

The Senate of Canada
Ottawa, Ontario
Canada
K1A 0A4

Dear Members of the Senate Committee on National Finance,

Re: Request to appear on Bill C-59 (EIFEL Provisions)

On behalf of Electricity Canada, the Canadian Gas Association, and our members respectively, we are requesting the opportunity to come before your committee to comment on the excessive interest and financing expenses limitation (“EIFEL”) included in Bill C-59. **As drafted, the legislation will deny interest expenses for regulated utilities and will unevenly increase energy prices for Canadians across the country and create additional investment obstacles in energy projects needed to maintain reliability, affordability and to support emission reductions.**

Unlike other sectors, Canadian utilities are uniquely suited for an exemption. Utilities are highly regulated and fall under provincial economic regulation, and in some cases the Canada Energy Regulator. Economic regulators set prescribed debt levels for utilities. As such, restructuring or adjusting debt is not an option for a regulated utility.

Every dollar of denied interest will either be passed on to customers or increase the cost of capital. Both outcomes are harmful.

Although the EIFEL rules exempt certain Canadian public-private partnership infrastructure projects, the rules continue to apply to privately-owned public-benefit assets (such as regulated utilities). Contrary to Canada’s approach under the EIFEL rules, **countries like the United States, the United Kingdom, and Ireland provide more expansive exemptions that apply to regulated utilities and their holding companies.** Those countries have recognized the indispensable role of utilities and the imperative of maintaining affordable energy.

This is why we are writing to express our concerns that if implemented without amendment, Bill C-59 will make energy less affordable and reaching a lower emissions economy even more difficult. We recommend that the legislation recognize and reflect the unique situation of regulated utilities, and that members of your committee work with these utilities to implement a targeted exemption.

Sincerely,



Francis Bradley
President and CEO
Electricity Canada



Timothy M. Egan
President and CEO
Canadian Gas Association

