



Fall Economic Statements 2024: Reducing Everyday Costs and Raising Wages

Overview of Climate Highlights

The 2024 Fall Economic Statement was tabled on December 17th, 2024, and is linked [here](#). No speech was presented on this year's statement. The news release from the Canadian Department of Finance can be found [here](#).

Canada Carbon Rebate Rural Top-Ups

An expansion to the Canada Carbon Rebate will see rural top-ups of the rebate doubled from 10% to 20% in recognition of the fuel and energy demands of living in a rural location. Eligibility for the rural top-ups will also be increasing by including Census Rural Areas within Census Metropolitan Areas, which were previously not included.

Energy Retrofits with \$40,000 Interest-Free Loans

To encourage homeowners to retrofit their homes for energy bill reduction, funding for the Canada Greener Homes Loan Program will be increased by \$600 million, and is estimated to provide interest-free loans to 15,000-24,000 additional homes. This expansion is expected to cost \$174.4 million over the course of six years. A call for proposals from provinces and territories to deliver regionally-tailored programs was also put out.



House Leader Karina Gould tables the 2024 Fall Economic Statement on December 16th, 2024

Photo Source: Adrian Wyld/The Canadian Press

Clean Electricity Investment Tax Credit for Provincial and Territorial Crown Corporations

The Clean Energy Investment tax credit provides provincial and territorial crown corporations with \$35 billion for use in clean energy development, provided the provincial or territorial government fulfills certain conditions by June 30, 2025.

The 2024 Fall Economic Statement outlines these conditions, which are as follows:

- The provincial or territorial government must publish a roadmap to 2050 net-zero emissions by the end of 2026
- The provincial or territorial government must publicly request that provincial and territorial crown corporations must pass on the benefits of the tax credit to their ratepayers



Overview of Climate Highlights (Continued)

Implementation of EV Supply Chain Investment Tax Credit

The government announced the design of a new investment tax credit for electric vehicle (EV) supply chain manufacturing. This includes a 10% refundable tax credit for building properties related to EV assembly, battery production, and cathode active material production.

Eligibility for this program would require either:

- At least \$100 million in property eligible for the Clean Technology Manufacturing investment tax credit in each of the three outlined segments or
- At least \$100 million in property eligible for the Clean Technology Manufacturing investment tax credit in two of the three outlined segments and a qualifying minority interest in another corporation with at least \$100 million in eligible property for the remaining segment

The tax credit would be eligible for building properties acquired and available for use on or after January 1, 2024, and the rate would be reduced to 5% for 2033 and 2034, no longer being in effect after 2034.

Tax Credits for Clean Hydrogen Through Methane Pyrolysis

The government has proposed expanding the Clean Hydrogen investment tax credit to include methane pyrolysis, the process of heating methane in anaerobic conditions to produce solid carbon and gaseous hydrogen. This expansion is expected to cost \$43.5 million over five years.

Investment in Canadian Biofuels

The government has signaled its continued interest and investments in biofuels and biofuel technology through regulations and initiatives such as Canada's Clean Fuel Regulations and ongoing funding increases for biofuels development. They plan to initiate a new call for proposals in early 2025.

Belledune Generating Station Biomass Conversion

The Belledune Generating Station in New Brunswick serves as a critical power source for the province, especially during the winter months. This initiative will see the federal government working with New Brunswick Power and the government of New Brunswick to convert it from coal power to biomass.



Belledune Generating Station in Belledune, New Brunswick

Photo Source: The Financial Post



Overview of Climate Highlights (Continued)

Carbon Contracts for Difference

In order to further investment in decarbonization and clean technologies, the Canada Growth Fund has announced three carbon contracts worth a total of \$6 billion to issue on a priority basis. These contracts are:

- An agreement with Entropy to purchase up to one megaton of carbon credits per year for 15 years, at a price of \$86.50/tonne
- A partnership with Varme Energy to further the development of waste-to-energy technology in Alberta, including carbon credit offtakes
- A CCFD with Markham Energy District to support investment in a new heat pump system expected to reduce CO₂ emissions by 18,000 tonnes over the 10-year contract

Mandatory Climate-Related Financial Disclosures

Amendments to the Canada Business Corporations Act have been proposed that would create a regulatory authority requiring climate-related disclosures for large, federally-incorporated privately held corporations.



Alberta Oil Sands Site

Photo Source: Andrew S. Wright

Canada as a Global Nuclear Leader

The government has affirmed its commitment to nuclear energy development through various policy announcements, such as tax credits and funding for various nuclear projects.

Canada Carbon Rebate for Small Businesses

The government has proposed modifying aspects of the Canada Carbon Rebate for Small Businesses to create a new base payment.

- Small businesses between 1 and 20 employees would be paid as though they had 20
- Larger businesses with over 300 employees would have their payment reduced as their number of employees increases towards 500
- The rebate would be made available to cooperative corporations and credit unions
- Proceeds would be returned automatically through direct deposits and cheques from the CRA, excluded from CRA tax refunds

Strengthening Nuclear Fuel Supply Chains

The government intends to backstop \$500 million in enriched nuclear fuel purchase contracts from key allied countries such as the United States in order to de-risk investment in nuclear energy and shore up the nuclear supply chain.



Overview of Climate Highlights (Continued)

Canada's Critical Minerals Advantage

In response to a projected spike in demand for critical minerals for clean energy production, the government has announced various policies and initiatives under the Critical Minerals Strategy. Major developments include the completion of a first call for proposals for the \$1.5 billion critical minerals fund, funding in critical minerals research and development resulting in over 75 projects and the investment of over \$62 million. Indigenous-led consultation is especially critical for development, as many critical mineral sources are owned by Indigenous peoples.

Strengthening Supply Chains for Responsibly Produced Critical Minerals

Canada plans to work with partners and allies to further the responsible and ethical extraction of critical minerals.

Advancing Border Carbon Adjustments

In order to counter discrepant carbon pricing policies across international border, the government plans to implement border carbon adjustments on Canadian imports. This would exist alongside similar legislation within the European Union and the United States.



Natural Resources and Energy Minister Jonathan Wilkinson speaks on Canada's Critical Minerals Strategy in 2023

Photo Source: Government of Canada



Reactions

Clean Energy Canada

“Many of the commitments in today’s Fall Economic Statement set Canada up for success in a fast-moving energy transition, including steps forward on several key investment tax credits... ..it is good to see the final design details for the clean electricity investment tax credit. The federal government has a central role to play in the buildout of new clean electricity sources, which will help keep electricity rates affordable as provinces work to meet growing demand.

However, these developments were also accompanied by contradictory references to the importance of fossil fuels for Canada’s economy—LNG in particular. The winners and losers in the global clean economy are being decided now and a focus on growing fossil fuels will not set us up for success... ..Canada’s economic vision must position Canada to capture our share of this global opportunity.”

- Joanna Kyriazis, Director of Public Affairs ([Source](#))

Efficiency Canada

“Topping up the loan program will avoid disruptions to customers and contractors. We can continue to explore ways to make it better through financing that completely removes up-front costs and business models that simplify the retrofit process...

...It noted that a call for proposals for provinces and territories focuses on “regionally tailored initiatives that can get up and running as soon as possible”. Starting with the publication of its Efficiency for All report, Efficiency Canada has advocated for a federal approach that complements existing programs. Expanding low-income programs across the country can’t happen soon enough and should be the first step towards a national energy poverty elimination agenda.”

- Efficiency Canada ([Source](#))