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Legislative Summary

BILL S-4: AN ACT TO AMEND THE ENERGY EFFICIENCY ACT

45-1-S4-E

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Legislative Summary of Bill S-4
(Preliminary version)

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LEGISLATIVE SUMMARY OF BILL S-4: AN ACT TO AMEND THE ENERGY EFFICIENCY ACT

1 BACKGROUND

Bill S-4[1], An Act to amend the Energy Efficiency Act, was introduced in the Senate on 26 November 2025 by the Honourable Senator Pierre Moreau. **The bill was referred to the Standing Senate Committee on Energy, the Environment and Natural Resources (ENEV), which studied the bill and proposed five amendments, only one of which is substantive in nature. The Senate adopted ENEV's recommendations, the bill passed third reading in the Senate on 2 June 2026 and was introduced in the House of Commons on 5 June 2026.**

Bill S-4 amends the *Energy Efficiency Act*[2] (the Act), which largely came into force in 1993. The Act allows Natural Resources Canada (NRCan) to regulate the energy efficiency standards of energy-using products that are bought and sold in Canada. It also allows NRCan to collect data on energy use and set requirements around labels that inform consumers about how much energy a product uses (commonly known as the EnerGuide label[3]).

The list of energy-using products and the precise standards they must meet are detailed in the *Energy Efficiency Regulations*.[4] Energy-using products include items such as household appliances, furnaces, electronics, commercial refrigerators, motors and air compressors. In spring 2026, NRCan intends to update the energy use standards of some currently regulated products and add products to the list including air cleaners, computer room air conditioners and pool heaters.[5]

Bill S-4 amends the Act in a number of ways, including but not limited to:

- ensuring that online retailers are subject to many of the same rules as physical stores selling energy-using products;
- expanding the definition of an energy efficiency standard to allow NRCan to set regulations on more aspects surrounding energy-using products;
- enabling the Minister of Natural Resources (the Minister) to provide exemptions from the Act for the purpose of fostering innovation; and
- increasing existing quasi-criminal fines and introducing two new administrative compliance and enforcement options.

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First announced in budget 2025, the government indicated that

> [a]ll Canadians are expected to benefit from this measure. While the amendments are expected to have no significant impact on greenhouse gas emissions, they are expected to provide greater investment certainty and offer legislative or regulatory efficiencies.[6]

2 DESCRIPTION AND ANALYSIS

Bill S-4 contains 27 clauses; however, only the key clauses are discussed in this summary.

2.1 TITLE (CLAUSE 1)

The long title of the Act is changed from "An Act respecting the energy efficiency of energy-using products and the use of alternative energy sources" to "An Act respecting the energy efficiency of energy-using products and the *responsible* use of energy *and energy* sources."

The new title reflects the notion that having energy efficiency standards is a responsible action, as well as a move away from thinking of low-carbon and renewable energy sources as "alternative." However, Bill S-4 does replace some instances of "alternative" with "emerging energy sources" throughout the text.

2.2 INTERPRETATION (CLAUSE 2)

Section 2 of the Act currently provides a narrow definition of "energy efficiency standard" that involves only a product's energy use. Bill S-4 expands this definition to allow NRCan to also regulate other factors such as a product's durability, its ability to work in cooperation with other energy-using products, its water conservation, and the type of energy it uses.

As well, section 2 currently describes the Act's primary actor as a "dealer" which is a person who manufactures, imports, sells or leases energy-using products. Bill S-4 adds that a dealer is also a person who advertises, offers or delivers energy-using products, which serves to cover online retailers.

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The bill creates a new actor by adding the definition of a "commercial entity," which is an individual that uses energy-using products for commercial purposes. An example of a commercial entity may be a baker that uses an industrial oven in their bakery. Bill S-4 adds the term alongside many of the references to dealers throughout the Act.

Lastly, Bill S-4 provides the definition of a label where there was not one before, and specifies that a label may either be physical or digital.

2.3 PURPOSE (CLAUSE 3)

Bill S-4 introduces an explicit purpose to the Act where there was not one laid out before. Clause 3 provides that the purpose of the Act is to promote energy efficiency and the transition to a low-carbon economy, stimulate innovation and competitiveness, foster collaboration with Indigenous peoples and provincial governments, and foster trade in energy efficient products.

2.4 TRADE IN ENERGY-USING PRODUCTS (CLAUSES 4 TO 6)

Sections 4 and 5 of the Act outline actions that are required and prohibited when a dealer ships or imports energy-using products. Bill S-4 adds the new term "commercial entity" throughout this section to ensure that rules surrounding trade in energy-using products apply to commercial entities and dealers alike.

Clause 6 of Bill S-4 also adds a new section which indicates that a dealer must not label or advertise energy-using products in a way that may give a false or misleading impression of its energy efficiency.

2.5 TEST PRODUCTS (CLAUSE 7)

Section 6 of the Act currently gives the Minister the power to examine or test any energy-using product that a dealer has shipped or imported. Clause 7 of Bill S-4 adds for clarity that it is mandatory for dealers and commercial entities to comply with any such request. Clause 7 of Bill S-4 also adds that in order to carry out an examination or test of a product to verify compliance with the Act, the Minister may request from dealers and commercial entities information, data, test results, software, digital modelling or simulation tools.

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2.6 INSPECTION AND SEIZURE (CLAUSES 10 TO 12)

Section 10 of the Act currently allows the Minister to designate inspectors who verify compliance with the Act. Inspectors can already enter a place if they believe that there is a product for which an energy efficiency standard or label has been created, or any document required under the Act to be kept. Clause 10 of Bill S-4 broadens the justification for inspections by adding that an inspector can enter a place where they believe there is any activity regulated under the Act taking place. The bill amends section 10(2.1) to provide that inspections may be done remotely via telecommunication with the knowledge of the person in charge of the place.

Section 10(3) to 10(5) of the Act already contains conditions under which a justice of the peace may issue a warrant for inspection of a private dwelling. Bill S-4 amends section 10(4) by adding that the warrant may be submitted and issued by means of telecommunication.

Sections 11 and 12 of the Act lay out the process by which an inspector may seize items if they believe a contravention of the Act has occurred. Bill S-4 amends sections 11 and 12 to allow inspectors to seize items for the purpose of verifying compliance or preventing non-compliance with the Act.

2.7 REGULATIONS (CLAUSE 15)

Section 20 of the Act sets out all the instances in which the Governor in Council may make regulations under the Act. Clause 15 of Bill S-4 indicates that in addition to the regulation of products and classes of products, systems can also be regulated. This allows for efficiency standards to apply to the combined operation of multiple energy-using products working together.

Section 20(1)(d) of the Act also indicates that the Governor in Council may make regulations in regards to testing products to determine their energy efficiency, and Bill S-4 adds that such testing may involve the use of technology such as software or digital modelling tools.

Bill S-4 adds a new section 20(3) which provides that regulations may include the *way* in which an energy efficiency standard is met, for example, through average performance across a class of products, rather than at the individual product level.

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2.8 DEFINITIONS (CLAUSES 16 AND 17)

Sections 20.1 and 20.2 of the Act provide definitions and ministerial powers associated with the harmonization of energy efficiency standards between Canada and other jurisdictions, such as a province or another country. The Act currently provides a broad definition of "harmonize," which is to make requirements correspond substantively. Clause 16 of Bill S-4 provides a more specific definition, adding that regulations can be made to correspond with the requirements of a jurisdiction or to adapt the requirements of a jurisdiction to Canada's requirements.

Section 20.2 of the Act provides that the Minister develops a technical standards document to accompany energy-using products from other jurisdictions that list the product's requirements. The technical standards document can be a reproduction of documents provided by the jurisdiction. Clause 17 of Bill S-4 adds a new document requirement called the regulatory reference document. The regulator reference document is an original document produced by the Minister which lists the regulations and standards applicable to each product or class of products.

2.9 STATISTICS (CLAUSE 20)

Section 22 of the Act currently allows the Governor in Council to require the collection of statistics from an individual regarding the purchase or sale of energy, expenditures on research and development, and the sales of energy-using products. Clause 20 of Bill S-4 expands the list of statistics that can be requested from an individual or entity to include items such as: energy bought from or sold to third parties, information collected by a smart energy device, the management or provision of energy systems, and the production of alternative fuels.

2.10 EXEMPTIONS (CLAUSE 22)

Section 25 of the Act already allows the Governor in Council to make regulations exempting any person or energy-using product from any of its provisions. Clause 22 of Bill S-4 keeps this section but adds a new one allowing the Minister alone to grant exemptions to the Act, and to do so by order rather than through the regulatory process. In the Government of Canada's news release about Bill S-4, this provision is referred to as a "regulatory sandbox."[7] According to the Government of Canada, a regulatory sandbox allows industry temporary exemptions from rules to demonstrate the real-life application of a new product or service.[8]

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Bill S-4 describes two avenues the Minister has to grant exemptions. In the first, under new section 25.1, the Minister may grant exemptions proactively for up to six months if they find that immediate action is required to: harmonize regulations with those of another jurisdiction, correct an error in the regulations, waive regulations related to the provision of information or labelling, or in any "exceptional circumstance."

The second avenue to exemptions under new section 25.2 involves an application process, where a person may apply to the Minister for an exemption of up to three years. The Minister may grant the exemption if the Minister is of the opinion that it "is in the public interest" and would "stimulate innovation, competitiveness or economic growth." The Minister must also be of the opinion that the benefits of the exemption outweigh the risks, that the health and safety of people and the environment will be protected, and that the implementation plan submitted with the application is feasible. The Minister can extend the exemption for an additional three years and can revoke an exemption if they find that the exemption criteria no longer apply.

Bill S-4 also adds a new section 25.3 which provides that NRCan must maintain a website which includes all orders for exemption, extension or revocation made by the Minister. The website must include the decision-making process and summary of reasons for each order, and a way for the public to comment on or get additional information about the order.

New section 25.2(5) indicates that a person seeking an exemption has the ability to designate information in their application as confidential if they consider it to be a trade secret, or financial, commercial, scientific or technical in nature. New section 25.3(2) provides that information deemed confidential by the applicant will not be published on the NRCan website.

Bill S-4 adds a new section 25.6 giving the Minister the ability to recover costs associated with processing an application from the applicant, and the ability to withhold the exemption until costs are recovered.

Lastly, Bill S-4 adds a new section 25.4 which indicates that the *Statutory Instruments Act*[9] does not apply to the granting of exemptions. This means that exemptions can be provided by the Minister without the usual oversight mechanisms of the regulatory process such as advance publication in the *Canada Gazette* or the possibility of review by the Standing Joint Committee for the Scrutiny of Regulations.

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2.11 CORRECTIVE MEASURES AND REVIEW (CLAUSE 22)

With regards to compliance and enforcement, the Act is currently limited to prosecuting contraventions through criminal or quasi-criminal means. Bill S-4 adds two new compliance options that are more administrative in nature. The first is outlined here, and the second is outlined below in the explanation of clause 25.

Clause 22 of Bill S-4 adds a new section 26 which allows the Minister or designated individual to order a dealer or commercial entity to stop selling or importing an energy-using product, or to take any other measure that the Minister deems necessary, if they are found in contravention of the Act. The Minister may make publicly available the name of any dealer or commercial entity that receives such an order.

New sections 26.1 and 26.2 outline that a dealer or commercial entity that receives an order to stop selling or importing a product may request a review by designated review officers within seven days of receiving the order. The review officer should complete the review within 30 days; however, the review officer can extend the review by periods of 30 days at a time, and may do so more than once. The order continues to apply during the review period.

2.12 INFORMATION SHARING (CLAUSE 22)

Clause 22 of Bill S-4 adds a new section 26.3 which indicates that in order to verify compliance with the Act, the Minister may enter into information-sharing agreements with foreign governments, agencies and intergovernmental organizations. The Minister may not disclose personal information through these agreements unless it is in the interest of public health, safety or the protection of the environment to do so. The bill specifies that the Minister is protected from all criminal or civil proceedings related to the disclosure of information in these agreements.

2.13 ENFORCEMENT OFFICERS (CLAUSE 22)

Clause 22 of Bill S-4 adds a new section 26.4 which indicates that the Minister may designate officers to enforce the Act. The enforcement officers will carry certificates of designation that they must produce on request.

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2.14 OFFENCES AND PUNISHMENT (CLAUSE 23)

Bill S-4 amends section 27 of the Act by setting out new, higher fines for criminal and quasi-criminal contraventions. The changes to these fines are summarized in the table below.

Table 1 – Comparison of Fines Between the Unamended *Energy Efficiency Act* and Bill S-4, An Act to Amend the Energy Efficiency Act

Type of Contravention	The Unamended Act	Bill S-4
Contravention of s. 4(1) (Interprovincial Trade and Importation)	Minor contravention ▪ up to $50,000 More serious contravention ▪ up to $200,000	Minor contravention ▪ First offence – up to $250,000 ▪ Subsequent offence – up to $500,000 More serious contravention ▪ First offence – up to $2 million ▪ Subsequent offence – up to $5 million
Contravention of other sections	Offences under s. 4(2), 5, 6(1), 7, 8, 11(3), 12, 23(2) ▪ Up to $10,000 Offences under other sections ▪ Up to $5,000	First offence ▪ Up to $500,000 Subsequent offence ▪ Up to $1 million
Providing false or misleading statements	All offences ▪ Up to $10,000	First offence ▪ Up to $500,000 Subsequent offence ▪ Up to $1 million

Sources: Table prepared by the Library of Parliament using data obtained from section 27 of the *Energy Efficiency Act*; and clause 23 of Bill S-4.

2.15 ADMINISTRATIVE MONETARY PENALTIES (CLAUSE 25)

Clause 25 of Bill S-4 adds a new compliance option that allows individuals designated by the Minister to impose administrative monetary penalties (AMP) for violations of the Act. As the name suggests, AMPs are administrative in nature rather than criminal and are designed to promote compliance.

New section 39 indicates that the maximum AMP for a violation by an individual is $5,000, and $25,000 in any other case. New section 41(2) indicates that notices of violation will include the following alternatives to paying the full amount of the AMP: a lesser amount that will satisfy the penalty if it is paid within a certain timeframe, the person's right to have the notice reviewed, and the option to enter into a negotiated settlement with the Minister known as a compliance agreement.

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New section 42 provides that on entering a compliance agreement, the Minister may require a person to provide a security deposit against the agreement, or may reduce the AMP in whole or in part. If the Minister is satisfied that a person has complied with the terms of their agreement, the security deposit will be returned.

New section 45 indicates that if a review of an AMP is requested, the decision of the Minister is final and cannot be pursued in court. New section 46 indicates that if an AMP is not paid, the government may pursue payment in court but must do so in under five years from the date payment became due. New section 48 provides that the Minister may make public information the name of the person who committed the violation and information about the violation itself.

2.16 REPORTS TO PARLIAMENT (CLAUSE 25)

Section 36 of the Act currently requires the Minister to report to Parliament on the administration and enforcement of the Act every year. Bill S-4's new section 56 changes the reporting period to every two years. The Act also currently requires that, every three years, the Minister demonstrates in the report how Canada's energy efficiency standards are comparable to a Canadian province, Mexico, the United States (U.S.), or a U.S. state.

At first reading, Bill S-4's new section 57 removed the option of comparing Canada's energy efficiency standards against a U.S. state. However, ENEV proposed an amendment that not only restores this option, but further broadens the original language in the Act to include comparisons against "any national or subnational jurisdiction."[10] The intent of the amendment is to monitor Canada's performance against the energy efficiency standards of jurisdictions that are pioneering in this field, as well as international competitors and trading partners.[11] This amendment was adopted at third reading in the Senate.

At first reading, Bill S-4's new section 58 added a requirement for the Minister to conduct a review of the Act 10 years after this section's coming into force, and every five years after that, and to table a report of the review in each House of Parliament. ENEV proposed an amendment, which was adopted at third reading in the Senate, that the first review of the Act should occur within five years rather than 10 years.[12] The intent of the amendment is to evaluate the impact on commercial entities sooner as they were not previously subject to the Act.[13]

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NOTES

1. Bill S-4, An Act to Amend the Energy Efficiency Act, 45th Parliament, 1st Session.
2. *Energy Efficiency Act*, S.C. 1992, c. 36.
3. Natural Resources Canada, *The EnerGuide Label*.
4. *Energy Efficiency Regulations, 2016*, SOR/2016-311.
5. Natural Resources Canada, *Forward Regulatory Plan: 2025 to 2027*.
6. Department of Finance, "Annex 6: Impacts Report," *Canada Strong*, Budget 2025, November 2025, p. 23.
7. Natural Resources Canada, *Modernizing Canada's* Energy Efficiency Act *to improve affordability and competitiveness*, News release, 27 November 2025.
8. Government of Canada, *Regulatory Sandbox*.
9. *Statutory Instruments Act*, R.S.C. 1985, c. S-22.
10. **Senate, Standing Committee on Energy, the Environment and Natural Resources (ENEV), Bill S-4, An Act to amend the Energy Efficiency Act, with amendments and observations, Third report, 27 May 2026.**
11. **ENEV, *Evidence*, 26 May 2026 (Senator Mary Coyle).**
12. **ENEV, Bill S-4, An Act to amend the Energy Efficiency Act, with amendments and observations, Third report, 27 May 2026.**
13. **ENEV, *Evidence*, 26 May 2026 (Senator David M. Wells).**