

## Natural Resources Canada – Nuclear Energy Division

### Proposal A

#### Investment Tax Incentives for Nuclear Projects in Canada

##### Objective:

Understand the Canadian clean energy tax investment incentive landscape (Investment Tax Credits -ITC- and Accelerated Depreciation -AD-) and analyze how these incentives support nuclear project investment in Canada vis-a-vis other non-emitting electricity sources.

##### Research question:

What is the current Canadian clean energy tax incentive landscape (ITC & AD)? What is the economic and policy objective of each policy tool? What tax incentives apply to the nuclear industry (both large reactors and Small Modular Reactors -SMRs-)? How do all these different investment tax incentives support nuclear project development in Canada? Compare the support that nuclear project investment receives vis-a-vis other non-emitting electricity sources.

##### Background:

To accelerate Canada's transition towards a net zero electricity grid by 2035 and a Net Zero economy by 2050, multiple investment incentives have been put in place to incentivize investments in non-emitting electricity sources.

- One mechanism is the usage of Investment Tax Credits (ITCs) in clean energy infrastructure. These incentives offer to specific technologies tax credits (refundable or non-refundable) as a % of the total investment costs.
- Another mechanism is the usage of accelerated depreciation policies to decrease the cost of new investments by allowing firms to deduct the new investments from their taxable income more quickly.

##### Description of the research project:

For this project, the student will gather information about the existing and proposed clean energy investment tax incentives in Canada (focusing on ITCs & AD) for all non-emitting electricity technologies, describing how each of the fiscal incentives works. The student will then describe which of these incentives apply to the nuclear industry -large nuclear reactors and small modular reactors-, estimating the specific impact on total levelized electricity costs. Finally, the student will compare the specific level

of support the nuclear industry receives (in terms of reductions in levelized costs) vis-a-vis other non-emitting electricity sources such as solar or wind.

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