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Environment and Climate Change Canada
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Subject: *Comments on the Updated Canadian Grid Electricity and Excess Electricity to Grid Processes*

The Canadian Hydrogen Association (CHA) is the national voice for Canada's hydrogen sector, representing companies and organizations working across the hydrogen value chain to advance clean energy, industrial decarbonization, and economic development. This submission is made on behalf of our members, who are actively investing in hydrogen production, infrastructure, equipment, and end-use applications across Canada, and who have a direct interest in the design of policies and methodologies that affect the sector's growth and competitiveness.

Environment and Climate Change Canada's (ECCC) proposed update to the Canadian grid electricity processes, as noted in the April 22, 2026 pre-publication document entitled "[Updated Canadian grid electricity and excess electricity to grid processes](#)", is directionally inconsistent with the Government of Canada's clean growth objectives and stated priority to "Building one Canadian economy by removing barriers to interprovincial trade and identifying and expediting nation-building projects that will connect and transform our country". While we understand the desire to improve methodological representativeness, the practical effect of the update is to raise the carbon intensity of grid electricity in key jurisdictions, thereby weakening the competitiveness of low-carbon hydrogen production and undermining investment certainty for Canadian projects.

In particular, the proposed changes produce sharp increases in several provinces that are highly relevant to hydrogen deployment. Examples include Ontario, which increases from 42.28 to 78.58 g CO₂e/kWh; Prince Edward Island, from 4.063 to 231.7 g CO₂e/kWh; Quebec, from 16.89 to 23.94 g CO₂e/kWh; and British Columbia, from 38.91 to 46.00 g CO₂e/kWh. These drastic changes would make it substantially harder for electricity-based hydrogen pathways to qualify as low-carbon and would discourage projects that are intended to support domestic hydrogen supply chains and industrial decarbonization.

A policy framework intended to support Canadian clean industry should not inadvertently make Canadian hydrogen harder to produce, finance, and deploy.

We are especially concerned that the update relies on a methodology that appears to reflect short-term accounting shifts more than policy-relevant system decarbonization and growth outcomes. For a sector that depends on long-lived infrastructure and investment certainty, frequent and significant movements in electricity carbon intensity create regulatory instability and investment risk. ECCC should avoid changes that unintentionally penalize domestic clean manufacturing and hydrogen deployment while other jurisdictions are actively designing policy to accelerate them.

The implications of this update extend beyond hydrogen production alone and interact directly with the effectiveness of existing federal investment supports. In particular, the Clean Hydrogen Investment Tax Credit (CHITC) remains a critical tool for enabling project development, but the changes being proposed by ECCC could materially affect CHITC eligibility and reduce the incentive's effectiveness in driving investment. Higher grid carbon intensity values risk pushing otherwise viable projects above key emissions thresholds, thereby undermining investor confidence and delaying or cancelling projects currently under development.

We therefore recommend that ECCC reconsider the application of these revised grid electricity carbon intensities for programs and regulations affecting hydrogen, or at minimum introduce a transitional approach that preserves investment certainty for projects already in development. ECCC should also assess the industrial-policy implications of the update before finalizing it, including its impact on project economics, regional clean energy deployment, and the ability of Canadian firms to compete domestically and internationally.

Above all, ECCC should ensure that methodological updates do not undermine the very industrial transition Canada is seeking to accelerate.

Sincerely,

David Billedeau

President and CEO

Canadian Hydrogen Association