

Written Submission for Pre-Budget Consultations in Advance of the Upcoming Federal Budget

Submitted by:
Energy NL

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Energy NL Recommendations

Recommendation 1: The Government of Canada continue ongoing work toward regulatory certainty for the energy sector to better support investment attraction and global competitiveness.

Recommendation 2: The Government of Canada reinstate the eligibility of oil and gas industry participants for an investment tax credit, similar to the Atlantic Investment Tax Credit, and that the Government of Canada develop incentives in support of exploration for lower-carbon offshore oil, similar to the Government of Newfoundland and Labrador.

Recommendation 3: The Government of Canada commit to accept responsibility for section 82 of the United Nations Convention on the Law of the Sea (UNCLOS) for all future projects and thus create investment certainty in support of future offshore projects potentially impacted by this issue.

Recommendation 4: The Government of Canada continue support for renewable energy sectors - including wind, hydrogen, carbon capture, energy storage – through measures such as tax credits and continue to support the international promotion of these sectors and the achievement of offtake agreements.

Recommendation 5: Any initiative implemented by the Government of Canada to support the energy industry must ensure that local companies – supply and service sector members – are participants in the supported sector/project and that Canadian companies and those adjacent to developed projects optimize participation and economic benefits, thus building capacity and strengthening industry for the long-term.

Introduction

Energy NL was founded in 1977 to represent the supply and service sector of the energy industry. Today Energy NL represents over 500 member organizations worldwide which are engaged in, or benefit from, the energy industry of Newfoundland and Labrador. Energy NL members are a diverse representation of businesses involved in a range of activities related to both renewable and non-renewable energy development, construction, and operations. This includes, but is not limited to, areas such as direct offshore and onshore supply, health and safety equipment and training, engineering solutions and fabricators, law firms, and human resource agencies.

Energy NL and its members are optimistic about the opportunities to come in the energy industry, with a very specific focus on two impending projects. Our membership, and the entire business community and province, anxiously await sanctioning of the Bay du Nord project. Similarly, the new Memorandum of Understanding regarding Churchill Falls development presents significant opportunities for our members to participate in a nation-building project that will provide renewable energy. When combined with the potential for onshore wind-to-clean fuels projects and future opportunities for offshore wind and CCUS, the Newfoundland and Labrador energy sector can be a leading contributor to supplying global energy and driving the Canadian economy.

The current federal government has made progress in creating certainty and demonstrating a desire to develop all of Canada's natural resources. Accepting responsibility for UNCLOS section 82 payments related to the Bay du Nord project and participation in the development of Churchill Falls

have illustrated the commitment of the Government of Canada in developing the energy resources of Newfoundland and Labrador. Energy NL believes its recommendations for Budget 2026 will help the federal government continue the significant progress made and attract investment and encourage development within Newfoundland and Labrador.

Budget Requests

Regulatory certainty that supports global competitiveness and investment attraction

The Government of Canada must recognize the already lower-carbon oil available offshore Newfoundland and Labrador and efforts long underway to further reduce emissions and environmental impacts. The Canada-Alberta MOU and the recent Implementation Agreement sets a precedent for carbon pricing and the future of the *Clean Electricity Regulations*. Governments must further engage with industry to ensure there is a clear path forward in the regulatory regime for responsible development in all jurisdictions. This recommendation will send positive signals to investors and will drive economic development through major projects. A clear, concise, and consistent regulatory process will benefit all Canadians and place our country as a global leader for investment attraction.

Energy Investment Tax Credit and other incentives

For some time, Energy NL has been emphasizing the need to secure Canada's energy sources and support Canadian produced energy. To this point, Energy NL believes the oil offshore Newfoundland and Labrador that is 30% below the global average for emissions at extraction is a key component of Canada's energy security and energy future. For this reason, expedited development of oil offshore Newfoundland and Labrador should occur.

The Government of Newfoundland and Labrador in Budget 2025 reconfirmed its commitment to offshore oil and gas exploration by allocating \$90 million to support this critical activity. From 1982 to 1986, the Government of Canada supported the Petroleum Incentive Program (PIP) which helped spur offshore exploration and led to the current Newfoundland and Labrador offshore oil and gas industry. Energy NL requests that the Government of Canada implement an incentive similar to the Government of Newfoundland and Labrador that will lead to heightened offshore exploration and development and help provide energy security to Canadians, and indeed the world, through a lower-carbon offshore oil.

Establishing an Energy Security Initiative that includes reinstating eligibility of offshore oil and gas participants for a tax credit similar to the Atlantic Investment Tax Credit and offering an exploration incentive that encourages offshore exploration and development while maximizing lower-carbon oil that is at tidewater - not landlocked and not requiring pipelines – will encourage development, provide thousands of well-paying jobs across Canada, and ensure our energy security at a time of global instability. Energy NL will work collaboratively with the Government of Canada to achieve this objective.

Government of Canada fully accept responsibility for section 82 of UNCLOS

The Government of Canada recently accepted responsibility for section 82 of the United Nations Convention on the Law of the Sea (UNCLOS) payments for the Bay du Nord project. This was a significant commitment from the federal government to help move the project toward sanction. Energy NL supports the Government of Canada assuming full responsibility for section 82 of

UNCLOS as a signatory to that agreement for all projects subject to that section, thus providing certainty to the developers of any future development that may occur with UNCLOS applicability.

Support for Renewable Energy Sectors

The Government of Canada has demonstrated its commitment to supporting renewable energy sector growth and supplying clean energy to Canadians and the world. Canada, including Newfoundland and Labrador, has an abundance of clean and conventional energy that can be supplied to the world with leading ESG approaches and lower-carbon impact. Through a number of tax credits and other initiatives Canada has encouraged the growth of the renewable energy sector across the country and Energy NL commends the federal government for doing so and encourages it to continue to promote Canadian clean energy across the globe.

Efforts to support the development of renewable energy and to establish defined and welcoming markets for that energy must also continue as developers of this energy are working diligently to achieve offtake agreements and build their customer base. Offtake agreements and defined customer bases help project developers achieve financing and advance their project. The support of The Government of Canada to achieve this objective is imperative.

Industrial benefits and participation of local supply and service providers

As the Government of Canada implements initiatives to grow the Canadian energy industry, Energy NL supports stipulations within programs that require the participation of local companies, specifically in the supply and service sector, in the development, building, operating and maintaining, and decommissioning of projects. Participation by local companies ensures vibrant local communities, well-paying jobs, and important economic benefits for the sector and local communities, including government revenues. Local participation also helps build capacity within the energy industry and enhances the ability of local companies to ensure Canada is an energy superpower and has the ability to supply the world with lower-carbon energy for decades to come.

Conclusion

There are several significant energy opportunities before Newfoundland and Labrador as we look to enhance our prosperity and develop the significant natural resources of our province. From the lower-carbon oil produced offshore – a product that is 30% below the global average for emissions at extraction – to our massive hydroelectric resources, carbon and energy storage potential, and wind-to-clean fuels opportunities, Newfoundland and Labrador is positioned to be a global energy leader.

As we navigate complex geopolitical dynamics and recognize the global need for stable and secure energy sources, the lower-carbon oil produced offshore Newfoundland and Labrador will have a competitive advantage and exploration to discover and develop new reserves must be incentivized.

Implementing the requests of Energy NL will go a long way in continuing to improve the international reputation of the Canadian energy industry and attract investment, which will support communities and jobs. Developing the Bay du Nord project and further offshore exploration will illustrate that the Government of Canada welcomes investment and lower-carbon energy projects. Canada has an advantage and we must use it to build a strong, viable, and diverse energy sector that supports Canada and the world.