



Pre-Budget Submission in Advance of the Upcoming Federal Budget

Canada's Retrofit Accelerator Network

BY

Alberta Ecotrust Foundation

The Atmospheric Fund

Building Owners and Managers Association

Centre for Indigenous Environmental Resources

Four Winds

Fédération québécoise des municipalités

Graham

Hydro Ottawa

Purpose

The ReCover Initiative

SaskPower

SOFIAC

Zero Emissions Innovation Centre





► Recommendation

The federal government should 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.



Introduction & Background

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.

The organizations making this submission represent the national delivery capacity built through DRAI: 13 organizations from across Canada, working actively on local, innovative, market-level approaches to rapidly advance this work. Our groups, combined with the networks built by DRAI, represent hundreds of construction industry stakeholders including tradespeople, engineers, energy efficiency specialists, design professionals, software developers, energy modelers, cleantech developers, educators and many other types of skilled professionals working in Canada today. The capacity of these Retrofit Accelerators is currently moving thousands of building upgrade projects from planning into execution across residential, commercial, institutional, community, and Indigenous buildings, backed by hundreds of millions in investment from public and private sources.

This work directly supports the federal government's priorities: improving affordability, boosting productivity, creating skilled jobs, investing in housing, supporting a clean, reliable energy system rooted in Canadian strengths, and investing in Canadian businesses and assets. Without recapitalization in Budget 2026, Retrofit Accelerators –the \$1 billion in projects and investments, yielding 23,000 potential job-years¹ skilled employment – will face a stark cliff, stranding active and shovel-ready projects, disrupting capital, and immediately eroding the economic, affordability, and energy benefits already embedded in the pipeline. 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 a confident pathway for further investment and growth of the Canadian industry.

¹ Acadia Center. [Energy Efficiency: Engine of Economic Growth in Canada](#). 2014..



Program context: The DRAI model is working

DRAI was created specifically to overcome the market, capacity, and coordination barriers that have historically slowed building decarbonization and energy efficiency upgrades in Canada (“deep retrofits”) and create a self-sustaining sector. First announced in Budget 2023 with \$200 million over three years overseen by NRCan, the Canadian 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. For the first time, this has created capacity on both the owner (demand) and supply sides of the retrofit market. When the program began, Canada’s “retrofit sector” was hardly a sector: fragmented, in a state of uncertainty, capacity-constrained, and unable to meet basic, emerging demand. Today, that capacity is visibly flourishing, business networks and supply chains are forming, and thousands of building owners have actionable plans ready to move into execution.

Retrofit Accelerators are generating investment-ready projects across all building sectors. They are attracting capital, improving project economics, and materially de-risking retrofits for institutional investors — delivering strong value for every public dollar spent. DRAI has seeded enterprising partnerships and relationships across building owners and managers, technical service providers, community partners, Canadian technology providers, social enterprises, industry groups, new entrepreneurs, and many more.



DRAI is a major Canadian capital mobilizer

The program is currently driving local economic growth and workforce demand across the sector, supporting over 1,700 building owners across the country with a major funnel of activity.

Exceptional efficiency of public dollars:

- 30x leverage on confirmed projects and 110x leverage if projects in pipeline are constructed (Purpose)
- 28x leverage on confirmed projects (TAF)

Large-scale and community-level economic opportunity:

- ≥ \$1.5B pipeline value (ZEIC, Phase 1 alone), potential to double with deeper retrofits
- \$150M pipeline of municipal projects (FQM)
- \$150M in projects assessed (Four Winds)
- \$850M in project value have received guidance (Purpose)
- \$29M in utility savings identified (Ecotrust)


Private & public capital activation, not subsidy dependence:

- \$3 million in investment secured (ReCover); \$90 million secured (TAF)
- Sources include federal and municipal funding and financing, and building owner capital

Program performance and results to date

DRAI is delivering on its stated objectives despite a policy and market environment that has challenged project economics and timelines. Since launching in late 2023 and early 2024, Canada's Retrofit Accelerators have already:

- Established extensive supply chains, delivery partners and structures, technical guidelines, resources, and trained and employed hundreds of highly skilled people and teams.
- Fostered rapid experimentation and market diffusion of proven innovative solutions such as electric heat pumps and prefabricated overcladding.
- Supported construction and building upgrades in over 26 million m² of buildings, in almost 300 buildings, including over 10,000 low-income housing units.

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- Engaged over 1,700 building owners across in exploring retrofit opportunities in over 35,000 buildings, and are actively supporting over 3,000 buildings in active, detailed retrofit planning.
 - Brought high performance building benefits such as energy management, cooling and ventilation improvements to low-income and senior housing.
 - Demonstrated innovative technology, including automation and AI-driven methods for reducing the cost of preliminary retrofit studies by a factor of 10.
 - Created a pipeline of projects which, if they proceed to construction, would deliver an estimated annual energy savings of 4.5 million GJ, and 4.3 million tonnes of cumulative emissions reductions, at an average program cost of \$3/GJ or \$57/tonne over a 15 year period.

DRAI is creating and activating talent across Canada

The Retrofit Accelerator at the Centre for Indigenous Environmental Resources (CIER) is working in three territories and provinces in Canada and has a team of 20 people working on local projects in 18 Indigenous communities. CIER has also designed a culturally informed course for Indigenous youth to learn the skills and concepts for building retrofits and upgrades and support their communities. Nine young people have successfully completed the program, with a second cohort currently under way.

Four Winds in Alberta helps plan and deliver energy and facility upgrades to community-owned and managed infrastructure such as schools, health centres, band offices, recreation facilities and water treatment facilities for Indigenous organizations including First Nation communities, Métis Settlements, Indigenous businesses, and not-for-profits. To date, the program has engaged over 45 Indigenous building owners and assessed 300 buildings, delivered more than 25 engineering projects, secured millions in GICB construction funding, and trained five Indigenous individuals to enter the workforce as energy analysts. Four Winds has also built strong relationships with numerous Indigenous leaders, including Chiefs & Councils, Tribal Council CEOs, and business and not-for-profit directors, positioning their initiative for future national expansion.

The Fédération québécoise des municipalités has recruited and mobilized a team of twenty people to originate and support energy efficiency and building upgrades, providing particularly vital capacity for smaller municipalities. Without this team and without the possibility of covering the costs, local municipal authorities will not be able to undertake these vital building improvements.

In the Greater Toronto and Hamilton Area of Ontario, through social enterprises and strategic social procurement frameworks, TAF has been able to support training and workforce development capacity for critical retrofit trades, and created and supported over 8,000 hours of paid work for trainees from equity-deserving groups.



The case for recapitalization

► Recommendation:

The federal government should 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.

This moment represents an inflection point. Ending the DRAI program now, rather than giving it the right timeframe it needs, means this group of Retrofit Accelerators will need to immediately pivot to project wind-down on major projects and procurements already in play, creating an immediate negative market disruption and definite chill on investing in future endeavours.

This program is rare in that its active impact is being felt now—not in decades—and is already advancing a practical and competitive climate strategy rooted in domestic investment, productivity, and Canadian industry strength.

We are only seeking more time, with funding levels adjusted for inflation, and with reprofiling permission to support actual project delivery schedules and timelines. This structure aligns public capital with the private investment already mobilized, using a deployment schedule informed by DRAI recipients' experience. Funds need to be allocated by April 1, 2027, with eligible expenses starting at that date, to ensure project continuity for all stakeholders involved, and to ensure no risk to active partnerships and organizational cashflow. Such one-time recapitalization through the federal Budget 2026 for five years would ensure the continuation of this effort and investment, providing the market with much needed certainty, helping to create energy security for Canadians by reducing reliance on U.S. sources, supporting and accelerating investments in Canadian homes and real estate, and maintaining critical momentum toward 2050 climate objectives.



Delivering a competitive climate and economic Strategy for Canada

By sustaining Canada's Retrofit Accelerators, the federal government can advance affordability, economic growth, and climate resilience at the same time. DRAI is already demonstrating how public investment can unlock private capital, strengthen Canadian supply chains, and create skilled jobs across the country while delivering measurable benefits to households and communities.

Recapitalizing DRAI ensures that this momentum is not lost, but instead translated into sustained economic activity, increased productivity, and long-term competitiveness. We appreciate the opportunity to contribute to Canada's 2026 budget process and look forward to continued collaboration to support a strong, competitive, and resilient clean energy future for Canadians.