

Department of Finance
Government of Canada

Sent via email to: remissions-remises@fin.gc.ca

Re: Domestic Supply Consultations

Dear Sir or Madam,

Electricity Canada is the national voice for electricity in Canada. Our members generate, transmit, and distribute power to homes and businesses across Canada. We represent integrated electric utilities, independent power producers, transmission and distribution companies, power marketers, and system operators. Our members deliver electricity to all Canadians, in every province and territory.

The electricity sector is critical infrastructure, underpinning Canada's economy and national security. The resilience of the sector rests on global supply chains for critical equipment. While there are opportunities to grow the domestic supply chain, today, there are no domestically produced substitutes for many pieces of equipment currently sourced from other jurisdictions.

Over time, there are opportunities to gradually reorient the sectors' supply chain towards more domestic content. Electricity Canada has been assisting our members to work directly with suppliers to not only source domestic substitutes in the immediate term – but also to increase investment in domestic production and expand Canada's manufacturing capacity for critical electrical equipment.

Electricity Canada is already working with the Canadian Steel Producers Association (CSPA) to connect steel producers with buyers at electricity companies, to find customers for existing stock and to identify opportunities to serve the growing needs of the electricity sector into the future. We are also working with manufacturers of high voltage circuit breakers to increase the domestic production of these critical components. These initiatives represent a starting point for supporting domestic manufacturing across the sector.

The existing global supply chain for electrical components is a complex network that has evolved over decades. Reorienting Canada's electricity supply chains will take years, not months. Electricity Canada supports the long-term goals of providing market opportunities for Canada's domestic manufacturing capacity, sourcing domestic content where it is feasible, and working with suppliers and potential suppliers to build new capacity where possible.



Recent trade disruptions, including tariffs, have further strained an already-stretched supply chain. We understand the challenges this changing environment has placed on domestic manufacturers, and the federal government's need to offer support to these companies. However, we respectfully request that the government's response be calibrated to only impact products where there are direct substitutes already available, and where those substitutes can be procured in compliance with existing domestic and international trade agreements and procurement obligations. The mere existence of a domestic substitute does not mean that a regulated utility can disregard trade or regulatory obligations that govern its procurement process.

Electricity Canada and its members support the objective of developing domestic supply chains for equipment. However, goals of industrial development must be balanced by the operational realities of essential infrastructure. Electricity companies cannot absorb additional costs without consequence. Constraints on or increased costs of critical materials will result in delaying necessary infrastructure projects, increasing the risk of reliability impacts, while increasing electricity rates.

In the meantime, we are encouraged by the federal government's efforts to better understand the domestic supply chain for critical electrical components, such as through this consultation. We have the following specific comments and requests on this consultation, and on the approaches to tariffs, exclusions and remissions generally.

1) Electricity companies are critical economic and national defense infrastructure

Regulated electricity companies are not discretionary purchasers; delays in procuring critical materials directly impact grid reliability, regulatory compliance, and public safety. Increased costs, such as through tariffs, increase customer bills.

2) Electricity-specific listed products:

The provided HS code list directly references transformer core steel, structural steel, fasteners, and building components—materials foundational to substation construction, transmission infrastructure, and transformer manufacturing. Any constraints on these inputs introduce significant cost, schedule, and reliability risks for electric utilities across Canada.

We request that transformer electrical steel and other non-substitutable utility inputs be excluded from restrictive measures. Transformer-grade electrical steel has no viable domestic substitute, and global supply is already constrained. Additional restrictions would further extend lead times and risk transformer availability.



3) Omissions

Electricity Canada members have noted at least three important product omissions from the list currently being considered by Finance Canada. These are: 1) Steel transmission and distribution poles (HS code 7308.90), 2) Aluminum Conductor Steel Reinforced (ACSR) Cable (HS code 7614.10), and 3) Copper Clad Steel cable (HS Code 7312.10).

These three product categories are widely used across the sector, and for which there is either no or little domestic production capacity. Copper clad steel and ACSR cables are not produced in Canada, and there is a single producer of steel lattice towers and steel poles which has limited capacity and mainly services the local market in one province.

Electricity Canada requests that these products be excluded from tariffs or restrictions, and that costs associated with tariffs be remitted, until such time as domestic supply chains can provide alternatives.

4) Electricity companies are often subject to preexisting binding trade agreements

Publicly owned electric utility companies in Canada are typically bound by domestic (for example, New West Partnership Trade Agreement, Canadian Free Trade Agreement, etc.) and international (for example, Comprehensive Economic and Trade Agreement, Canada-United Kingdom Trade Continuity Agreement, etc.) trade agreements. With limited exceptions, these trade agreements generally dictate that procurements of goods and/or services be carried out through fair and non-discriminatory public competitive processes. This means these companies cannot simply directly award contracts to specific Canadian suppliers or redirect procurement from, or replace, a supplier that might have been selected through such a legally mandated competitive process. They also typically cannot mandate that respondents to the public procurement opportunities they issue procure from specific manufacturers or suppliers.

Therefore, even where a Canadian supplier may exist for a given product, the electricity company may not be able to purchase such product, or direct its contractors to purchase, from such a Canadian supplier directly without breaching its trade agreement obligations.

5) Where exclusions are not feasible, we request mitigating measures, including:

- Clear, utility-specific exemptions that reflect the technical and regulatory requirements of grid infrastructure,
- Streamlined, transparent, and predictable approval processes to prevent project delays,
- Explicit recognition of technical specification constraints, including CSA standards, voltage class requirements, and utility-grade performance criteria; and



- Explicit recognition of constraints related to domestic or international trade agreements or procurement obligations (such as competitive bidding processes).
- 6) We request that these activities avoid measures that inadvertently increase sole-sourcing or reduce supplier competition in regulated sectors. Reduced competition drives higher costs for ratepayers, placing additional pressure on energy affordability—particularly for low-income households—and undermines procurement frameworks that require fairness, transparency, and value for money in an already strained economic environment.
 - 7) We request that Finance Canada engage directly with utilities prior to final policy decisions to validate the practical feasibility of domestic supply. Nominal domestic production capacity does not necessarily translate into availability for highly specialized electrical materials with long global lead times.
 - 8) Finally, we request horizontal remissions for commonly used electricity equipment categories where domestic supplies are insufficient, while the sector and its suppliers assess the feasibility of creating or expanding capacity.

We appreciate this opportunity to provide our input into this consultation, and to share with you our ongoing efforts to directly address the challenges that our domestic manufacturers are facing today.

Kind regards,

Jay Wilson

Director, Energy Security
Electricity Canada

Cc:

Marie-Hélène Cantin, Director, International Trade Policy, Finance Canada