

# SUBMISSION TO INFRASTRUCTURE CANADA FOR THE LEGISLATIVE REVIEW OF THE CANADA INFRASTRUCTURE BANK ACT

March 31, 2023



## RECOMMENDATIONS

1. The mandate detailed in the CIB Act should be amended as followed:

*The purpose of the Bank is to invest, and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada that will generate revenue, and that will be in the public interest, **and support the federal objective of reaching net-zero by 2050** by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada.*

2. Through the statement of priorities and accountabilities, the federal government should specifically state that an objective of the Canada Infrastructure Bank (CIB) is to support the decarbonization of the built environment in accordance with the 2030 Emissions Reduction Plan.
3. Considering the successful uptake by industry and the necessity to advance deep carbon retrofit of commercial and public buildings in Canada by 2050, the CIB's Commercial Retrofits Initiative must be continued, its budget extended, and it should require net zero transition plans as a requirement for its clients.
4. As embodied carbon will be included in Canada's building codes by 2030, the CIB should add to the Green Infrastructure priority area an initiative to de-risk investment in new zero-carbon buildings that greatly reduce embodied emissions from materials and processes.

## STATEMENT

The last Intergovernmental Panel on Climate Change (IPCC) report was clear: Canada and the other developed nations must decarbonize the built environment as fast as possible. Scaling up new zero-carbon buildings and deep carbon retrofits is vital to achieving a 40 percent reduction in building sector emissions by 2030. Zero carbon buildings and retrofits increase resiliency, deliver health benefits, and reduce carbon emissions from their operations and materials. The Canada Infrastructure Bank (CIB) mandate, the Minister's directions and operations must reflect this reality.

### Building Retrofit Focus

Through research and industry engagement, the Canada Green Building Council (CAGBC) found two crucial ways to scale up the necessary deep carbon retrofits to meet Canada's climate ambitions.

First, to improve market capacity and support climate targets, any investments in the building sector must be directed towards quality projects that are verified to achieve measurable greenhouse gas (GHG) emission reductions.

Second, while the retrofit economy in Canada is poised for expansion, it requires a standardized approach and support. Increasing retrofit project standardization and due-

diligence requirements will reduce risk to lenders and streamline project approval processes, increase building retrofit activity and realize significant energy and GHG emissions savings.

### Quality Assurance and Verification

CAGBC shared this information with the government and worked with the CIB to help de-risk low-carbon retrofit investment opportunities for private sector lenders through the introduction of a standardized project origination and quality assurance frameworks: the Investor Confidence Project (ICP) and its Investor Ready Energy Efficiency (IREE) certification. Leveraging IREE's third-party verification of retrofit projects increases the transparency, consistency, and reliability of energy-efficiency retrofit projects.

IREE has been successfully used in the CIB's Commercial Retrofits Initiative (CRI). The CRI's purpose is to aggregate many deep retrofit projects or invest in large single retrofits, focusing on privately owned commercial, industrial, and specific multi-unit residential buildings. For the past two years, CIB's impact in the built environment has increased exponentially with more than \$600 million in projects signed. The CIB's retrofit program is transforming the market by leveraging IREE to de-risk investment in decarbonization projects for large buildings, and making retrofits more attractive by tying the interest rate to a minimum of 30 percent reduction in GHG emissions.

#### Investment and Economic Benefits

Through this initiative, CIB is crowding in private investments and driving retrofit activity beyond the industry norm, reaching more buildings and achieving deeper renovations. Increased levels of retrofit activity will result in increased economic activity, benefiting Canada's economic recovery efforts with another [75,000 jobs annually](#), reduced energy costs, better health outcomes for occupants, and buildings that are more resilient to a changing climate.

### Zero Carbon Target

The CIB should consider expanding this program to support and de-risk new buildings that will achieve zero carbon (emitting net-zero operational emissions over a year). By 2030, all new construction above 20,000 sq. ft must be zero-carbon. Achieving this target will also require a focus on embodied carbon. The vast majority (74 percent) of emissions between now and 2030 from new building are expected to come from materials and processes. The CIB could develop specific incentives with targets designed to reduce embodied carbon. The Greening Government Strategy could provide an example as it seeks a 30 percent reduction in embodied carbon for its buildings starting in 2025.

### Timing of Investments

Unfortunately, the cost of not adopting a zero-carbon approach to building construction and retrofit increases with each passing day. Every new building built today and every existing building that is not zero carbon is contributing to increased emissions. They will also inevitably require major investments in mechanical equipment, ventilation systems, and building envelopes to align to Canada's 2050 net zero emissions target. Inaction today will mean future existing buildings must be retrofitted before their normal life cycle

re-investments. This will be more costly than an upfront investment in zero-carbon buildings and disruptive to building owners, operators, and tenants.

### **Business Case for Investments**

Building for zero carbon today makes financial sense. On average, zero-carbon buildings can achieve a positive financial return over a 25-year life cycle, inclusive of carbon pricing. Research shows that zero-carbon buildings can be built today and that cost savings from zero-carbon operations will cover upfront investments. Furthermore, as carbon costs rise over time, the business case for zero carbon buildings (new or the retrofit of existing) grows stronger, which will spur new investments and innovations.

### **Final Thoughts**

In conclusion, tackling climate and the need for resiliency presents an unprecedented challenge and a significant economic opportunity for Canada. Reaching net-zero emissions by 2050 requires the decarbonization of all large buildings and infrastructure. Investments by the CIB can help the construction and infrastructure sectors quickly mobilized for shovel-worthy projects that will generate skilled jobs, drive innovation, and grow the domestic supply chain. Investing to supercharge zero carbon buildings and retrofits will showcase Canada as a global leader in creating healthier, more resilient green buildings and communities capable of significantly reducing carbon emissions and aiding efforts to limit global warming to 1.5 degrees.

*The Canada Green Building Council (CAGBC) is a national organization supporting the building sector's transition to green buildings. CAGBC provides access to industry-leading products and services designed to help construct and manage low-carbon, highly efficient and healthy green buildings. We help shape the future of green building through market-led research and analysis, educational programming, and capacity-building efforts. With over a thousand corporate members, we regularly convene stakeholders to share best practices and advance green building priorities.*