Canada’s new electricity strategy: Powering an electrified future by 2050

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The federal government recently released *Powering Canada Strong: A National Strategy for an Electrified Canadian Economy*, a national electricity strategy with the stated objective of doubling Canada’s electricity capacity by 2050 while advancing reliability, affordability, competitiveness and decarbonization. The plan calls for consultation with territories, Indigenous communities, utilities, regulators, industrial customers, labour organizations and private sector stakeholders. The consultation process will inform both the implementation framework and future legislative and regulatory measures tied to electricity infrastructure development and electricity policy.

The consultation phase will be a key step in developing the federal government’s plan into executable steps given the practical and regional differences across the Canadian electricity landscape. Provinces remain at different stages of decarbonization, reserve margins, demand growth and transmission capability. As a result, the industry can be expected to focus not only on funding opportunities, but also on questions of reliability standards, interprovincial cost allocation, permitting timelines, Indigenous equity participation, and the extent to which federal policy may accommodate differing provincial resource mixes and market structures. The consultation process may itself serve as a forum for utilities and large industrial consumers to address the financing of accelerated electrification and large-scale capital deployment.

Key takeaways for industry and investors: Implementation, risks and opportunities

- Canada aims to double electricity capacity by 2050, supporting electrification and decarbonization goals.
- Stakeholder consultations will shape implementation, especially across provinces with different energy systems.
- Transmission expansion and grid modernization are central to the national electricity strategy.
- The plan emphasizes investment, tax credits and federal financing tools to accelerate infrastructure development.
- Provincial jurisdiction remains a critical factor, requiring alignment between federal and provincial governments.

- The cost of electrification could exceed C$1 trillion, with implications for ratepayers and taxpayers.
- The strategy is a policy framework rather than a final plan, with key execution details still emerging.
- Significant opportunities are expected in project development, transmission infrastructure, grid technology, Indigenous partnerships and supply chain expansion as electrification accelerates.

Electrification roadmap: Key pillars for expanding Canada's electricity grid

The roadmap is built around four themes:

- building new generation and grid infrastructure;
- improving east-west-north transmission connections;
- developing the skilled workforce required for the buildout; and
- increasing domestic manufacturing of grid components.

The federal government is contemplating amendments to the Clean Electricity Regulations to provide greater flexibility for existing assets, offsets and natural gas-fired generation for reliability purposes.

For market participants, the most significant medium-term implications are in project development, transmission planning, financing and permitting. The strategy contemplates expanded use of investment tax credits, Canada Infrastructure Bank financing and other federal tools, together with a new Transmission InterConnect Investment Strategy and a reiteration of the Major Projects Office's role in electricity projects of national significance.

Provincial jurisdiction and regulatory considerations in Canada's power sector

The constitutional and rate-regulated context that underpins Canada's electricity system remains critical. Electricity projects in Canada largely fall within provincial jurisdiction, particularly the development, conservation and management of sites and facilities for generation and production of electrical energy. Federal policy can help coordinate, fund and incentivize, but new generation, transmission and distribution infrastructure will ultimately need to be approved, integrated and paid for within provincial and territorial systems.

Cost of electrification in Canada: Infrastructure investment and ratepayer impacts

The federal government's ambition requires provincial and, in some cases, municipal implementation. The federal strategy is anchored in long term potential system-wide savings. In the near to medium term, the capital cost of new electricity infrastructure is substantial, with estimates exceeding $1 trillion by 2050. Those costs will ultimately be borne in some combination by taxpayers, project proponents and, most directly in regulated utility systems, ratepayers in each jurisdiction.

Clean Electricity Investment Tax Credits and federal support for transmission projects

The proposed expansion of the 15 per cent Clean Electricity Investment Tax Credit (one of a suite of clean economy ITCs enacted by the federal government, described here) represents a new frontier for federal financial support of the transmission grid. At present the transmission infrastructure eligible for the Clean Electricity ITC is limited to qualified interprovincial transmission equipment. The federal strategy proposes expanding eligibility to include certain major high-voltage intra-provincial transmission projects, complementing existing support for interprovincial interties. If implemented, that would amount to meaningful federal financial support in an area typically left to provincial governments.

National electricity strategy next steps

The strategy is best understood as an important federal signal rather than a complete execution plan. Its success will depend on provincial buy-in, practical cost allocation, timely regulatory approvals, Indigenous participation, supply-chain capacity and whether governments can align affordability objectives with the scale of investment required. For developers, investors and utilities, the consultation period will be important: the details of financing, intertie planning, regulatory flexibility and procurement design will likely determine how quickly projects move from policy ambition to construction reality.

Contact BLG's energy and tax lawyers for guidance on Canada's electricity strategy

BLG is monitoring developments related to this roadmap closely and will continue to share updates. If you have questions about the strategy or what it could mean for your business, contact our Energy – Power or Tax groups for more information.

By

Rob Blackstein, Steve Suarez

Expertise

Tax, Energy – Power

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BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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