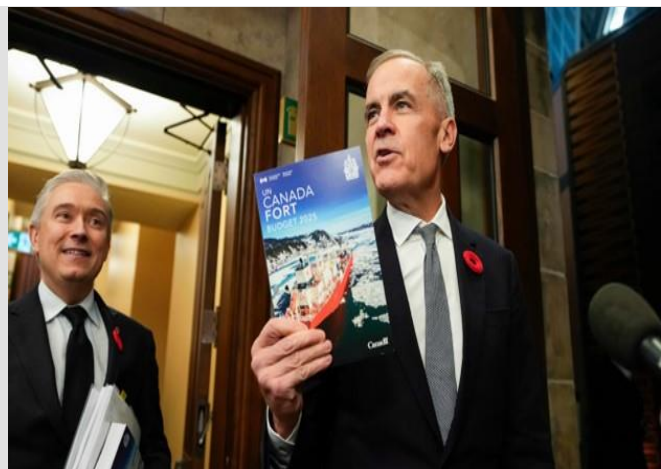




Budget 2025 Briefing Note: Climate Highlights

Introduction

The 2025 Budget was tabled on November 4th, 2025, and is linked [here](#). Minister Champagne's speech on the 2025 Budget can be found [here](#). Senators for Climate Solutions provides a briefing note on all federal budgets and economic statements. We extract the climate related highlights of the budget without making commentary and we provide some early stakeholder reactions at the end of the note.



Source: [CBC](#)

At a time with significant global economic challenges, Budget 2025 proposes many investments and strategies towards a clean economy through the Climate Competitive Strategy. Additionally, in Canada, youth job opportunities are at a low point, Budget 2025 creates many job opportunities for young people, through initiatives like the Youth Climate Corp.



Budget 2025 indicated that Canada's natural resources, workforce, and commitment to fighting climate change positions the Country to surpass economies that fail to adapt. The government will explore initiatives such as nuclear energy, electricity grid interties, and investments in low-carbon fuels such as hydrogen, renewable energy, high-speed rail, and critical mineral development. projects

Budget 2025 introduces and funds many climate-related initiatives, such as:

- New major projects that will develop clean energy infrastructure;
- Mobilising critical minerals projects across Canada;
- Clean Energy Investment Tax Credits
- Investing in wildfire management by strengthening aerial firefighting capacity



Climate Spotlight on: Carbon Pricing and Emissions Cap

Budget 2025 proposes that Canada remains committed to lowering emissions from oil and gas production and notes that effective carbon markets, strengthened methane regulations, and scaled deployment of carbon capture and storage (CCS) would eliminate the need to implement an emissions cap.

Strengthening Industrial Carbon Pricing

- The government will work with provinces and territories to set a post 2030 industrial carbon price path to 2050 so businesses can invest with long term clarity.
- It will improve how the benchmark is applied, ensure provincial systems stay aligned, and use the federal backstop quickly and transparently if they fall short.
- The Canada Growth Fund will continue to offer carbon contracts for difference to further strengthen long term price certainty for major investors.

Methane Regulations

The Federal Government will finalize stronger methane rules for oil and gas and landfills and will negotiate equivalency with provinces where appropriate.

Landfill Methane Regulations

Funding to Environment and Climate Change Canada to implement and enforce methane regulations for large landfills. Reducing emissions of methane, which are a potent greenhouse gas, is expected to reduce health care costs and lower health impacts from poor air quality.

Cancelling the Consumer Carbon Price

Canada cancelled the consumer fuel charge and removed the requirement for provinces and territories to have a consumer carbon price starting April 1, 2025. The Government paid its final Canada Carbon Rebate payment in April 2025.



[Source: Centre for Architecture Design, Seattle](#)



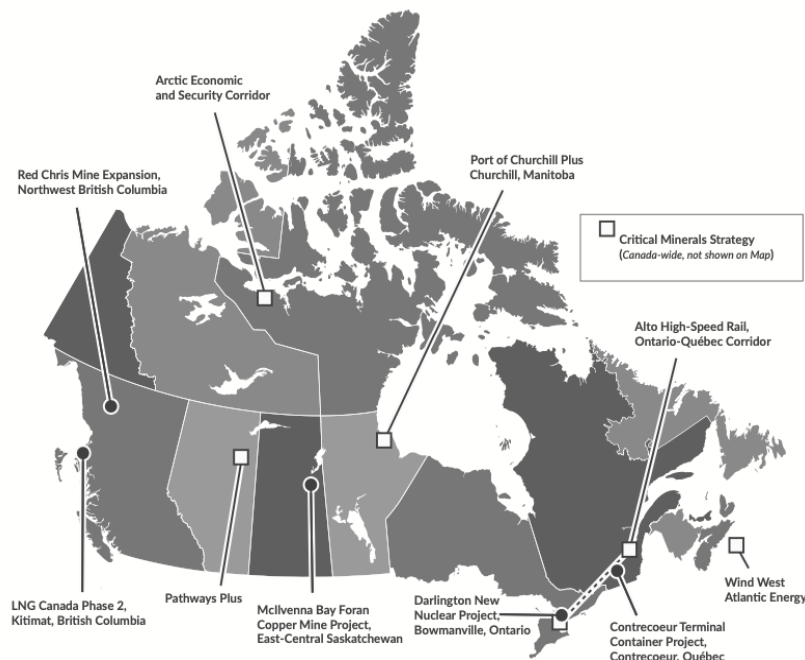
Climate Spotlight on: Energy and Natural Resources

As part of Budget 2025, the government has announced an additional series of projects that are being considered by the Major Projects Office including three cleaner energy initiatives.

- **Liquid Natural Gas (LNG) Canada Phase 2 (Kitimat BC):** Will double Canada's LNG capacity, increase private investment, diversify export markets, and supply lower-emission LNG to Asia and Europe.
- **Wind West Atlantic Energy:** Atlantic Canada has over 60 gigawatts of wind potential that can power Eastern Canada and possibly export to the Northeastern US. The MPO will give regulatory clarity to unlock investment, build interties, and grow long term renewable power capacity.
- **Darlington New Nuclear Project** (Bowmanville, Ontario): This project will make Canada the first G7 country to have an operational small modular reactor (SMR), accelerating the commercialisation of a key technology that could support Canadian and global clean energy needs while driving \$500 million annually into Ontario's nuclear supply chain. Darlington's first of four planned SMR units will provide power to 300,000 homes, while sustaining 3,700 jobs annually, including 18,000 during construction, over the next 65 years.
- In addition to these projects, the Federal Government announced funding for the **Pathways Plus project** in Alberta to enable emissions cuts in oil production.

Source: Canada Strong Budget 2025

Nation-Building Projects and Strategies





Climate Spotlight on: Mining and Critical Minerals

Budget 2025 commits to accelerating critical minerals projects to reach final investment decisions within two years, strengthening clean tech and defence supply chains. These opportunities stretch across regions like Ontario's Ring of Fire, BC's Golden Triangle, and the Slave Geological Province Corridor in the Northwest Territories.

Support Critical Mineral Projects

At the G7 Summit in Kananaskis, Canada launched the Critical Minerals Production Alliance to build trusted international supply chains for defence and advanced tech.

- Budget 2025 creates a \$2 billion Critical Minerals Sovereign Fund for strategic investments, plus \$50 million to administer it.
- Budget 2025 creates a First and Last Mile Fund with up to \$1.5 billion available to get near term projects into production and support clean energy and transport infrastructure tied to critical minerals.
- Budget 2025 also expands the Critical Mineral Exploration Tax Credit to cover 12 more minerals essential to defence, semiconductors, energy, and clean tech.

The Critical Minerals Exploration Tax Credit

Budget 2025 also expands the Critical Mineral Exploration Tax Credit to cover 12 more minerals essential to defence, semiconductors, energy, and clean tech.

Climate Spotlight on: Youth Climate Corps

Canada is investing in paid green skills training to build a workforce that can drive a climate competitive economy. Budget 2025 provides \$40 million over two years to create a Youth Climate Corps that will train young Canadians for climate response, recovery, and resilience work while also reducing youth unemployment and boosting innovation.



Source: [LinkedIn](#)



Additional Climate Information from Budget 2025:

Investment Tax Credit

The government will soon be introducing legislation to deliver the Clean Electricity investment tax credit and enhancements to the investment tax credits that have already been implemented. While legislation progresses, investors already have the certainty of retroactive eligibility:

- Government will table legislation to deliver the Clean Electricity ITC and enhancements to existing clean investment credits, with retroactive eligibility already in place for investors.
- Budget 2025 removes conditions that blocked provincial and territorial Crown utilities from accessing the Clean Electricity ITC.
- Budget 2025 extends full Carbon Capture, Utilization, and Storage Investment Tax Credit rates by five years to 2035.
- Budget 2025 adds more critical minerals to qualify under the Clean Technology Manufacturing ITC.
- Government will consult on whether to introduce a domestic content requirement for the Clean Technology and Clean Electricity

Wrapping Up the Tree Planting Program

Canada will wind down the 2 Billion Trees program, honour existing agreements, and return uncommitted funds. Canada remains committed to sustainable forest management, with nearly 1 billion trees already committed, and will shift focus to clean growth through the Clean Economy Investment Tax Credits, saving about \$0.2 billion over four years.



[Source: Elite Tree Care](#)

Mobilising Capital for Transition to Net Zero

- Budget 2025 confirms support for arm's length Canadian sustainable investment guidelines by 2026 and will name an external organization to lead this work by the end of 2025.
- Budget 2025 will explore a Sustainable Bond Framework to issue green and transition bonds aligned with the Canadian taxonomy as it is built out.
- Government will work with provinces and territories to improve climate disclosure and align with international standards.



Climate Spotlight on: Emergency Preparedness

Wildfires: Budget 2025 proposes to provide \$257.6 million over four years, starting in 2026-27, to Natural Resources Canada to lease four aircraft to bolster provincial and territorial aerial firefighting capacity.

Modernising the Meteorological Service of Canada: Funding to Environment and Climate Change Canada and Shared Services Canada to procure the next High-Performance Computing (HPC) solution for the Meteorological Service of Canada and to modernise HPC operations. This measure would benefit all Canadians through improved meteorological services. Improved weather and climate forecasting would disproportionately benefit groups that are more vulnerable to adverse impacts of extreme weather such as heat, flooding or wildfires.

Renewing Canada's National Public Alerting System: Funding to support the implementation of a new National Public Alerting System model to protect Canadians during emergency events. This funding will ensure that Canadians will continue to receive Amber Alerts and warnings of imminent natural disasters, extreme weather events and security threats so they can take action to protect themselves and their communities.

Reactions to Budget 2025

[Before Budget 2025 was released, 49 environmental groups, Indigenous leaders, and health organizations](#) called on the Prime Minister to commit no public funds to the Pathways project. Budget 2025 has indicated that there are several projects that require further development, this includes a Pathways Plus carbon storage project in the oil sands in Alberta.

The Canadian Climate Institute - [Budget 2025 takes clear steps to strengthen Canada's climate competitiveness](#): "Canada's Climate Competitiveness Strategy, announced by the federal government today, is a good first step toward ensuring Canada can succeed in this context... Swift implementation of climate competitiveness priorities will define how Canada succeeds or fails."



Mining Association of Canada – [Budget 2025 Historic for Canada's Mining Sector](#): "Budget 2025 confirms the federal government's unwavering commitment to the Critical Minerals Strategy released three years ago," stated Pierre Gratton, MAC's CEO. "These measures, taken together, send a powerful signal to the mining industry, global investors and Canada's allies that Canada is very serious about improving the competitiveness of Canada's mining industry."





Reactions to Budget 2025

Clean Prosperity – [Budget 2025 is right to focus on industrial carbon pricing for low-carbon growth](#) “This is the clearest commitment yet by a federal government to making carbon pricing the foundation of its approach to decarbonization and low-carbon investment. The government’s plan to set a carbon pricing schedule through 2050 will help give companies the confidence to make major low-carbon investments.”



Canadian Centre for Policy Alternatives – [Post-election budget could plunge Canada into another federal election](#): “The budget is a win for the fossil fuel industry on multiple fronts—and a huge loss for tackling the climate crisis.



Clean Energy Canada – [Budget 2025 has the right signals on the importance of the clean economy but fails to connect its benefits to everyday Canadians](#):

“Today’s much-anticipated budget was billed as setting a clear, consequential direction for Canada. But while Budget 2025 has some important signals, there is still work to be done to ensure Canada will reap the broader economic benefits of the energy transition and that Canadians will stand to benefit.”



Pembina Institute – [Budget 2025 sets stage for climate-competitive Canada](#):

“Canada urgently needs to build a stronger, more dynamic economy – one that is resilient to the volatile geopolitical context we’re in. In this context, recalibrating our economy to align it with the sectors that are growing fastest makes sense. With investment in clean energy now consistently outnumbering fossil fuels at a rate of two-to-one, it’s clear the smart money is on low-carbon industries and technologies.”



Sierra Club Canada – [The Emissions Cap will be a Necessary Backstop: Budget 2025 Response](#)

“Canada needs strong regulations to ensure that oil and gas corporations – who have large sums of money to spend on influence – are held to the highest possible standard of truthfulness. Today’s weakening of greenwashing rules is more than just a problem for the climate; it is a problem for the security of our democracy.”



Canada’s National Observer - [‘Climate negative’: Canada’s energy transition progress stalls in first Carney budget](#) - From its underwhelming climate

competitiveness strategy through near-static clean economy tax credits, the Liberal government’s 2025 spending plan is declared a fiscal and regulatory failure by industry observer

