

# Long-term nation-building via clean growth and Indigenous leadership

Canada's prosperity hinges on leveraging our  
strengths as a *clean* energy superpower

Chris Severson-Baker, Jessica McIlroy

August 20, 2025

## Summary

Any project or initiative deemed to be “nation-building” must be grounded in meeting Canada’s climate commitments and fully recognizing Indigenous rights and title.

This moment is an opportunity to think about “nation-building” as something broader than singular infrastructure projects, and instead to consider collective initiatives that create a long-lasting legacy, addressing the multiple challenges facing Canadians today and improving the lives of future generations.

We propose a vision of a clean economy built on a foundation of renewable energy development, significant advances in energy efficiency, and the targeted electrification of energy use in buildings, transportation and industrial processing.

## Introduction

This fall, the Canadian federal government will open a new Major Projects Office to significantly fast-track approval processes for projects deemed of national importance; those which create nation-building opportunities. Provincial and territorial governments have been asked to bring forward an initial slate of projects of interest, and lobby and industry groups and advocates have been pushing for government support of their proposals.

While this process is the result of tariff threats and trade instability with our largest trading partner, the U.S. — and is a way to support Canadian industries through this challenging time, advance economic growth, and reduce our risk from international markets — how and what we choose to fast-track and invest in can have significant positive or negative long-term consequences. We need to prioritize federal actions that will result in multi-generational legacies and not simply react to the pressures placed on us by hostile trade environments.

**Simply speeding up approvals for a few infrastructure projects does not create long-term prosperity for Canadians; we must focus on infrastructure that can directly improve lives and solve numerous crises at once.**

In this issue paper, the Pembina Institute provides guidance for determining what constitutes a nation-building project as the federal government continues to prioritize large-scale initiatives, based on the fundamental criteria of Indigenous support and clean growth, and highlights initiatives with the greatest potential of long-term benefits for Canada.

# For major projects, criteria will be key

The new federal government's mandate was based on unique circumstances. Instead of proactively setting a vision for the future, political parties and Canadians focused on defining how we should respond to external geopolitical challenges.

This defensive tone has resulted in the strongest nationalist focus in generations, with provinces, territories, and the federal government quickly moving forward to break down barriers to economic development. These actions have included fast-tracked legislation, such as B.C.'s Bill 15, Ontario's Bills 17 and 5, and the federal Bill C-5. While designed to move projects of regional and national interest forward at an accelerated pace, this legislation has elevated the importance of ensuring Indigenous rights are respected, and efforts to protect nature and address the climate crisis are not compromised. The criteria for how we choose projects of nation or regional priority now becomes critical.

On June 2, 2025, Canada's First Ministers stated their desire for provinces and territories to work with the federal government to "accelerate major projects in support of building a strong, resilient, and united Canada."<sup>1</sup> That statement included five criteria for these projects:

1. Strengthen Canada's autonomy, resilience and security
2. Provide economic or other benefits to Canada
3. Have a high likelihood of successful execution
4. Advance the interests of Indigenous peoples
5. Contribute to clean growth and to meeting Canada's objectives with respect to climate change

However, no further communications have defined these criteria or how the government will determine if they have been met. As the federal Major Projects Office is established and projects are brought forward for consideration, a comprehensive framework for decision-making will help to ensure these criteria are effective in advancing projects that are in the best interest of all Canadians.

**Ensuring any fast-tracked or government-backed project meets the criterion of advancing the clean economy and meeting climate change objectives presents the greatest opportunity of success in achieving the other four criteria.**

A clean economy built on a foundation of renewable energy development, significant advances in energy efficiency, and the targeted electrification of energy use in buildings, transportation and industrial processing will dramatically decrease Canada's reliance on volatile markets and international trade. Emission reductions at industrial and consumer levels can continue to improve air and water quality, protecting the natural environment and improving the health of

Canadians. The shift from fossil fuels to clean electricity can improve energy reliability, reduce emissions, and reduce costs from significant gains in efficiency.

## Honouring Indigenous rights and title

A collective, national focus on projects and initiatives that can create a legacy of multi-generational benefit also presents the opportunity to correct the wrongs of the past and assert and advance rights and title of Indigenous nations. Prioritizing Indigenous partnership and ownership presents the opportunity to advance clean energy projects across the country that can bring in billions of dollars of capital.<sup>2</sup> Indigenous communities and enterprises are currently the second-largest owners of clean energy assets in Canada, after utilities.<sup>3</sup>

Any initiatives or projects that come forward through federal approval processes must at a minimum adhere to the requirements of UN Declaration on the Rights of Indigenous People (UNDRIP), the Truth and Reconciliation Commission 94 Calls to Action, and the rights and title affirmed in the Constitution. **Indigenous consultation should be considered foundational, with the recognition that early and thorough consultation will allow projects to move faster and be more likely to succeed.**

## Emissions down, economy up

Building a stronger, more resilient Canadian economy can no longer be at odds with the actions necessary to reduce the impacts of climate change. Our national objectives with respect to climate change are clear: Canada is obligated to meet the terms of the legally binding Paris Agreement and the Canadian Net-Zero Emissions Accountability Act (which became law in June 2021, legislating Canada's commitment to achieve net-zero emissions by 2050). A net reduction of emissions must be a condition of any new government investment. Regulatory fast-tracking should be defined by the coordination of environmental reviews between provinces, territories and the federal government, to streamline processes and obtain more robust outcomes.

## Beyond major projects to nation-building initiatives

A nation-building project and a major project are not synonymous. Major projects are generally defined as construction or infrastructure projects that meet a significant financial capital threshold, require multiple regulatory and permitting approvals, and have a clear state of completion. While these projects are often considered to have industrial growth and job creation potential, it is not clear that this translates directly into nation-building.

Given the numerous, often interconnected crises we face in Canada — affordability, housing, health, climate — a true nation-building effort leverages our strengths to meet the moment and

create the long-term change needed to multi-solve. Initiatives that pull together projects across a broad geography of communities, with long-term market growth pathways, have the highest likelihood of being able to lower the household cost of living, advance reconciliation, reduce emissions, and address the ongoing and increasing impacts of climate change.

What if we looked at nation-building not only via single projects, with a primary proponent, location, and outcome? **What if we developed nation-building initiatives that address many societal needs at once, create a wave of economic activity and advance new Canadian industries and supply chains?**

## Electrification

A coordinated national policy of clean electrification is the nation-building exercise we need right now. Electrification is the only overarching policy that simultaneously supports economic prosperity, creates jobs, improves health outcomes, provides affordable energy, reduces carbon emissions, and helps Canadians become more resilient — to the economic impacts of trade disputes, and the physical and economic impacts of climate change. Balanced by an efficiency-first approach to domestic energy demand and end use, grid modernization incorporates variable energy resources, develops more low- and zero-carbon utility-scale and distributed energy resources, and deploys emerging technologies to electrifying most heating and transportation systems.

The supply of affordable and reliable clean electricity is key to attracting investment in the production of goods and services that modern net-zero economies around the world are demanding. Modernizing our electricity grid, building out renewables and other clean energy sources, and shifting our domestic energy demand from oil and gas to electricity will be Canada's next serious drivers of jobs and economic development. The future of Canada's electricity grid is clean, modern and well-connected, powering as many aspects of everyday life as possible — from the cars we drive, to how we heat and cool our homes, to the industries that provide jobs and prosperity across our country.

## Retrofits

Retrofitting is a high-return investment that provides Canadian families and businesses with healthier, safer homes and buildings that are more resilient to severe weather events, and more affordable to heat and cool. As Canada moves to launch major nation-building projects, we should prioritize the scale-up of a building retrofit industry that creates a long-term market for domestic skills and equipment while improving existing buildings — the majority of which will still stand in 2050.

Investments in energy efficiency and demand-side resources (rooftop solar, battery storage, or shifting energy use to lower-use times) create long-term, local jobs and attract capital, generating up to \$8 in GDP growth for every \$1 invested.<sup>4</sup>

Targeted federal funding could help expand repayable no-interest loans, and modified rules could increase private capital and ensure mortgage terms and insurance rates are more favorable when homes are retrofit (and built) to a resilient, healthy, low-carbon standard. Standards that save residents money for decades also help establish beachhead markets where early adopters thrive, demonstrating the economic and environmental value of high-performance buildings.

## EV manufacturing and charging infrastructure

We have the resources, talent and know-how to be a global electric vehicle (EV) leader — from mining and battery manufacturing to vehicle assembly. However, Canada is currently on track to being limited to the role of an exporter of critical minerals in raw form only and not a country that produces refined ore or convert refined products into batteries and EVs.

Canada must establish a domestic demand for its own critical mineral supply as well as batteries and EVs and secure a share of the global market.

If Canada doubles down on internal combustion engines as the rest of the world races ahead with more competitive, better technologies, within a decade Canada is likely to no longer have an auto industry or the critical mineral supply chain that a domestic EV industry could help to support.

To support the development of a domestic market for critical minerals and batteries, Canada must support consumers to adopt EVs for personal transport and the movement of freight by implementing a robust national plan to scale up charging infrastructure. An extensive charging network is critical to prevent market stagnation and reassure drivers they will always have accessible, reliable charging. Federal leadership in the national deployment of charging infrastructure can support domestic and international market development and the commitments to the zero-emission vehicle transition.

## Sustainable jobs

Meeting nation-building targets and creating generational opportunities will require a significant expansion of our labour market. Workers will be needed not only for major projects but also for community-based initiatives that support resilience. With the 2025 Sustainable Jobs Action Plan, legislated under the *Canadian Sustainable Jobs Act*, Canada can ensure a steady supply of skilled labour over the next five years and beyond. Designed correctly, workforce

development plans could maximize social and economic benefits for workers, their communities, and their families.

## Avoiding the pitfalls of legacy industries

While this moment calls for decisiveness, Canada must be strategic and responsible about which projects and industries we develop. We should avoid kneejerk investments we'll regret, including taxpayer backstopped fossil fuel infrastructure that risks becoming stranded assets not long after coming online.

**As the global transition to clean energy accelerates, becoming an “energy superpower” means equipping ourselves to lead in that world by reducing emissions from conventional energy production — our largest source of pollution — while directing the bulk of resources and public money for the clean energy systems of tomorrow.**

In 2025, global investment in clean energy is set to double that of fossil fuels once again, \$2.2-trillion to \$1.1-trillion.<sup>5</sup> In 2024, investment in low-carbon solutions — such as electrified transport and renewables — grew by 11%, hitting a record \$2.1-trillion.<sup>6</sup> These trends are driven by dramatic declines in the costs of new power generation and electrification technology.

This rapid growth in clean energy investment is an opportunity for skilled employment. Canada's low-carbon economy employed 430,000 workers in 2021 and could add hundreds of thousands more jobs by 2050 if the necessary actions to achieve climate targets are completed.<sup>7</sup> Meanwhile, private sector investment in the Canadian oil and gas industry has declined continuously in the past 10 years, since the price collapse in 2015; and even if prices increase, there are no new large capital investments projected in the market.<sup>8</sup> The federal government should avoid investing in historically volatile and trade exposed industries and focus on decreasing risk in these sectors by facilitating methane management and other decarbonization strategies.

## The role of the federal government

Canada is looking to build new government processes and structures around project and industry development, with limited public spending opportunities and a focus on generating revenue. The federal government plays an important role in this process by demonstrating leadership on the priorities that are of national interest. This includes **commitments made within international forums** such as the Intergovernmental Panel on Climate Change, the Convention on Biological Diversity, and UNDRIP. Another key federal role is in **convening**

**provinces, territories and Indigenous governments** to align goals and support collaboration and economic development opportunities.

**Federal regulations** have consistently been the foundation for protecting public interest, supporting economic growth in a fair marketplace, and limiting negative impacts on our natural environment. Legislative tools are also key in upholding the Indigenous rights enshrined in the Canadian constitution. Efforts to streamline regulations and find efficiencies within the operations of government should not be seen as an opportunity to shift away from our established social and environmental targets or outcomes. This should be an opportunity to remove redundancies, improve methods of consultation, and reduce unnecessary cost burdens while maintaining consistently high standards.

**Public funding** is a critical piece of providing core services, advancing equity and addressing affordability challenges. Direct public investment in nation-building initiatives must clearly meet all of the above five criteria and not subsidize sunseting industries. Effective tools include industrial carbon pricing, investment tax credits, leveraging the Canadian Infrastructure Bank, and maintaining loan programs for clean economy investments.

## Further reading

- On Bill C-5:
  - Policy brief: [Set the bar high: in time of crisis, we need excellence](#)
  - Media release: [“Canada should fast-track clean energy projects via an amended Bill C-5”](#)
- Recent Pembina Institute op-eds:
  - *National Observer*: [“Clean electrification is the nation-building project we need”](#)
  - *Hill Times*: [“The nation-building initiative of retrofitting Canada's buildings”](#)
  - *Calgary Herald*: [“Does pipeline fever mean missed opportunity elsewhere?”](#)
  - *Globe & Mail*: [“In 2025, what is an energy superpower?”](#)

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<sup>1</sup> Prime Minister of Canada, “First Ministers’ statement on building a strong Canadian economy and advancing major projects,” June 2, 2025. <https://www.pm.gc.ca/en/news/statements/2025/06/02/first-ministers-statement-building-strong-canadian-economy-and-advancing-major-projects>

<sup>2</sup> James Jenkins, “The desire for nation-building initiatives should not obscure the success of federal investment in Indigenous renewable energy projects,” *The Globe and Mail*, August 8, 2025. <https://www.theglobeandmail.com/business/commentary/article-indigenous-first-nation-renewable-energy-clean-climate/>



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<sup>3</sup> Indigenous Clean Energy, *Accelerating Transition: Economic Impacts of Indigenous Leadership in Catalyzing the Transition to a Clean Energy Future Across Canada* (2020). <https://indigenoucleanenergy.com/wp-content/uploads/2022/06/ICE-Accelerating-Transition-Data-Report-web.pdf>

<sup>4</sup> Mark Winfield, Peter Love James Gaede, and Scott Harbinson, 2020. *Unpacking the Climate Potential of Energy Efficiency* (York University). <https://sei.info.yorku.ca/files/2020/02/UnpackingTheClimatePotential-Feb22.pdf>

<sup>5</sup> Seth Borenstein, “Switch to renewable energy hits global tipping point for even lower costs, UN says,” The Associated Press, July 22, 2025. Available at <https://www.theglobeandmail.com/world/article-renewable-energy-united-nations-reports/>

<sup>6</sup> BloombergNEF, “Global Investment in the Energy Transition Exceeded \$2 Trillion for the First Time in 2024, According to BloombergNEF Report,” news release, January 30, 2025. <https://about.bnef.com/insights/finance/global-investment-in-the-energy-transition-exceeded-2-trillion-for-the-first-time-in-2024-according-to-bloombergnef-report/>

<sup>7</sup> Megan Gordon, *Recruit, Train, Retain: Fostering low-carbon industries through regional workforce planning* (Pembina Institute, 2025). <https://www.pembina.org/pub/recruit-train-retain>

<sup>8</sup> Nathan Janzen and Claire Fan, “Crude calculations: Assessing Canada’s vulnerability to oil prices,” *RBC*, June 24, 2025. <https://www.rbc.com/en/thought-leadership/economics/featured-insights/crude-calculations-assessing-canadas-vulnerability-to-oil-prices/>