

¹Final Report:

A Federal-Provincial- Territorial Cooperation Framework on Energy Efficiency Standards and Regulations

May 2024

Introduction

Regulations continue to be one of the most effective policy tools available to advance energy efficiency, energy savings and GHG emissions reductions. Through the Energy Efficiency Regulations 2016, the federal government requires energy-using products that are imported or shipped inter-provincially for the purpose of sale or lease to meet prescribed energy efficiency standards. The jurisdictions of British Columbia, Manitoba, Ontario, Quebec, Nova Scotia and New Brunswick also regulate the energy efficiency standards for products manufactured and distributed within their territories. The federal and provincial regulations are amended to add or update energy efficiency standards, testing standards, prescribed information and verification requirements to advance each jurisdiction's goals and policies on energy consumption, green gas house emissions (GHG) reductions, among others.

Federal, provincial, and territorial governments recognize the importance of advancing cooperating on energy efficiency standards to continue the regulatory work in a more coherent, consistent, and transparent manner across Canada while achieving goals for energy efficiency and climate change mitigation.

A. Issues and Outcomes

Unnecessary regulatory divergences across jurisdictions on energy efficiency or testing standards of products may lead to duplicative requirements for industry which can ultimately impose a cost on consumers and businesses. While the federal and provincial governments have been cooperating on regulatory development since their respective regulations were put into effect in the nineties, the proposed cooperation framework enhances coordination efforts in those spaces where working together can deliver more than unilateral actions by individual jurisdictions.

The expected outcomes of implementing the framework are the averting of unintended regulatory divergences, seizing opportunities to support provincial and territorial energy or capacity saving targets and driving further the reduction of energy use, GHG emissions and the energy cost for businesses and consumers.

By working together to leverage federal, provincial and territorial efforts, all jurisdictions would be in a better position to harness the immense potential that energy efficiency standards hold in steering Canada towards a net-zero economy.

B. Activities and Deliverables

In 2021, Manitoba proposed to the RCT to develop a cooperation item to improve collaboration by federal, provincial and territorial jurisdictions on energy efficiency regulations.

¹ Quebec did not participate in the drafting of this (report) / (cooperation framework) and it does not endorse its content in any way.

The Steering Committee on Energy Efficiency (SCEE) was tasked with delivering upon the 2021–2022 Regulatory Reconciliation and Cooperation Table (RCT) workplan¹: *“Develop a framework to cooperate when developing or modifying energy efficiency standards or test procedures; and address regulatory differences to reduce significant obstacles, if any, to trade across provincial and territorial border. Cooperation on energy performance of energy using products and products that affect the use of energy is desired to prevent unnecessary differences that could create burden for industry and create internal trade obstacles, but successful efforts at harmonization should not diminish the ability for each jurisdiction to make progress on their energy efficiency objectives.”*

SCEE is a collaborative body comprised of federal, provincial and territorial energy efficiency representatives that has among its objectives to work towards advancing and coordinating energy efficiency in each jurisdiction and to encourage collaboration on programming to achieve green house gas (GHG) emission reductions in concert with energy savings.

During 2022 and 2023, a SCEE regulatory working group of representatives from British Columbia, Manitoba, Ontario, Nova Scotia, New Brunswick, and the Office of Energy Efficiency at Natural Resources Canada worked collaboratively to prepare two deliverables: the Cooperation Framework on Energy Efficiency Standards and Regulations and the corresponding action plan for the year 2024. The initial deadline for the task was December 2023, but on request of the working group, the transmittal to the RCT was scheduled for March 31, 2024.

Using virtual meetings and systematic email exchanges, the working group identified a common vision, principles of working together, expected outcomes, and four work streams that set the scope of the cooperation efforts. In addition, they identified under each work stream the joint priorities in which the cooperation efforts would focus in the short and mid term.

The activities and deliverables in the 2024 Action Plan were developed from the joint priorities and leverage the ongoing collaborative work taking place during existing monthly meetings of interested jurisdictions. The working group members also added items based on their jurisdictions’ interests and ongoing and planned regulatory work. Work on implementing the activities in the action plan has already started in the first quarter of 2024 in anticipation of RCT approval of the framework.

SCEE members were updated on the progress of the work throughout the two-year process and were provided opportunities to input. The framework and action plan were endorsed by SCEE members, approved by the SCEE Co-Chairs and submitted in April 2024.

Signatures are not required by the RCT. The individual provinces and territories determined the appropriate level of approval for their jurisdiction. Endorsing the cooperation framework does not constitute a commitment to participate. While the active participation of provinces and territories would enable a fruitful cooperation, each jurisdiction will determine their level of engagement.

The implementation of the 2024 Action Plan has already started with the participation of interested jurisdictions.

¹ 2021–2022 RCT Workplan – Updated, retrieved from the RCT website (accessed the 13-02-2024): <https://rct-tccr.ca/report/>

C. Stakeholders

No stakeholder participated in the preparation of the cooperation framework and the action plan for 2024.

D. Conclusion

Based on the deliverables achieved, this RCT Work Plan item is considered complete. Progress on implementation will be reported to the RCT via the action plans and regular reports to the RCT liaison. The implementation of the annual action plans will also be reviewed at the end of each calendar year and a new plan will be drafted for the following calendar year. At this time, the level of satisfaction with the state of the collaboration will be discussed and the framework could be amended as needed.



A Federal-Provincial-Territorial Cooperation Framework on Energy Efficiency Standards and Regulations

Regulatory Reconciliation and Cooperation Table

March 2024

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INTRODUCTION

The Steering Committee on Energy Efficiency (SCEE) was tasked with delivering upon the 2021-2022 Regulatory Reconciliation and Cooperation Table (RCT) workplan¹: *“Develop a framework to cooperate when developing or modifying energy efficiency standards or test procedures; and address regulatory differences to reduce significant obstacles, if any, to trade across provincial and territorial border. Cooperation on energy performance of energy using products and products that affect the use of energy is desired to prevent unnecessary differences that could create burden for industry and create internal trade obstacles, but successful efforts at harmonization should not diminish the ability for each jurisdiction to make progress on their energy efficiency objectives.”*

SCEE is a collaborative body comprised of federal, provincial and territorial energy efficiency representatives that has among its objectives to work towards advancing and coordinating energy efficiency in each jurisdiction and to encourage collaboration on programming to achieve green house gas (GHG) emission reductions in concert with energy savings. Federal, provincial, and territorial governments recognize the importance of cooperating in the development of energy efficiency standards to foster a coherent and consistent approach that bring benefits to Canadians while achieving goals for energy efficiency and climate change mitigation. This framework provides the structure and way forward to achieving greater coordination and harmonization as needed through enhanced cooperation.

This cooperation framework was collaboratively developed by a SCEE working group of energy efficiency representatives from British Columbia, Manitoba, Ontario, Nova Scotia, New Brunswick, and the Office of Energy Efficiency at Natural Resources Canada. It lays out the working group’s vision, the framework’s purpose, and the principles of working together. It identifies four issues the working group wants to help address through enhanced cooperation

¹ 2021–2022 RCT Workplan – Updated, retrieved from the RCT website (accessed the 13-02-2024): <https://rct-tccr.ca/report/>

and three related expected outcomes. Based on the former, it defines four work streams (WS) that provide the scope for the cooperation work. Under each WS, joint priorities for the short-mid term were defined, and under each, an annual action plan established activities with timelines and deliverables. The framework also includes governance guidelines. There are three annexes: the action plan, its timeline and a logic model that provides an overview.

Vision

“A future where federal, provincial, and territorial governments *effectively engage in coordinated activities on energy efficiency standards to drive actions for reducing energy consumption and GHG emissions and supporting energy transition while avoiding significant obstacles to trade* across provincial and territorial borders and allowing for each jurisdiction to make progress in their energy efficiency objectives.”

Purpose

To define how federal, provincial, and territorial governments will cooperate when developing and implementing regulations for energy using products and products that affect the use of energy to ensure that common and better coordinated processes exist among Parties to help streamline approval processes, support the improvement of energy efficiency in the residential, commercial/institutional and industrial sectors and avoid regulatory divergences that act as barriers to trade, investment and labour mobility within Canada and across country borders. Enhanced cooperation will minimize the administrative burden for enterprises working in multiple provinces and increase their energy savings, therefore, facilitating innovation, competition, or growth in emerging industries, technologies, or sectors.

Successful efforts at harmonization should not diminish the ability for each jurisdiction to make progress on their energy efficiency objectives.

PRINCIPLES

The principles to guide how federal, provincial, and territorial governments will work together to create an effective and coordinated regulatory system for products and develop joint priorities for cooperation.

Consistency - Governments will maximize national consistency in energy efficiency and testing standards, while recognizing provincial, territorial, and regional priorities. When balancing these considerations, governments will design regulatory requirements to minimize unnecessary burden on industry. Consistency will be informed by harmonization activities under the Canada-United States Regulatory Cooperation Council (RCC)².

Coherency - Cooperative government action will be based on common outcomes and informed by joint priorities. To the extent possible, activities will be complementary instead of duplicative, maximizing the levers and tools in each jurisdiction, while recognizing the different enabling authorities, markets and climate conditions that exist across Canada.

Beneficial - Governments will assess the economic and environmental impacts of proposed standards to understand the potential impacts on consumers and businesses and ensure that Canadians benefit from their implementation.

Transparency - Governments will be open and transparent with stakeholders in future planning and will share information regularly among governments. Governments will consult with stakeholders in the development of new policies.

² Canada-United States Regulatory Cooperation Council (RCC): <https://www.canada.ca/en/health-canada/corporate/about-health-canada/legislation-guidelines/acts-regulations/canada-united-states-regulatory-cooperation-council.html> (accessed October, 2023)

KEY ISSUES AND EXPECTED OUTCOMES

Issue — Unnecessary regulatory divergences across jurisdictions on energy efficiency or testing standards of products can hinder cross-border trade and investment, and ultimately impose a cost on citizens, businesses, and economies. When federal, provincial, and territorial governments are not coordinated, it may lead to duplicative requirements for industry to serve the national market. For example, when conformity procedures differ across jurisdictions, manufacturers may have to test an identical product more than once to sell it across Canada. This can lead to unnecessary costs, reduce the product choices available in the market, and create barriers to internal trade between provinces.

EO 1: Avoided unintended regulatory divergences that could have become barriers to trade, investment and mobility and minimized administrative burden for enterprises working in multiple provinces.

Issue — Numerous provinces and territories have mandated energy or capacity savings targets, providing an opportunity for collaboration.

Many provinces and territories have their own GHG emission reduction targets, reflecting their commitments to climate change mitigation. For example, Ontario has a target of 30% GHG emission reductions in 2030 from 2005 levels³. The Province of British Columbia is committed to GHG reductions of 40% by 2030 from 2007 levels, with a reduction target for the sector of buildings and communities of 59-64%⁴.

Some provincial and territorial regulators and utilities face challenges in maintaining a reliable, uninterrupted supply of electricity. These challenges include the management of peak demand, supply security, and the costs of developing new generation. As the demand for electricity grows—and without energy efficiency measures and to encourage conservation—consumers may face higher prices, lost opportunities for exports, and reliability issues during peak demand.

EO 2: Supported provincial and territorial energy and capacity savings targets.

³ Ontario Emissions Scenario as of March 25, 2022, page 1: <https://ero.ontario.ca/notice/019-5316#supporting-materials> (accessed October, 2023)

⁴ B.C.'s climate change targets: Climate action and accountability - Province of British Columbia (gov.bc.ca) (accessed October, 2023)

Issue — Consumer and commercial energy-using products used in the building sector contribute significantly to Canada’s GHG emissions.

In 2020, the building sector contributed 13% of total Canadian GHG emissions, about a 5% increase from the 2005 levels. Estimated emissions by 2030 are projected to be 22% lower than 2005 levels based on policies and measures in place as of November 2022⁵. Further action is needed to meet the sector reduction target of 37% of emissions from 2005 levels by 2030, which is part of the federal government committed to reducing GHG emissions by 40% below 2005 levels by 2030 and net-zero emissions by 2050⁶.

Issue — Energy efficiency improvements save money on energy bills that households can use for other needs and can increase business competitiveness.

Energy accounted for 6.6% of household consumption in 2019, an average of more than \$4,500. Almost half of it was residential expenditure, including heating/cooling spaces, lighting, and operating appliances. However, 6% of all households spent 10% or more of their income on energy and are considered energy poor. This share varies considerably across regions, with the higher proportion in the Atlantic Provinces (15%) and the lower in Quebec (4%). Between 2000 and 2019, residential energy efficiency improved by 32%, saving \$8,5 billion in energy costs.

Similarly, since 2000 the commercial and institutional sector saved \$3,2 billion in energy costs in 2019 due to an energy efficiency improvement of 13%⁷. For businesses and institutions, an improvement in energy performance translates into energy and operating cost savings and improved environmental performance, which could increase productivity and competitiveness which in turn facilitates innovation, competition, or growth in emerging industries, technologies, or sectors.

EO 3: Reduced energy use and GHG emissions and energy costs for businesses and consumers.

⁵ Data and calculations from the Canada’s 8th National Communication and 5th Biennial Report, 2022, page 251: <https://unfccc.int/documents/624782> (accessed October, 2023)

⁶ 2030 Emissions Reduction Plan: Clean Air, Strong Economy, 2022: <https://www.canada.ca/en/services/environment/weather/climate-change/climate-plan/climate-plan-overview/emissions-reduction-2030.html> (accessed October, 2023)

⁷ Energy Fact Book 2022-2023: https://publications.gc.ca/site/archivée-archived.html?url=https://publications.gc.ca/collections/collection_2022/rncan-nrcan/M136-1-2022-eng.pdf (accessed October, 2023)

WORK STREAMS

The following four work streams (WS) provide the scope for developing short-mid term joint priorities (JP). Based on the JP, the annual action plan's activities, deliverables, and timeline are identified.

WS 1: Regulatory Policy (near term)

To collaborate on product categories and technologies for which federal, provincial and/or territorial governments are developing new and/or updated standards.

- JP 1.1 Collaborate on products and activities for near term action.
- JP1.2 Working together on developing regulatory requirements for Canadian unique standards (Example: labelling for windows).

WS 2: Process Improvement

To identify, coordinate and improve regulatory development and implementation, streamline processes, and ameliorate cooperation practices.

- JP 2.1: Engagement on data sharing and analysis to understand the situation and the impact (ex: quantifying benefits) on individual provinces, between provinces, and between provinces and the federal government, including in the case of harmonization.
- JP 2.2 Establishing mechanisms for harmonization of standards.

WS 3: Reconciliation (as needed)

To address any existing regulatory divergencies where different energy efficiency standards across federal, provincial, and territorial governments are causing significant obstacles to trade and where coordinated activities can minimize or eliminate those obstacles.

- JP 3.1 Identifying areas for reconciliation.
- JP 3.2 Administrative.

WS 4: Market Transformation (longer term)

To share information and connect with other provincial and federal programs working on regulated and non-regulated product categories or technologies that need further market preparation to be considered for future regulation, while coordinating with and avoiding duplication of work.

- JP 4.1 Space heating, water heating technologies that would complement decarbonisation strategies and enable electrification.

Action Plan

The Action Plan includes planned activities among federal, provincial, and territorial governments to be completed by calendar year. Based on the WS and JP, activities, deliverables, and timeline were identified in the Action Plan (Annex 1).

Governments will prioritize their actions in areas where:

- they can more effectively achieve the expected outcomes through joint action than through unilateral action,
- there are unique Canadian circumstances that need a national approach,
- a patchwork of energy efficiency standards exists across Canada that can be harmonized.

GOVERNANCE

The active engagement from federal, provincial, and territorial governments participating in the working group will allow progress towards the expected outcomes.

The working group may invite participation from non-governmental stakeholders. They would be engaged as needed and not as full members as recommended by the Regulatory Cooperation Guidance Documents for Working Groups, page 3 (July 12, 2023, revision).

The working group decides, and updates the elements (e.g., expected outcomes, workstreams, action plan) of the cooperation framework as needed. Urgent items can be added to the action plan at anytime. They should inform RCT of any changes via the RCT liaison.

Progress on implementing the framework will be reported to the RCT via the action plans and regular reports to the RCT liaison. Details of the reporting requirement are outlined in the Regulatory Cooperation Guidance Documents for Working Groups, page 3 (July 12, 2023, revision).

The implementation of the annual action plans will be reviewed at the end of each calendar year and a new plan will be drafted for the following calendar year. At this time, the level of satisfaction with the state of the collaboration will be discussed and the framework could also be amended as needed.

ANNEX 1: ACTION PLAN

The action plan will be implemented by SCEE members that wish to participate. Natural Resources Canada and the governments of the provinces of British Columbia, Manitoba, Ontario, New Brunswick and Nova Scotia are currently participating. The implementation would leverage whenever possible existing federal-provincial monthly meetings for regulators and SCEE meetings.

A FEDERAL-PROVINCIAL-TERRITORIAL ACTION PLAN 2024

This Action Plan only includes planned activities among federal and provincial governments to be implemented in 2024, although some are expected to be completed in 2025. It will be updated every calendar year.

Work Stream (WS) 1: Regulatory Policy (near term) To collaborate on product categories and technologies for which federal, provincial and/or territorial governments are developing new and/or updated standards.		
Joint Priority (JP) 1.1 Collaborate on products and activities for near term action.		
A1.1.1	Sharing plans and updates on products and policies under consideration.	Deliverable 1: Members will share their plans, if any. Meeting minutes for record. Timeline: NRCan, January-March, annual, forward regulatory plan planning phase and other jurisdictions when plans are available.
A1.1.2	When developing or modifying energy efficiency standards or testing standards for a product, each jurisdiction shall give due consideration to adopting those already adopted or promoted by another jurisdiction.	Deliverable 2: Members to consider each other's regulations as part of its regulatory development process and will provide updates. Meeting minutes for record. Timeline: As needed
A1.1.3	Seek input from each other on each other's products and policies.	Deliverable 3: Members will continue seeking input on products and policies they are considering in ongoing regulatory work. Meeting minutes for record. Timeline: As needed.
A1.1.4	Consider impacts of regulatory policies on other jurisdictions.	Deliverable 4: NRCan to share with members planned compliance dates (if different from bulletins). Timeline: As early in the process as possible. Deliverable 5: NRCan to share with members planned regulatory text or its impacts (e.g., name change impact on incorporation by reference (IBR)). Timeline: As early in the process as possible.
A1.1.5	Identify products for which coordinated action would yield higher impact according to the principles of working together.	Deliverable 6: Members to assess their products of interest and discuss whether coordinated action would be helpful. Meeting minutes for record. Timeline: Ongoing

JP 1.2 Working together on developing regulatory requirements for Canadian unique standards (ex. Labelling for windows)

<p>A1.2.1</p>	<p>Interested jurisdictions will collaborate on proposal for windows and policy analysis coordinating efforts with National Building Code requirements as needed.</p>	<p>Deliverable 7: BC will share updates on significant actions in the Building Codes and NRCan will share any developments on standards. Meeting minutes for record.</p> <p>Timeline: October-December 2024</p>
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WS 2: Process Improvement
To identify, coordinate and improve regulatory development and implementation, streamline processes, and ameliorate cooperation practices.

JP 1.1: Engagement on data sharing and analysis to understand the situation and the impact (ex: quantifying benefits) on individual provinces, between provinces, and between provinces and the federal government, including in the case of harmonization.

<p>A 2.1.1</p>	<p>Sharing resources and models for calculating impacts.</p>	<p>Deliverable 8: List of resources and models that members could share with each other, including product market studies and NRCan data from the searchable product database. Record of resources shared.</p> <p>Timeline: January-March 2024</p> <p>Deliverable 9: NRCan will continue sharing the latest update of the market study template at members' request and incorporate data requests. NRCan will keep record.</p> <p>Timeline: At members' request</p> <p>Deliverable 10: NRCan to present CBA methodology and share supporting materials.</p> <p>Timeline: January-June 2024</p>
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<p>A2.1.2</p>	<p>Sharing updates, practices and documents on GBA+ and indigenous engagement to learn from each other.</p>	<p>Deliverable 11: Members to share what they are currently doing, including analysis tools, data collection, and challenges. Discuss collaboration opportunities. Meeting minutes for record.</p> <p>Timeline: January 2024 – onwards</p>
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<p>A2.1.3</p>	<p>Ensure documentation is accessible to all members.</p>	<p>Deliverable 12: Members explore SharePoint like tool where all documentation is stored and accessible.</p> <p>Timeline: January 2024</p>
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JP 2.2 Establishing mechanisms for harmonization of standards.

<p>A 2.2.1</p>	<p>Develop common understanding of jurisdictions' authorities including their processes for regulatory amendments.</p>	<p>Deliverable 13: Members to develop jurisdictions' authority comparison analysis by providing information on their own tools available or used for their efficiency standards regulation.</p> <p>Timeline: January 2024 – December 2025</p> <p>Deliverable 14: Sharing NRCan's presentation on Ministerial Regulations making process.</p> <p>Timeline: January-June 2024</p>
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WS 3: Reconciliation (as needed)

To address any existing regulatory differences where differing energy efficiency standards across federal, provincial, and territorial governments are causing significant obstacles to trade and where coordinated activities can minimize or eliminate those obstacles.

JP 3.1: Identifying areas for reconciliation.

A 3.1.1

Determine where there are differences.

Deliverable 15: NRCan can share the analysis for the Report to Parliament that compares energy efficiency requirements for federally regulated products with those of other jurisdictions.

Timeline: January 2025

Note: At members' request, the analysis could be expanded to include provinces/territories-only products with members' support.

Deliverable 16: Members to define meaning and scope of "significant obstacles" and determine where there are reconciliation opportunities (i.e., testing standards). Note: "significant" should involve extent of burden in cost. (1 pager).

Timeline: January-March 2025

JP 3.2: Administrative.

A 3.2.1

Develop guidelines for deviation from harmonization.

Deliverable 17: Members to draft guidelines for deviation from harmonization.

Timeline: July-December 2024

WS 4: Market Transformation (longer term)

To share information and connect with other provincial and federal programs working on regulated and non-regulated product categories or technologies that need further market preparation to be considered for future regulation, while coordinating with and avoiding duplication of work.

JP 4.1: Space heating, water heating technologies that would complement decarbonisation strategies and enable electrification.

A 4.1.1

Defining cooperation process and practices for working with the Canada Green Buildings Strategy (CGBS).

Deliverable 18: Determining what the role of this group will be after the strategy is finalised.

Timeline: January-March 2024

ANNEX 2: TIMELINE

Jan-Jun 2024

1. NRCan to share their plans (by March).
8. List of resources and models the members could share with each other (by March).
10. NRCan to present CBA methodology.
11. Members to share what they are currently doing on GBA+ & indigenous engagement, including analysis tools, data collection, and challenges. Discuss collaboration opportunities. (ongoing afterwards)
12. Members explore SharePoint like tool where all documentation is stored and accessible (by January).
13. Members to develop jurisdictions' authority and tools comparison analysis (deadline March 2025).
14. NRCan to share Ministerial Regulations process.
18. Determining what the role of this group will be after the CGBS strategy is finalised.

Jul-Dec 2024

7. BC will share updates on significant actions in the Building Codes and NRCan will share any developments on standards. (starting October).
17. Members to draft guidelines for deviation from harmonization.

Jan-Mar 2025

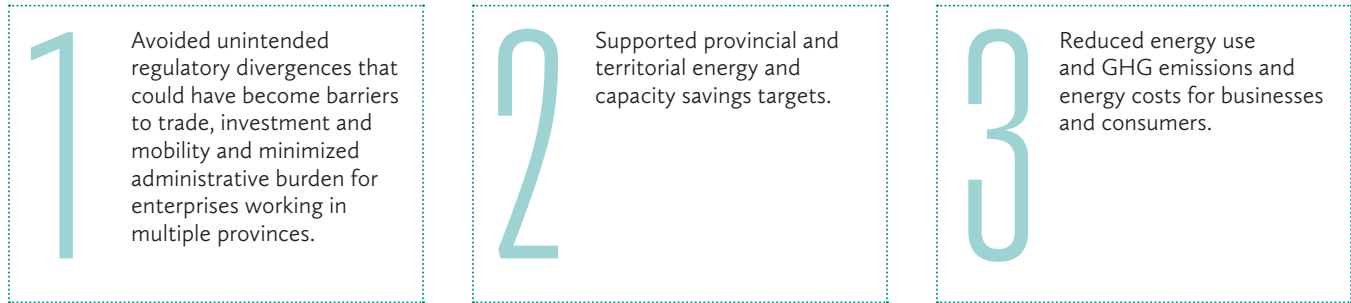
15. NRCan to share the analysis for the Report to Parliament that compares energy efficiency requirements for federally regulated products (by January)
16. Members to define meaning and scope of "significant obstacles" and determine where there are reconciliation opportunities.

List of activities and deliverables without a precise date or ongoing:

1. Members will share their plans, if any, when they are available.
2. Members to consider each other's regulations as part of its regulatory development process and provide updates.
3. Members to continue seeking input on products and policies considered in ongoing regulatory work.
4. NRCan to share with members planned compliance dates (if different from bulletins)
5. NRCan to share with members planned regulatory text or its impacts (e.g. name change impact on IBR).
6. Members to assess their products of interest and discuss whether coordinated action would be helpful.
9. NRCan will continue sharing the latest update of the market study template on members' request and incorporate data requests.

ANNEX 3: LOGIC MODEL

EXPECTED OUTCOMES



VISION

“A future where federal, provincial, and territorial governments engage in coordinated activities on energy efficiency standards to drive actions for reducing energy consumption and GHG emissions and supporting energy transition while avoiding significant obstacles to trade across provincial and territorial borders.”

