

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario, K1A 0A6
By email: bill.morneau@canada.ca

Dear Minister Morneau:

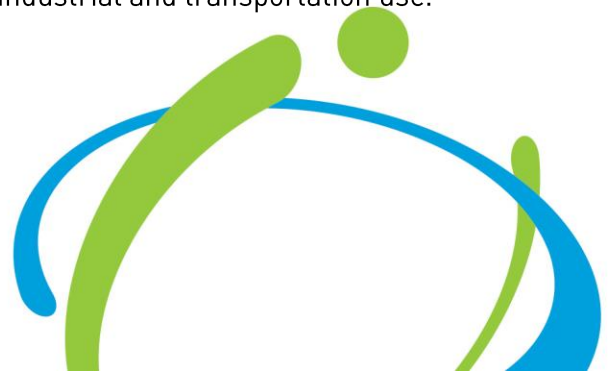
I am writing on behalf of the Canadian Nuclear Association (CNA) to provide our comments on this year's Fall Economic Statement. The CNA has approximately 100 members representing over 60,000 Canadians employed directly and indirectly in uranium mining and exploration, fuel processing, electricity generation, and the production and advancement of nuclear medicine.

Today, nuclear energy produces approximately 15% of Canada's electricity, including 63% of Ontario's and 30% of New Brunswick's. We applaud the Ontario government's province-wide coal generation phase out, which was enabled through the refurbishment of six reactors and supported by the Canadian nuclear industry.

Looking to the future, nuclear energy will play an increasingly important role in Canada's overall clean energy mix portfolio. If Canada and indeed the world are serious about achieving the Paris climate targets, then the route is through greater electrification. Nuclear and hydro are the only two large baseload sources of non-emitting generation that can enable us to achieve that goal.

Nuclear technology is advancing by leaps and bounds in innovation, cost-reducing size, manufacturing design, integral passive safety and many other features. Refurbishment and Major Component Replacement of Canada's CANDU fleet are introducing advanced, innovative upgrades to all aspects of reactor performance, while safely extending operations out to 2064 and beyond.

Climate change and low-carbon policies cannot be successful through carbon pricing and conservation alone. The sheer amount of clean electricity needed for success demands a full array of reliable, powerful and proven generating sources capable of providing large quantities of clean electricity and heat on a 24/7 basis for residential, industrial and transportation use.



The Intergovernmental Panel on Climate Change (IPCC) recognizes that nuclear power has these attributes and must be part of the world's response to climate change and vastly reduced GHG emissions. The Canadian Trottier Futures Project showed empirically through engineering analysis how a transition to a low-carbon economy across Canada cannot be achieved (and certainly not in any near term) via variable renewable energy sources alone. Nuclear power has to be part of the supply — and a growing part of it.

The CNA was pleased to see the government's commitment to maintaining Canada's Competitive Advantage as Canada transitions to an economy based on clean growth, technology and innovation. While we support the government's focus on accelerated capital cost depreciation as a way of maintaining that competitiveness, the CNA was disappointed that the federal government did not take the opportunity of the Fall Economic Statement (FES) to amend the outdated Class 43 projects to include those projects that utilize nuclear technology. This would allow nuclear technology businesses and innovating start-ups to immediately expense the full cost of clean energy equipment and create a level playing field with other technologies. Nuclear technology provides one of the cleanest and most reliable sources of clean energy available to reduce GHG emissions and fight climate change.

The federal government could rectify this omission in the forthcoming Budget 2019 by:

- Including explicitly the place of nuclear technology in the clean technology/clean energy/clean infrastructure funding and support programs and fiscal incentives such as expensing 100% of investments in clean technology and equipment (i.e. similar to that granted to other clean energy sources), loan guarantees and other incentivising instruments;
- Amending Class 43 and making good on the Federal Government's 2015 Mission Innovation promise of doubling investment in clean energy, where the government explicitly recognized nuclear energy as part of Canada's suite of clean energy technologies; and
- Creating a funding mechanism to be established for the next five years for applied research and development as well as testing of the next generation of advanced reactors.

Such measures would go a long way in creating the supportive business innovation climate needed in Canada today to encourage clean technology developers and start-ups in the nuclear sector to bring online new and advanced sources of clean energy generation. Only with a significant scale-up of such sources can Canada meet its Paris climate targets.

The federal government has a role and an obligation to recognize and support all clean technologies in the fight against climate change and I would ask that you consider these requests.

I would be pleased to meet with you or your staff to discuss these changes in more detail.

Yours sincerely,



John Barrett, Ph.D.
President and CEO
Canadian Nuclear Association

Cc: Minister Sohi, Minister of Natural Resources;
Paul Lefebvre, Parliamentary Secretary to the Minister of Natural Resources
Kim Rudd, Member of the Standing Committee on Finance
Hon. Wayne Easter, Member of the Standing Committee on Finance
Deborah Schulte, Parliamentary Secretary to the Minister of National Revenue
James Maloney, Member of the Standing Committee on Natural Resources