

Masters of our Destiny

A New Foundation for Canadian Prosperity

Budget 2026 and the choices shaping Canada's climate transition.

Senators for Climate Solutions

Sénateurs pour des solutions climatiques

November 2026 ·



OVERVIEW

Sovereignty is the frame. Electricity is the foundation...

On November 5, 2026, the federal government tabled **Budget 2026: Masters of Our Destiny**. Climate policy appears inside its economic-sovereignty story rather than beside it, with more than $50 billion of measures to expand, connect and finance the grid.

A new framework — Build, Switch, Transform, Innovate — organizes the government's climate and energy agenda. The budget maintains its 2050 net-zero objective while proposing greater flexibility under the Clean Electricity Regulations. At the same time, it advances a new West Coast oil pipeline alongside commitments to carbon capture.

This note examines the budget through a climate lens: where investment can accelerate decarbonisation, where it strengthens resilience, and where other policy choices complicate progress.

> **“The nations that master electricity will own the 21st century.**
>
> — Budget 2026, Chapter 1

FOUR PILLARS

Climate is framed as Build, Switch, Transform, Innovate - The weight sits on Build.

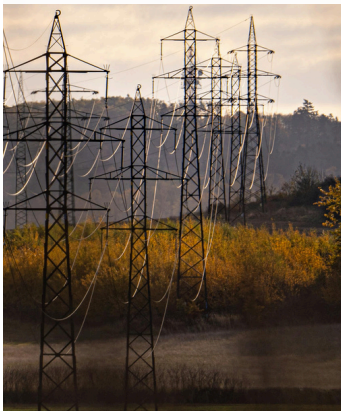
BUILD
Clean, reliable electricity

IN THE BUDGET

Credits to 2040 : $4B grid and renewables; $6B new generation; $1.6B North; $518M nuclear.

CLIMATE LENS

Strongest on investment certainty. Proposed changes would allow greater near-term use of natural gas and offsets.



SWITCH
Electrify transport, buildings

IN THE BUDGET

Heat pump rebate for up to 820,000 homes; funding for up to 55,000 EV chargers.

CLIMATE LENS

Can lower household costs and emissions, but Tailpipe standards were realigned, which critics say hurts EV access.



TRANSFORM
Waste less energy

IN THE BUDGET

SHIFT renewed at $400M over 7 years; Energy Efficiency Act amendments.

CLIMATE LENS

Energy efficiency offers cost-effective emissions reductions, yet receives comparatively modest dedicated funding.



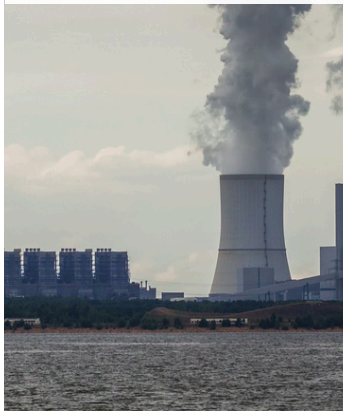
INNOVATE
Clean fuels and technology

IN THE BUDGET

Hydrogen, clean manufacturing and CCUS credits remain; clean-tech program renewed.

CLIMATE LENS

Existing tax incentives provide continuity, but new dedicated funding for clean technology remains less prominent.



THE ROAD FROM HERE

End 2026
Draft sustainable investment criteria

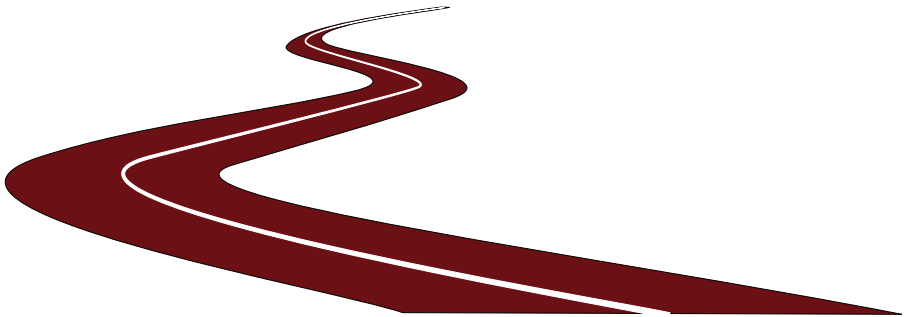
Jan 2027
Fuel excise relief ends; full rate returns Apr 1

Feb 2027
Sustainable Finance Conference

2027-28
Most new funding starts

2040
Extended tax credits end

2050
Net-zero electricity; grid capacity doubled



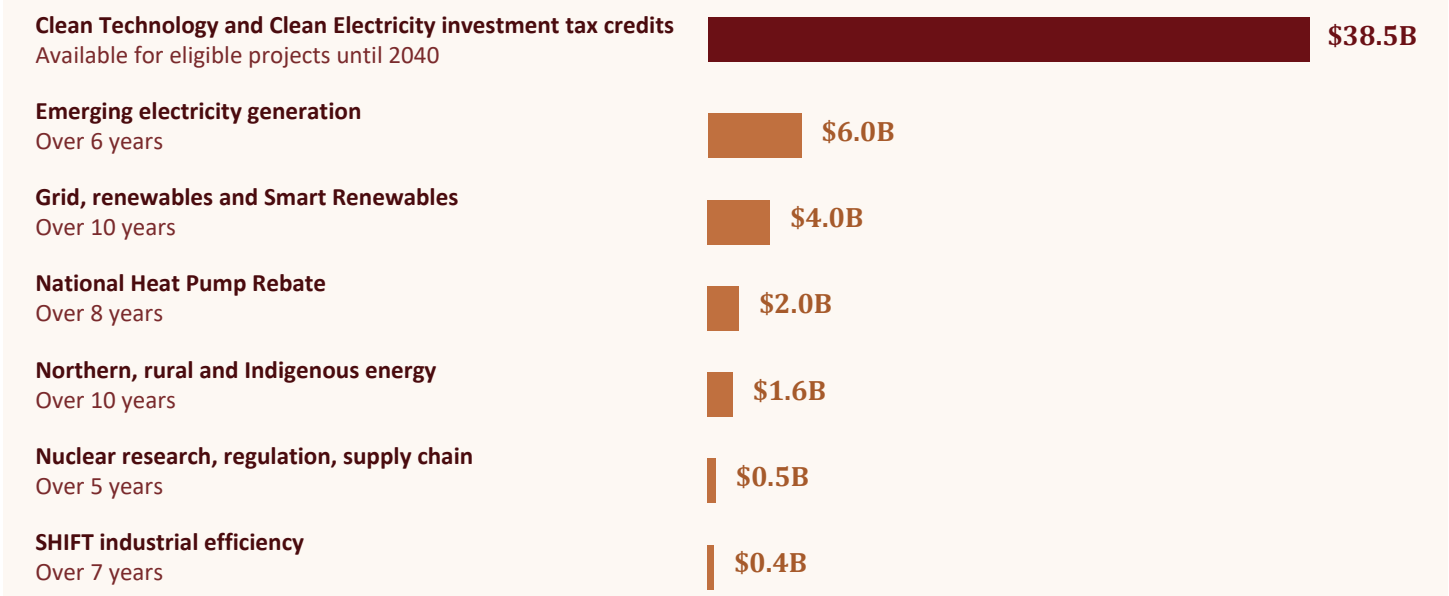
FOLLOWING THE MONEY

The largest commitment is tax-credit certainty, with most of its projected cost falling after 2031.

Budget 2026 frames climate action as an economic competitiveness strategy rather than a regulatory exercise. The path to net-zero is investment-led: expand clean electricity, electrify end-uses, improve efficiency, and scale Canadian clean technologies.

Its climate agenda rests on **one proposition**: Canada's electricity advantage, natural resources and industrial capacity can underpin a more prosperous, self-reliant and lower-carbon economy.

CLIMATE MEASURES AND PROJECTED FISCAL COSTS



When The Tax Credit Lands



$2.4B before 2031-32

$36.1B from 2031-32 to 2041-42



$50B+

in measures to expand, connect and finance the electricity system

2×

electricity demand expected by 2050

~80%

of today's grid is already non-emitting

820,000

households targeted by the heat pump rebate

4.5M hectares

burned in the 2026 wildfire season

DOES IT ADD UP?

What the numbers do not yet show

1 The trajectory

Current projections put Canada's 2030 emissions reductions at approximately 21% below 2005 levels under existing measures, rising to 28% with additional measures. Both remain short of Canada's 40-45% target. The budget adds no new oil and gas regulations and does not raise industrial carbon prices. The bet is that electrification, efficiency and clean technology will bend the curve while keeping Canada competitive.



21% with measures **28%** with additional **40-45%** target

2 The timing

Much of the projected tax-credit cost falls after 2031–32. In the near term, progress will depend on the implementation of existing programs, the strength of industrial carbon pricing, and the pace of household adoption of heat pumps and EV charging.

3 The adaptation gap

Adaptation funding is present, but the budget's most visible commitments focus on emergency management and recovery. Dedicated investment in proactive risk reduction and community-level resilience is less prominent. After a 4.5-million-hectare fire season, who funds local adaptation remains an open question.

$2.5B
waterbomber financing

$865.6M
on-reserve emergency response, 2026-27

$3M
Flood Risk Finder, one year

THREE QUESTIONS OF ALIGNMENT

Three places where the budget pulls in two directions at once.

A Pipeline, carbon capture and the 2050 goal

+	–
Pathways carbon capture and other Oil Sands Alliance commitments are credited with 16 million tonnes of reductions a year.	Pacific Link, a one-million-barrel-a-day pipeline, is now a national-interest project. Carbon capture can reduce emissions intensity without necessarily reducing total emissions from the sector.

B Carbon pricing, rules and fuel taxes

+	–
Ottawa will update the industrial carbon-pricing benchmark and work with provinces and territories toward greater alignment and potential market linkages, while retaining its 2050 net-zero objective.	The consumer carbon price is gone, fuel excise relief runs to January 2027 ($5.3B in 2026-27), and the electricity rules allow longer gas operation and more offsets.

C Adaptation and wildfire

+	–
$865.6M in 2026–27 and $446.2M ongoing for First Nations emergency management; up to $2.5B in waterbomber financing; and $3M to maintain the Flood Risk Finder.	New funding prioritises emergency response, while investment in long-term risk reduction and community-level adaptation remains comparatively limited.

+ PULLS TOWARD CLIMATE GOALS	– PULLS AWAY OR COMPLICATES

The common thread: *Budget 2026 is strongest where climate and competitiveness agree, and quietest where they do not.*

INDUSTRY AND RESOURCES

New money for efficiency, minerals and forests, with the carbon price still to be set.

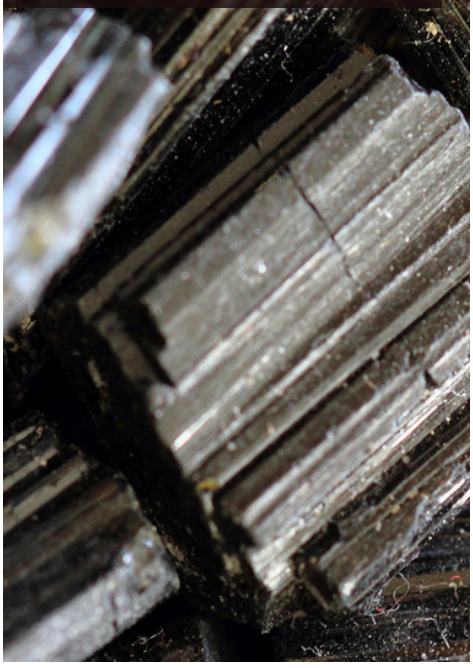
Industry and carbon

$400M over seven years from 2027-28 renews SHIFT for industrial energy efficiency. The Industrial Research Assistance Program Clean Technology Initiative is renewed. Ottawa will update the industrial carbon pricing benchmark and explore linking provincial carbon markets. Clean Fuel Regulations, the Energy Efficiency Act and the Deep Retrofit Accelerator are all being amended or renewed. Hydrogen, clean manufacturing and carbon capture tax credits remain.



Critical minerals

Renewal of the Canadian Critical Minerals Strategy: $424.4M over four years from 2027-28. Mineral exploration tax credits extended to March 31, 2032, adding antimony as an eligible critical mineral, worth $956M over five years. The $2B Canada Critical Minerals Accelerator has made its first deal, backing Teck's $850M Trail expansion alongside $400M from the Canada Growth Fund. Helium gets oil and gas style tax treatment.



Forests

A $6.5B package over six years from 2027-28: $500M for fibre supply and forest stewardship, $2B to modernise mills and add higher-value products, and $4B in financing through a Forestry Sector Accelerator that includes biorefineries and biofuel facilities. The sector employs nearly 200,000 people and added $29.7B to GDP in 2025. Tla'amin Nation is buying a forest operation with a federal loan guarantee.



SKILLS AND JOBS

The Youth Climate Corps will help more than 2,000 young people into climate and emergency management careers. Team Canada Strong aims to add up to 100,000 Red Seal tradespeople by 2031, as 1.4 million skilled trades workers are needed by 2033.

SUSTAINABLE FINANCE

Draft Made-in-Canada sustainable investment criteria for electricity, transportation and buildings are due by the end of 2026. A federal Sustainable Bond Framework is coming, and the Canadian Climate Institute hosts a Sustainable Finance Conference in February 2027. Pension-plan climate disclosure rules continue.

NATURE AND RESILIENCE

Nature protection and climate resilience face different funding priorities.

1 PROTECTING NATURE

OCEANS PACKAGE

$1.2B

over four years from 2027-28

Coastal safety as marine traffic grows

$740M

Northern Shelf Bioregion reconciliation agreement

$186M

Marine ecosystems and species

$136M

Marine conservation targets

Goal: protect 30% of marine and coastal areas by 2030

$282.7M
over 11 years two new National Marine Conservation Areas

$19.7M
for up to three additional National Marine Conservation Areas in the North

$3.6B
over 10 years for Parks Canada's assets

2 PREPARING FOR CLIMATE IMPACTS

Emergency response and recovery	
$865.6M	in 2026-27 and $446.2M ongoing for on-reserve emergencies
$2.5B	in financing for additional waterbombers
$520M	to rebuild Jasper National Park

Prevention, preparedness and knowledge	
$7.8M	ongoing for First Nations wildfire protection
$7M	ongoing for the First Nations Fire Protection Strategy
$3M	to maintain the Flood Risk Finder
$4M	over four years for the Canada in a Changing Climate assessment



3 THE ADAPTATION GAP

+0.9°C

more warming expected by 2040 in every scenario

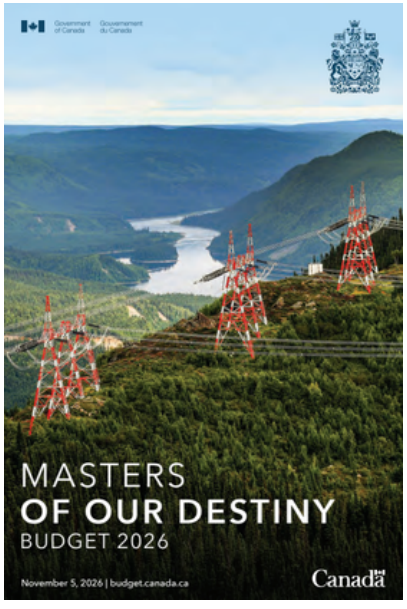
The budget recognizes growing climate risks, including a 4.5-million-hectare wildfire season. However, its most visible resilience commitments focus on emergency response and recovery, while dedicated investment in prevention and community-level adaptation remains less prominent. With warming already locked in, resilience investment will be necessary regardless of the emissions pathway.

QUESTIONS AND ADDITIONAL READING

IF YOU ONLY HAVE 30 SECONDS...

- **Powering the grid:** More than $50B in broader electricity-system measures, including $6B for emerging generation and extended clean-energy investment tax credits.
- **Households and transport:** A national heat pump rebate targeting up to 820,000 households and funding for up to 55,000 additional EV chargers.
- **Energy policy:** Greater proposed flexibility under the Clean Electricity Regulations, alongside a new West Coast oil pipeline.
- **Industry:** $400M to renew industrial energy-efficiency support, with the future industrial carbon-pricing benchmark still to be determined.
- **Resilience:** Significant emergency-management and recovery commitments, but less prominent investment in proactive, community-level adaptation.

Read the Budget 2026



QUESTIONS WORTH ASKING

1. How much of the $38.5B tax-credit extension is expected to generate additional investment, rather than support projects that would proceed anyway? How will uptake and emissions outcomes be reported?
2. Following the proposed changes to the Clean Electricity Regulations, what year-by-year pathway (annual emissions and non-emitting-share milestones) will show progress toward net-zero electricity by 2050?
3. How will the claimed 16 million tonnes of annual reductions from Pathways and related commitments be independently verified, and how will they be reflected in Canada's national emissions accounting?
4. Beyond emergency response and recovery, what funding will help municipalities, Indigenous communities and other local governments invest in long-term climate adaptation?

Some Reactions to the Report

The budget reiterates the government's commitment to net zero and defines a new framework for delivering on that goal; tracking progress will be critical. The categories are sound elements of a net zero transition: Building clean electricity, shifting to electricity, transforming energy systems to waste less energy, and innovating and scaling new technologies. This framework broadly aligns with new work the Climate Institute is launching soon on tracking concrete measures of progress toward clean growth. The next challenge will be tracking progress and ensuring the scale and pace of policy is proportional to the change necessary to deliver on net zero.
-Dale Beugin, Executive Vice President, Canadian Climate Institute

Today's federal budget marks a significant step forward for Canada's path to electrification, including investments in transmission, electric vehicle charging networks, and reducing diesel dependence in northern communities. After decades of underinvesting in our electricity system, today's budget recognizes the investment and breadth of action needed to build a more resilient, affordable, and secure system.
- Chris Severson-Baker, Pembina Institute, Executive Director

Investments and regulations should go hand in hand. The cover of this year's budget tells only half of the story. Building a net-zero economy requires action to diversify away from costly infrastructure that risks holding us back. The Carney government continues to prioritize costly fossil fuel projects that risk leaving Canada behind, like subsidizing the Pacific Link Pipeline and creating new incentives that continue to benefit the expansion of oil and gas. ***- Caroline Brouillette, Executive Director, Climate Action Network Canada***

Nation-building investments should now focus on building the clean electricity infrastructure and industrial capacity needed to power Canada's economy and strengthen its competitive edge in the global clean economy, rather than continuing to subsidize fossil fuel infrastructure ***- Patricia Fuller, President and CEO, IISD***

Some Reactions to the Report

CCPA
CANADIAN CENTRE for POLICY ALTERNATIVES
CENTRE CANADIEN de POLITIQUES ALTERNATIVES

We do want that long-term certainty, especially for utilities and major investors who have to make these decisions over decades ... The problem is they don't scale up very quickly, which means we might not see the investment we need for a few more years.. Especially when it comes to climate change, every year counts. ***- Hadrian Mertins-Kirkwood, Senior Researcher, Canadian Centre for Policy Alternatives***

DAVID SUZUKI FOUNDATION
One nature.

Alongside the historic investment in clean electricity, Budget 2026 includes funding for energy-efficient retrofits and heat pumps that will help households reduce costs and greenhouse gas emissions. It also includes more than $300 million to establish and operate two new National Marine Conservation Areas, which will get Canada closer to its target of protecting 30 per cent of Canada's marine and coastal areas by 2030. However, gaps remain when it comes to scaling up funding to meet Canada's nature commitments and tackling plastic pollution. With the government investing in expanding forestry and mining, we need strong legal guardrails to protect nature and uphold Indigenous rights, yet in Bill C-39 the government is proposing to unravel these very protections. ***- Lisa Gue, National Policy Manager, David Suzuki Foundation***

Climate Caucus

The federal government's commitment to clean electricity is crucial to our country's success in the 21st century. This budget is an important signal for municipalities currently struggling with the very high costs of gas and oil, as well as Canadians everywhere. The electrification of Canada's economy will lead to increased job creation, greater affordability and healthier communities. Let's be clear: our country cannot be master of her destiny without our communities being masters of theirs. Canada's strength lies in its communities. ***- Zoe Grams, Executive Director, Climate Caucus***