

May 28, 1996

The Honourable Anne McLellan
Minister Responsible for
Natural Resources Canada
580 Booth Street, 15th Floor
Ottawa, Ontario
K1A 0E4

Dear Minister:

The Department of Natural Resources Canada recently sent the CHBA a copy of Energy Efficiency Trends in Canada (April, 1996). In this publication I noticed that you provided the forward. In it, you observe the importance of "how energy is used in Canada; how it is changing and why". Further, you say that NRCan's document "identifies and analyses the factors which have caused changes".

We note, with great surprise, that the only factor cited in the residential section relates to energy efficiency measures in building codes. We therefore are compelled to ask: What about other factors such as:

- consumer expectations and preferences?
- housing research, development and demonstration?
- public/private initiatives like R-2000?
- public policy?
- industry commitment to energy conservation, resource conservation, the environment, healthy housing?

Even leaving aside the fact that the only statistics cited are dated (1991 and 1993), the treatment in this section falls well short of a credible analysis. This presentation is very discouraging to our industry, which is being devastated in the current public policy and economic climate.

When my predecessors (Bruce Clemmensen and Ted Bryk) met with you two years ago, they were encouraged by your approach with respect to the importance and value of voluntary action in a market economy. Indeed, we have been encouraged by NRCan's continued (albeit reduced) commitment to such initiatives as R-2000 and we were enthusiastic about entering into a MOU on

Climate Change Voluntary Action. However, we seem to be seeing more actions by your department which give priority to regulatory intervention. This does not appear to be consistent with the spirit and substance of this MOU.

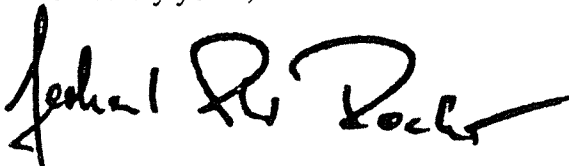
At a time when R-2000 is being choked for resources, we are watching enormous resources being channelled into the development and aggressive marketing of an energy code even though provinces are not interested in this new regulation. This is no evidence that this intervention will contribute to our collective goal, which we believe is improving the energy efficiency and environmental attributes of Canadian housing on a voluntary basis.

A long time ago, we, in the housing industry, took ownership of an agenda for change and improvement. We have good reason to be proud of our accomplishments. We want to work with government to continue to achieve common goals. In this context, the document your department has circulated is not helpful. Neither is the growing emphasis on regulation and decline in support for voluntary actions.

I believe that there are now a number of issues which could benefit from a personal clarification. I also believe that further communication with your officials on these issues will not be helpful at this time. I therefore respectfully request a meeting with you, so that we may learn your perspective and approach to these issues.

I am looking forward to hearing from you. I trust, hope, and anticipate that you will agree to a meeting at your earliest convenience.

Sincerely yours,

A handwritten signature in black ink that reads "Jerry Roehr". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Jerry Roehr
President

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CANADIAN HOME BUILDERS' ASSOCIATION
AND NATURAL RESOURCES CANADA
ON CLIMATE CHANGE VOLUNTARY ACTIONS**

PREAMBLE

The Voluntary Challenge and Registry on Climate Change (the Voluntary Challenge) is a joint initiative of Federal, Provincial and Territorial energy and environment Ministers, and is a key part of Canada's National Action Program on Climate Change. Its design is the responsibility of the National Air Issues Coordinating Mechanism. The Voluntary Challenge is being designed to include government and industry voluntary action plans to limit net greenhouse gas emissions in Canada and abroad.

This Memorandum of Understanding (MOU) between Natural Resources Canada (NRCan) and the Canadian Home Builders' Association (CHBA) is designed to support and enhance the Voluntary Challenge. It reflects the intention of the Parties to play a leadership role in limiting net greenhouse gas emissions (all gases, all sources, and all sinks) in the context of the housing industry. Both Parties recognize the importance of the residential construction sector and the contributions that the sector can make through voluntary actions to environmental solutions within the context of economic realities and Canada's global competitiveness.

In addition, both parties recognize the considerable progress which has already been achieved in the residential construction sector, primarily through voluntary action. Indeed, on average, houses built according to current practices are 20-35% more efficient (in terms of energy use per house) than houses built over the 1961 to 1977 period.

1. PRINCIPLES

The Parties agree that the implementation of this MOU will be based on the following general principles as well as on the design elements outlined in the Annex. Therefore, the Parties:

- a) recognize that Canada is committed to stabilizing greenhouse gas emissions at 1990 levels by the year 2000 and to fulfilling its obligations under the Framework Convention on Climate Change, and the National Action Program on Climate Change;
- b) will work to support these commitments consistent with meeting the economic and housing needs of Canadians, and the need to address other important environmental concerns;

- c) recognize the importance of their mutual interest in developing cost-effective and flexible voluntary actions to limit net greenhouse gas emissions, taking into account the need for enhanced scientific understanding of the issue;
- d) recognize the importance of developing Canadian voluntary actions within the context of international efforts to address this global issue;
- e) recognize voluntary measures as a very significant contributor to the achievement of public policy objectives in the housing sector;
- f) support a national approach which engages all Canadians, and which emphasizes cooperation and partnerships to encourage voluntary action;
- g) will work to identify and reduce barriers to technology application and other impediments to the promotion of voluntary actions to limit net greenhouse gas emissions in the housing industry;
- h) continue to support and promote the benefit of voluntary initiatives such as the R-2000 Program; and,
- i) recognize the value of mutual support through this MOU by supporting and maintaining current voluntary commitments to key initiatives like R-2000.

2. PARTNERSHIPS FOR ACTIONS

NRCan and CHBA will work together within their mandates and jurisdictions toward the support and enhancement of partnership arrangements with other federal government departments and agencies (particularly the Canada Mortgage and Housing Corporation) wherever appropriate on matters related to the implementation of this MOU.

3. SPONSORED HOUSING INDUSTRY ACTIONS

a. The Canadian Home Builders' Association agrees to:

- i) work with NRCan, Canada Mortgage and Housing Corporation (CMHC) and others to develop further voluntary industry sector objectives and commitments, and to develop a common understanding as how best to enhance the success of the Voluntary Challenge;
- ii) provide an ongoing forum for discussion and coordination of technical research and technology transfer, as well as diffusion initiatives which involve public and private sector representatives from across Canada (CHBA's Technical Research Committee);

- iii) disseminate information and advice on the Climate Change issue and the Voluntary Challenge to its members;
 - iv) provide other services to its members such as developing training manuals and facilitating workshops, for example:
 - working with member companies to train and educate their employees on energy conservation and environmentally sound construction practices;
 - updating initiatives like the CHBA EnviroHome program on a regular basis for use by its member companies;
 - v) in partnership with NRCan, summarize and describe industry results from the Voluntary Challenge; and,
 - vi) continue to recognize the accomplishments and successes of companies and associations in responding to climate change through its awards programs.
- b) **CHBA will encourage member companies to join the Voluntary Challenge and to continue to take actions which supports progress including:**
- i) provide relevant information on the Voluntary Challenge within the company and externally, for example in CHBA's regular PULSE Survey;
 - ii) continue to report success stories on energy savings and environmentally sound practices related to climate change, which can be publicized in CHBA's information and communication vehicles;
 - iii) become aware of and be prepared to cooperate on reporting energy use on a per unit production basis (benchmarking) through increased use of tools such as HOT-2000;
 - iv) contribute information to CHBA and NRCan to allow the development of an annual report on progress made by the industry in limiting greenhouse gas emissions; and,
 - v) assist CHBA and NRCan to identify goals and objectives related to greenhouse gas limitation, such as energy targets which could be achieved through energy efficiency.

4. NATURAL RESOURCES CANADA ACTIONS**a. NRCan will work with other government partners, particularly Canada Mortgage and Housing Corporation, to:**

- i) continue to develop the voluntary approach and encourage policy and program responses on Climate Change which build on and are consistent with such a voluntary approach;
- ii) develop the Voluntary Challenge in a manner that encourages a broad and comprehensive range of voluntary industry actions, reported in an open and transparent manner with efficient reporting methods for companies and associations;
- iii) identify and reduce to the maximum extent barriers to implementation of voluntary and cost-effective actions to limit net greenhouse gas emissions in the housing industry;
- iv) promote and cooperate in scientific, technological, technical, socio-economic and other research designed to support voluntary action in the housing industry to limit net greenhouse gas emissions, for example, Advanced Houses Project and Reno/Demo Project.
- v) develop a framework for the recognition of offsetting initiatives pertaining to the export of Canadian housing energy efficiency technology, products, knowledge and expertise to other countries; and,
- vi) provide public recognition and acknowledgement for the accomplishments and successes of companies and associations participating in the Voluntary Challenge.

b. NRCan will work with CHBA to facilitate mutual objectives through means such as the following:

- i) develop industry information reporting procedures and mechanisms to meet the information need of the Voluntary Challenge;
- ii) ensure that the Voluntary Challenge provides a fair and balanced perspective on voluntary progress being made by the residential construction sector;

- iii) develop and implement related products and services for CHBA members which might assist their undertaking activities under the Voluntary Challenge; and,
- iv) promote public information and awareness of advances and voluntary progress being made in new home construction and renovations.

5. IMPLEMENTATION

CHBA and NRCan will develop mechanisms to support this agreement including:

- i) appoint senior officials with responsibility for liaison and coordination;
- ii) establish a bilateral senior level steering committee (the Committee), to be co-chaired by NRCan and CHBA, to oversee the implementation of this MOU and to provide a vehicle for enhanced communications between the residential construction industry and the Government of Canada - for example, the Canada Mortgage and Housing Corporation - concerning climate change and greenhouse gas emissions; and
- iii) The Committee will report annually to the Minister of NRCan and to the President of the CHBA in accordance with the Annex.

6. PERIOD OF AGREEMENT

This agreement will take force upon signing by both parties and will expire on December 31, 2000 unless extended by mutual agreement. This agreement will be reviewed by both parties every two years, or as may be mutually agreed.

Dated this JAN 25 1996 day of _____, 1995.


 A. Anne McLellan


 Bruce Clemmensen

ANNEX
REPORTING & ACCOUNTING

The Parties agree that voluntary actions, undertaken within this MOU, would be reported in the following categories:

- i) voluntary actions taken by homebuilders to improve the energy efficiency of their own operations;
- ii) voluntary actions taken by homebuilders to encourage improvements in the energy efficiency of Canadian homes and/or their greater use of renewable energy e.g. Certified R-2000 Homes and Registered R-2000 Builders; and,
- iii) offsetting initiatives, which include actions taken by the Canadian Residential Industry to encourage improvements in the energy efficiency of homes outside of Canada and/or their greater use of renewable energy.

It is recognized that studies may be required to assess the extent to which the impact of the above voluntary actions can be quantified. NRCan, under advice of the CHBA, will carry out such studies as needed.