Global Sustainable Buildings Guide - Canada

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# Authors

# Green Certification

## Is there a nationally adopted and recognized form of certification for buildings? What is it and is it mandatory for all new buildings and refurbished buildings?

There are no nationally adopted or mandated green building certifications in Canada; however, federal, provincial and municipal governments encourage a number of certifications. Below are examples of private and non-profit green building certification programs in Canada, as well as examples of other standards and policies promoting green buildings.

**Private and non-profit green building certification programs**

The most commonly used rating and certification systems are as follows:

The rating system of the Canada Green Building Council (CaGBC) is based on the Leadership in Energy and Environmental Design (LEED) system established by the United States Green Building Council. Projects pursuing LEED certification may qualify for four possible levels of LEED rating levels (i.e., certified, silver, gold and platinum). In addition to levels, the LEED rating system is further classified into the following categories:

Building design and construction

Interior design and construction

Operations and maintenance

Recertification

Homes

Cities and communities

Neighborhood development

In October 2022, the CaGBC announced that Canada ranked third globally on the annual list of "Top 10 Countries and Regions for LEED in 2022." The CaGBC further revealed that Canada certified 248 projects in 2022, representing more than 5.3 million gross square meters (57 million square feet) of LEED space.

The Building Owners and Managers Association of Canada ("**BOMA Canada**") manages the Building Environment Standards or BOMA BEST Building Certification Programs, which are voluntary national programs to assess environmental performance and management of existing commercial buildings across Canada. There are five levels of certification: baseline, bronze, silver, gold and platinum. BOMA Canada offers two programs that are both certifications and building management tools: the BOMA BEST Sustainable and BOMA BEST Smart. The BOMA BEST Sustainable program focuses on six areas of environmental performance, sustainability and management, namely the following:

Energy and carbon

Water

Custodial and waste

Accessibility and wellness

Indoor air quality and hazards

Resilience and site

The BOMA BEST Smart program is focused on smart features in buildings, such as security, operations, monitoring and tracking, and considers security and safety, operations and management, network and integration, end-user experience, and reporting and analysis. To date, BOMA Canada reports that there are over 3,100 members in the industry, representing over 2.1 billion square feet of certified BOMA office space in Canada.

Green Globes is an online green building rating and certification tool licensed for use by BOMA Canada. It provides modules for the following:

New constructions

Sustainable interiors

Existing buildings

Core and shell

Depending on the module, the program assesses up to six areas of environmental performance, including the following:

Energy

Water efficiency

Materials

Project management

Site

Indoor environment

Green Globes has its own rating system that ranges from one to four "Green Globes."

Natural Resources Canada ("**NRCan**") does not have a green building certification program, but it supports ENERGY STAR®, which addresses the energy aspects of green commercial and institutional buildings, including among others, hospitals, hotels, retail stores, offices, museums and libraries.

In 1982, the Government of Canada implemented "R-2000" to promote improved energy standards in new home construction. R-2000 particularly aims to increase energy efficiency and promote sustainability of homes. It employs the EnerGuide rating service, an official mark of the Government of Canada, which is associated with labeling and rating the energy consumption or energy efficiency of specific products. The service is available across Canada and allows parties to measure and rate their homes' performance. Regional initiatives include ENERGY STAR® for New Homes, Built Green Canada, Novoclimat, Green Home, Power Smart New Home and GreenHouse.

Some municipalities have adopted voluntary green building standards. For example, the City of Toronto's Better Buildings Partnership (BBP) encourages energy conservation in new buildings. The BBP has adopted the Toronto Green Standard, which focuses on sustainable site and building design for new private and public development in the City of Toronto. To be eligible for incentives from BBP, a project must meet the Toronto Green Standard.

The Heating, Refrigeration and Air Conditioning Institute of Canada is a non-profit national trade association that represents more than 1,150 member companies in the heating, ventilation, air-conditioning and refrigeration industries and manages several programs relating to energy conservation and environmental practices. Among these programs are the following:

The Refrigerant Management Canada Program for the collection, transportation and disposal of ozone-depleting refrigerants

The Thermostat Recovery Program, focused on recovering and recycling thermostats that are no longer in use

# Energy Performance Certificates and Minimum Energy Standards

## Is there a mandatory form of energy performance certification? When does it apply and are there any prescribed minimum standards?

There is no mandatory form of energy performance certification in Canada. However, certain provinces and territories have adopted codes and/or regulations in response to each jurisdiction's local needs. For example, the National Energy Code of Canada for Buildings 2020 (NECB 2020) sets out technical requirements for the energy-efficient design and construction of new buildings and additions. In particular, NECB 2020 discusses compliance requirements, acceptable solutions for areas such as lighting, heating and water systems, and the legal and practical implementation of NECB 2020. NECB 2020 only comes into force when provinces and territories elect to write, enact and enforce laws and regulations related to NECB 2020. To date, NECB 2020 has been adopted by the provinces of Alberta, Manitoba, Saskatchewan and Ontario.

# Incentives for Green Retrofit

## Are there any government-funded or sponsored schemes for improving the energy efficiency of existing buildings and, broadly, how do they work?

A number of programs for improving the energy efficiency of existing buildings have been funded or sponsored by the federal, provincial and municipal governments. Examples include the following:

NRCan: CanmetENERGY

NRCan's CanmetENERGY is a research and technology organization in the field of clean energy. The CanmetENERGY location based in Ottawa, Ontario conducts R&D on a wide array of clean energy technologies and focuses on building energy systems, pathways to carbon-neutral housing and buildings, and low-carbon community energy systems. CanmetENERGY's Varennes, Quebec location leads innovative scientific research and activities for the industry, buildings and renewable energy sectors to help identify and develop suitable pathways to reduce the Canadian commercial and institutional buildings sector's energy consumption and greenhouse gas emissions.

City of Toronto: Energy Retrofit Loans

The Energy Retrofit Loans program offers financing to invest in low-carbon, energy-efficient capital improvements. It is open to all buildings located in Toronto, including among others, commercial buildings, schools, social housing and hospitals. Loans can cover up to 100% of project costs at a rate equal to the City of Toronto's borrowing cost, with a potential repayment term of up to 30 years for qualifying projects.

Province of British Columbia: BC Hydro Business Energy Saving Incentives

The BC Hydro Business Energy Savings Incentives program helps businesses located in the province of British Columbia reduce their operating costs through the implementation of energy efficiency projects, including lighting, heating, ventilation, air-conditioning and refrigeration, by offering incentives that can help cover up to 25% of the cost of the project.

Arctic Energy Alliance (AEA): Business Improvements Program

The AEA provides rebates of up to CAD 50,000 for certain energy upgrades for commercial and institutional businesses looking to reduce their consumption of electricity, heating, fuel and water. This could include projects, such as upgrades to lighting, improvements to ventilations systems, upgrades to hot-water systems, etc. The eligible rebate amount will be the lower of 50% of the total eligible costs of the project, and a calculation based on the amount of money and greenhouse gases that the project will save.

[**Canadian Industry Program for Energy Conservation**](https://natural-resources.canada.ca/energy-efficiency/energy-efficiency-for-industry/canadian-industry-program-energy-conservation-cipec/20341)

The Canadian Industry Program for Energy Conservation (CIPEC) is an industry-government partnership, sponsored by NRCan, that promotes and encourages energy efficiency improvements and reductions in greenhouse gas emissions through voluntary action across Canada's industrial sectors. CIPEC is made up of 21 sector task forces that involve more than 50 trade associations.

[**Energy Innovation Program**](https://natural-resources.canada.ca/science-and-data/funding-partnerships/opportunities/grants-incentives/energy-innovation-program/18876)

The Energy Innovation Program, sponsored by NRCan, advances clean energy technologies that will help Canada meet its climate change targets, while supporting the transition to a low-carbon economy. It funds research, development and demonstration projects, and other related scientific activities.

**Provincial, municipal and utility incentives**

There are also several provincial, municipal and utility incentive programs to promote green buildings and energy efficiency.

The City of Toronto's Better Buildings Partnership (**BBP**) was developed in 1996 to help building owners, managers and developers to achieve energy efficiency goals in Toronto. The Home Energy Loan Program is one of several BBP programs, which helps Toronto homeowners get a low-interest loan of up to CAD 125,000 to cover the cost of a broad range of home energy improvements. The BBP also provides financing options to support conservation and demand management projects in the City of Toronto.

The Ontario Power Authority's Electrical Retrofit Incentive Program offers incentives for owners and managers of commercial buildings, institutional buildings, industrial facilities, agribusinesses and multiresidential buildings. Incentives are available for replacing inefficient equipment with high-efficiency equipment.

Enbridge Gas Distribution, Canada's largest gas distribution utility, offers retrofit incentive programs for owners of commercial properties. Homeowners that implement approved energy-saving measures are eligible for a one-time rebate of CAD 0.25 per cubic meter for natural gas saved up to 50% of project upgrade costs. The maximum rebate per project is CAD 100,000.

# CO2 and Energy Targets

## Are there any national targets for CO2 reduction and/or energy use reduction from buildings? If there are, are there any exclusions?

To avert the worst impacts of climate change, the Government of Canada is committed to achieving net zero emissions by 2050. The Net-Zero Act, which became law on 29 June 2021, enshrines in legislation Canada's commitment to achieving net zero emissions by 2050.

In addition, the NECB 2020 contains multiple new changes over its 2017 predecessor, including, among others, reducing the maximum allowable thermal transmittance for windows, doors and above-grade opaque assemblies, and reducing the maximum allowable lighting power densities for interior and exterior lighting. The NECB 2020 is an important step toward Canada's goal of achieving net zero energy ready buildings by 2030.

For the first time, the NECB 2020 includes progressive performance tiers to maximize energy efficiency in new construction. This new approach sets the direction for industry and enables provinces and territories to incrementally adopt higher levels of performance within one code. The NECB 2020 has four tiers of performance improvement, with the last tier yielding at least a 60% reduction in energy consumption over the baseline tier 1.

Lastly, and building on the actions in the Pan-Canadian Framework (2016) and Canada's strengthened climate plan (2020), the 2030 Emissions Reduction Plan (2022) reflects input from provinces, territories, Indigenous Peoples, the Net-Zero Advisory Body and interested Canadians on what is needed to reach Canada's more ambitious climate target of 40%-45% emissions reductions by 2030.

# Renewable Energy

## Are there any regulations requiring a percentage of energy consumption to come from renewable sources?

As mentioned in the "CO2 and energy reductions" section, the Net-Zero Act, which became law on 29 June 2021, enshrines in legislation Canada's commitment to achieving net-zero emissions by 2050. In Canada, 84% of electricity comes from sources, such as hydroelectricity, solar, wind and nuclear, which are far less polluting than electricity generated from coal, oil and natural gas. As Canada aims to achieve a net-zero emissions economy by 2050, its electricity supply will need to at least double by then, according to recent studies. To meet this surging demand, and to avoid an increase in greenhouse gas emissions from the electricity sector, the Government of Canada has developed the Clean Electricity Regulations (CER), which are expected to come into force by 2025.

The draft CER were developed around the following core principles:

Maximize greenhouse gas reductions to achieve net-zero emissions from the electricity grid by 2035

Maintain electricity affordability for Canadians and businesses

Maintain grid reliability to support a strong economy and meet Canada's growing energy needs

The CER are an integral part of Canada's 2030 Emissions Reduction Plan to help the country reach its emissions reduction target of 40%-45% below 2005 levels by 2030 and net-zero emissions by 2050.

# Regulation

## What other national regulatory measures are there, such as taxes on energy consumption and/or tax reliefs on energy-saving measures, that can encourage more efficient use of energy in buildings?

In 2019, every province in Canada began taxing carbon pollution as a means to reduce greenhouse gas emissions. Every province and territory has designed its own carbon pricing system based on local needs, or has chosen to adopt the federal carbon pricing system in Canada. The federal government sets minimum national stringency standards that all systems must meet to ensure that they are comparable and contribute their fair share to reducing greenhouse gas emissions. If a province decides not to price pollution, or proposes a system that does not meet federal standards, the federal carbon pricing system is adopted accordingly. The federal government published strengthened standards surrounding carbon pricing in August 2021 for the 2023 to 2030 period.

Under the Greenhouse Act, as adopted on 21 June 2018, the federal pricing system is comprised of the following parts:

A regulatory charge on fossil fuels like gasoline and natural gas, known as the fuel charge

A performance-based system for industries, known as the Output-Based Pricing System

The fuel charge applies in the provinces of Ontario, Manitoba, Yukon, Alberta, Saskatchewan, Nunavut, Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island. The Output-Based Pricing System applies in the provinces of Manitoba, Prince Edward Island, Yukon, Nunavut and partially in Saskatchewan. All other provinces and territories are implementing their own pricing systems.

# Financing

## Are there any public or private “green” financing initiatives for sustainable real estate projects?

In Canada, there are no public "green" financing initiatives for sustainable real estate projects; however, there exists a limited number of private financing initiatives. For example, the Global Real Estate Sustainability Benchmark (GRESB) is a framework that is commonly used to make investment decisions for certain real estate projects. GRESB is an organization that collects, validates, scores and benchmarks environmental, social and governance (ESG) data, mainly for investors and asset managers. Commercial real estate projects with demonstrated commitments to ESG principles are best positioned to capitalize on relatively new financing mechanisms, including green bonds, green loans and sustainability bonds. In 2023, the Canadian Imperial Bank of Commerce partnered with Export Development Canada to create the Sustainable Finance Guarantee program, which provides financing to businesses that are working to transition to a low-carbon economy.

# Planning

## Is the national or local/state government able to mandate green initiatives via the planning/zoning regime (e.g., district heating systems on large developments)?

There are no national or local government mandates for green initiatives via planning or zoning regimes. In general, green initiatives have been implemented by municipal governments through incentives rather than through changes to zoning bylaws. However, the Planning Act gives regard to, among other matters, matters of provincial interest, such as mitigating greenhouse gas emissions and adapting to a changing climate. Likewise, the Greenbelt Act provides permanent protection for an area of green space, farmland, communities, forests, wetlands and watersheds from urban development.

# Green Leases

## Are green leases or green lease provisions mandatory or optional? If mandatory, to whom do they apply? If optional, is there significant take up?

Green lease provisions are not mandatory in Canada. However, leases drafted by larger commercial landlords frequently include provisions requiring the tenant to comply with the landlord's policies to promote energy efficiency and/or reduce the environmental impact of the building. Given the increasing importance of LEED and related certifications in the Canadian marketplace, this is a trend that is likely to accelerate. Global companies with strong corporate social responsibility policies are also requesting the inclusion of green lease provisions, which may include the right to receive annual compliance reports from the landlord. There remains tension between landlords and tenants as to how the cost of complying with green lease provisions should be apportioned. While most leases in Canada would not be described as green, green lease provisions are becoming more common.

In 2008, the Real Property Association of Canada drafted Canada's first National Standard "Green" Office Lease for Single Building Projects, which was last updated in 2021.

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