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A $2 Billion Signal: Ottawa Re-Commits to the Heat Pump

Policy Spotlight: The National Heat Pump Rebate

- **What happened.** On October 8, Prime Minister Carney announced the National Heat Pump Rebate: $2 billion to help up to 820,000 households install cold-climate heat pumps, anchoring a broader plan to retrofit one million homes (including 280,000 apartment units through CMHC and the Canada Infrastructure Bank).
  - Up to $10,000 below median after-tax income and $2,000 for all others; stackable with provincial programs
  - Income thresholds are set higher than many expect and vary by province and household size: in Ontario, a family of four qualifies for the top tier with up to $146,217 of after-tax income (thresholds linked below)
  - Open to homes converting from oil, propane, natural gas, wood or electric heat (baseboards and electric furnaces), provided the heat pump heats the whole home
  - The online portal opens in early 2027 and the program runs to March 2034. Eligible installations completed on or after November 1, 2026 may qualify retroactively
- **Designed around how furnaces actually get replaced.** About one million Canadian homes replace a heating system each year, and roughly 80% of those replacements are unplanned. This program is built to compete in that moment.
  - No energy audit before or after installation, approval targeted within 24 hours, and a heat pump that "can be installed as quickly as a furnace", in the government's words
  - Emergency installs qualify, and rented or leased heat pumps may be eligible, which matters for rental platforms
- **Durability may matter more than generosity.** Federal support has arrived in bursts since 2020: the Greener Homes Loan closed abruptly in October 2025 and the Oil to Heat Pump Affordability (OHPA) grant closed on July 31, 2026
  - An eight-year runway gives contractors, manufacturers and lenders a planning horizon
- **Broad, but not indiscriminate.** Gas-heated homes qualify, but the flat $2,000 upper tier and Ottawa's own caution that switching from gas "may not decrease heating bills" in every region point the strongest case toward oil, propane and electric-resistance homes.
- **Provinces can build on top.** Because the rebate stacks, Ottawa effectively sets a national floor and provinces decide how far above it to go. Where both levels lean in, homeowner economics improve sharply, and installer and investor attention will follow.

$2B	820K	$10,000	~$1,400
Federal funding for the National Heat Pump Rebate	Households the program is designed to support	Maximum rebate for households below median income	Avg. annual savings for homes switching from oil or baseboards

From Stop-Start Funding to a Multi-Year Runway

Oct 2025	Dec 2025	Jul 2026	Oct 2026	Nov 2026	Early 2027	Mar 2034
Greener Homes Loan closes to new applicants	Final submission date for Greener Homes Grant	OHPA grant closes to new applicants	$2B National Heat Pump Rebate announced	Retroactive eligibility window opens	Online portal opens; 24-hour approvals	Scheduled program close

After years of programs that opened and closed within a sales cycle, the industry finally has a policy horizon

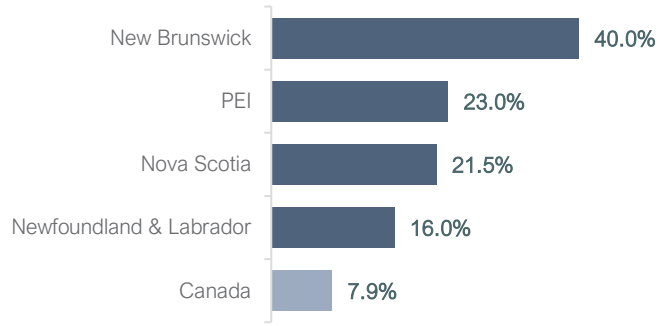
Sources: Office of the Prime Minister, "Prime Minister Carney announces landmark investment to retrofit one million homes" (Oct. 8, 2026); Environment and Climate Change Canada, National Heat Pump Rebate program page (updated Nov. 1, 2026); Natural Resources Canada, OHPA program at a glance (2026); The Canadian Press via BNN Bloomberg (Sept. 18, 2025); NRCan, Canada Greener Homes Initiative. Program parameters remain subject to final federal rules. Income thresholds by province and household size: canada.ca/en/environment-climate-change/campaigns/one-million-home-energy-retrofits.html

Beyond the Rebate: Electrification Is Becoming the Default

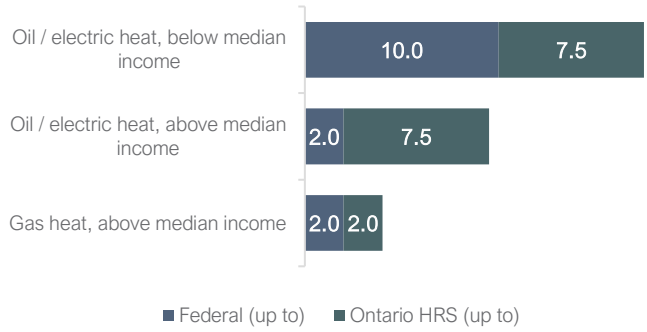
Industry Spotlight: Adoption, Economics and the Provincial Landscape

The rebate accelerates a trend rather than creating one. Canada had ~1.34 million heat pumps in 2023, close to six times the level in 2000, and they now account for ~8% of residential heating systems. Adoption is highest where the economics are clearest: Atlantic Canada, where oil heating and high electrification rates meet. The incentive structure follows the same logic.

Heat pump share of residential heating systems (2023)



Illustrative Ontario rebate stack, cold-climate ASHP ($000s)



Note: rebate stack is illustrative and assumes a fully sized system; the federal amount depends on household income and installed cost, and stacking rules have not been finalized. Adoption data: Canada Energy Regulator.

Provincial programs are evolving alongside the federal rebate

Province	Program	Status	Highlights
Ontario	Home Renovation Savings	Stable	Up to $7,500 (non-gas homes) or $2,000 (gas); pre-approval required
Quebec	LogisVert (Hydro-Québec)	Stable	Capacity-based rebates; free units for eligible low-income homes
British Columbia	CleanBC Energy Savings	Recalibrated	Income-tiered, point-of-sale rebates; amounts reduced July 2026
New Brunswick	SaveEnergyNB (NB Power)	Active	Free upgrades, including heat pumps, for households under $70,000
Nova Scotia / PEI	Efficiency NS; efficiencyPEI	Transitioning	Oil-conversion programs winding down as the federal rebate takes over
NL / Manitoba	takeCHARGE; Efficiency MB	Active	Oil-to-electric incentives (NL); free units for low-income homes (MB)

Technology is moving faster than policy

Cold-climate performance

Independent tests of leading models show efficiencies above 2x electric-resistance heat at -20°C, making whole-home heat pumps credible well beyond the mild-winter markets that led early adoption.

Whole-home electrification

Installers are bundling heat pump water heaters, smart panels, EV charging and load management, shifting the sale from a unit replacement to a home energy system.

New refrigerants

The move to lower-GWP A2L refrigerants, led by US rules effective 2025, requires code updates and technician retraining, favouring contractors with scale and training capacity.

Provinces are recalibrating as Ottawa returns, positioning the federal rebate as a common national foundation

Sources: Canada Energy Regulator, "Canada's heat pump market has grown nearly sixfold since 2000" (Aug. 12, 2026); Office of the Prime Minister (Oct. 8, 2026); Save on Energy, Home Renovation Savings; Hydro-Québec, LogisVert participation guide (Sept. 2026); Government of PEI, Heat Pumps (Jun. 2026); SaveEnergyNB; takeCHARGE NL; Efficiency Manitoba (Sept. 2026); BNN Bloomberg (Dec. 20, 2025); Regulatory Assistance Project (2023); HRAI. Provincial status reflects Origin's assessment of publicly available program information.

What It Means for Homeowners, Installers and Investors

Industry Spotlight: Stakeholder Impact and Outlook

Our view: The National Heat Pump Rebate is the most consequential federal signal for residential HVAC since the Greener Homes era, less for its size than for its design and duration. By dropping the audit, meeting homeowners at the moment of an unplanned replacement and funding the program to 2034, Ottawa has aligned the incentive with how heating equipment is actually bought. It will not, on its own, win over gas-heated Ontario or resolve winter peak constraints on every grid. But it reinforces a shift already underway, and rewards operators that pair installation capacity with program expertise, financing and service.

> "Canada strong starts in a warm home. Today, we are helping one million more Canadian households make energy efficient retrofits."
>
> — Prime Minister Mark Carney
> October 8, 2026

> "When we help families and homeowners make their homes more energy efficient, they use less energy, save more on their bills, and reduce the emissions that drive climate change."
>
> — Julie Dabrusin
> Minister of the Environment, Climate Change and Nature

Homeowners

- Up to $10,000 federally, stackable with provincial support; for an oil-heated Ontario home, combined incentives can reach $17,500
- Retroactive eligibility from Nov. 1 removes the incentive to wait, the classic stall when programs change
- Gas-heated homes face a thinner savings case; ECCC itself flags that bills may not fall

Contractors & Installers

- Eight years of visibility supports hiring, training and fleet investment that stop-start programs discouraged
- Program fluency (eligible-product lists, receipts, provincial pre-approvals) becomes a competitive advantage
- Gaps remain: air-to-water systems for boiler-heated homes are not yet covered, and technician supply is tight

Utilities & the Grid

- Winter peaks are the key planning challenge, with several utilities managing record cold-weather demand in early 2026
- NERC's 2025 long-term assessment flags elevated reliability risk in several Canadian regions as electrification lifts demand
- Expect closer pairing of heat pumps with smart controls, demand response and thermal storage

Investors & Owners

- Private equity led ~64% of residential services deals in 2025 (largely US data), up from ~37% in 2021
- Platforms are changing hands: Basalt bought Go Lime (Dec. 2025), Alphi backed RedBlue (Jul. 2025) and Enercare is reportedly in play
- Diligence will focus on incentive normalization, made easier by multi-year programs

Government & Policymakers

- Publish final eligibility, stacking rules and the product list early to keep supply chains moving
- Coordinate with provinces to avoid funding cliffs where adoption is already highest
- Pair rebates with workforce training and grid planning so supply and infrastructure keep pace

What to Watch

- Final program rules and the early-2027 portal launch
- Whether provinces backfill or retreat further, and Ontario's participation in Greener Homes Affordability
- Winter 2026-27 grid performance as heating load electrifies
- Outcome of large Canadian home services ownership processes

The question is shifting from whether Canadian homes electrify to who installs, finances and services the equipment

Sources: Office of the Prime Minister (Oct. 8, 2026); Efficiency Canada, CGHAP tracker (Oct. 16, 2026); ECCC (Nov. 1, 2026); Global News (Feb. 7, 2026); The Weather Network (Jan. 24, 2026); Capstone Partners, Residential Services M&A Report (Oct. 2026); Basalt Infrastructure (Dec. 17, 2025); Alphi Capital (Jul. 22, 2025); ION Analytics (Mar. 2026); Ontario Construction News (Oct. 15, 2026).

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