

# Federal Government Unveils Climate Plan

On Friday, December 11, Prime Minister Justin Trudeau, Minister of Environment Jonathan Wilkinson, Minister of Infrastructure and Communities Catharine McKenna and Minister of Canadian Heritage Steven Guilbeault, announced Canada's long-awaited new climate plan, which includes a host of measures aimed at achieving Canada's 2030 emissions targets and achieving net-zero greenhouse gas emissions by 2050.

The plan, entitled *A Healthy Environment and a Healthy Economy*, aims to create two million green jobs and commits \$15.2 billion on top of the \$60 billion previously allocated to implement the Pan-Canadian Framework on Clean Growth and Climate Change.

While a portion of the \$15.2 billion was announced in the Fall Economic Statement on November 30<sup>th</sup>, this climate plan also commits significant new dollars.

The plan contains 64 updated and new policies, programs and spending measures to meet greenhouse gas reduction targets. A summary of the plan can be found [HERE](#). The detailed plan can be viewed [HERE](#).

There is much to unpack in the plan but it is certain to have a major impact on the HVACR industry. What follows is an initial summary of some of the key elements that will be of interest to the HVACR industry. HRAI is in active discussions with key contacts in the relevant ministries and will be seeking and sharing further information on program details as they emerge.

## Carbon Pricing

- Starting in 2023, the government plans to increase the price on carbon by \$15 per tonne per year, to a total of \$170 per tonne by 2030. Carbon pricing remains the principal tool through which the government intends to shift markets away from carbon-based technologies.
- As before, all proceeds from fuel charges will be returned to Canadians, but will shift from annual to quarterly rebate payments starting in 2022.

## Investing in Home and Building Retrofits

- As already announced in the recent Fall Economic Statement, the government will invest \$2.6 billion over seven years, starting in 2020-21, to provide up to 700,000 grants of up to \$5,000 each to help homeowners make energy-efficient home improvements as well as up to one million free home energy assessments, and support to recruit and train EnerGuide energy auditors needed to meet the increased demand.
- The government will invest \$1.5 billion over three years for green and inclusive community buildings and require that at least 10 percent of this funding be allocated to projects serving First Nations, Inuit and Métis communities.

- \$2 billion will be invested in financing commercial and large-scale building retrofits, which will be repaid by energy savings costs.
- The federal government will continue to work with and build on successful provincial and territorial low-income retrofit programs, to increase the number of low-income households that benefit from energy retrofits.
- Over the coming months, the Government will outline details of a low-cost loan program that integrates and builds on available energy audits and grants, and which can be easily accessed by Canadians.
- The government will build on the [Market Transformation Roadmap](#), working with provincial and territorial partners and with industry to advance technology and uptake of the next generation of low emission, high-efficiency space and water heating equipment and windows.
- Stringent new targets will be established for Government of Canada buildings as part of the updated greening government strategy. This includes ensuring new federal buildings are net-zero and that all major building retrofits will be low-carbon, reducing embodied carbon in construction projects by 30% starting in 2025, and ensuring 75% of domestic office floor space (new leases and lease renewals) will be in net-zero carbon climate resilient buildings starting in 2030.
- The federal government will continue to work with provincial and territorial governments to develop a new model “retrofit” code for existing buildings by 2022, with the goal of collaborating with provinces and territories to have this code in place by 2025.
- The federal government will accelerate work with provincial and territorial governments to develop and adopt increasingly stringent model building codes, with the ultimate goal of a net-zero energy ready model building code by 2030. Codes are critical to ensuring that buildings are constructed or renovated to be as energy efficient as technically and economically possible.

## Clean Tech

- The government will continue to support Sustainable Development Technology Canada with an additional \$750 million over five years. This would support startups and scale-up companies to enable pre-commercial clean technologies to successfully demonstrate feasibility as well as support early commercialization efforts.

## Clean Power

- The government will invest an additional \$964 million over four years to advance smart renewable energy and grid modernization projects to enable the clean grid of the future. This includes support to increase renewable power generation capacity such as wind and solar, and the deployment of grid modernization technologies such as power storage.

- The plan also commits to invest an additional \$300 million over five years to advance the government's commitment to ensure that rural, remote and Indigenous communities that currently rely on diesel have the opportunity to be powered by clean, reliable energy by 2030.
- The government commits to working with provinces, utilities and other partners to ensure that Canada's electricity generation achieves net-zero emissions before 2050.

## Clean Fuels

- The government will invest \$1.5 billion in a low-carbon and zero-emissions Fuels Fund to increase the production and use of low-carbon fuels (e.g., hydrogen, biocrude, renewable natural gas and diesel, cellulosic ethanol) in a manner that complements federal carbon pollution pricing and regulatory efforts like the Clean Fuel Standard.
- Canada's Hydrogen Strategy, which sets out a path for integrating low emitting hydrogen across the Canadian economy, will be launched before the end of the year.

## Response

A number of the measures included in this broad plan are a direct response to HRAI's advocacy efforts over the past two years. For example, HRAI called for investments in home and building retrofits as an effective way to achieve reductions in energy use and carbon emissions. The association has also consistently referenced the importance of framing these investments to align with the Market Transformation Roadmap that has been supported by provincial governments across the country. Among other things, this plan calls for policies that ensure a smooth transition in the workforce to meet the emerging needs of a low carbon economy. The key now will be to work closely with government(s) to ensure initiatives work well for the HVACR industry members while effectively achieving their policy goals.

Throughout the climate plan, the federal government notes that it will consult with key stakeholders, including businesses and industry representatives, as the objectives of the plan are further laid out and implemented. HRAI has been in regular contact with NRCan and Environment and Climate Change Canada and will be actively involved in consultations on programs affecting the HVACR industry as these get rolled out.

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