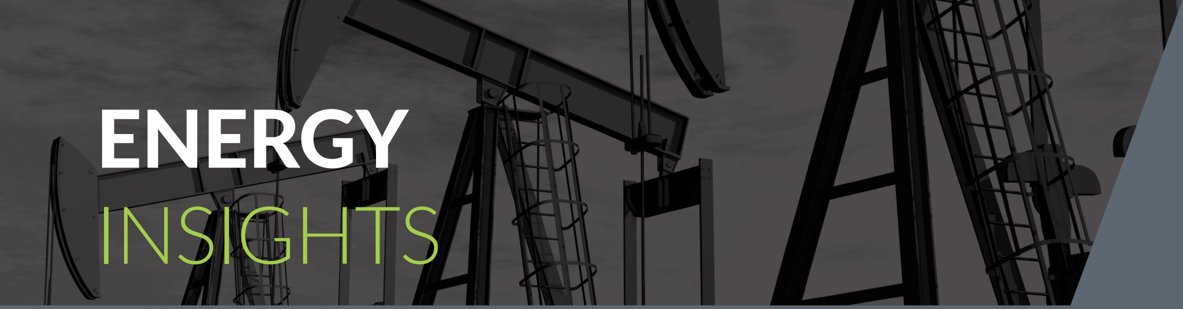

# ENERGY INSIGHTS

NAVACORD®

# New Energy Projects, New Insurance Realities

Canada's push toward carbon capture, clean power and energy transition is moving quickly from planning to construction. Carbon capture, utilization and storage (CCUS), large-scale renewables, hydrogen pilots and next-generation power projects are now taking shape across the country.

What complicates this shift is not only new technology, but where it is being deployed. Provincial energy mixes, regulatory frameworks and project structures vary widely, producing uneven risk profiles and insurance needs. Brokers and commercial clients who understand these regional differences are better positioned to manage emerging exposures and avoid coverage gaps.

## A PROVINCIAL PATCHWORK OF TRANSITION PROJECTS

Canada's energy transition does not follow a single national model. Each province brings its own mix of policy priorities, infrastructure and risk.

In British Columbia, the transition centres on hydroelectric expansion and early-stage green hydrogen development. Major hydro projects such as Site C carry extended construction timelines, complex engineering risks and significant surety requirements. Hydrogen pilot projects introduce additional underwriting uncertainty due to limited operating history and evolving safety standards.

Alberta and Saskatchewan remain leaders in CCUS, geothermal and hydrogen development, often tied to existing oil and gas infrastructure. These hybrid projects blend traditional energy operations with emerging technology, creating layered environmental, regulatory and operational risk. Long-term liability tied to subsurface storage and evolving government oversight remains a key concern. Early discussions around small modular reactors add complexity even before construction begins.

Ontario's focus is shifting toward large-scale battery storage and grid resilience. These assets support renewable integration but introduce known fire, thermal runaway and business interruption risks. Many facilities sit near urban centres, increasing third-party liability exposure alongside property damage concerns.

Atlantic Canada is seeing growing momentum around offshore wind. Exploration and early construction bring marine risk, complex logistics and exposure to severe weather. Projects often involve international developers, foreign-flagged vessels and specialized contracts that challenge traditional insurance structures.

## INSURANCE CHALLENGES FOLLOW THE TECHNOLOGY

As energy transition projects accelerate, insurance programs must adapt to unfamiliar exposures.

A recurring issue is the blurring of traditional coverage lines. CCUS facilities may resemble energy operations, infrastructure assets and environmental risk sites at the same time. Brokers frequently face uncertainty over how property, equipment breakdown, environmental impairment liability and long-term liability interact.

Construction risk also remains a pressure point. Many transition projects involve long build periods, design-build contracts and specialized equipment. Builders risk policies often require higher limits, broader definitions and longer terms. Delays caused by permitting, supply chain shortages or regulatory change place added emphasis on delay-in-startup coverage, which is often overlooked or underinsured.

Operational risks persist after construction. Battery storage and hydrogen systems introduce elevated fire and explosion hazards that affect property, equipment breakdown and CGL coverage. Insurers may respond with higher deductibles, sublimits or engineering requirements that clients may not expect.

Governance and liability exposures are also increasing. Boards overseeing transition investments face scrutiny related to environmental claims, capital allocation and public disclosure. Directors and officers' liability coverage, along with cyber and technology risk policies, is increasingly part of the discussion, particularly for digitally controlled facilities.

A common misconception is that existing energy or infrastructure programs will automatically respond to transition assets. In practice, exclusions for new technology, operational changes or environmental liability often emerge only after a loss.

## HOW BROKERS CREATE VALUE

This evolving risk environment reinforces the broker's advisory role.

Effective conversations start early with the right questions: How does the project differ from existing operations? How mature is the technology? Who carries long-term environmental or storage liability, and for how long? These discussions often uncover risk transfer gaps before markets are approached.

Brokers add value by helping clients reassess coverage structures rather than extending legacy programs. That may include separating construction and operational policies, reviewing sublimits tied to fire or environmental exposure, and aligning contract terms with insurance requirements.

Risk management coordination is equally important. Underwriters increasingly expect detailed engineering reviews, emergency planning and clear maintenance protocols. Brokers who help clients prepare this information can improve market response and pricing.

## CONCLUSION

Canada's energy transition is reshaping both the energy and insurance sectors. Its regional nature means there is no one-size-fits-all solution. Each province brings distinct risks, regulatory realities and coverage considerations.

For brokers, the complexity presents an opportunity to lead informed, proactive discussions. The strongest insurance strategies are built early, alongside project planning. Brokers and clients who engage now, challenge assumptions and revisit coverage structures will be best positioned to navigate Canada's evolving energy landscape.

**If you have questions specific to your business, or would like additional information, please reach out to your Navacord Insurance Services Alberta Inc. Advisor.**