

Natural Resources Canada
Ottawa, Ontario

[Submitted Electronically]

RE: PDAC response to A National Strategy for an Electrified Canadian Economy

The Prospectors & Developers Association of Canada (PDAC), on behalf of our more than 9,000 individual and corporate members, welcomes the creation of a National Energy Strategy.

Mines are inherently energy intensive given the substantial volume of mineral material that must be differentiated, extracted, transported and refined through multiple processes. To reduce carbon intensity wherever possible, Canadian mines are rapidly electrifying in a shift which stands to improve the industry's health and safety, maintenance and operating costs (reductions of up to 30% and 70%, respectively), and emissions (a 60-80% lower carbon footprint). However, this electrification effort is challenged by high capital expenditures, increased reliance on external electricity delivery (2-3x more than combined electricity/diesel operations), and grid infrastructure shortcomings.¹

Figure 1 below illustrates the close ties between where mineral projects are discovered and developed, and the Canadian electricity grid. A coordinated approach to system expansion and increased capacity is vital for the natural resource industry and, in turn, Canada's economic competitiveness, energy sovereignty, and critical minerals objectives.

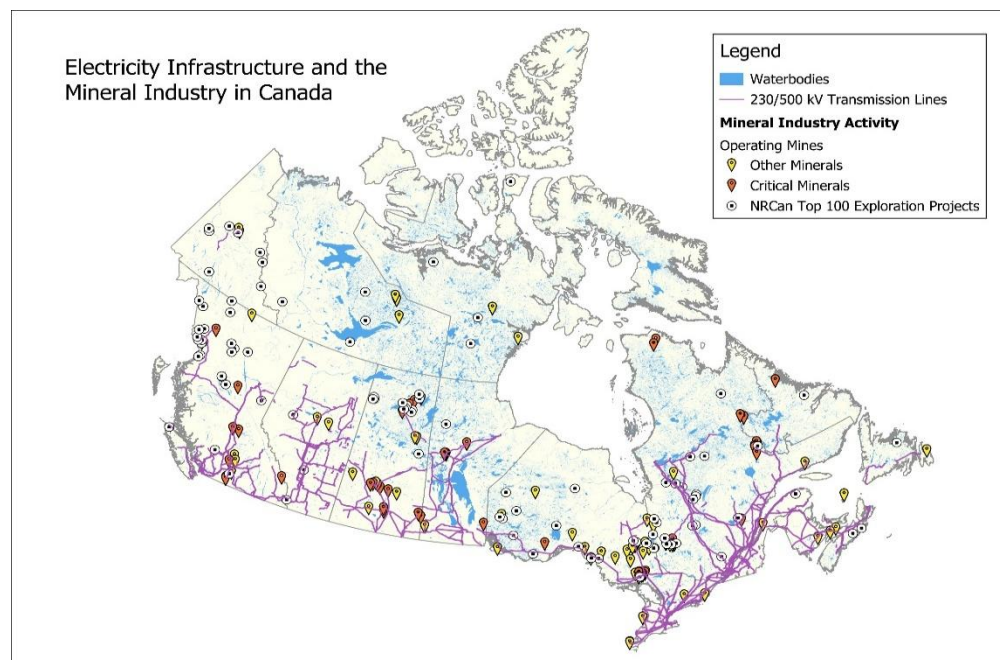


Figure 1 Illustration of the ties between electricity infrastructure and project development.

¹ McKinsey & Company. n.d. "Electrifying Mines Could Double Their Electricity Demand." McKinsey & Company. Accessed June 2, 2026. <https://www.mckinsey.com/industries/metals-and-mining/our-insights/electrifying-mines-could-double-their-electricity-demand>.



In the simplest terms, Canada's electrical strategy must dovetail directly with our critical mineral strategy, as well as our conservation and protection strategies so that significant misalignments do not manifest in the future, and we do not inadvertently sequester regions where viable mineral development prospects may exist.

PDAC encourages the government to reflect on the following recommendations made in response to *Powering Canada Strong: A National Strategy for an Electrified Canadian Economy*.

1. **First and Last Mile Fund:** PDAC welcomes the continued commitment to the First and Last Mile Fund to address energy and transportation infrastructure gaps in support of critical minerals production, and recommends the Government explore ways to leverage successful projects and recapitalize the Fund beyond the initial \$1.5 billion commitment.
2. **Regulatory Streamlining:** Regulatory reform with the aim of greater efficiency and transparency is foundational to advancing development in Canada. PDAC regularly provides recommendations to the Government on these reform processes, with commentary available on the [submissions page](#) of our website. Of particular relevance to the National Electricity Strategy, we would direct your attention to PDAC's recent submissions on the [Red Tape Review](#), [Strengthening One Canadian Economy through trade and transportation](#), and [Getting Major Projects Built in Canada](#).
3. **Canada Strong Fund:** PDAC is encouraged by the \$25 billion Canada Strong Fund's stated focus on ports, mines, and trade and energy corridors, and recommends the Government develop criteria and implementation measures that ensures mineral exploration and development projects and their enabling infrastructure are explicitly eligible for support under this fund.
4. **Focus on northern infrastructure:** The cost to explore and develop mines in northern and remote areas of Canada is as much as 10x higher than in southern jurisdictions, with 70% of that cost differential attributed to the infrastructure deficit, including the lack of electrical grid access. PDAC appreciates the Government's recognition of energy as a strategic component to enable resource development and encourages the leveraging of defense investments and infrastructure funds to facilitate multi-use infrastructure, with mineral development as a core consideration in capacity and location decisions.
5. **Identify priority regions for SMR adoption:** SMRs / vSMRs hold the potential to drastically change the makeup of energy generation infrastructure in Canada. NRCan forecasts [vSMR capabilities](#) on a scale comparable to the energy requirements of some remote Canadian mines and that they may offer [20% to 60% cost advantage](#) over diesel, demonstrating the potential to completely alter remote energy generation in Canada. A potential shift of this magnitude away from traditional energy sources would materially impact how mineral



exploration and extraction is contemplated by industry as logistical and cost parameters would reflect entirely new benchmarks.

We recommend that the government identify remote regions / communities where vSMR adoption may have the most acute positive impacts. As areas are defined, the federal government should be proactive in engaging with respective counterparts to ensure information sharing and decision-making processes can advance unincumbered.

Additional feedback to the questions offered through NRCan's [Powering Canada Strong](#) consultation is included in the following pages.

PDAC is committed to constructive engagement on the national electricity strategy and its associated consultations. The mineral exploration and development sector has a direct and material stake in the success of this initiative: both as a beneficiary of expanded, affordable electricity access and as a supplier of the critical minerals that will power Canada's clean energy future.

We look forward to participating in upcoming consultations and to working collaboratively with Natural Resources Canada and other federal partners to ensure that this strategy delivers for Canada's mineral sector and for the Canadians who depend on it. Please contact Jeff Killeen (PDAC Policy & Programs Director) at jkilleen@pdac.ca should you wish to discuss our comments further.

Kind regards,

Jeff Killeen

*Senior Director, Policy and Programs
Prospectors & Developers Association of Canada (PDAC)*



Powering Canada Strong: A National Strategy for an Electrified Canadian Economy

NRCAN DISCUSSION QUESTIONS

1. *What are the most significant financial constraints to doubling the grid (for example, rate impacts on consumers, market structures, regulatory treatment, etc)?*

The scale of investment required to sustainably double Canada's energy grid will likely be greater than any major infrastructure or public works initiative in our nation's history outside of world war mobilizations.

British Columbia's Site C dam is a present-day example of both the cost and scale of challenges proponents and investors face in developing major energy infrastructure in Canada. The project timeline from concept to completion is counted in decades and at a cost of approximately \$16 billion to produce roughly 1,100MW, it represents less than 1% of the continuous supply within the nation. Simply put, existing federal capital pools, like the Canadian Infrastructure Bank (CIB), do not match up to the challenge being contemplated.

Protracted development timelines for major projects in Canada has helped to fuel a structural failure within our capital marketplace and our ability to attract both domestic and foreign investment dollars. This chilling effect has led to a point where the volume of capital investment in Canada currently is falling well short of what is needed to meet our strategic goals. The first step to reverse this capital flight is for investors to see projects move from concept to completion in years, not decades, making Canada investible again.

Mineral exploration and extraction are often at the fringe or beyond reach of current public infrastructure and energy grids. As government looks to expand the geographic reach of Canada's electrical grids, the cost and complexity of development is likely to climb like it often does for remote developers in the mineral sector. To mitigate some of these increased risks, the federal government should investigate co-proponent, co-ownership or equity agreement models that offer sustained benefits for regional / municipal governments, Indigenous nations and rightsholders.

2. To what degree are financing constraints limiting the buildout?

Canada is laying out a goal to expand our energy ecosystem at a time when our capital markets are on life support. New equity investment in clean tech, renewable energy, utilities and pipelines has been cut in half over the last decade in nominal terms without adjusting for cost inflation.



Government will need to deploy all available fiscal tools and incentives to **1)** accelerate regulatory processes **2)** attract new equity capital **3)** generate public capital pools via structured products.

3. What existing federal tools (e.g., ITCs, CIB, programs such as SREPs) are most effective and having the greatest impact, and for what types of projects?

ITCs can be beneficial for projects of all scales given the potential positive impact on economic scoping and asset valuation, and this impact is often more pronounced for smaller or single-project proponents.

Federal capital pools like the CIB may be best directed towards major hydroelectric or nuclear energy infrastructure projects that are subject to greater regulatory scrutiny and end-to-end supply chain management requirements.

SREPs may be highly applicable in co-development or co-ownership scenarios between public and private entities.

The Mineral Exploration Tax Credit (METC) and Critical Mineral Exploration Tax Credit (CMETC) are highly effective in attracting investment into mineral exploration, which drives new discoveries and new mines. To secure the future supply of critical minerals and the raw material inputs needed for Canadian industries, government should ensure the METC and CMETC become permanent withing Canada's tax code.