The Atmospheric Fund's Response to Powering Canada Strong

September 18, 2026

The Atmospheric Fund (TAF) supports *Powering Canada Strong: A National Strategy for an Electrified Canadian Economy*. We are aligned with the federal government's position that electrification is central to building a stronger, more affordable, and more energy-secure Canadian economy.

The strategy makes major new electricity generation and transmission a priority, but a key gap remains: connecting new clean electricity supply with electrification where energy is ultimately used — in homes, buildings, businesses, and communities across Canada. A key component for the implementation of *Powering Canada Strong* must be to ensure predictable demand and connecting supply to end-use electrification. Delivering this alignment depends on local implementation pathways and investments. The recommendations below offer concrete steps to support effective execution of this mission-critical strategy.

TAF further supports New Economy Canada's recommendations to 'double electricity supply, double electrification, and double energy efficiency by 2050'.

Powering Canada Strong builds on the work done by Canada's Energy Regulator that projected a doubling of electricity demand by 2050 *in a net-zero scenario*. TAF supports the ambition, however, this projection was based on ambitious federal and provincial climate policies, most of which have either been repealed or were never committed to at all. These include:

- Increased stringency in industrial carbon pricing systems across Canada;
- Regulations requiring 100% of light duty vehicles to be electric by 2035, and medium and heavy-duty vehicles by 2040;
- Provincial adoption of net-zero ready building codes by 2035; and
- A transition of nearly two-thirds of existing gas-heated homes and buildings to electric heat pumps by 2050, which will require an ambitious national retrofit strategy for Canada's existing building stock.

The type and amount of new electricity supply Canada requires will depend on how effectively governments manage peak demand, improve energy efficiency, deploy distributed energy resources, and coordinate electricity systems across regions. To generate the appropriate scale of new demand, new policies and programs must accelerate, not just support, Canadians' adoption of electric vehicles (EVs), heat pumps, electric water heaters, and other clean technologies. Policies will also be needed to advance industrial electrification.

Delivering *Powering Canada Strong* will require federal policies and investments to be translated into practical, customer-facing projects at the local level. Established local delivery partners, including TAF and other Low Carbon Cities Canada (LC3) centres, municipalities, and utilities can connect federal programs with communities, develop investment-ready project pipelines, and mobilize matching and private capital. Empowering local implementation partners to participate in program design would help federal funding respond to local conditions, reach viable projects more quickly, and produce measurable outcomes for Canadians.

Energy planning is complex, and the transition adds new challenges — from managing stranded assets to rising capital needs and evolving supply chains. *Powering Canada Strong* can improve affordability, energy security, and competitiveness, but the pace and impact of the transition will depend on policy choices and the actions they enable. Building large-scale electricity infrastructure without complementary electrification policies risks creating a costly, unbalanced pathway. Success should be measured not only by what Canada builds, but by whether those investments deliver affordable energy and more comfortable, resilient homes and buildings with practical ways for Canadians to participate.

TAF has four recommendations on scaling electrification while driving local economic development:

1. **TAF recommends establishing new and enhanced funding programs to support Canadian households and businesses in adopting distributed energy resources.**

Powering Canada Strong makes significant strides to enable large-scale electricity generation and stronger interprovincial connections. However, the pace of electrification-driven demand growth is inherently uncertain and variable, while critical, large projects can take decades to complete and are prone to significant delays. Distributed energy resources (DERs) complement major electricity projects by adding flexibility, responding to local constraints, and helping manage peak demand, while stimulating local economic development and giving communities a stake in Canada's clean energy future. This diversified approach can reduce exposure to project delays and provide greater flexibility as the location and timing of electricity demand evolve.

a) **Establish a clear vision for the role that distributed energy resources, including solar, storage, smart charging, and flexible demand can play in**

Canada's electricity system and support that vision through targeted funding programs.

Distributed energy resources can be deployed quickly and incrementally. When installed in the right locations and operated strategically, they smooth system peaks, address local electricity constraints, improve resilience, and complement major generation and transmission projects. This flexibility will help Canada manage unexpected changes in electricity demand as large projects proceed.

DERs can operate at multiple scales, from solar and storage installed by individual households and businesses to community energy projects and aggregated portfolios such as virtual power plants. Reducing regulatory and financial barriers to these technologies will allow more Canadians to contribute capital and participate directly in the electricity transition. It will also help lower household energy costs and maximize use of existing electricity infrastructure.

b) Allocate $830 million over four years to double existing residential solar and storage capacity across Canada.

A dedicated fund to support distributed residential solar and storage will enable electricity supply to grow more flexibly alongside demand. When combined with provincial incentives and household investment, the fund could unlock an estimated $2 billion in additional private capital, support installations in 100,000 homes, and add approximately 900 MW of distributed solar and storage capacity.

This program should include support for local implementation initiatives addressing the non-financial barriers. TAF's Home Solar Accelerator is an example of an on the ground program designed to support implementation and guide Canadians through the home solar process. Local implementation partners, including municipalities, utilities, and other LC3 centres are well placed to lead such initiatives.

When aggregated and coordinated, these resources will reduce peak demand and displace higher-cost and less secure gas-fired generation that relies on imported American natural gas in central and eastern Canada.

Rather than relying exclusively on utility rate-based investment, federal funding will crowd in a diversity of private investment from everyday Canadians, businesses, communities, utilities, and private lenders. This will create a more inclusive approach to financing generational electricity infrastructure while allowing Canadians to make choices based on their circumstances and energy needs.

2. TAF recommends new funding and regulations to support private investment in electrification of transportation to establish predictable adoption rates and demand.

Supporting widespread electrification will require federal policies that extend to sectors historically powered primarily by fossil fuels. Transportation, space and water heating, and industrial processes all present opportunities to replace fossil fuels with efficient electric technologies.

TAF's recommendations fall into two principal areas: the electrification of transportation and the electrification of buildings.

a) **Release strengthened light-duty vehicle tailpipe regulations that put Canada on a trajectory of 75% EV sales by 2035, and the development of a similarly ambitious update for medium and heavy-duty vehicle standards.**

Electrifying transportation will reduce energy and operating costs for Canadians while improving air quality and lowering emissions. EVs continue to improve in range, availability, and cost competitiveness, and their ability to reduce household fuel and maintenance costs is increasingly well established.

The repeal of the Electric Vehicle Availability Standard without an immediate replacement has created uncertainty for consumers, automakers, utilities, charging providers, and investors. TAF's research using Health Canada's methodology estimates that the former standard would have delivered more than $90 billion in health benefits through reduced air pollution.

These health benefits should be included in the analysis supporting the forthcoming tailpipe emissions regulation. The new regulation should also be treated as an enabling policy for *Powering Canada Strong*. A clear and durable pathway for vehicle electrification would help utilities, municipalities, charging providers, and investors anticipate future electricity demand and invest in the infrastructure required to serve it.

Without sustained progress on transportation electrification, a major source of the demand anticipated in *Powering Canada Strong* and the Canada Energy Regulator's projections would not materialize as expected. Canada would also continue operating parallel electricity and petroleum-fuel systems for longer, delaying the affordability, health, energy-security, and emissions benefits of electrification.

b) **Future vehicle regulations should be supported by funding for electric-vehicle charging infrastructure in multi-unit residential buildings. This funding should build on the Zero Emission Vehicle**

Infrastructure Program and include $180 million over three years to electrify and future-proof existing multi-unit residential buildings. Federal funding should be stackable with provincial and utility programs.

Multi-unit residential buildings present distinct financial, electrical, governance, and installation challenges. Dedicated funding can support electrical-capacity assessments, energy-management systems, shared charging equipment, and other upgrades needed to make these buildings ready for growing electric-vehicle adoption.

The success of Natural Resources Canada's third-party delivery model under the Zero Emission Vehicle Infrastructure Program should also inform future funding. Working through experienced local implementation partners, such as TAF's EV Station Fund, helped accelerate the deployment of federal funding and charging infrastructure in communities across the Greater Toronto and Hamilton Area. Similar intermediaries can help identify projects, support applicants, aggregate demand, and translate federal funding into completed local installations.

3. TAF recommends new funding and regulations to mobilize private investment in the electrification of buildings.

Space heating and hot water in buildings represent significant potential sources of new electricity demand and must be included in the implementation of *Powering Canada Strong*. Building electrification should be paired with energy efficiency, thermal storage, smart controls, and demand-responsive equipment to limit peak impacts and make better use of existing electricity infrastructure. The federal government has a clear role in developing model codes and encouraging timely provincial and territorial adoption, establishing equipment standards, providing financial support.

a) Invest in updating the National Model Codes and encourage provincial alignment so that new buildings are energy efficient, use low-carbon heating, and are ready for solar and electric-vehicle infrastructure. Federal housing programs should require alignment with the higher energy tiers of the national codes as a precondition for funding.

While significant progress has been made in modernizing Canada's National Model Codes, there is more work to do. The codes include a net-zero ready tier but also include a range of lower performance tiers which need a clear schedule for being phased out. The model codes neglect EV and solar ready requirements, meaning brand new buildings face costly upgrades to enable these technologies. Most importantly, the pace of provincial and territorial adoption, especially of energy

and carbon requirements, remains slow and uneven. As a result, natural gas is still the primary fuel source for new homes and buildings in Canada, and without intervention will remain so for the foreseeable future.

Federal leadership can support greater consistency and harmonization across Canada, reduce market fragmentation, and provide greater certainty to manufacturers, developers, trades, and building owners.

b) Recapitalize and extend the Deep Retrofit Accelerator Initiative (DRAI) by $300 million over five years, to support modernizing and scale-up of renovations and upgrades to Canada's homes and buildings, including Powering Canada Strong's goal of retrofitting one million housing units.

The federal government has demonstrated leadership through the Deep Retrofit Accelerator Initiative and can build on that progress to support building modernization at scale.

DRAI demonstrates how initial federal funding, paired with local implementation, can create a much larger pipeline of private and institutional investment. DRAI is already mobilizing over $320 million in retrofit activity with approximately $2 billion in future projects identified. Its extension will protect and grow that pipeline of projects, and sustain the certainty and confidence building owners, lenders, contractors, manufacturers, and skilled workers require to continue to commit additional capital and capacity.

DRAI is intended to help establish a durable and increasingly self-sustaining retrofit market in which private and institutional actors can take on a growing share of project development and financing. Its recapitalization should be treated as the next step in a broader national plan to retrofit Canada's existing buildings and support the large-scale transition from gas heating to efficient electric systems.

c) Renew and improve successful incentive programs to meet P*owering Canada Strong's* goal of retrofitting one million homes.

TAF supports the government's goal of retrofitting one million homes. Rather than relying exclusively on utility rate-based investment, federal funding will crowd in a diversity of private investment from everyday Canadians, businesses, communities, utilities, and private lenders. This will create a more inclusive approach to financing generational electricity infrastructure while allowing Canadians to make choices based on their circumstances and energy needs.

TAF recommends renewing and improving several successful existing federal programs that have already demonstrated their ability to accelerate clean-energy

investment and household electrification. The Canada Greener Homes Affordability Program is a direct support program that should be funded and extended so that more provinces can participate and more households experiencing energy poverty can benefit.

Recapitalizing the very successful Greener Homes Grant and Loan Programs would improve access for all residential market segments and scale private capital.

4. TAF recommends keeping pace with innovation to accelerate and scale the deployment of new technologies.

Achieving the goals of *Powering Canada Strong* will depend partly on how quickly Canada can safely approve and deploy emerging energy technologies. Canada's future system will need to accommodate vehicle-to-grid services, community net metering, demand-responsive homes, virtual power plants, plug-in solar, and emerging forms of customer-sited storage.

a) Provide additional resources to Canadian Standards Association (CSA Group) and relevant federal departments and standards-development bodies to enable the timely assessment of emerging electricity technologies. This should include support for regular updates to the Canadian Electrical Code and related standards so that proven innovations can be deployed safely and efficiently in Canada.

Regulatory modernization must maintain high safety and consumer-protection standards. However, lengthy or unclear approval pathways can delay technologies already in use in comparable jurisdictions, limit consumer choice, and prevent Canadian households and businesses from participating fully in the energy transition. A more proactive federal role in electricity standards development, intergovernmental coordination, and regulatory capacity would help Canada keep pace with technological change.

Aligning electricity expansion with practical electrification pathways

TAF supports *Powering Canada Strong* and its vision for expanding Canada's electricity system to improve affordability, competitiveness, energy security, and climate performance. Achieving this vision, however, requires more than new generation and transmission.

Electrification happens where energy is used — in homes, buildings, businesses, and communities across Canada — and local implementation will determine the pace and scale of the transition. TAF recommends a coordinated approach that pairs electricity infrastructure with strong tailpipe emissions standards, sustained

EV-charging investment, more ambitious national model building codes, and a national effort to convert existing buildings from fossil-fuel heating to efficient electric heat pumps.

Successful implementation depends on local expertise and delivery capacity, ensuring alignment with provincial and municipal efforts and responsiveness to Canada's diverse communities and electricity systems. Established intermediaries can tailor national programs to local conditions, provide technical assistance, build investment-ready project pipelines, and mobilize private and matching capital.

About TAF

The Atmospheric Fund (TAF) is a non-profit city agency. We invest in low-carbon solutions for the Greater Toronto and Hamilton Area and help scale them up for broad implementation.

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The Zero Emissions Innovation Centre (ZEIC)

ZERO EMISSIONS INNOVATION CENTRE

MORE SOLUTIONS, LESS CARBON.

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OTTAWA CLIMATE ACTION FUND

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