imported fuels that are produced and brought into the region by others. This will totally flip that equation so that the Inuvialuit own subsurface to surface. All of that revenue will be generated and will stay in the region.

It will create job opportunities. For a region that's only several thousand people, we're seeing 100 to 200 local construction jobs, over 100 million dollars' worth of construction contracts for local businesses and 50-plus direct jobs—plus the indirect jobs—which is a substantial number when you're talking about a small community.

In terms of capacity building, it's difficult. Education is limited in the north. We have to work with southern partners.

Jennifer McKelvie: My next question is for Mr. Elias.

Having gone through this process, what advice do you have for other communities that are looking to do something similar and generate sovereignty for themselves, especially throughout northern Canada?

Travis Balaski: Mr. Elias is not on today.

Jennifer McKelvie: Can you answer the question?

Travis Balaski: I can do my best.

I think there are a lot of learnings. It's a fortunate region where there are well-understood oil and gas reserves. There's now access with the Inuvik Tuktoyaktuk Highway. We had an indigenous group in the Inuvialuit that has fairly deep pockets and the wherewithal to progress this. It takes a good combination to build a large project.

This part of the western Arctic is fortunate. I think other parts of Canada can learn and benefit from this, but it will probably take more support to get them there.

Jennifer McKelvie: I'll squeeze in one last question. Hopefully I can get through it.

As we are looking to roll out the defence industrial strategy, one thing that's important is northern security and northern sovereignty. If we're ramping up satellite surveillance, is it important for us to collect data from high-resolution magnetic gravity, lidar, etc., so we have that information available for communities that might want to take advantage of their natural resources?

Travis Balaski: Any development in the Arctic is going to be good and will support that initiative. The more we can understand it, the more we'll encourage investment and development to support these initiatives.

● (1630)

The Vice-Chair (Shannon Stubbs): You have 30 seconds.

Jennifer McKelvie: I will cede my last 30 seconds.

The Vice-Chair (Shannon Stubbs): Thank you.

Thank you, colleagues.

Thank you to all the witnesses here for your informative and eloquent expertise and for sharing that with the committee's members as we work to develop a report and potentially some supplementary recommendations.

That's all the time we have today with this panel. Thank you all for being here.

We'll now suspend for a few minutes to welcome our new witnesses and get set up for the next round.

● (1630)

_____(Pause)_____

● (1635)

The Vice-Chair (Shannon Stubbs): Thank you, colleagues.

We'll now resume the meeting with our new witnesses.

I would like to welcome them on behalf of all committee members.

From Electric Mobility Canada, we have Daniel Breton, president and CEO. From Electricity Canada, we are joined by Michael Powell, vice-president of government relations. From the Nova Scotia Independent Energy System Operator, we have Chris Milligan, vice-president of planning and procurement.

The first and third witnesses will be joining us by video conference. All virtual witnesses have conducted the mandatory witness onboarding test.

I'd like to make a few comments for the benefit of the new witnesses joining today, even though many of you are returning individuals.

Committee members may ask questions in either French or English. If you need interpretation, just take a moment now to prepare your earpiece and select the listening channel that you'll need in order to take full advantage of the time that's allotted for questions and answers.

This is a reminder that all comments should be addressed through the chair, although I'm fairly easygoing about those sorts of things.

You'll have five minutes each for your opening remarks, after which we will open the floor to questions from MPs.

Mr. Breton, you have the floor for five minutes.

● (1640)

[*Translation*]

Daniel Breton (President and Chief Executive Officer, Electric Mobility Canada): Thank you very much.

My name is Daniel Breton. I am the president and chief executive officer of Electric Mobility Canada, the Canadian industry association for the transportation electrification industry. This year, we are celebrating our 20th anniversary.

I'd like to remind everyone that 20 years ago, fewer than 100 people worked in the transportation electrification sector in Canada, and there were fewer than 20 electric vehicles on Canadian roads. There are now more than 130,000 workers in the sector and more than a million electric vehicles on the roads. According to an EY report published in 2025, using an average scenario, there should be 600,000 workers in the transportation electrification sector in 2035.

[*English*]

Many reasons plead for the electrification of the economy as a whole and the electrification of transportation in particular.

According to StatsCan, there are now more workers in electric power generation, transmission and distribution than in oil and gas in Canada, even if oil sands production has increased by almost 50% in the past 10 years. According to the EY report, there will be more jobs in the EV industry than in oil and gas by 2035.

While some people worry that the growing number of EVs will break the grid, as technology keeps evolving, light-, medium- and heavy-duty electric vehicles will actually help the grid through vehicle-to-grid integration. We found, through the utilities working group, that as EV drivers pay for more electricity, mostly consumed overnight when there's spare capacity, it more than covers the cost of necessary upgrades to handle EVs. Put another way, by charging mostly off-peak, EVs improved the utilization of the grid, spreading fixed costs over more customers. This is why utilities increasingly see EVs as a form of beneficial electrification.

According to NRCan's “Energy Fact Book 2024-2025”, in 2023, there were almost 200 projects in clean electricity, representing more than a $70-billion investment. Hydro-Québec alone intends to invest up to $200 billion by 2035, so Canada's plan to electrify transportation and the economy is not far-fetched at all. It's actually pragmatic.

[*Translation*]

Here are four doses of reality.

The vast majority of jobs in transportation electrification and the economy in general cannot be offshored. Whether it's critical minerals, electric power generation and distribution or charging infrastructure, the U.S. President can do or say what he wants, those jobs will stay here. The James Bay dam, for example, won't be moving to the U.S.

At a time when many are talking about economic nationalism, I would remind everyone that nearly 75% of oil sands projects are owned by foreign interests and most of them are American, contrary to our electricity which is overwhelmingly Canadian-owned and publicly owned. Whether it's B.C. Hydro, Manitoba Hydro, SaskPower, Ontario Power Generation, Hydro-Québec, NB Power or any other electricity provider in Canada, the benefits and jobs stay in local communities.

I'm old enough to remember the Iran-Iraq war, 45 years ago. It led to an oil shock. Forty-five years later, we're facing yet another oil shock. While fuel prices around the world keep going up and down, because they're dictated by an international price, the price of electricity is regional, even local. As a result, while those who drive gas and diesel vehicles suffer from this international price, all electric vehicle owners, like me, have seen virtually no difference in the price of electricity. This means electrifying our transportation and economy makes us much more economically resilient.

● (1645)

According to Health Canada, in 2015, the impact of motor vehicle traffic air pollution was estimated at nearly $10 billion and lead to more than 1,200 premature deaths in Canada. Therefore, electrifying our transportation and our economy means we could save billions of dollars and thousands of lives every year. That's why we support the Canadian government in electrifying transportation and the economy, whether it's cars, trucks, buses, boats and trains, like Alto, all with the goal of creating local jobs and reducing greenhouse gas emissions and air pollution.

Thank you.

[*English*]

The Vice-Chair (Shannon Stubbs): I apologize for my brutally anglicized pronunciation of your name. You look to be in a beautiful area. I wouldn't mind visiting, and you could teach me how to be a bit more effectively bilingual.

Thank you for your testimony.

We will now move to Mr. Powell for five minutes.

Michael Powell (Vice-President, Government Relations, Electricity Canada): Thanks, and good afternoon.

My name is Mike Powell. I'm vice-president of government relations at Electricity Canada. We're the national voice of Canada's electricity sector. Our members make, move and deliver electrical energy in every province and territory.

I want to start with four numbers for Canada's electricity story.

One is 2%. That is the percentage of Canada's GDP that comes from the electricity sector, but it's also the first 2%. All the rest is powered by electrical energy in one way or another.

The second is more than 80%. That is the percentage of Canada's electricity system that is non-emitting. Most of that is hydro. Some is nuclear. That puts us among the best and cleanest systems in the world.

Third is 100%. That is how much the electricity system is going to have to grow in the next 25 years to meet demand from new technology and population growth.

The last is $2 trillion, which is what it's going to cost to meet that between now and 2050.

That's the scale of the task before us. We'll have to do it across multiple electricity systems with different resource mixes, market structures and regulatory environments. There will be no silver bullet or one-size-fits-all approach to meeting this growth. There is a need to act with urgency and precision.

We were very excited when the government recently announced its new electricity strategy, “Powering Canada Strong”, which comes at an important time, as did regulatory reform proposals, which were announced just before. These are major steps forward in reducing obstacles to building and supporting electricity system expansion.

The test now is to match ambition with execution. Electricity will be central to how we grow our economy. In a changing world, we have to get it right.

I'd like to highlight four items to support this.

First, Canada needs to develop a regulatory and approval system that supports investment and growth. We've seen substantial commitments to improving approval timelines and simplifying processes for major projects. We also need to ensure that the same is true for all electricity projects, not just the largest ones. We cannot build at scale if smaller but equally essential projects are stuck in regulatory delays.

We hope that recent commitments to single-approval authorities, federal economic zones and more flexible permitting processes will help with this. We also hope that these lessons can help improve permitting for existing infrastructure, whose operations can be saddled with red tape and regulatory delays.

We were also pleased to see the government's intention to amend the clean electricity regulations. As we've said at this committee before, the CERs need to work in every jurisdiction in Canada. Provincial system operators are best placed to make operational and system design decisions and to allocate electricity resources. Allowing appropriate flexibility and allowing existing assets to operate longer will help keep energy on the grid, support customer affordability and ensure system reliability.

Second, we need to work toward an integrated Canadian electricity system. As shown in a recent report we did with Deloitte on interties, there are real opportunities to improve interconnections between jurisdictions, to improve reliability and to help our system grow. The federal government can partner with provincial actors to advance inter-regional planning and apply a benefit accrual framework to build and optimize our east-west and north interconnections.

Third, we have to keep an eye on cost and affordability for Canadians. The investment needed to expand the grid is on a national scale, and we must be mindful of the impact on customer bills. We do an annual customer survey, and we found that 84% of respondents said that an increase in bills would have an impact on their finances.

This is an area where the federal government must play a role. The clean electricity and clean technology ITCs offer support already. We are encouraged that the new strategy commits to extending these ITCs to cover certain intraprovincial transmission projects. Other programs, such as SREPs, the smart renewables and electrification pathways program—we are an acronyms business—the CIB, the indigenous loan guarantee program and others also play important roles. We believe there is a need to extend and optimize these programs, including by ensuring that they are designed to be as simple to use as possible and are supporting the whole system, including distribution.

There's also going to be more to do. The electricity strategy rightly acknowledges that large and long-lasting projects offer a unique challenge, and we'll need to think about different approaches. We look forward to those conversations.

Finally, resiliency must be fundamental in government action. Our grid is operating in an increasingly challenging environment, be it more extreme weather or cyber-threats. We are facing growing labour shortages and supply chain constraints. The electricity strategy makes important contributions and asks important questions on these fronts.

We need continued action on workforce development, supply chain security and grid hardening. We need to develop an electricity supply chain road map that reduces trade risks and builds resilient supply chains in Canada. We need to implement policies for skill development and attraction in our sector, and provide targeted funding to make our grids more weather-resilient. We have a once-in-a-generation opportunity to get this right. We have to seize the opportunity.

● (1650)

We look forward to working with the committee, the government and all Canadians to build the electricity system that makes our country an energy superpower.

Thank you.

The Vice-Chair (Shannon Stubbs): Thank you.

Now we'll go over to you, Mr. Milligan, for five minutes.

Chris Milligan (Vice-President, Planning and Procurement, Nova Scotia Independent Energy System Operator): Good afternoon. Thank you very much, Madam Chair and committee, for the invitation to join you today.

I'd like to start by acknowledging that I'm speaking to you today from Mi'kma'ki, the ancestral, unceded territory of the Mi'kmaq people, which is covered by the peace and friendship treaties. We're all treaty people. We all benefit greatly from the shared resources of this land.

My name is Chris Milligan. I'm the vice-president of planning and procurement at the Independent Energy System Operator in Nova Scotia. I have over 15 years of experience working in the regulated utility landscape, much of that leading electricity system planning activities. This includes the development of several integrated resource plans for the Nova Scotia electricity system. I have also held responsibility in new system interconnections and energy resource procurement activities. I'm the vice-chair of the Northeast Power Coordinating Council's reliability coordinating committee, a member of Electricity Canada's transmission council and a registered professional engineer in Nova Scotia.

IESO Nova Scotia is an independent, not-for-profit organization created by the province's More Access to Energy Act to take on long-term system planning, new energy resource procurement and transmission grid operations on behalf of Nova Scotians. Importantly, we're structured to be independent of governments, utilities and independent power producers. Our mandate is to deliver a secure supply of electricity for the province and to enable transition to renewable energy while doing so at the best possible cost for Nova Scotians.

Over the last nine months, we've been standing up this new organization and, at the same time, advancing several major priorities critical to maintaining a reliable electricity supply for the province. Coal-fired generation is being phased out, a transition to 80% renewable energy is targeted for 2030 and demand for electricity continues to grow.

These projects include our inaugural integrated resource plan, which will identify resources and programs critical to meeting our province's electricity needs over the next 25 years; overseeing transmission and connection processes crucial to reliably integrating new loads and resources to our transmission system; and procuring urgently needed new-generation resources, including fast-acting natural gas, energy storage and renewable energy resources. These initiatives are essential to Nova Scotia's energy security and supply reliability, but they also support our province's key priorities of affordability, energy transition and enabling economic growth.

Current forecasts demonstrate that the load on the system will continue to grow, driven by population growth, electrification and economic development. A new peak demand record was set in Nova Scotia in January of this year, highlighting this growth in very real terms. This demand strained the current system and confirmed the urgent need for new energy resources. Forecasts for the province anticipate hundreds of megawatts of continued growth in demand through 2035 and beyond.

That's why this is such a pivotal time for Nova Scotia's shift from coal to renewable energy sources to be coming to bear. Nova Scotia's wind resources are world-class. High inverter-based renewable generation is an area of focus for Nova Scotia. We are leading in North America. We have learnings to share and ongoing areas for study. Our exceptional wind resources also present exciting opportunities for the province, like Wind West, our provincial government's ambitious plan to harness offshore wind to power electricity systems on a national scale.

While our mandate is clearly focused on Nova Scotia, we recognize that our electricity grid is part of a broader system and that when systems work together, it can bring significant benefits for electricity customers. Recent concrete examples of this in the Maritimes include the development of an enhanced transmission interconnection between Nova Scotia and New Brunswick, and the agreement for IESO Nova Scotia to purchase capacity from a fast-acting generation facility being developed in New Brunswick. Our organization is keen to study further opportunities to expand electricity partnerships across jurisdictions.

The significant build-out of onshore wind generation and the procurement of the firm capacity and energy storage resources that support it represent the most cost-effective and carbon-minimized energy portfolio that meets the needs of Nova Scotians. The transformation of Nova Scotia's electricity system away from coal is forecast to lead to a reduction in greenhouse gas emissions of over 90% relative to 2005 levels. This provides a solid foundation on which economy-wide electrification can lead to further carbon reductions across all sectors of the economy.

This portfolio of energy resources also provides critical energy security, enabling our province to transition away from a reliance on global fossil fuel markets and to instead leverage our own domestic resources—an important advantage for the moment we're in right now.

The Government of Canada has played an integral role in enabling many of the projects that underpin Nova Scotia's energy transition and system reliability—both today and into the future—through funding programs like the smart renewables and electrification pathways program and the Canada Infrastructure Bank, among others. This support has a direct impact on infrastructure resilience and energy affordability in our province. IESO Nova Scotia looks forward to future collaborations that serve our mandate to deliver a secure supply of electricity and to enable the renewable energy transition at the best possible cost to Nova Scotians.

Thank you, members of the committee, for the opportunity to participate today. I look forward to answering your questions.

● (1655)

The Vice-Chair (Shannon Stubbs): Thank you very much for your testimony.

Now we'll move to Mr. Rowe for six minutes for the first round of questions.

Jonathan Rowe: Thank you all for being here today.

My first question is for Mr. Milligan.

We may be more closely connected than you think. I'm from Newfoundland and Labrador, and I worked on the Muskrat Falls project. As you know, there's a link there, the maritime link, that links Newfoundland and perhaps one of the largest undersea cables in the world—for sure one of the largest in the country. One thing that's exciting about hydroelectricity is that it never runs out as long as it keeps raining. In Newfoundland and Labrador, it always rains.

Was there an initial route that may have been considered before the maritime link that would have been more cost-effective?

Chris Milligan: I can't speak to the specifics of that project, in any way that I recall, with that lens. That project would have been put forward in front of the regulator in Nova Scotia, and it was determined by that regulator to be the lowest-cost option to supply Nova Scotian customers with the portion of the project that supplies their needs.

Jonathan Rowe: That's interesting. One of the big rumours in Newfoundland and Labrador was that the original plan was to go from Labrador to Nova Scotia through the mainland and down through Quebec, but they ran into some interprovincial barriers. I was just wondering if that was true or not, if you could confirm that.

The maritime link has a 25-year lifespan. Do you think that Newfoundland and Labrador would have more opportunities to offer hydroelectricity or biofuel from wood chips or even from natural gas if we had more access to Nova Scotia through more links through Quebec or from under the ocean—a maritime link?

Chris Milligan: Speaking specifically about the opportunities to integrate between Nova Scotia and Newfoundland, I would say that the maritime link has definitely brought a lot of benefit to both provinces.

One concrete example of that came as recently as earlier this year when there was a very cold weekend in January. I mentioned in my opening remarks that we would have set a new peak demand record in Nova Scotia. There was a particularly important weekend when Nova Scotia was able to supply energy to Newfoundland, I think on a Saturday. Then the very next day, on the Sunday, Newfoundland was able to supply additional energy to Nova Scotia. Both provinces, by working together through that intertie, were able to keep the lights on on very cold days and through some challenging conditions for various reasons for the electricity systems of both provinces.

I use that as an example to highlight the value of having a greater connection between provinces. I would say we work together with Newfoundland and Labrador Hydro and other aspects of the Newfoundland electricity system to try to find more of those opportunities all the time.

Jonathan Rowe: I remember the days when we'd all turn our electricity down and light our wood stoves. I remember that very clearly.

Do you think removing provincial trade barriers...? One of the biggest trade barriers between Newfoundland and Labrador and Nova Scotia is the ocean. Do you think the federal government should put in some dollars, if they're going to put out dollars, to add another maritime link to Newfoundland and Nova Scotia so we can do more of that electricity exchange?

Chris Milligan: Yes, and I mentioned in my opening remarks the really high value that federal support can bring to those types of interprovincial projects. I believe some was provided for the maritime link project in the form of a federal loan guarantee. That was instrumental in enabling that project to go ahead.

I would think that any examination of the interties between provinces benefits from that type of support. We would have recently seen approval for the new transmission intertie between New Brunswick and Nova Scotia, and that also benefited from Canada Infrastructure Bank funding, which allowed it to be the most economic option for customers.

Jonathan Rowe: You mentioned a lot about wind turbines. Obviously, wind turbines need complementary generation, whether that's Newfoundland's hydroelectricity at Muskrat Falls, further hydroelectricity development or even natural gas development. Is Nova Scotia looking at doing possible natural gas generation using the natural gas there to offset or be complementary to the wind turbines?

● (1700)

Chris Milligan: When we develop an energy portfolio, we have to create the resource mix for customers that is lowest-cost, meets our decarbonization objectives and, most importantly, maintains system reliability for customers. As you mentioned, it's not always windy, although it's pretty windy in Nova Scotia, almost as much as in Newfoundland, although maybe not quite as much. It is very important that the system has balancing resources in order to integrate all of that wind.

In Nova Scotia, we'll be developing a portfolio of firming assets or balancing resources that includes energy storage. It includes the conversion of a couple of coal plants to alternative fuels, and it includes the development of new fast-acting, gas generation-fired facilities that will all work together to integrate wind energy into the system.

Jonathan Rowe: It's interesting that B.C. can't turn its natural gas into electricity but Nova Scotia can, even though we all have the same atmosphere. That part kind of blows my mind.

You guys are doing the right thing by tapping into natural gas. I find it interesting. If we have to build a natural gas facility to power the grid when the wind turbines are down, I don't completely understand the economics of why we would spend money to build a wind turbine. I guess that's for the industry to determine on its own.

Newfoundland and Labrador has a lot of natural gas that we could turn into electricity as well. Do you think having some import facilities in Nova Scotia to import Newfoundland LNG could be a good opportunity?

Chris Milligan: I would say that a reliable supply of natural gas is part of the supply to those facilities, but equally and importantly for Nova Scotians, we would be designing those facilities to be dual-fuelled. They would also have a backup of liquid fuel available. That is part of ensuring that the reliability asset they are is available. That would be diesel, but the ability to transition to a renewable fuel over time is all part of the design of those facilities.

Overall, those facilities still emit about half of the greenhouse gases of coal per megawatt generated, and they will also run a lot less frequently, because rather than being baseload, they're only in there responding to really high-peak demand days or really low wind renewable generation days.

That's part of enabling the 90% reduction in greenhouse gas emissions from our provincial electricity system over time, relative to 2005. Even though we will be adding those facilities with the predominant amount of generation coming from wind, the overall emissions are significantly reduced.

The Vice-Chair (Shannon Stubbs): Thank you.

Colleagues, we will now move to our parliamentary secretary for six minutes.

Claude Guay (LaSalle—Émard—Verdun, Lib.): Thank you, Madam Chair.

Thank you to the witnesses. This is a great group.

Thank you, Mr. Clerk, for bringing them to us.

It's good to see you again, Mr. Powell. My first questions are going to be for you.

I listened to the four things that were important in execution, and every one of those things is in the national electricity strategy the government just published. To your point, though, now we have to do execution and ambition. I just want to make sure for this committee.... Are there things missing in the strategy that in your opinion the committee missed and should have been there?

Michael Powell: There was a lot in the strategy. I think it gets the key stuff right, and it maps with the questions that we have been looking to see moving forward—questions on affordability and how we finance the system to make sure we have the right needs; on building out at pace; on interconnecting; and on matching the supply chain and the people.

One thing I'm reflecting on is having a clear space for Canada's distribution system. The government has done a very good job of thinking about ways in which it can support the build-out of generation and more transmission, with the welcome addition of intraprovincial, but when we get to the last mile in front of our houses, there is still a need to think about how we support the growth in that system. There are different challenges that might come, but I think there's space to have that conversation within the context of the strategy.

Claude Guay: To be specific, on high-voltage intraprovincial, I'm assuming you're supportive of the tax credit.

Michael Powell: Yes, very.

Claude Guay: Do you want to talk about the tax credit and why?

Michael Powell: That was a welcome addition.

We can build all the generation we want, but it has to get to people. Just as we have factories and cities with highways in between, we need that within provinces for electricity. A bulk of where we have to build out Canada's wireless network is within jurisdictions. Provinces are quite large, as you all know, so this focused high-value investment in transmission to help grow the system will be very important. It's something we've been advocating for over several years.

● (1705)

Claude Guay: I'll change topics a bit.

You saw recently that the government invested in the Matawinie mine for Nouveau Monde Graphite. We're investing in a fully integrated battery supply chain domestically.

We have big ambitions from a buy Canadian perspective, and I am aware that today, a lot of the equipment we provide to support our electricity ambition is coming from foreign countries. Some of that may be less reliable than others.

What's the position of your members on buy Canadian?

Michael Powell: As a starting point, I'll say that when our members make investments in Canada, the vast majority of the money is usually spent on Canadian goods—so workers, goods, etc.

Canada is a market in a larger world, and there are certainly some companies that make a lot of goods here in Canada. We have a very healthy relationship with our supplier community, with companies that make transformers, wires and all these other pieces. Some goods are, by their nature, not Canadian, and we have to make sure we have the flexibility and ability to get those. Even if there might be a Canadian alternative, the nature of bids and capacity is that you'll have to draw from them.

As for what we're hoping to see—which we talked about in our annual report and saw in the strategy—there needs to be a comprehensive focus on where Canada can be successful in investing in and growing business communities in this space in a way that can be durable, where we have strength and where we can grow.

The approach you saw in the defence industrial strategy—build, partner, buy—is probably the right approach, but we have to double the grid in the next 25 years. We can't wait to grow all these pieces. As we're looking to bring mines online, which requires generation and transmission, we should make sure that we're getting resources up and running so that we can make the whole economy move faster and there's balance in there.

Claude Guay: Do you have any suggestions, Mr. Powell, on which areas we as a country should focus on developing? Is it energy storage? I don't want to put words in your mouth, but I'm interested to know.

Michael Powell: I'd look at where we have success already. Canada has real success in developing and integrating hydroelectric systems and nuclear systems. We have companies that produce transformers of all types. We have systems integrators. Those are areas of strength where we can start. We can also look at areas where we can attract new companies, leveraging the.... The $2 trillion of spend is a lot, so how can we identify those and build?

We're doing some work through our supply chain committee, looking at high-voltage breakers. I'm not an engineer; someone else could probably speak to what they do, but there is a shortage and an opportunity. We're working with our members and looking at areas where there are opportunities for partnerships with suppliers to build those. We've already seen that happen in the transformer space in Ontario and elsewhere, where local Canadian companies are looking to expand their systems and where partnerships with our members and governments of all types have allowed growth to happen. We've seen that grow from there.

We should seize this opportunity. It's a real export chance beyond what we have here as well.

The Vice-Chair (Shannon Stubbs): Thank you. That concludes your exchange.

We'll now move to Mr. Simard for six minutes.

[*Translation*]

Mario Simard: Thank you very much, Madam Chair.

Mr. Breton, I'd like to come back to something you said in your opening remarks, but which I think is still important.

You know the federal government has reduced the target for 2035. It won't be 100% ZEVs, but more like 75%. Some grieving minds say that if we meet these targets, we're going to significantly increase the peak period in Quebec.

I'd like to hear your thoughts on that to dispel the myth that a massive deployment of electric vehicles could lead, particularly in Quebec, but perhaps in the rest of the country as well, to availability and grid congestion issues.

● (1710)

Daniel Breton: You're absolutely right. The idea that the grid will literally collapse if the number of electric vehicles continues to increase, whether in Quebec or Canada, is a persistent myth. We often hear that, even elsewhere.

I'll give you an example. People often don't differentiate between electric vehicle sales and the electric vehicle fleet. In Quebec, in March 2026, EVs accounted for 22% of vehicle sales, which represents 7% of the fleet of vehicles. That means the number of electric vehicles on the road doesn't directly correspond to the sales of electric vehicles.

When I was in Norway four years ago, EVs represented 23% of the Norwegian fleet. That corresponded to an increase of 1.4% of the electricity demand. In other words, people have this idea that it's directly related, but in fact the relation is not that direct. Moreover, [*Technical difficulty—Editor*].

Mario Simard: He ran out of power.

Mr. Clerk, can we—

[*English*]

The Vice-Chair (Shannon Stubbs): Colleagues, we'll suspend for a moment while we figure out our technical challenge and then give time back.

● (1710)

_____(Pause)_____

● (1710)

The Vice-Chair (Shannon Stubbs): We are very hopeful, colleagues.

What do you think about just continuing with your round, Mr. Simard? We'll see what we can do.

[*Translation*]

Mario Simard: We can come back to Mr. Breton. We want to make sure interpretation is working properly.

I want to take advantage of your presence here, Mr. Powell.

The people from Electricity Canada appeared before us not too long ago. They did a proper review of the issue and told us about the priority zones identified to set up networks.

Earlier this week, Professor Pineau came to see us and insisted on the idea of moving from a north-south network to an east-west network. He said it would be beneficial for the country to be more interconnected.

Then, I remembered something and I asked Mr. Pineau about it. In one of your documents, you identified some intensification zones where development should be prioritized before really thinking about an east-west interconnection.

I don't know if that rings a bell. If so, it'd be interesting for you to table that document with the committee.

● (1715)

[*English*]

Michael Powell: There are two things. One, the future is more of everything. It's more east-west, but I think there's a reason that provinces like Quebec trade north-south. There are advantages. The electricity system in North America is a North American electricity system. I guess what we're hoping to see is that we have a better Canadian electricity system within a North American system, if that makes sense.

We see opportunities in the near term in areas where there's already collaboration between jurisdictions that we can leverage. Mr. Milligan talked a bit about opportunities that Nova Scotia and New Brunswick have in building an intertie that adds reliability. We've heard some conversations about opportunities with Newfoundland. Ontario and Quebec have a power swap under way. I think there are opportunities in other jurisdictions as well, including Saskatchewan and Manitoba and then Alberta and B.C. I know that the MOU includes some of those things.

The right way to do this is to work with provinces and to work towards a better regional planning system. See where there are opportunities where adjacent jurisdictions can work together, which will allow us to maybe build less capacity than we would need to individually, and then work towards that. What we've seen in both the work we've done and the electricity strategy is that the future is about collaboration and leveraging near-term opportunities so that you can grow into something that's more durable in the long term.

[*Translation*]

Mario Simard: Thank you very much, Mr. Powell.

Mr. Breton is back.

Mr. Breton, we were talking about the pressure of electric vehicles on the grid.

Daniel Breton: In fact, when we look at the calculations done by electricity providers in Quebec and Canada, we see that, by 2050, the increase in electricity demand will come mainly from GDP, meaning population growth, not from electric vehicles. Not only won't it come from EVs, but EVs will help mitigate the increase in demand for electric vehicles, because EVs are the more flexible when it comes to charging.

At Electric Mobility Canada, we are currently working on a report with the electricity supplier working group, people from Dunsky, and electricity suppliers. This report focuses on integrating vehicles into the electricity grid precisely to optimize the use of electricity at peak and off-peak hours, as we see elsewhere in the world.

This means not only EVs won't be a problem, they'll be an asset, because the investment made by electricity providers will be optimized at off-peak periods, particularly at night. That will help in terms of funding and investments. Therefore, we'll need to invest less per person thanks to electric vehicles.

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you. I gave you 25 extra seconds just to finish.

[*Translation*]

Mario Simard: Could you provide that type of information in writing to the committee? We'd appreciate that.

Daniel Breton: Yes.

[*English*]

The Vice-Chair (Shannon Stubbs): That's the end of the round. All witnesses are certainly invited by this committee to submit written submissions with any extra information, stats or data. Thank you.

Now we will move over for five minutes to Mr. Khanna.

Arpan Khanna: Thank you, Chair.

Once again, thanks to all the witnesses for coming out today and sharing their individual perspectives.

My first round of questioning is for Mr. Powell.

In your opening testimony, you mentioned a very crazy stat. You said that 84% of Canadians feel that their electricity bills are causing some tension at home when it comes to managing their finances.

For almost the first time in our country's history, in 2024, under the Liberal government, we had an electricity shortfall because we weren't producing enough electricity to support domestic demand. We had to import it from the U.S. We had to rely on the U.S. The government talks about being elbows up, but we had to rely on the U.S. when it came to importing energy.

Canadians paid in the last decade almost 35% more for electricity. How is this sustainable, and how can we fix this Liberal-created mess?

Michael Powell: There are a couple of things there. One is to clarify—and perhaps I wasn't clear—that if it increased, 84% would feel it impacts them. It's the same direction. People feel bills. That's the clear take-away.

Canada, as I said, is part of a North American electricity system. On balance, we are a net exporter, though regionally there are times when we rely on imports. Right now, B.C. and I believe Manitoba are in a period of imports, and that is a factor of having a low water year on their hydro fleet. Hydro-Québec has imports and just had two major transmission lines to New York and New England come online. That will add power. There's a commercial advantage to that; it's an energy export.

The key for this is that we have to build more of everything. Working as part of an integrated North American system and having better interconnections within Canada add to reliability, but that also adds to affordability, because we can draw on different resources and then balance peaks in different ways. We're a winter-peaking jurisdiction, or we're a summer-peaking jurisdiction in Ontario. Quebec is a winter-peaking jurisdiction. We can trade capacity when we need to so as to better use resources. There's more of that that we can do as we move forward.

● (1720)

Arpan Khanna: On that point, you said that the solution is to build more infrastructure, build more support there. What is the average permitting time right now to build projects like those?

Michael Powell: It would vary from time to time, but as a general rule, we're not alone in thinking it's too long. We would like to see that move down to two years. I know there's a focus on major projects, but that really has to extend to all projects.

The other piece that's sometimes missing in the conversation is that, in our sector, we have a lot of infrastructure that's already built, and there are regulatory processes and approvals that make it harder to operate existing assets. As an example, the Fisheries Act has presented real challenges for existing hydro fleet operators. Sixty per cent of Canada's electricity comes from hydroelectricity. Challenges with getting approvals or even basic maintenance have been real. How do we accelerate those timelines and have more clarity? Ultimately, that reduces costs to customers.

Arpan Khanna: Do the delays in permitting make, in essence, the price of electricity higher?

Michael Powell: Yes, I think they impact the cost of a system. We should be clear, though, that the nature of how we build out the electricity system is such that when you add infrastructure because of the way the regulation works, it will probably have an increase on bill prices. If you take longer to approve something, it means it's harder to get your supply chain orders in place. It adds inflation to costs just because goods go up. It makes it harder to plan around scheduling. Those are all areas—and this is not unique in electricity—that make it more complicated and more expensive to build projects.

Arpan Khanna: You also mentioned that we're receiving new threats from all around the world. There are global threats. Warfare could be done in different ways, and obviously an electricity grid is a top area of attack.

Do you think Canada is ready to protect our electricity grid with all the attack potentials that are out there?

Michael Powell: Our security committee was meeting this week, and one of the main focuses is new threats and new cybersecurity. Every single day, electricity companies are “shields up”. There are organizations like Lighthouse, which is run through Ontario's Independent Electricity System Operator, that work to make sure companies in Ontario and the rest of Canada have the tools and information they need to be safe. We have very close collaboration with the Canadian Centre for Cyber Security.

Are we ready? I think we're as ready as we can be today. It's an evolving threat landscape. We're probably not worried enough collectively about where that risk can come from. The challenge is a cliché: We have to be right every single day, and the bad guys have to be right once. Part of it is about just making sure that we're using these tools.

We have a very close collaborative relationship with the Canadian Centre for Cyber Security, with Natural Resources Canada, with Public Safety Canada and with our partners across North America to make sure that we're aware of all the threats we can be and are as ready as we can be.

The Vice-Chair (Shannon Stubbs): Thank you.

We'll move over for five minutes to Mr. Kelloway.

Mike Kelloway (Sydney—Glace Bay, Lib.): Thank you, Chair, and hello, colleagues.

Thanks to the witnesses for some really great testimony.

My questions are for Mr. Milligan.

Mr. Milligan, where are you today?

Chris Milligan: I'm in Halifax, Nova Scotia, today.

Mike Kelloway: Is it windy?

Chris Milligan: Today, I can see that the flags are blowing outside my window, and I regularly keep track of that.

Mike Kelloway: Yes, I bet you do. It's also very windy in Cape Breton, so my wife tells me.

I want to talk a little about the potential. You talked in your opening testimony about the potential for offshore wind. A lot of discussion is happening right now with respect to Wind West. I'm wondering if we can unpack that a bit and talk about some of the tangible impacts.

What was brought up in one of the questions is “why wind?” I wonder if we can unpack “why wind?” and its impact on the grid, which is probably the obvious question. If you can, talk a bit about the impact on economic activity in Atlantic Canada and also on jobs and potential jobs.

● (1725)

Chris Milligan: I'm happy to talk about that.

The opportunity with offshore wind on a national scale probably mirrors the opportunities we've seen with onshore wind already in Nova Scotia. That means a couple of things. It means a shift to a greater domestic supply of energy, from an energy security lens. It means a shift to a lot more activity in the construction sector locally. That would apply even more so at a greater scale for offshore wind. It means there's a significant decarbonization opportunity that comes with wind. All of those are key elements of that shift in the portfolio.

When we think about offshore wind and the potential opportunity there, it really is important to talk about it on a national scale. Nova Scotia, from an electricity perspective, is a small market, and even the Maritimes is a small market. Our peak demand in Nova Scotia is about two and a half gigawatts. For the Maritimes, it's about six and a half gigawatts, and for Quebec, it's about 45 gigawatts. You can see from that sense of scale the difference.

As we understand it today, the smallest commercially viable size for an offshore wind project is about one gigawatt, or more than Nova Scotia could absorb on its own. The opportunity for economic impacts by moving to a domestic, secure supply of energy is in construction jobs, not just for the wind facility itself, but for the ports that are used to supply the infrastructure there and for the transmission infrastructure that would connect offshore supply to other jurisdictions, whether that's through New Brunswick, through Quebec, perhaps as far as Ontario or through other jurisdictions.

Then there are the ongoing operations and maintenance activities. All of those come without a fuel cost that's tied to global markets. They also come without the greenhouse gas emissions that sometimes come from other emitting sources of energy.

Those would be some of the advantages that we would see to that source of supply.

Mike Kelloway: That's very helpful, Mr. Milligan.

In terms of employment and jobs, estimates may be hard to pin down. I guess that would depend on the amount of wind power you generate. Are there estimates or prognostications on that in the near future and long term?

Chris Milligan: They're out there from reputable sources, including through work that's been done by, for example, Net Zero Atlantic here in the Maritimes. At the Independent Energy System Operator, our focus is more on the energy system planning rather than on economic impacts.

That's not something that I'd have on hand today, but I can certainly follow up afterwards.

Mike Kelloway: Yes, I'd appreciate that.

We can pivot, then, to an item that the federal government recently released: the national electricity strategy. I'm wondering if you could share your views on it, number one. I'm also wondering if you think it provides a clear signal to the market with respect to the potential for investment.

Chris Milligan: Thanks for the question. That's a really good one.

We were excited to review that strategy when it came out. There are some really helpful elements in there, and it would align closely with what Mr. Powell mentioned earlier.

Providing a clear signal of growth certainly aligns with demand forecasts here in Nova Scotia, but it's always helpful to see that confirmed on a national scale. I would say that the tax credit for intraprovincial transmission inside the province is going to be extremely helpful from an affordability lens. We've discussed affordability here today already, and affordability is important—very much so—to customers in Nova Scotia. The growth in demand will lead directly to a need for additional investment in the transmission system, and the opportunity to have cost savings from that investment tax credit for customers will be very beneficial.

In terms of a direct signal on economic growth and investment, the other one that was helpful—and we see this through the lens of our energy resource procurement activities—was continuing to get greater clarity on the emissions policy framework going forward. It will be very helpful in enabling and unlocking some of those investments. The clarity that was provided on the trajectory for the carbon price, in parallel with the electricity system release and the discussions to come around the clean electricity regulations, will be important for unlocking some of the investments in the balancing resources we discussed earlier.

I would say that it is helpful to see the signal in the report, and there's more to come from there in terms of how it unfolds for the balance of the year.

● (1730)

Mike Kelloway: Thank you.

The Vice-Chair (Shannon Stubbs): Thanks, gentlemen.

Now we will move to Monsieur Simard for two and a half minutes. I was afraid you were not going to get another chance, but indeed you will.

[*Translation*]

Mario Simard: Thank you.

Mr. Powell, Mr. Breton, the share of electricity in China's final energy basket has reached 32%, which is a lot. It also explains why China is at the forefront of all battery technology deployment.

Still, there's an opportunity to develop a value chain in Canada and Quebec. I'd like to know if you have any estimates on what that represents in terms of economic development and benefits, for example with regard to transportation electrification and charging infrastructure or, more generally, the deployment of networks and associated technologies, such as storage technologies.

If you have any statistics that might be interesting for the committee on this subject, I invite you to send them to us in writing. I'd also like to hear your thoughts on the value chain and what it represents.

Daniel Breton: We see two extremely important challenges for the future in terms of the supply chain. The first is to have qualified staff. Having enough skilled labour is going to be a challenge. We're already seeing a shortage of skilled labour in charging infrastructure and electricity generation.

The second challenge is to have the necessary equipment. There's already a shortage of transformers and electrical panels, among other things. That increases delays in deploying infrastructure and electrical projects. Our members in electrical equipment production have already said that Quebec and Canada are competing with foreign countries looking to move these companies to Mexico, China or Europe.

There's competition in the supply chain and in the production of material. However, as more and more countries want to electrify their economies, if we don't switch quickly from a less passive and to a more aggressive approach, we'll end up with leftovers. That's a real challenge going forward.

Mario Simard: Mr. Powell, I'm sorry. The clock is ticking.

I invite you to send us your answer in writing.

[*English*]

Michael Powell: We'll talk after.

The Vice-Chair (Shannon Stubbs): Thank you, Monsieur Simard.

We're at time, and that would be wonderful.

I've made an executive decision to split the round, with three minutes on this side and three minutes on this side.

We'll go over to Mr. Khanna for three minutes.

Arpan Khanna: Thank you, Madam Chair.

My question is for Mr. Breton.

Do you believe that the government should enforce the EV mandates?

Daniel Breton: Do you mean the federal government?

Arpan Khanna: Yes. Do you believe in EV mandates?

Daniel Breton: The federal government has adopted what we call a GHG standard to reach 75% EV sales by 2035, which is different from an EV mandate because it allows carmakers like Honda and Toyota to get credits when they sell a hybrid, which is not considered a zero-emission vehicle.

We've been advocating for regulation. We think this is a pragmatic regulation, and we are supporting it.

Arpan Khanna: You mentioned that the pricing of charging an EV during low peak times would be very affordable. How comparable would the cost be to gas when you charge at high peak times?

Daniel Breton: If you look at what's happening in Ontario right now, you'll see that they have different pricing systems for electricity demand depending on the time of day. Depending on the package you're getting, it can go as low as five cents per kilowatt hour and as high as more than 15¢ per kilowatt hour. People are encouraged to use their electricity during off-peak demand times.

Arpan Khanna: I respect each jurisdiction and respect each province, but when it comes to, for example, Oxford County, we have great discussions with automakers there. GM's CAMI plant is in my riding, where the BrightDrop vehicle, an electric commercial vehicle, was not selling. There was no demand for it. The unions came out saying that there was no demand for it. That plant is now sitting idle, and 1,200 workers have lost their jobs.

Farmers are saying that they don't want to invest in buying an electric pickup truck because of the towing capacity. There are concerns about weather. There are concerns about infrastructure to charge those vehicles in rural communities like ours. Obviously, weather plays a huge role, especially on some of those roads.

Last year's market numbers in Canada and the U.S. are showing that the number of sales in the North American market is on a decline. How is that sustainable?

● (1735)

Daniel Breton: That's not happening anymore. The market is actually going up again. If you look at EV sales between 2017 and now, you will see that EV sales have started to go up again. There was a decline in 2025. Sales have started to go back up significantly in 2026.

I can tell you, because I live in rural Quebec and work with a lot of people who use pickup trucks.... I actually did 1,000 miles with a pickup truck two weeks ago, and there was no issue at all. I had all the infrastructure I needed.

The truth is that when you live anywhere in rural Canada, most of the charging happens at home because you don't live in a high-rise building. You can charge at home. You get 500 to 700 or 800 kilometres of range. If you use a trailer, it will go down to 300 or 400 kilometres.

The truth is that for most people, EVs are the solution. Because good pickup trucks have been produced and on top of that—

Arpan Khanna: I'm sorry to cut you off, but I'm running out of time.

I invite you to come Oxford County with your pickup truck. Please show me 1,000 kilometres on your pickup truck. You're invited to Oxford County.

Daniel Breton: I will go to Oxford County.

Arpan Khanna: You're welcome any time.

The Vice-Chair (Shannon Stubbs): That's wonderful. Look at this new friendship.

Now we will go over to this side of the table for a three-minute round.

An hon. member: It's beautiful.

The Vice-Chair (Shannon Stubbs): Look at me uniting.

Take me up on my goodwill here and get at it for three minutes, guys.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Madam Chair.

We've heard from a number of witnesses at this committee that we are in the transition to a global electric economy. This brings tremendous opportunities for Canada, for our energy sector and for self-sufficiency.

If we look at climate action, specifically the main emitter categories of industry, buildings and transportation, we see that all these sectors are currently actively transitioning to electric systems.

Mr. Powell, we talked about how Canada's grid is already one of the cleanest in the world. There are some regional differences. Saskatchewan and Nova Scotia are still using coal. As a priority for our energy security or our self-sufficiency as a nation, how important is it for Canada to be proactive in the transition to the electric economy, and how do we make sure that we have both the production and the transmission in place to take advantage of the global trend?

Michael Powell: As a start, electricity is really the only industrial sector that has meaningfully reduced its carbon emissions since 2005. It's about 60% overall, and some of the largest reductions as a percentage are in places like Alberta, where the phase-out of coal has seen dramatic reductions in carbon emissions. We should remember this when we think about these things.

As for the opportunity for our electricity, right now, give or take, we have about 50 megatonnes of emissions, and from the Electricity Advisory Council report a couple of years ago, the opportunity to reduce the rest of the economy's emissions is about 270 megatonnes. That's a pretty good multiplier.

I would suggest that as we think about building out the electricity system, the focus should be on making sure that it's reliable, affordable and available. Broadly, that is going to be in non-emitting categories, as places like Ontario and Saskatchewan add new nuclear plants and as we build out wind and solar elsewhere and balance resources with our hydro. That gives us the opportunity to grow the system and see a shift to electrification, be it in cars or in buildings, and that will mean real and meaningful emissions reductions.

This is a place where emissions intensity, on which the electricity sector is as good as it's going to get, is great and getting better, and it really is the measure that we should think about for our climate ambitions when it comes to fuel-switching and increasing the system.

John-Paul Danko: Really quickly, in 10 seconds, what's the risk to Canada's economy if we're not at the forefront?

Michael Powell: If we don't get it right, we're not going to grow. Electricity is a proxy for GDP, I think.

The Vice-Chair (Shannon Stubbs): You have 15 more seconds if you want to add anything.

John-Paul Danko: I will cede those 15 seconds and get some ribs.

The Vice-Chair (Shannon Stubbs): Okay.

Thank you, colleagues.

Thank you to all the witnesses here today for your informative expertise and for sharing your knowledge and perspectives with us.

Colleagues, we'll stick around to deal with an issue before you all depart.

On behalf of committee colleagues, I'd like to thank the witnesses for joining us today. You can go on with your lives, and I'll hold these folks back to deal with a housekeeping issue.

● (1740)

Colleagues, my understanding is that we are required to pass a motion pursuant to the joint informal meeting with the U.K. House of Commons Energy Security and Net Zero Committee, which will take place on June 9, 2026. In advance of that meeting, the following motion must be adopted:

> That the committee meet in camera, in an informal meeting, with the United Kingdom's Commons Energy Security and Net Zero Committee on Tuesday, June 9, 2026, and that the committee defray the hospitality expenses related to this meeting.

Is it the pleasure of the committee to adopt this motion?

(Motion agreed to)

The Vice-Chair (Shannon Stubbs): Thank you, colleagues.

Our next meeting will be on Tuesday, June 2, when we'll continue the current study.

Is it the will of the committee to adjourn the meeting?

Some hon. members: Agreed.

The Vice-Chair (Shannon Stubbs): Thank you.