

POSITION PAPER ON THE FUTURE OF CANADIAN GREEN BUILDINGS

Founded in 1995 in Toronto with the purpose of strengthening economic ties between Canada and Europe, the European Union Chamber of Commerce in Canada (“EUCCAN”) advocates on behalf of EU companies, identifying challenges and opportunities of doing business in Canada, addressing common affairs, and voicing business interests and recommendations.

In March 2022, the Government of Canada published its 2030 Emissions Reduction Plan, which provides a roadmap to how Canada will meet its enhanced Paris Agreement target to reduce emissions by 40-45% from 2005 levels by 2030. To this end, the Plan notably seeks to create a net-zero emissions and climate-resilient buildings sector by 2050, with interim targets to reduce direct residential, commercial and institutional building emissions by 2030. These ambitions are supported by a planned reform of Canada’s building codes, the development of a Green Buildings Strategy and renewed investments in buildings decarbonization programs (e.g., Greener Homes Loan Program, Green Neighborhood Pilot, Support to large building retrofits), among others.

Accordingly, Natural Resources Canada (NRCAN) released updated editions of the National Model Codes, adopted a new governance model for harmonized construction code development and published in July 2022 a technical discussion paper on Canada Green Buildings Strategy.

Following these, EUCCAN consulted with its members to round up their insights and, drawing on their experiences and expertise, to coordinate positions on the decarbonization of the Canadian Buildings Sector.

I/ DEVELOPING A HARMONIZED AND AMBITIOUS REGULATORY FRAMEWORK

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I/ DEVELOP A HARMONIZED AND AMBITIOUS REGULATORY FRAMEWORK

Rationale: The buildings sector needs advanced, holistic low-carbon solutions to overcome persistent challenges in decarbonization, many of which have not yet entered the Canadian market. Inconsistent model code adoption can lead to barriers to trade and investment, as well as increased costs to businesses and consumers. To be cost-competitive and scalable in a medium size market, these costly-to-develop solutions need a standardized and incentivizing regulatory environment.

RECOMMENDATION 1.1: ENSURE AN EFFECTIVE HARMONIZATION OF BUILDING CODES & STANDARDS ACROSS PROVINCES

State-of-play: To date, too many variations between jurisdictional and national construction codes and misalignments resulting from different timelines of adoption persist. Efforts to harmonize code adoption across Canada are underway via the federal, provincial, territorial Regulatory Reconciliation and Cooperation Table. As part of this Free Trade Agreement's Regulatory Reconciliation and Cooperation Table, the Government of Canada announced a new governance model for the National Model Code development system effective November 22, 2022. This new federal-provincial-territorial governance model will oversee the next code development cycles.

Position(s): Provincial and territorial governments have legislative authority over building design and construction within their jurisdictions and adopt or adapt the National Model Codes into regulation in order for them to come into effect. It is paramount that the harmonization work undertaken under the new governance structure leads to an effective adoption of standardized Construction and Energy codes across Provinces and Territories within the next two code development cycles.

Proposed follow-up action: Establish working contacts with the new Advisory Council for Harmonized Construction Codes and the Technical committees informing the new Canadian Board for Harmonized Construction Codes

RECOMMENDATION 1.2: INTRODUCE WHOLE-BUILDING LIFE CYCLE ASSESSMENT (WBLCA) STANDARDS & CERTIFICATIONS

State-of-play: The latest iteration of Canada's National Model Codes included nearly 400 updates, some of which aiming to improve the energy and carbon efficiency of Canadian buildings (e.g., introduction of progressive performance tiers to maximize energy efficiency in new construction). Most of the regulatory efforts to limit the carbon footprint of Canadian Buildings have however been focusing on the operational carbon of the structure (e.g., reduced energy consumption, increased renewable energy supply). Decarbonizing a sector that represents for 13-18% of Canada's direct greenhouse gas (GHG) emissions (accounting for off-site generation of electricity for use in buildings) will require the adoption of much stringent approaches, standards and requirements. To truly decarbonize buildings, carbon emissions associated with the entire life cycle of the building must be factored in – incl. the carbon from materials, construction, and disposal phases (i.e., embodied carbon). In addition, the need for companies to substantiate their environmental claims will be critical to progress. Where the EU is moving progressively towards a Directive on Green Claims, this should be coordinated closely with Canadian regulation to ensure that not only any representations of products or operations are factual, but that there is reciprocity across jurisdictions to allow for both the planning and enforcement actions of the relevant organizations.

Position(s): Integrating a life-cycle perspective into the building and construction sector is crucial to decarbonize the Canadian building stock. It will allow to account for carbon emission along the building's life-cycle (whole-life carbon, WLC) from design to end life and introduce circularity principles in construction. This will require the development of standardized environmental product declarations (EPDs), life-cycle inventories for embodied carbon in Canadian construction materials, guides, standards for performing whole building life-cycle assessment, and carbon accounting tools -- for a range of stakeholders including sustainability professionals, asset designers, owners and investors, as well as policymakers and public authorities.

Proposed follow-up action: Organize an event with the Building Performance Institute Europe and the EU Buildings Industry in Canada to provide education on the areas of incorporating carbon understanding in the construction and building sectors and to showcase the WBLCA tools and regulations developed by the EU Commission (EPBD Recast & Renovation wave) and the EU Member States.

II/ FILLING IN THE SOLUTION & EXPERTISE GAPS

Rationale: The buildings industry has made major advancements in technologies, materials, and building practices especially in bigger and more advanced markets (i.e., Europe and the U.S.). Ranging from smart electrification and energy management of buildings, to building envelopes and low-carbon building materials, the R&D and the solutions exist or are being developed. Bringing them to market under time and bottom-line (cost) constraints could do with facilitated certification processes and an ecosystem ready to deploy them.

RECOMMENDATION 2.1: SIMPLIFY (RE)CERTIFICATION PROCESSES OF NEW TECHNOLOGIES, MATERIALS, AND PRACTICES

State-of-play: Under CETA, Canadian tariffs are eliminated on all originating products used in building and maintaining infrastructure such as: construction materials, power generating machinery, electrical equipment, rail products, infrastructure related ICT products and more. However, the cost and delay associated with the re-certification of new net-zero carbon building technologies hinder their deployment on the Canadian market.

Position(s): Solutions and technologies aimed at improving drastically the carbon performance of buildings already certified in the E.U. / Canada should benefit from a swifter and simplified re-certification process in each other markets.

Proposed follow-up action: Initiate discussions with EU and Canadian officials around a simplified re-certification process for net-zero building solutions under CETA.

RECOMMENDATION 2.2: BROADEN IMMIGRATION PATHWAYS AND PROGRAMS FOR SKILLED AND LOWER-SKILLED OCCUPATIONS IN THE BUILDINGS INDUSTRY

State-of-play: Achieving a net-zero emission, climate-resilient buildings sector by 2050 will require a dramatic increase in the number of green building jobs across Canada. Given the number of retrofits required and retirement projections for the construction industry, a tremendous increase in the number of workers is required. In addition, the surging demand for new zero-carbon technologies, materials, and services will also require a major up-skill of the current working pool. Overall,

developing energy-efficient, climate-resilient building stock and low-carbon building materials (e.g., mass timber, low-carbon steel, and concrete) will put under stress a construction labor market already confronted with labor shortages.

Position(s): Training professionals (engineers and architects), skilled trades and workers as well as requalifying skills as new technologies emerge will be crucial to succeed in the transition but will probably not suffice. Attracting new entrants and newcomers to Canada amidst a global race for talents is paramount, to pool the workforce needed to succeed the decarbonization of Canada's buildings stock. Accordingly, simplified pathways for immigration should be allotted to these essential workers.

Proposed follow-up action: Organize an invitation-only, private working session in partnership with a specialized law firm to discuss the issues and concerns of the WG on immigration-related issues and draft an advocacy action plan.