KEY INSIGHTS FROM THE ENERGY & INVESTMENT DIALOGUE: FINANCING THE FUTURE WHILE MEETING THE MOMENT

Date: June 2, 4:00 PM – 6:30 PM EST
Location: Room 315, Wellington Building, Parliament Hill

The Energy & Investment Dialogue brought together investors, sustainability practitioners, Indigenous finance leaders, policymakers, industry representatives and researchers for a candid discussion on Canada's energy investment future. The discussion was held under the Chatham House Rule to encourage open and constructive exchange.

What the dialogue revealed:

The strongest through-line in the discussion was that policy certainty now matters as much as, and sometimes more than, subsidy. Investors described Canada as investable in principle, particularly in power generation, grid infrastructure and natural resources, but also stressed that overlapping approvals, jurisdictional conflict, unclear fiscal frameworks and long permitting cycles raise the cost of capital and make reinvestment less likely. Speakers returned repeatedly to the need for concurrent rather than sequential review, a single consultation process, and time-bound federal decisions. Several later interventions echoed the same point in sharper terms: shorten permitting to below two years, focus less on copying broad subsidy models, and do more to reduce regulatory ambiguity.

The second major finding was that the world market is shifting toward electrification and electricity security, even where views differ on the speed of fossil fuel decline. Participants had varying views about the pace of clean-technology disruption, the durability of oil and gas demand, and whether batteries or gas will supply marginal reliability. **But beneath that disagreement was a significant shared premise: electricity demand is rising; electricity systems need to expand; and grid constraints are now a strategic bottleneck.** That aligns with current IEA analysis showing that electricity demand growth is accelerating, that grids and flexibility are moving to the foreground of policymaking, and that variable renewables, storage, EVs, heat pumps and data centers are all increasing the need for faster network build-out.

The third finding was that the opportunity set for Canada is more credible in enabling infrastructure and resource-processing value chains than in trying to become a general clean-tech manufacturing superpower overnight. **One participant with long experience in public markets** shared **that Canada has relatively few listed clean-tech champions compared with global leaders and should focus instead on areas where it has structural advantage: critical minerals, electricity interconnections, and selected industrial niches such as grid equipment and agricultural technology.** That argument is supported by some international evidence. The IEA finds that clean energy technologies require materially more mineral inputs than fossil-based counterparts: a typical electric car needs six times the mineral inputs of a conventional car, and an onshore wind plant needs nine times the mineral resources of a gas-fired plant. It also finds that clean energy could account for more than 40% of copper and rare-

earth demand by 2040 in Paris-aligned scenarios, while nickel, cobalt and lithium demand rise much more sharply.

The fourth finding was that climate resilience and adaptation cannot be treated as a secondary issue. One participant from the insurance side called climate change a direct threat to household financial security, citing $9 billion in insured losses in Canada in 2024 and the estimate that public infrastructure investment may need to rise by $15 billion annually to account for growing physical risks. This matters for policy design because every dollar directed to de-risking private projects is a dollar not available for resilience, emergency management and public adaptation if governments do not set explicit priorities. Even where participants disagreed on fossil-fuel demand, few disputed that physical climate risk is already showing up in balance sheets, affordability pressures and infrastructure costs.

The fifth finding was that Indigenous equity and commercial participation have moved from exception to expectation. **The dialogue described a clear progression: older models were centered on royalties or passive participation, while current models increasingly target substantial ownership stakes, governance rights, procurement access and local employment.** Several participants made the same point in different language: real certainty comes from inclusion; communities do not want a ceremonial seat at the table; and investors' concerns about community relations, execution risk and regulatory uncertainty are directly reduced when Indigenous partners are equity holders with real project agency. Recent Canadian policy direction is broadly moving the same way. Public reporting indicates the federal government's current electricity strategy also places Indigenous partnerships near the centre of grid expansion and energy security planning.

Recommendations for policymakers

Create a certainty bargain for major projects. Governments should commit to a single, time-bound approvals pathway built around concurrent reviews, one federal consultation process, published milestone dates, and a presumption that departments work in parallel rather than sequence. The objective should not be weaker scrutiny; it should be shorter, clearer and more investable scrutiny. A practical target emerging from the discussion is a maximum two-year end-to-end federal pathway for designated projects, with fewer handoffs and less duplication. This is especially important because current global evidence shows that grid investment is already being delayed by long permitting procedures and supply bottlenecks.

Put electricity and enabling infrastructure at the centre of the strategy. Across the discussion, electricity infrastructure was the most defensible priority under nearly every scenario: high- and low-oil-price cases, faster and slower transition cases, and both domestic-security and export-competitiveness frames. Policy should therefore prioritize transmission, distribution, interties, storage, demand-side flexibility, and northern and Indigenous community connections before devoting scarce fiscal capacity to more speculative bets. This is not a climate-only recommendation; it is an affordability, competitiveness, and resilience recommendation. Present official analysis shows electricity demand rising strongly, grids lagging and more than 2,500 GW of projects stuck in connection queues. Canada's own current

strategy is to roughly double the grid by 2050, which underscores how central this build-out has become.

Treat Indigenous participation as project architecture, not as a compensatory add-on. Capacity funding, advisory support, equity-lending tools, procurement commitments, and real governance roles should be designed into projects from the beginning. The discussion's most persuasive evidence on de-risking came from Indigenous institutions themselves: strong repayment rates, scalable lending platforms, community-level due diligence and certifications that make First Nations more investable counterparties. Governments should fund capacity at the front end, expand equity and guarantee instruments, and require project proponents to show how Indigenous partners will participate in ownership, procurement and workforce development. Where communities want to move quickly, states should respond with equally rapid technical and financial support.

Differentiate among asset classes and apply a higher evidentiary bar to long-lived fossil export assets. The dialogue did not support a single view of fossil-fuel demand. Some participants shared that oil faces structural erosion, especially in road transport, while others stressed residual demand, petrochemicals, aviation, and backup gas capacity. Policymakers do not need to settle that debate in the abstract. They need to recognise that long-lived export assets, domestic reliability assets, and enabling electricity infrastructure carry very different risk profiles. Projects with high demand uncertainty should face mandatory downside stress tests covering demand, price, carbon competitiveness, carbon-border measures, policy tightening, and customer substitution. Backup capacity should be distinguished from assumptions of sustained throughput. This is especially important because the same IEA outlook that shows strong electricity growth also shows upstream oil investment softening and power-system flexibility becoming more important than simple generation additions.

Reserve public money for genuine market failures and public goods. The dialogue contained a real tension over whether governments should de-risk hydrocarbon projects. That tension is healthy, and policy should make it explicit. Public money is most defensible where private markets systematically underprovide socially valuable outcomes: transmission, interties, northern energy access, adaptation and resilience, emissions reductions, early-stage Indigenous equity, first-of-kind technology, and strategic enabling infrastructure that unlocks private capital later. By contrast, blanket public de-risking of mature, high-return asset classes should face a stronger test: what public objective is being bought, what downside is the taxpayer absorbing, and what upside or strategic value is the public capturing in return? The most practical answer from the dialogue was not "never de-risk" but "be precise about where, why and on what terms."

Build an industrial strategy around durable Canadian advantages, then move up the value chain. The discussion pointed repeatedly to critical minerals, electricity supply chains, interprovincial and territorial interconnections, and selected industrial strengths such as ag-tech and grid equipment. That is a more credible strategy than attempting to subsidize every segment of the clean-tech stack. Current international evidence supports that focus: clean energy and electrification are pulling mineral demand upward quickly, and electricity networks

require very large amounts of copper and aluminum. The right policy response is not extraction alone. It is faster project development under high environmental and partnership standards; more domestic processing; sharper focus on transformers, cables and other grid bottlenecks; and explicit strategies to connect resource development to domestic manufacturing and export capacity.

Public capital and risk allocation

The most policy-relevant disagreement in the room was not about whether Canada should build. It was about what the government should build itself, what it should merely enable, and what risks taxpayers should absorb. That distinction should now be made explicit in program design.

Where the public role is strongest, the case is relatively clear. Grid expansion, northern and remote energy access, system flexibility, transmission corridors, and Indigenous equity finance all have strong public-good characteristics, coordination problems, or first-mover barriers that justify a state role. Climate adaptation has a similar claim because physical risks are already generating insured and uninsured losses, and resilience investments are often underprovided when left entirely to private actors. Current policy developments that centre electrification, reliability and Indigenous partnerships are broadly aligned with this logic.

Where the public's role is weaker, the case should be treated with more caution. If a project depends on government support because private investors do not believe the demand case, the carbon-competitiveness case, or the regulatory case, policymakers should ask whether the appropriate intervention is de-risking the project or fixing the market conditions around it. In many instances raised in the dialogue, the preferred policy lever was not subsidy but certainty: faster approvals, clearer consultation, better grid planning, and more coherent industrial strategy. In short, public finance should not become a substitute for discipline in project screening. It should be used to buy public value that markets will not deliver on their own.

Unresolved questions that still require decision

The first unresolved question is how much long-term confidence governments really have in future oil and gas export demand. The dialogue did not resolve this. Some participants saw a structural demand decline approaching faster than conventional planning assumes; others shared that gas, petrochemicals, aviation fuels and backup power leave more room for hydrocarbons than headline transition narratives suggest. Policy should therefore stop pretending certainty exists where it does not. The right response is scenario discipline, not rhetorical certainty.

The second unresolved question is the role of gas in power-system reliability. Several participants shared that gas-fired plants remain necessary as backup for intermittent renewables and to meet near-term demand growth, while others countered that battery costs and long-duration storage technologies are moving rapidly enough to erode that role faster than expected. Policy should plan for a transition role for reliability of resources without locking in

assumptions of high, long-lived fuel volumes. That points to modularity, short lead times and compatibility with a more flexible grid.

The third unresolved question is how quickly Canada can lift Indigenous participation from project-by-project success to a system-wide norm. The examples cited in the dialogue were substantial and encouraging, but they also showed that success still depends on scarce capacity, bespoke finance, and an uneven patchwork of tools. Policymakers should treat this as a scaling problem, not a pilot problem. The institutions already exist; the issue is whether governments will resource them fast enough to match project ambitions.

Main themes of consensus

For policymakers, the strongest tie-together is this: the debate is no longer "climate versus competitiveness." Competitiveness increasingly runs through electrification, system resilience, mineral security, and the ability to deliver projects on transparent timelines with credible community partnerships. Official market evidence points in the same direction: clean-energy investment is now outpacing fossil investment globally, electricity demand is rising quickly, project queues and grid constraints are growing, and critical minerals are becoming more central to industrial strategy and energy security.

A second theme of consensus was that certainty is an economic policy instrument. Participants used different languages, but the meaning was consistent: private capital prices policy delay, jurisdictional conflict, and consultation confusion as risk. Governments therefore do not need to choose between strong standards and investment; they need to design processes that are credible, coordinated, and fast enough to make strong standards investable.

A third theme was that Indigenous participation is now a source of project strength, not a friction to be managed away. The dialogue showed that where Indigenous partners have capacity, capital and meaningful ownership, projects gain legitimacy, execution discipline and social durability. That conclusion was among the clearest points of convergence across public, private, financial, and community perspectives.

A final theme was that public funds should follow public purposes. The broadest agreement was around funding enabling systems: electricity infrastructure, strategic interties, Indigenous equity participation, resilience, and other areas where market failures are real. The sharpest disagreement arose when public funds were discussed as a backstop for mature or demand-exposed fossil projects. The practical policy lesson is not ideological. It is fiscal: use public balance sheets where they unlock durable public value and demand more evidence before using them to absorb risks the market itself is reluctant to carry.