2025 Pre-Budget Submission

Date: March 5, 2025 | 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 that is designed to help all Canadians save money on gas and offer a leg up to Canada's auto industry.

Recommendation #2: Allocate $1 billion over four years to the Zero Emission Vehicle Infrastructure Program specifically earmarked for multi-unit residential buildings to help all Canadians charge at home.

Recommendation #3: 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.

Recommendation #4: 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.

Recommendation #5: 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 #6: Launch a $1.25 billion over three years heat pump and solar panel voucher program to support Canadians buying made-in-Canada clean energy technologies.

Recommendation #7: Finalize the Clean Electricity Investment Tax Credits (ITC) and ensure conditions, if any, are clear and simple to accelerate the buildout of clean electricity.

Recommendation #8: Establish a made-in-Canada renewable energy assessment process.

Recommendation #9: Launch a "United Canada" grid initiative that works with provinces on a framework to support inter-provincial transmission projects, which could include federal support to cover up to 50% of capital costs.

Recommendation #10: 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.

Recommendation #11: Add Buy Clean as a performance metric to all future federal infrastructure transfers to support clean, Canadian construction materials.

Recommendation #12: Add Buy Clean performance metrics into the Housing Infrastructure Fund to ensure the millions of new Canadian homes are built clean from the start.

Full recommendations

As President Trump enforces tariffs, decisions made now will be critical to how Canada's economy weathers the immediate storm—and any future ones brewing. Short-term support for Canadians and Canadian businesses is key, and federal and provincial governments are already stepping up with retaliatory measures and financial tools like EI benefits and business support. But a longer-term strategy to increase the resilience and security of our economy is also deeply necessary. Budget 2025 measures should seek to better shield Canadians from externally imposed shocks and build a resilient economy that doubles down on Canada's homegrown clean energy advantage while prioritizing industries with growth opportunities in the energy transition.

Insulating Canadian households from external shocks

Adopting household-level clean energy 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 (which are expected to rise even further under Trump's new tariffs) for good. Budget 2025 must support programs that unlock long-term cost-savings and energy security for Canadian households.

Recommendation #1: Launch a new "Incentives for Affordable Zero-Emission Vehicles Program"with $1 billion over four years that is designed to help all Canadians save money on gas and offer a leg up to Canada's auto industry. Ensuring strong and growing EV demand will also support Canada's burgeoning $46 billion EV industry at a time when the industry is getting caught in the middle of Trump's trade war. The new program design should:

- Reintroduce rebates of $2,500for new EVs and up to $1,000 for used EVs.
- Lower Minimum Suggested Retail Price 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 a 20% incentive "bonus" for vehicles assembled in—or made with critical minerals, battery components or cells produced in—Canada, for a total incentive of $3,000.
- The program could be funded through industrial carbon pricing revenues.

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. To complement the ZEVIP program, the federal government should combine the expertise and leverage the remaining funding in the Canada Infrastructure Bank'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 #3: 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 #4: 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.

Recommendation #5: 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.

Recommendation #6: Launch a $1.25 billion over three years heat pump and solar panel voucher program to support Canadians buying made-in-Canada clean energy technologies . The vouchers of $5,000 can be used for a discount when installing heat pumps or solar panels manufactured in Canada (sourced from a list of approved manufacturers) and the government will directly reimburse manufacturers for any vouchers received. Over the five years of the Greener Homes Grant, 240,278 new heat pumps were installed with federal support and 34,823 grants were given out for solar panels. The Greener Homes grant program was popular, but a major hurdle for households was having to go through an arduous process to apply for the rebate and having to pay upfront and wait for a rebate payment. Vouchers could extend the cost savings and benefits of heat pumps and solar panels to more households, while being more accessible. At the same time the program will support Canadian manufacturing in a time of trade tensions threatening an economic downturn. Manufacturing of HVAC equipment directly employs nearly 20,000 Canadians.

Double down on secure, homegrown Canadian electricity

Clean electricity is Canada's competitive advantage. By expanding domestically produced clean energy and using it to power our homes, vehicles, and businesses old and new, Canada can chart a better path toward energy security and economic resilience in these uncertain times. 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 #7: Finalize the Clean Electricity Investment Tax Credits (ITC) and ensure conditions, if any, are clear and simple. Final legislation must be passed as soon as possible to maintain investment certainty, support Canadian energy security, help Canada capture clean electricity-related investment flowing out of the U.S. and 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 #8: Establish a made-in-Canada renewable energy assessment process. Work with Indigenous communities and provinces to establish guaranteed review timelines for priority projects, plus leverages best practices from other jurisdictions, such as renewable energy zoning maps and renewable acceleration areas, to increase certainty, lower costs and expedite the construction timeline for renewable energy projects.

Recommendation #9: Launch a "United Canada" grid initiative that works with provinces on a framework to support inter-provincial transmission projects, which could include federal support to cover up to 50% of capital costs. 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 #10: 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 affordable 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, including by supporting innovation, removing barriers to new technologies (e.g. battery storage, rooftop solar, distributed energy resources, vehicle-to-grid), convening provincial partners and developing national standards and best practices for technology integration into provincial grids..

Trump-proof Canada's economy

While the Trump administration guts funding and alters regulations currently empowering clean industry down south, the momentum continues in the multi-trillion-dollar markets of the EU and Asia. Global energy investment is set to exceed US$3 trillion for the first time in 2024, with US$2 trillion going to clean energy technologies and infrastructure. Budget 2025 must advance measures that give Canadian businesses an advantage and help Canada capture more of this global clean economic opportunity, such as by buying Canadian goods and materials.

Recommendation #11: Add Buy Clean as a performance metric to all future federal infrastructure transfers. 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. By committing to procuring clean goods and materials with federal infrastructure spending and incentivizing provinces and municipalities to do the same, government spending can prefer Canadian products and materials in a trade law compliant way. The federal government should 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 clean construction.

Recommendation #12: Add Buy Clean performance metrics into the Housing Infrastructure Fund. Building 3.87 million homes could offer a significant market opportunity for clean Canadian construction materials (or lock in 729 additional megatonnes of emissions, more than a year's worth of Canada's total emissions, if not built clean). The government should: (i) 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); and (ii) 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.

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