Written Submission for the Pre-Budget Consultations in Advance of the Upcoming 2026 Federal Budget

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Recommendations

Recommendation 1: That the government recapitalize and extend the Deep Retrofit Accelerator Initiative by $300 million over five years, to support modernizing and scale-up of renovations and upgrades to Canada's homes and buildings.

Recommendation 2: That the government allocate $180 million over three years to electrify and futureproof existing multi-family buildings, enabling fuel switching and EV readiness.

Recommendation 3: That the government allocate $830 million over four years to double existing residential solar and storage capacity across Canada.

Practical recommendations for cost-savings and a strong clean economy

The Atmospheric Fund (TAF) is a non-profit climate agency serving the Greater Toronto and Hamilton Area (GTHA). We appreciate the opportunity to contribute an urban climate and affordability perspective to Canada's 2026 federal budget.

People in Canada are facing converging pressures including rising housing and energy costs, worsening climate impacts, and global policy uncertainty. These pressures underscore the need for a resilient, homegrown clean economy. Meeting these challenges requires practical, high-impact investments that lower household energy bills, reduce emissions, and improve the quality and durability of Canada's housing stock.

Our recommendations advance these goals while stimulating local economic development, creating skilled trades careers, and delivering measurable benefits for public health. Each proposal aligns with the federal Capital Budgeting Framework and supports long-lived public assets that strengthen Canada's economic and climate resilience. These are nation-building investments that directly reinforce federal commitments to "bring down costs for Canadians" and "create new careers in the skilled trades."

Recommendation 1: That the government recapitalize and extend the Deep Retrofit Accelerator Initiative by $300 million over five years, to support modernizing and scale-up of renovations and upgrades to Canada's homes and buildings.

The federal government's Deep Retrofit Accelerator Initiative (DRAI) is successfully accelerating Canadian business and industry to modernize and upgrade homes and buildings across the country. The program is mobilizing $1 billion in project activity today, driving jobs, productivity, domestic supply chains, investment and critical energy upgrades. In a context where new construction starts have slowed, it is important and opportune to remember that in fact most of the buildings we need for the coming decades are already built. The strategy to invest and upgrade our existing buildings also supports Canada's new building strategy simply by providing a larger market for Canadian manufacturers and businesses. Homes and buildings in communities across Canada need upgrades and modernization for the future, from coast to coast.

TAF's Retrofit Accelerator is one of 13 DRAI-funded accelerators across Canada working on local, innovative, market-level approaches to rapidly advance this work. Together with the networks built by DRAI, these groups represent hundreds of construction industry stakeholders—tradespeople, engineers, energy efficiency specialists, design professionals, software developers, energy modelers, cleantech developers, educators, and many other skilled professionals.

Without recapitalization in Budget 2026, Retrofit Accelerators—and the $1 billion in projects and investments they are enabling, yielding 23,000 potential job-years of skilled employment —will face a stark cliff. Active and shovel-ready projects will be stranded, capital stacks disrupted, and economic, affordability, and energy benefits already embedded in the pipeline will erode. The program was always designed to be a short-to-medium term effort in timeframe; hence "acceleration", however today we are only two years into the work.

Recapitalization would secure the value of the current federal investment and create a pathway to see the program's vision through. It would ensure that the infrastructure developed over the first two years delivers measurable benefits for Canadians and provides a confident pathway for further investment and growth of Canadian industry.

DRAI was created to overcome the market, capacity, and coordination barriers that have historically slowed building decarbonization and energy efficiency upgrades in Canada and to help create a self-sustaining retrofit sector. Announced in Budget 2023 with $200 million over three years, the national network of Retrofit Accelerators now specializes in different market segments and serves building owners across the country. They provide retrofit design, engineering, technical assistance, business case development, and financing plans—creating capacity on both the demand and supply sides of the market.

Retrofit Accelerators are generating investment ready projects across all building sectors.

Since launching in 2024, Canada's Retrofit Accelerators have:

- Established extensive supply chains, delivery partners, technical guidelines, resources, and trained and employed hundreds of highly skilled people.
- Fostered rapid experimentation and market diffusion of proven solutions such as electric heat pumps and prefabricated overcladding.
- Supported construction and upgrades in over 26 million m^2 of buildings, including almost 300 buildings and over 10,000 low-income housing units.
- Engaged over 1,700 building owners exploring retrofit opportunities in over 35,000 buildings, and are actively supporting over 3,000 buildings in detailed planning.
- Delivered high-performance building benefits—energy management, cooling, ventilation—to low-income and senior housing.
- Demonstrated innovative technology, including automation and AI-driven methods reducing the cost of preliminary studies by a factor of 10.
- Created a pipeline that, if built, would deliver 4.5 million GJ in annual energy savings and 4.3 million tonnes of cumulative emissions reductions at an average program cost of $3/GJ or $57/tonne over 15 years.

This moment represents an inflection point. Ending DRAI now would create an immediate cliff for major projects and procurements already underway and would chill future investment. Today, the program is advancing a practical, competitive climate strategy rooted in domestic investment, productivity, and Canadian industry strength.

We are seeking more time, with funding levels adjusted for inflation and with reprofiling permission to match real project delivery schedules. This aligns public capital with private investment already mobilized. Funds must be allocated by April 1, 2027, with eligible expenses starting then, to ensure continuity for all stakeholders and avoid risks to active partnerships and organizational cashflow.

A one-time recapitalization in Budget 2026 for five years would provide market certainty, strengthen energy security by reducing reliance on U.S. sources, support investments in Canadian homes and real estate, and maintain momentum toward 2050 climate objectives.

From a capital stewardship perspective, this extension ensures that the Government of Canada fully realizes the value of a national retrofit market it has already successfully capitalized and de-risked, while preserving Canada's first mover advantage in a scaling asset class with strong private sector appetite.

Recommendation 2: That the government allocate $180 million over three years to electrify and future-proof existing multi-family buildings, enabling fuel switching and EV readiness.

Canada's zero-emission vehicle (ZEV) targets are at risk because the one-third of Canadians who live in apartments and condos still lack reliable access to home charging. Since 80% of ZEV charging occurs at home, the absence of charging in multi-family buildings creates a clear affordability and equity barrier that slows adoption and limits productivity gains from electrified transportation.

A targeted federal investment would modernize the electrical systems of multi-family buildings—prioritizing core capacity upgrades and load-sharing infrastructure rather than one-off charger installations. This approach reduces long-term costs, avoids repeated construction disruptions, and ensures buildings are ready for future ZEV demand. While the Zero Emission Vehicle Infrastructure Program (ZEVIP) has accelerated charger deployment, it does not fund the essential electrical upgrades that landlords and condo boards need to support Level 2 charging throughout their buildings. A complementary program focused on comprehensive EV-readiness would deliver better value for money and more durable outcomes than piecemeal retrofits.

The program should draw on proven models such as the CleanBC Go Electric program, which provides rebates for EV-ready planning, infrastructure, and installation in multi-family buildings. This type of whole-building approach aligns with the federal government's goals of improving affordability, strengthening Canada's clean-growth competitiveness, and reducing energy system costs through smarter demand management.

Investing in comprehensive electrification of multi-family buildings is the most cost-effective way to ensure that the transition to electric mobility is inclusive, reliable, and economical. By future-proofing the homes of millions of Canadians, the federal government can deliver enduring value: reducing household energy costs, strengthening the national grid, and accelerating ZEV adoption in a way that strengthens Canada's long-term economic performance.

Recommendation 3: That the government allocate $830 million over four years to double existing residential solar and storage capacity across Canada.

Doubling Canada's residential solar and storage capacity will directly support affordability, strengthen regional energy security, and accelerate the supply of clean electricity at a time when demand is rising faster than new large-scale generation can be built. While utility-scale projects often take decades to plan and construct, rooftop solar can be deployed in weeks, allowing communities to add clean supply incrementally and cost-effectively. This speed advantage is essential as Canada works to meet growing electrification needs without driving up household energy costs.

A strategic federal investment, delivered through upstream financing for equipment distributors and a concierge-style homeowner support model, would reduce soft costs, provide transparent pricing, and help households navigate technical and financial decisions. This approach mirrors proven models such as TAF's Home Solar Accelerator, and ensures that public dollars translate into lower upfront costs and faster adoption. Unlike traditional centralized infrastructure spending, the benefits flow directly to Canadians through reduced electricity bills and improved household resilience when paired with storage.

Despite falling technology costs, high upfront capital remains the primary barrier for most households. Federal investment would unlock nearly $2 billion in private capital, support installations in 100,000 homes, and add more than 900 MW of distributed solar and storage to Canada's electricity system. Every kilowatt-hour generated on a rooftop reduces the need for expensive transmission upgrades and eases pressure on local distribution networks—delivering long-term system savings for all ratepayers.

This investment also advances national resilience and climate adaptation priorities. As extreme weather events—wildfires, floods, and severe storms—become more frequent, reliance on long-distance transmission increases systemic risk. Distributed solar paired with storage ensures essential loads remain powered during outages, strengthening neighborhood-level resilience and reducing the economic and social impacts of grid disruptions.

By accelerating distributed clean energy, this $830 million commitment would improve affordability, enhance productivity, and build a more resilient and competitive energy system —delivering visible, durable value for Canadians.

Delivering clean growth and real savings for Canadians

By supporting people in Canada to upgrade homes and multi-family buildings through deep retrofits, building electrification, and residential solar and storage, the federal government can advance affordability, productivity, and energy security at the same time. These investments reduce household energy costs, strengthen regional resilience, and accelerate the clean growth needed to keep Canada competitive in a rapidly electrifying global economy.

Our recommendations will create skilled jobs, expand opportunities for Canadian industries, and ensure that the benefits of the clean energy transition flow directly to households and communities. We appreciate the opportunity to provide our urban climate perspective on Canada's 2026 budget process and look forward to continued collaboration to deliver visible, durable results for Canadians.

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