

## TAF's TOP 4 KEY ASKS FOR FEDERAL BUDGET 2022

1. Funding for Retrofit Accelerator Fund and Support Retrofits
2. Reducing Energy Poverty Across Canada
3. Funding to Electrify Transportation
4. Ensuring Clean Affordable Energy for All Canadians

The Atmospheric Fund (TAF) is a regional climate agency that serves the Greater Toronto Hamilton Area, supporting a net-zero future. Below we have outlined our recommendations for the Federal Government's 2022 Budget. We have narrowed the broad scope of possible climate recommendations down to four key asks. The items below have the potential to dramatically reduce Canada's carbon emissions, helping us achieve our climate targets. They also have the potential to improve the health and livelihoods of many Canadians by improving air quality and by reducing costly energy and transportation burdens, while creating more equitable access to affordable energy and transportation.

### 1. Create a Retrofit Accelerator Fund and Support Retrofits

Buildings are Canada's [third highest emissions source](#) after oil and gas and transportation. To reach Canada's 2030 climate target, we need to retrofit over half of Canada's existing homes and buildings to a 56% carbon reduction standard, or one third of our homes and buildings to an 84% reduction standard<sup>1</sup>. That means deep retrofits of at least [370,000 homes and buildings](#) every year. At the current pace, it would take 142 years to retrofit every building in Canada. To accelerate a mass retrofit mission, create upwards of [200,000 long-term, green jobs](#), and \$48 billion annually in economic activity **we recommend the federal government invest \$100 million per year for 5 years in a Retrofit Acceleration Fund.**

The Liberal Party's 2021 election platform cited a promise to adopt Energiesprong as a retrofit scaling model for Canada. The key organizational innovation in the Energiesprong model is the "market development team", a group of on-the-ground implementers who work with building owners, industry, funders and investors to ensure the delivery of high quality, deep carbon retrofits at-scale through innovative industrial strategies including demand aggregation, quality control, cost-compression, and standardization. Programs such as [TAF's Retrofit Accelerator](#) and Pembina's Reframed Initiative provide this service, aiming to support deep retrofit market development and serve as proof of concept needed for private industry to have confidence in the market. Groups like CaGBC, Building Up, CanmetENERGY and Retrofit Canada, as well as private sector companies, are rapidly advancing technical capacity, worker skills, and product knowledge to deliver projects. These emerging initiatives, and others like them, are critical to achieving our climate goals in the buildings sector while optimizing

<sup>1</sup><https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-planoverview/healthy-environment-healthy-economy/annex-modelling-analysis.html> (Derived from modelling and analysis annex, table 3, showing the plan based on achieving a 28% reduction in building sector emissions between 2020-2030, from 90 to 65 megatonnes).

---

social and economic outcomes. But they cannot be sustained, scaled, and replicated without the intentional and coordinated support of the federal government.

TAF, The Pembina Institute and the ReCover Initiative sent a [joint letter](#) with sign-on from over 80 organizations to Prime Minister Trudeau after his re-election in 2021 outlining the importance of the Retrofit Accelerator Fund. The current suite of programs are deeply undersubscribed and are difficult to navigate for Canadians. This fund would help address that by enabling organizations to assist Canadians in navigating the retrofit process and space. Furthermore, such a government fund would ensure equitable access to the full range of support needed by home and building owners while helping the government achieve its climate objectives.

In addition to the Retrofit Acceleration Mission Fund there are further areas that require federal, provincial, and territorial development. The recommendations below [from the Pembina Institute](#) outline initiatives that the federal government can support:

- **Commit at least \$10 billion annually** to make retrofits achievable, affordable, and accessible to Canadian home and building owners, with programs covering 50-75% of retrofit costs initially and declining over time as the market develops.
- **Allocate \$100 million per year to fund research, development and demonstration of key retrofit technologies**, and support implementation of the joint Federal, Provincial and Territorial *Market Transformation Roadmap for Energy Efficient Equipment in the Building Sector*.
- **TAF also recommends implementing the proposed Housing Accelerator Fund**, meant to remove barriers and assist municipalities to build housing more quickly. Support for municipalities on this file is important as they are on the front lines of development. Program scope should include supporting net-zero ready housing and revitalization of existing neighbourhoods as part of urban redevelopment projects.

## 2. Reduce Energy Poverty Across Canada

We echo Efficiency Canada's recommendation to **allocate \$2 billion per year** "to support low-income energy efficiency to reduce energy poverty and prepare low-income households for net-zero emissions". This money should fund no-cost deep retrofits for low-income households and provide a "top-up" for the renovation of social housing through the National Housing Strategy. Additionally, **we encourage the government to follow through with its election platform commitment to invest \$250 million to help low-income Canadians transition off home-heating oil**. Importantly, this investment should transition to either near or net-zero sources of home-heating energy supplies. This fund must not transition Canadians to a heating source, such as natural gas, which will require further retrofits.

Households that spend more [than 6% of their after-tax income](#) on their energy needs are considered to experience energy poverty. Most households who face extreme energy burdens live in [urban centres](#). Further, a study in 2019 found that renters who pay their energy bills [in addition to their rent](#) are the most likely group to experience energy poverty. In the Greater Toronto Area (GTA), [immigrant households](#) are likely to experience higher rates of energy poverty.

Canada urgently needs an energy poverty strategy to assist low-income Canadians with rising energy costs. The strategy must align the two key goals of reducing energy poverty while cutting carbon emissions. Currently, [one in five Canadians](#) is faced with unreasonable energy costs. An energy

---

poverty strategy would have the double effect of alleviating the burden of energy costs for 20% of the population while setting the track for Canada's net-zero future.

### 3. Provide Funding to Electrify Transportation

**We recommend the Government continue allocating to green infrastructure funds that encourage municipalities to electrify public transit fleets and build new low-carbon transportation networks.**

The City of Toronto's public bus fleet is currently undergoing a transformation from diesel to electric buses. Diesel buses are a major contributor to traffic-related air pollution, which "accounts for about [280 deaths and 1,090 hospitalizations](#) in the City each year". Thus, replacing the City's aging bus fleets will help reduce emissions and improve the health of Toronto residents. With the appropriate funding, cities across Canada can take similar actions, resulting in reduced emissions from buses, and encouraging uptake in use of public transit. **We recommend supporting the electrification of transit fleets across Canada and supporting municipalities directly with additional funding to aid in their electrification plans.** Additionally, we support several recommendations made by Electric Mobility Canada and other industry representatives, such as:

- **We encourage the Government to follow through on several election platform items including the continuation of EV purchase rebates.** Canada's EV customer base is currently mainly [wealthy, white males](#).
- To diversify Canada's EV customer base and support wider adoption, **we recommend the Government offer additional EV rebates for low-income Canadians.** This policy is similar to California's "[Clean Cars 4 All](#)" Program.
- **We also recommend providing an additional \$700 million in funding for 50,000 new charging stations and \$100 million for installation of EV charging in existing buildings with a focus on renters.**
- In keeping aligned with [Electric Mobility Canada \(EMC\)'s EV Action Plan](#), **we recommend providing low-interest loans to first-time EV buyers.** This will encourage consumers to consider purchasing an electric vehicle over a diesel car.

### 4. Support a Clean Electricity Standard and Transition Away from Natural Gas

**We encourage the federal government to move forward with its proposed Clean Electricity Standard to require net zero electricity generation by 2035.** Making this ambitious goal a reality will require federal funding to complement the proposed regulatory approach. Natural gas is the [most significant source](#) of emissions in the GTHA. Now that Canada is well underway to phasing out coal by 2030, we need to do the same for natural gas. The International Energy Association has noted the importance of [phasing out oil and natural gas](#) to achieve global net-zero by 2050 targets.

Global leaders are reaching a decisive moment, recognizing the effects of fossil fuels on climate change. It is critical to align with the recommendation of the [International Energy Agency](#) and the [Biden administration's commitment](#) to phase out natural gas electricity generation by 2035. If we don't act to significantly reduce our natural gas consumption, we will not meet our national climate targets.

---

Meanwhile, 32 municipal leaders across Ontario have passed motions asking the province to [phase out natural gas](#).

Canada's road to net-zero requires improving efficiency and electrifying most of our heating and transportation needs. But this road only leads to a net-zero future if we eliminate the use of fossil fuels for electricity generation. Meanwhile, Ontario is actively planning to quintuple carbon emissions from electricity generation by 2030 and has largely exempted the electricity sector from carbon pricing to enable this. We encourage the federal government to develop a requirement to phase out natural gas electricity generation by-or-before 2035. **Further, we recommend the federal government allocate \$1 billion per year for 5 years to renew the Smart Renewables and Electrification Pathways Program.** The program launched last March with \$1 billion and has already exhausted its funds, thus there is clearly strong demand for this stream of funding.

We encourage you to include these vital climate items in the upcoming 2022 Federal Budget. Should you have any questions regarding these items, please don't hesitate to contact me.

Sincerely,



Bryan Purcell  
[bpurcell@taf.ca](mailto:bpurcell@taf.ca)

VP of Policy & Programs  
The Atmospheric Fund

### About The Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area and helps scale them up for broad implementation. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.