

July 28th, 2021

Mr. Jean-Francois Tremblay
Deputy Minister, Natural Resources Canada
Sir William Logan Building
580 Booth Street
Ottawa, ON K1A 0E4

Mr. Michael Sabia
Deputy Minister, Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

Dear Deputy Minister Tremblay and Deputy Minister Sabia,

On behalf of the Canadian Nuclear Association (CNA), I am writing to seek your assistance on a matter of inclusion, tax fairness and standardization for our nuclear sector project developers and their suppliers.

As a bit of brief background, the CNA is the voice of the Canadian nuclear industry. We have over 120 members representing the entire spectrum of the nuclear industry, from uranium mining and nuclear power utilities to engineering, service and manufacturing companies. Our members include some of the most innovative companies in the nation and our industry is committed to helping Canada reach its Paris Agreement climate change targets by 2030, and net-zero by 2050.

Nuclear power delivers carbon-free, reliable energy 24 hours a day, and has historically been one of the largest contributors of carbon-free electricity both globally and here in Canada. Every year, nuclear saves 2.5 billion tonnes of carbon emissions, including 80 million tonnes of carbon dioxide emissions in Canada.

Recently through Budget 2021, the Government of Canada proposed to reduce by 50% the general corporate and small business income tax rates for businesses that manufacture zero-emission technologies. Despite being a zero-emission clean energy source, nuclear technologies were not included on the initial list of equipment types published as part of the consultation. On June 9th CNA submitted a letter to Finance Canada that makes a strong argument for inclusion of the nuclear sector under the proposed tax measure.



We wish to raise with you today a parallel opportunity respecting the equitable tax treatment of our sector. Canada's nuclear sector is currently excluded from Classes 43.1 and 43.2 of Schedule II to the Income Tax Regulations, which provides an accelerated capital cost allowance (CCA) rate for qualifying equipment. The list of eligible equipment was originally introduced in the Fall Economic statement of 2018 and has been expanded several times since. Nuclear equipment has not yet been added. This should be remedied as quickly as possible.

Achieving the Canada's emissions targets for 2030 and 2050 will require an all-in approach that does not discriminate between sectors, possible technological innovations or new or existing technology. Rather we think accelerated capital cost allowance provisions should be technology neutral within the sphere of green infrastructure and should encourage as much innovation and creativity as possible.

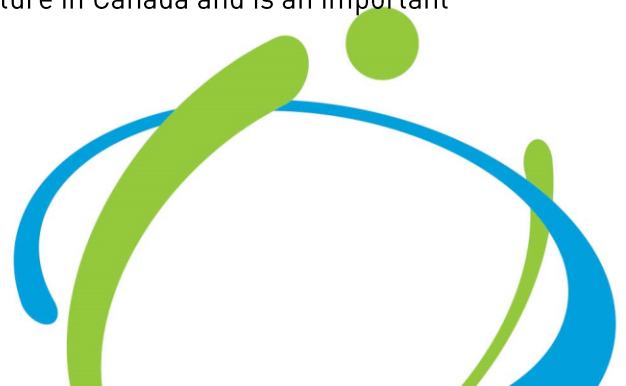
Nuclear is a critical zero-emission clean energy source. The federal government has defined nuclear technologies as clean or net zero emissions technologies in the Fiscal Economic Update, Strengthened Climate Plan, Hydrogen Strategy as well as in the Small Modular Reactor Action Plan. Nuclear technologies are eligible for funding under the Strategic Innovation Fund's Net Zero Accelerator program. Applying the tax treatments outlined in this letter will help leverage the investments made to date under the SIF program.

When the Government introduced the accelerated capital cost allowance for clean energy equipment, it noted that the change would encourage investments that create jobs for the middle class, help Canada in achieving its climate goals, and position Canada to be globally competitive. Canada's nuclear sector is aligned with each of these pressing objectives.

We believe inclusion in the accelerated CCA rate will help level the playing field and provide benefits to the purchasers of this equipment who will in turn pass benefits on to electricity consumers while ensuring Canada continues to have the safe, reliable, affordable clean power that it needs.

It will also allow our industry to support middle class jobs and growth here in Canada and will promote clean technology and achieve clean growth objectives both at home and abroad. It will enhance our innovative capacity and make the sector more competitive internationally, will entrench the importance of Canadian-led intellectual property and expertise, will catalyze the industry and in particular the supply chain for future opportunities and will result in increased collaboration with like-minded countries.

Deputy Ministers, nuclear power generation has a bright future in Canada and is an important contributor to our clean energy future.



We seek your support in qualifying for Section 43.1 and 43.2 as well as for the 50% tax rate reduction for businesses that manufacture zero-emission technologies.

I would welcome and request the opportunity to discuss this matter with you and your staff at a time of your convenience and can provide any additional information you may require.

Thank you for your time and careful consideration of this matter.

Sincerely,



John Gorman
President & Chief Executive Officer
Canadian Nuclear Association

