CLEAN ENERGY CANADA

2025 Fall Budget Submission

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List of Recommendations

Recommendation #1: Re-capitalize the Incentives for Zero-Emission Vehicles Program with $1.7 billion over five years to reignite EV demand and modify the program to focus on affordable EVs.

Recommendation #2: Launch the previously announced Greener Homes Affordability Program by the end of 2025 and recapitalize the Greener Homes Loan program with $5 billion over five years with modifications to make it more accessible.

Recommendation #3: Modify the proposed Build Canada Homes design to better incentivize home electrification by including long-term affordability objectives and adding an investment criterion related to electrification.

Recommendation #4: Finalize the Clean Electricity Investment Tax Credits by the end of 2025 to support Canada's ambition to be a clean energy superpower.

Recommendation #5: Allocate $15 million over three years to support a new "United Canada" grid initiative that works with provinces on a framework to support inter-provincial transmission projects.

Recommendation #6: Re-orient the existing Smart Renewables and Electrification Program to support demand-side solutions, including energy efficiency, demand flexibility and grid modernization initiatives.

Recommendation #7: Prioritize clean growth and trade-enabling infrastructure when determining projects of national interest under the One Canadian Economy Act and any other nation-building efforts.

Recommendation #8: Apply the Standard on Embodied Carbon in Construction to all federal infrastructure funding and programming—including the current and any renewed Investing in Canada Plan and the Build Canada Homes program—and ensure the 2030 National Model Codes of Canada contain ambitious embodied carbon requirements to support clean Canadian construction materials.

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Full recommendations

Bringing down costs for Canadians

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. Budget 2025 must support programs that unlock long-term cost-savings and energy security for Canadian households.

Recommendation #1: Re-capitalize the Incentives for Zero-Emission Vehicles Program with $1.7 billion over five years to reignite EV demand and modify the program to focus on affordable EVs.

EVs are one of the best ways to save Canadian families money. A typical Canadian driver will save $2,000-$3,000 per year by choosing an EV over a comparable gas model, which is why 45% of Canadians still lean towards an EV as their next vehicle according to a June 2025 poll by Clean Energy Canada and Abacus Data. But upfront cost remains the top barrier, particularly as Canada follows the U.S. in applying 100% tariffs on low-cost Chinese EVs. As a result of the abrupt pause in federal EV rebates last January, Canada is falling behind other countries on EV uptake. In the first half of 2025, global EV sales were up 28% compared to the same period last year. While Mexico saw a 20% boost in sales, and even the U.S. is up 6%, Canada is down by a whopping 23%. Re-launching the popular iZEV program is needed to overcome upfront cost hurdles and unlock the long-term fuel and maintenance savings EVs provide. It will also help more Canadians plug into homegrown clean Canadian electricity (as opposed to imported gasoline from the U.S.) and support Canada's burgeoning EV industry, which has attracted some $50 billion in investment over the last few years.

The federal government should offer incentives of up to $5,000 per new vehicle in the first year of the program to regain strong EV demand but decline that amount by $1,000 per year. A predictable, well-communicated program wind-down will offer certainty for industry and consumers. The federal government should also set price caps on eligible vehicles at $60,000 for all vehicle types (sedan, SUV and pickups) but decline this price cap year after year until it reaches $40,000 in 2030—the price point the majority of Canadians wish to pay for a new vehicle of any powertrain. Finally, the federal government should consider offering a bonus incentive of $1K for EVs assembled in Canada or containing Canadian-made batteries, components or critical minerals to further support domestic industry.

A renewed iZEV program should be part of a broader policy package aimed to deliver more affordable EVs for Canadians, which would also include lowering or eliminating the 100% tariff on Chinese EVs (which over 80% of Canadians would support), allowing EU-approved vehicles into the Canadian market and maintaining Canada's EV Availability Standard.

Recommendation #2: Launch the previously announced Greener Homes Affordability Program by the end of 2025 and recapitalize the Greener Homes Loan program with $5 billion over five years with modifications to make it more accessible.

The $800 million Greener Homes Affordability Program is poised to deliver much needed energy bill relief and increased comfort to vulnerable households, including low- to moderate-income households and renters. But the program announced last year has not yet been rolled out, leaving households waiting on retrofits that could be lowering their energy bills and providing cooling relief through a record hot summer. A swift launch of the program in all provinces is crucial for getting these upgrades in place and providing certainty for households and the sector.

The popular Greener Homes Loan was refunded with $600 million in early 2025. However, with an average loan of $24,000 that would only cover approximately 25,000 loans. The Canadian Mortgage and Housing Corporation forecasts an uptake of 3,500 loans per month. At that rate, funding may run out by the time this budget is released. Long term, stable funding — ultimately repaid to the government over a 10-year period — should be secured, as funding uncertainty can be disruptive to the sector and to households making long-term investment decisions. The government should also re-evaluate the program delivery model to eliminate upfront cost barriers, making the program more accessible and equitable. The program still requires households to pay upfront for retrofits and wait for approval to receive their full loan. Upfront cost is the most cited barrier for clean technology adoption and many households do not have disposable income available to front the cost of a retrofit.

Recommendation #3: Modify the proposed Build Canada Homes design to better incentivize home electrification by including long-term affordability objectives and adding an investment criterion related to electrification.

Clean Energy Canada is broadly supportive of the new Build Canada Homes and its overarching mandate. However, we believe the proposed BCH design could do more to incentivize the electrification of new homes. In many of Canada's climates, a fully electrified home with a cold climate heat pump (air source or ground source) will provide comfort and affordable energy bills. Not connecting new homes to the natural gas grid will also avoid the financial burden of stranded assets in the future (i.e. where the costs of natural gas infrastructure will increasingly be carried by a smaller ratepayer base, resulting in higher costs for households who are still connected to natural gas). Since Build Canada Homes will provide affordable housing mainly to low- and middle-income households, it should avoid setting these households up to pay for stranded assets.

An electrified home is also one that ensures access to EV charging. Most of the savings EV drivers enjoy come from being able to conveniently power their vehicle at home with affordable electricity. Ensuring all new buildings have the electrical infrastructure required to install EV-charging later on will give families moving into these new homes the choice of driving

electric. It will also avoid expensive retrofits in the future: constructing a building that is EV-ready is 3-4 times cheaper than retrofitting that same building later on.

While the BCH's objectives have been defined as "building affordable housing at scale" and "building faster, better and smarter," the affordability objective only appears to consider the initial purchase price of homes, not the long-term affordability of operating them. To improve BCH's design, we recommend expanding the BCH's "affordability" objective to include electrification as a path to long-term affordability for residents. We also recommend adding an investment criterion related to electrification, which prioritizes projects that facilitate clean heating and cooling, as well as EV charging at home

Leveraging clean electricity to make Canada a clean energy superpower

Clean electricity is Canada's competitive advantage. By expanding domestically produced clean energy and using it to power our homes, vehicles and industries, Canada can chart a better path toward energy security and economic resilience. Positioning Canada as a clean energy superpower will require ensuring we build out our domestic clean energy supply to support electrification, as well as prioritize clean energy exports.

Recommendation #4: Finalize the Clean Electricity Investment Tax Credits by the end of 2025 to support Canada's ambition to be a clean energy superpower.

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 #5: Allocate $15 million over three years to support a new "United Canada" grid initiative that works with provinces on a framework to support inter-provincial transmission projects.

Strengthening transmission between 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, receiving $5 million per year, should focus on bringing together federal and provincial governments as well as Indigenous Nations to develop and implement a common-cost allocation and benefit-accrual framework and establish a process and criteria for the identification and development of strategic inter-regional transmission projects, including the even distribution of costs and benefits across provinces.

Recommendation #6: Re-orient the existing Smart Renewables and Electrification Program to support 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—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.

Building One Clean Canadian Economy

In response to Trump's ever evolving tariff threats, Canada is looking for opportunities to diversify trading partners, build economic resilience, unlock efficiencies and grow our GDP. Given Canada's clean energy advantages and the direction all of our biggest non-U.S. trade partners are going, clean economic growth must be at the top of the agenda.

Recommendation #7: Prioritize clean growth and trade-enabling infrastructure when determining projects of national interest under the *One Canadian Economy Act* and any other nation-building efforts.

As the federal government works to identify and support the development of projects that will strengthen both domestic trade and help diversify our trading partners, it is critical that the government prioritize clean growth projects. These projects span a variety of sectors, including: clean energy and clean technology, critical minerals, EVs and battery manufacturing, clean building materials and clean industry, and will help position Canada both domestically and abroad as a clean energy superpower. Among our 10 largest non-U.S. trade partners, all of them have net-zero commitments and carbon pricing systems, and roughly half apply carbon border adjustments on imports and have domestic EV requirements reshaping their car markets.

The government already took an important step in establishing criteria for identifying these projects, which included the extent to which a project could "contribute to clean growth and to Canada's objectives with respect to climate change." It is vital that this criteria is prioritized in the selection of projects of national interest in order to best enhance our supply chain resilience, energy security and economic competitiveness in a fast changing global economy.

Additionally, the government should ensure that trade-enabling infrastructure — from clean electricity infrastructure to roads, rail and ports — are eligible to be designated as projects of national interest. Enabling infrastructure selected should be informed by forecasts for the types of energy and physical demands that the key clean growth sector will require. Priorities should include:

- Ensuring adequate electricity supply and supporting infrastructure is in place to support the electrification of operations. This will include investments at both a distribution level and transmission level supporting projects across the country.
- Ensuring ports, roads and other investments meet the specific needs of clean economy imports and exports (e.g. sized for wind turbine blades, batteries and critical minerals), as well as meet the electrification and clean fuel demand from the transportation sector (including shipping).

Recommendation #8: Apply the Standard on Embodied Carbon in Construction to all federal infrastructure funding and programming—including the current and any renewed Investing in Canada Plan and the Build Canada Homes program—and ensure the 2030 National Model Codes of Canada contain ambitious embodied carbon requirements to support clean Canadian construction materials.

In Canada, public construction makes up approximately one-fifth of all infrastructure spending and one-third of the market for key materials like cement and construction steel. By committing to procuring clean building materials with federal infrastructure spending and incentivizing provinces and municipalities to do the same, government spending can prefer low-carbon Canadian products and materials in a trade law compliant way. The federal government should apply the requirements set in the Standard on Embodied Carbon in Construction as a minimum threshold for all projects funded through the Investing in Canada Plan and the Build Canada Homes program. Additionally, the Standard, which currently applies to ready-mix concrete and construction and reinforcement steel, should be expanded to cover additional materials.

Finally, the government should include requirements to limit embodied carbon in new construction in the 2030 National Model Codes, based on the advice of the working group on embodied carbon under the Canadian Board for Harmonized Construction Codes.

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