

5 February, 2024

Transmitted electronically to: Consultation-Legislation@fin.gc.ca

RE: “Delivering Major Investment Tax Credits” - Feedback on Clean Technology Manufacturing ITC

Energy Storage Canada (ESC) is the national trade association dedicated to accelerating the deployment of energy storage projects and technologies. ESC is pleased to provide comments on the draft Clean Technology Manufacturing Investment Tax Credit (CTM ITC). Energy storage is one of a critical suite of grid flexibility solutions which will be critical to bridging the gap between variable clean electricity sources, such as wind and solar, as well as inflexible clean electricity sources, such as nuclear or gas with CCS, and an escalating, likely more peak heavy, demand on the electricity system.

On-shored and friend-shored supply chains for clean technologies, such as energy storage resources, will be essential to ensuring Canada has secure access to the critical components of the clean energy transition it needs.

To that end, ESC supports the prompt implementation of the CTM ITC with the following recommendations and feedback:

- Eligibility Timelines
 - ESC recommends that the CTM ITC match the eligibility timeline of the Clean Technology ITC, retroactive to the release of Budget 2023 on March 28, 2023. This would allow companies already investing in Canadian clean manufacturing capacity the capability to expand capacity moving forward.
- Leasehold Properties
 - ESC recommends that the CTM ITC expand eligibility under the scope of “Clean Technology Manufacturing Property.” Many investors may choose to lease property instead of purchase property, relieving investors of risk in real estate investment, and this ought not prevent inclusion under the ITC. The intended outcome of the ITC is to build a manufacturing base for clean technology in Canada and whether land is leased or purchased is not material to that outcome.
- Excluded Property
 - ESC recommends that the CTM ITC expand eligibility to allow for projects which have received some amount of funding from other government sources. Manufacturing capacity for alternative battery chemistries, for example, is able to access other programs and grants offered by the Government of Canada and this should not prevent inclusion under the ITC. ESC recommends that the definition of excluded property be amended to property which has benefitted in excess of \$100M from the Government of Canada.

Very best regards,



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