

2025 Pre-Budget Submission

Date: August 2, 2024 | Prepared by: Clean Energy Canada

List of Recommendations

Recommendation #1: Launch a new “Incentives for Affordable Zero-Emission Vehicles Program” with \$1 billion over four years to help all Canadians save money on gas for good..

Recommendation #2: Allocate \$1 billion over four years to the Zero Emission Vehicle Infrastructure Program specifically earmarked for charging in multi-unit residential buildings to make home charging accessible for more Canadians.

Recommendation #3: Leverage the Canada Infrastructure Bank to accelerate EV-readiness in buildings.

Recommendation #4: Recapitalize the Incentives for Medium- Heavy-duty Zero-Emission Vehicles program with \$400 million over five years to extend the program until 2030 to save fleets money.

Recommendation #5: Add \$150 million to the Zero Emission Vehicle Infrastructure Program over five years and create a separate funding stream to support medium- and heavy-duty charging infrastructure..

Recommendation #6: Offer a 15% incentive “bonus” for vehicles with battery components and cells produced, or final vehicles assembled, in Canada or North America through the new proposed iAZEV and existing iMHZEV programs.to support local EV workers.

Recommendation 7: Introduce an “Electrify Your Home” one-stop-website and app for Canadian households.

Recommendation 8: Provide an additional \$4 billion on a cash basis to the Canada Mortgage and Housing Corporation and open a separate interest-free Greener Homes Loan stream for condominiums/stratas to implement whole-building energy efficiency improvements and install clean heating systems in multi-unit residential buildings.

Recommendation 9: Allocate an additional \$2 billion to the new Greener Homes Affordability program to help more Canadians cut their energy bills and ensure a fair portion goes to benefitting renters.

Recommendation 10: Finalize the Clean Electricity Investment Tax Credits to ramp up clean electricity capacity.

Recommendation 11: Launch a “Strategic Intertie Initiative” to support interprovincial transmission in partnership with provinces to secure homegrown, reliable electricity supply.

Recommendation 12: Re-orient the Smart Renewables and Electrification Program to support demand-side solutions to keep electricity prices affordable.

Recommendation 13: Add Buy Clean as a performance metric to future federal infrastructure transfers.

Recommendation 14: Add Buy Clean performance metrics into the Housing Infrastructure Fund.

Full recommendations

Canadians are currently struggling through a cost-of-living and climate crisis. Adopting clean solutions such as electric vehicles and heat pumps can save Canadian households hundreds of dollars per month on energy bills and insulate homes from the price swings of foreign energy for good. Budget 2025 should seek to improve the lives of Canadians by cutting energy bills, supporting Canadian jobs and enhancing our economic security.

Helping Canadian drivers save money on gas permanently

Zero-emission vehicles are one of the best ways to free Canadian drivers from dependence on volatile gas prices and help them save [\\$3,000 per year](#) on fuel, maintenance, and repairs. Unfortunately, there are [very few](#) affordable EV models currently available to Canadians. Budget 2025 should introduce an EV Affordability package to help more Canadians benefit.

Recommendation #1: Launch a new “Incentives for Affordable Zero-Emission Vehicles Program”(iAZEV) with \$1 billion over four years that is designed to drive EV prices down and support Canadians who need the most help going electric. The new program design should:

- Continue to offer \$5,000 per new ZEV but lower Minimum Suggested Retail Price (MSRP) caps to \$50,000 for two seaters, compact, mid-size and large cars, station wagons and SUVs, and \$70,000 for mini-vans, small and standard pickup trucks, as B.C. has done, to encourage automakers to lower prices and introduce more affordable models.
- Offer an additional \$2,000 rebate for EVs with MSRPs under \$40,000 for income-eligible Canadians. Income eligibility thresholds could match those under the Greener Homes Affordability program.
- Follow through on 2019 and 2021 mandate letter commitments by introducing a used EV rebate of \$2,500 and/or provide GST relief.

Recommendation #2: Allocate \$1 billion over four years to the Zero Emission Vehicle Infrastructure Program (ZEVIP) specifically earmarked for multi-unit residential buildings (MURBs). Access to charging is one of the [top factors](#) in deciding whether to purchase or lease an EV. A Natural Resources Canada-commissioned June 2024 [charging needs assessment](#) found that EV charging stations in MURBs must ramp up from fewer than 50,000 today to 1.6 million by 2030. ZEVIP program design should be modified to expand eligible costs to include electrical upgrades and re-wiring, and allow landlords and condominium owners to apply directly.

Recommendation #3: Leverage the Canada Infrastructure Bank to accelerate MURB EV-readiness. To complement the ZEVIP program, the federal government should combine the expertise and leverage the remaining funding in the CIB’s \$500 Million Charging and Hydrogen Refuelling Infrastructure Initiative and its \$2 billion Buildings Retrofit Initiative to support

large-scale projects that aggregate and retrofit existing residential buildings to make them EV-ready.

Recommendation #4: Recapitalize the Incentives for Medium- Heavy-duty Zero-Emission Vehicles (MHZEV) program with \$400 million over five years to extend the program until 2030. Canadian fleets [can save money](#) on fuel by going electric, too, but upfront purchase price continues to be a barrier and support should complement a ZEMHDV sales regulation. The program should also be updated to increase the maximum vehicle funding cap to 30 per year, and include tiered incentives such that small fleets of 10 vehicles or less and public fleets receive greater incentives.

Recommendation #5: Add \$150 million to the ZEVIP over five years and create a separate funding stream to support MHZEV charging infrastructure. The new funding stream should be designed to work better for fleets, including by allowing applications to be made on a per-project, not per-charger, basis. Eligible costs should be expanded to include “front-of-the” meter expenses such as grid connections and distribution system upgrades. Funding should cover 50% of eligible costs, up to a maximum of \$500,000. The program should also establish a higher threshold (\$750,000) and greater cost share (75%) for small businesses.

Recommendation #6: Offer a 15% incentive “bonus” for vehicles with battery components and cells produced, or final vehicles assembled, in Canada or North America through the new proposed iAZEV and the existing iMHZEV programs. Canada can support our burgeoning \$46 billion EV industry by ensuring strong and growing EV demand, but also offering additional support to Canadian or North American producers will provide a further leg up.

Lowering home energy bills for good

The federal government's popular Greener Homes Grant played a central role in helping Canadian households pursue energy efficiency upgrades and save families money. Budget 2025 should build on these efforts by focusing on renters and apartment dwellers and streamlining application processes.

Recommendation 7: Introduce an “Electrify Your Home” one-stop-website and app for Canadian households wishing to make cleaner choices such as EVs, heat pumps, energy efficiency upgrades. The federal government has implemented several programs to reduce the cost of clean energy retrofits, but it can be difficult for Canadians to see which assistance programs they are eligible for. A one-stop “Electrify Your Home” website could reduce barriers to uptake, by educating Canadians on potential cost-savings and helping them navigate the various government incentive programs available (e.g. iZEV, Greener Homes).

Recommendation 8: Provide an additional \$4 billion on a cash basis to the Canada Mortgage and Housing Corporation and open a separate interest-free Greener Homes Loan stream for condominiums/stratas to implement whole-building energy efficiency improvements and

install clean heating systems. [One in three](#) Canadians live in an apartment and they are underserved when it comes to the benefits of clean home energy. Multi-unit residential buildings are not eligible for most federal and provincial support programs for clean energy retrofits, such as the federal Greener Homes Loan and Oil to Heat Pump Affordability Program and the federal co-funding of heat pump rebates in British Columbia.

Recommendation 9: Allocate an additional \$2 billion to the new Greener Homes Affordability program to help more Canadians cut their energy bills and ensure a fair portion goes to benefitting renters. Housing cannot truly be affordable unless the operating costs for residents, both owners and renters, are reduced. While the Greener Homes Affordability Program shows a welcome shift to supporting low-to-median income Canadians, the program requires further funding to maximize impact.

Double down on secure, homegrown Canadian electricity

Clean electricity is Canada's competitive advantage. It will underpin our future energy security and economic growth. Budget 2025 must take steps to rapidly scale up clean electricity capacity, connect provincial energy resources and maximize efficiencies to keep electricity prices low.

Recommendation 10: Finalize the Clean Electricity Investment Tax Credits (ITC) and ensure conditions, if any, are clear and simple. Draft legislation must be published by fall 2024 with final legislation tabled before the end of the year to complement the final Clean Electricity Regulations. Whatever conditions are attached to the final Clean Electricity ITC must not slow down clean electricity project deployment.

Recommendation 11: Launch a “Strategic Intertie Initiative” to support interprovincial transmission, in partnership with provinces. Strengthening interties between specific regions in Canada can help drive the secure supply of [reliable and affordable](#) clean electricity for Canadians. The Clean Electricity Advisory Council has [recommended](#) that the federal government work with provincial counterparts to develop a new policy framework to identify and financially support interregional electricity transmission projects. The Initiative should focus on supporting provinces to conduct new analysis quantifying the opportunity, convene provincial stakeholders to develop a shared benefit accrual framework, and coordinate investments and approval processes to expedite construction.

Recommendation #12: Re-orient the Smart Renewables and Electrification Program (SREP) to support distribution system demand side solutions, including energy efficiency, demand flexibility and grid modernization initiatives. One of the best ways to minimize the need for new grid investments and keep electricity prices low for Canadian households is to more efficiently use the electricity we have. Demand-side solutions (DSM), including energy efficiency, demand flexibility and grid modernization initiatives can balance the grid and support higher levels of variable clean energy, often at [a lower cost](#). But, as the Clean Electricity Advisory Council has [noted](#), “support for DSM is lagging”—especially compared to the “significant funding for growing

[new] clean electricity capacity.” Budget 2025 investments can be allocated to fill this important gap.

Build Canadian housing and infrastructure with Canadian construction materials

The Canadian public sector makes up around [a fifth](#) of all infrastructure spending in the country. Canada should use this opportunity to create jobs for Canadian workers and support low-carbon made-in-Canada products.

Recommendation #13: Add Buy Clean as a performance metric to all future federal infrastructure transfers. Apply the Greening Government Strategy target of 30% lower embodied carbon (as measured through a whole-asset life cycle assessment), as well as the requirements set in the Standard on Embodied Carbon in Construction, as a minimum threshold for all projects funded through the new federal infrastructure program, and provide additional incentives for market-leading low-carbon construction.

Recommendation #14: Add Buy Clean performance metrics into the Housing Infrastructure Fund. Building 3.87 million homes could lock in [729 megatonnes](#) of emissions (more than a year’s worth of Canada’s total emissions). To reduce this, the government should:

- Add “the use of lower-carbon construction materials and design practices” as a parameter of merit in the Direct Delivery Stream (applying the Greening Government Strategy’s Standard on Embodied Carbon).
- Require provinces to use embodied carbon as a performance metric for prioritizing construction projects, applying the federal Standard on Embodied Carbon in Construction and guidance of the Greening Government Strategy, in order to access funds under the Provincial/Territorial Agreement Stream.