

Dear Prime Minister Trudeau:

We are organizations and thought leaders working to accelerate building retrofits across Canada. This major climate action was a part of the policy platform which won you re-election and is mission critical to our pathway to 2030 and 2050 targets. The groups submitting this letter are united in the aim to use deep retrofits to decarbonize Canada's homes and buildings and are writing to advocate for a \$100 million annual fund to do so.

Where we are today

Canada's current climate plan has a target to reduce building emissions by 28% by 2030¹, primarily by targeting fossil fuels used to heat space and water. This is one of the largest climate actions we need to take, and it will impact families across the country: The majority of building-sector emissions are from residential buildings² which includes single family homes, row homes, community housing, condominiums and stratas, townhomes, apartments and more.

To hit our 2030 climate target means retrofitting half of Canada's homes and buildings to reduce their emissions by at least 56% or retrofitting one third of homes and buildings so they achieve an 84% reduction³. This would require quintupling the pace of retrofits we're delivering right now, while tripling the depth of carbon reduction per project. Nothing approaching this scale is happening today. Current rates are below 1% for low-rise residential buildings and 1.4% of commercial building floor area, with most retrofits achieving shallow rather than deep carbon outcomes⁴.

And, as recognized by your government, we are facing critical job creation, economic development, housing affordability, health, and climate resilience crises. We have the opportunity right now to address these through an ambitious and coordinated retrofit mission for Canada. We estimate that decarbonization retrofits over the next 20 years could create up to up to 200,000 long-lasting well-paid jobs, which could go to people who need this employment the most; the engineering and construction work would generate more than \$48 billion in economic activity each year; and we would deliver significant savings in healthcare and building operational costs and grow tax revenue significantly⁵.

Today, in Canada we have an uncoordinated range of grants and loans offered by various levels of government and from utilities, to support capital costs of individual retrofit projects. Many of these programs are deeply undersubscribed⁶, with home and building owners burdened with a

¹ [Annex: Modelling and analysis of A Healthy Environment and a Healthy Economy](#). Government of Canada. Accessed September 2021. Table 3.

² [Canada. 2021 National Inventory Report](#). Accessed September 2021.

³ [Annex: Modelling and analysis of A Healthy Environment and a Healthy Economy](#). Government of Canada.

⁴ Haley, Brendan & Ralph Torrie. 2021. Canada's Climate Retrofit Mission. Ottawa: Efficiency Canada.

⁵ [Canada's Renovation Wave](#). Published 2021 Pembina Institute.

⁶ [Federal Program Spending on Housing Affordability in 2021](#). Parliamentary Budget Officer, August 10, 2021.

system and process that is complex, fragmented, redundant, and costly. Only a small share of this funding supports deep retrofits specifically, and they are generally led by individual champions and mission-driven organizations - including many of the signatories on this letter. These projects, and their outcomes, are thereby also segmented and disaggregated across the country. Based on our collective decades of hands-on experience delivering many of Canada's most high-profile and impactful retrofits, it is neither technically feasible nor economically sensible to continue current approaches without also funding and supporting the development of the market conditions needed for a massive scale up of deep retrofits across the country.

We are going to need a mission-oriented retrofit agenda to nurture and shape this emerging economy if we truly aim to deliver on carbon reduction, housing, resilience, job creation, indoor health and economic development priorities.

How we take this on

For the retrofit market to rapidly mature in Canada, we need three specific areas of activity. Foremost, we need a regulatory framework establishing building codes and equipment standards to drive decarbonization; and second, large-scale and accessible public funding and financing for retrofit projects. We are beginning to see progress on these first two, although more work and greater urgency is needed. But thirdly, and the reason for our letter, Canada needs dedicated funding and support for deep retrofit market development. While regulation and capital funding are necessary, they will be insufficient to achieve the required scale and pace without the development of a functional large-scale market for deep retrofits and related goods and services.

The Liberal Party federal campaign policy platform cited Energiesprong as a retrofit scaling model for Canada to adopt. 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.

Today, Pembina's Reframed Initiative, the ReCover Initiative and TAF's Retrofit Accelerator are serving as active "market development teams" for B.C., Atlantic Canada and Greater Toronto and Hamilton Area, respectively. 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 social and economic outcomes. But they cannot be sustained, scaled, and replicated without the intentional and coordinated support of the federal government.

Invest in a Retrofit Acceleration Mission

The capital costs for a national Retrofit Acceleration Mission are estimated to reach \$400 billion⁷. This would come from a mix of public and private investment and is comparable in scale to current annual investments in traditional, non-energy renovations. And this Mission will create new jobs and skill sets, economic opportunity for people and business, housing stability, and many other benefits for Canadians.

⁷ [Canada's Renovation Wave](#). Published 2021 Pembina Institute.

To see such high-quality deep energy retrofits projects through, Canada needs a discrete fund of \$100 million per year to enable the conditions for a robust and inclusive retrofit economy to develop.

The \$100 million Retrofit Acceleration Mission annual fund would support:

- **Multi-year resources for a Canada-wide network** of retrofit accelerators or market development teams servicing different market segments and geographic regions
- **Origination and aggregation of demand for deep retrofits**, ensuring public funding programs are fully subscribed and industry has the confidence needed to invest in innovation, capacity building, and industrialization of the retrofit economy
- **Equitable access to the full range of support needed by home and building owners** to complete a great retrofit including planning and design, structuring financing, quality control and testing, and evaluation and monitoring
- **Public accountability to deliver on climate and social outcomes** under Bill C-12 and other national and sub-national targets and frameworks, ensuring critical co-benefits like improved air quality, employment opportunities, and housing affordability are maximized and reported on
- **Dedicated resources for research, development and deployment of new and innovative technologies and approaches**, creating conditions for rapid testing and market transfer of new research, with a focus on improving costs, speed and quality

We are calling on this government to set up funding for this Retrofit Acceleration Mission in budget 2022. We do not have time to lose, and we have solutions that can scale. We also have an enviable opportunity to build Canada's retrofit economy as inclusive and equitable, and invest in low-carbon, safe and affordable homes for Canadians from coast-to-coast. We are determined to do so. We would request the opportunity to meet with you and your staff to advance this idea.

Yours sincerely,



Linda Coady
Executive Director,
Pembina Institute
www.pembina.org



Julia Langer
CEO, The Atmospheric Fund
www.taf.ca



Lorrie Rand
Design Director, ReCover
www.recoverinitiative.ca

