

Sept. 8, 2026

Hon. François-Philippe Champagne
Department of Finance Canada
90 Elgin Street, 14th floor
Ottawa, ON K1A 0G5

RE: Pre-Budget 2026 Consultations

Minister Champagne,

As Newfoundland and Labrador's (NL) industry association dedicated to advancing environmentally sustainable economic growth, econext welcomes the opportunity to participate in the 2026 Pre-Budget Consultations.

With a network of 200 member businesses, research institutions, governments, and organizations, econext serves as a leading voice for the province's green economy. Our members are engaged across the economic spectrum in NL, including: mining, oil and gas, forestry, fisheries and aquaculture, renewable energy, cleantech, waste management, environmental services, and more.

In response to the national electricity strategy launched in May 2026, econext provided a series of recommendations related to how the federal government could invest in the expansion of the Churchill Falls electricity system and transmission infrastructure to unlock critical minerals potential in Labrador. We were very pleased to see the federal government's commitment to investment in what the Prime Minister referred to as the "largest clean energy investment in North American history." This is a generational investment into NL's green economy.

We are supportive of the federal government's agenda to advance major projects, and we believe that the rigour of environmental regulatory processes does not need to be sacrificed by increased speed. We are pleased to participate in an announcement today on the signing of a co-operation agreement on environmental impact assessments between the federal and provincial governments.

There are several smaller investments that Budget 2026 can make which will also have a significant impact on the growth of the green economy in NL.

Invest in Electricity Grid Innovation

Federal programs which support the modernization of electricity infrastructure can play a significant role in helping the country meet its 2050 objectives. In tandem with Canada's objective to double the size of its electricity grid by 2050, aging infrastructure must be modernized to enable such growth. NL, for example, has a large geography, but a small population. Even smaller expenditures can have an impact on the rate base, which complicates decision-making where 'least cost' is most often the deciding factor for utilities and regulators. The Smart Renewables and Electrification Pathways Program (SREP) is difficult for small electricity jurisdictions like NL to succeed in these competitive funding calls.

Recommendations:

- Provide dedicated funds to Smart Renewables and Electrification Pathways Program (SREP) to small jurisdictions throughout Canada that utilities and their partners can count on.
- Ensure revisions to the Clean Electricity Regulations (CER) use existing emissions reduction funds (authorized under the Clean Fuels Regulations) will allow for more flexible compliance for utilities while also reducing administrative burdens on the government.

Expand the Clean Hydrogen Investment Tax Credit (ITC) to Include LOHC Technology

The Clean Hydrogen ITC currently includes provisions for expenses associated with clean ammonia that uses a feedstock of clean hydrogen. It has become clear that there are projects being developed from clean hydrogen feedstocks with other end products which have significant potential. Specifically, a major clean energy project in NL focuses on the production of a liquid organic hydrogen carrier (LOHC) as an end product. Private investment in this project would accelerate if the equipment associated with LOHC was eligible for the ITC.

Recommendation:

- The ITC should be technology agnostic with respect to equipment that is deployed in the production of a clean fuel end product.

Allow for Limited-Time Flexibility within the Clean Fuels Regulations for Atlantic Canadian Primary Fuel Suppliers

Currently, primary fuel suppliers are able to contribute up to 10% of their compliance obligation under the Clean Fuels Regulations (CFRs) to emissions reduction funds (ERFs) authorized by Environment and Climate Change Canada. Regulated companies supplying fuels to NL are beginning to face significant challenges in

achieving compliance in this jurisdiction because there are few options available in NL – an issue that is expected to intensify as stringency increases in the years ahead. In order help to permanently decrease the carbon intensity of fuel supplied in the region, significant investments need to be made. These investments are not compatible with the compliance framework currently prescribed in the CFRs, yet ERF investments provide the flexibility that fuel suppliers will require to make large investments in GHG-reduction initiatives.

Recommendation:

- Allow a limited-time option for fuel suppliers in Atlantic Canada to achieve 100% of their compliance obligations through investment into a registered ERF.

Invest in Subsea Transmission Links from Newfoundland to Mainland Canada

With the best onshore wind resource in North America, and an abundance of Crown lands for development, the island of Newfoundland can make a significant contribution to the build-out of Canada's electricity system. However, the development of these resources is constrained by the lack of transmission infrastructure to bring the energy to parts of Canada that need it. Subsea transmission links are the norm in Europe, and Canada has proven the concept with the recent construction of the Maritime Link – featuring the longest subsea electricity cables in North America. The further development of a transmission corridor can also enhance regional integration throughout Atlantic Canada, and enable offshore wind development in NL and NS, but federal government partnership will be required for its advancement.

Recommendation:

- Invest in a techno-economic analysis of a subsea transmission link between the island of Newfoundland and mainland Canada

Once again, we thank you for the opportunity to provide input for the Pre-Budget 2026 consultations.

Sincerely,



Laura Barron
CEO