The Honourable Minister Chrystia Freeland

Ministry of Finance

fin.financepublic-financepublique.fin@canada.ca

The Honourable Jonathan Wilkinson

Minister of Natural Resources

nrcan.minister-ministre.rncan@canada.ca

The Honourable Steven Guilbeault

Minister of Environment and Climate Change

ec.ministre-minister.ec@canada.ca

February 3rd, 2022

**Re: Creating an energy efficiency program for all Canadians in Budget 2022** Dear Ministers Freeland, Wilkinson, and Guilbeault,

The signatories to this letter are energy and anti-poverty advocates, researchers, supporters, and practitioners from across Canada.

We strongly encourage the Federal Government to include funding for energy efficiency for lower income households in the 2022 budget, and to tie this funding to the following best practices:

● **Prioritize lower-income and least efficient homes for federal funding delivered in the form of no-cost and turnkey energy retrofits.**

Improving the energy efficiency of lower-income and least efficient homes reduces energy related GHG emissions, cuts energy loads and costs, locks in utility bill savings in the long-term and protects households against future increases in fuel prices.

However, many Canadian households on low, moderate, or fixed incomes lack the capital to pay for the upfront costs for energy upgrades or audits. Lower income households face higher financial pressures stemming from higher debt burdens, and therefore are less likely to access federal programs that offer low or no-interest loans to finance their energy retrofits. These barriers put such programs out of reach for households that would benefit the most from measures to reduce energy use.

To address these barriers, federal funding must target deep energy retrofits for the most inefficient and lower-income Canadian homes in the form of no-cost and turnkey energy retrofits. Successful programs with high participation rates across Canada are designed and delivered in partnership with the communities they serve, and have measures

co-ordinated and paid for on behalf of participants. Delivery agents should also be able

to access funds for health, safety, and structural upgrades that enable energy retrofit measures.

● **Funding for programs of this nature should be sufficient to allow for deep energy retrofits (regardless of fuel source), and allow for the switching to efficient, and low- to zero-carbon heating systems, including distributed and community-owned systems.**

Federal funding must ensure programs do not prescribe specific measures but are optimized to achieve the highest energy and emissions savings specific to the building market and climate conditions, regardless of the fuel type.

Depending on the market, and the current fuel of the home, electrification and switching to more efficient, distributed energy systems (like heat pumps) will immediately cut bills. However, to address concerns that electrification can also increase short-term heating costs in some markets, Federal Government investments should - wherever feasible and where climate conditions are suitable - couple fuel switching with deep energy retrofits that will achieve net reductions in energy cost burdens. Such investments will contribute to achieving dual national priorities of eliminating energy poverty while also reducing GHG emissions and reducing household exposure to increasing carbon prices.

● **Federal funding must leverage and complement – not disrupt – existing provincial and local programs to deliver deeper savings for low-income Canadians.**

Nearly every province and territory in Canada has a low-income energy efficiency program . Federal funding must leverage the delivery capabilities of such ongoing

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programs, supplement their investments and augment their ability to reduce energy poverty, cut emissions, and achieve deeper energy savings for all Canadians.

In jurisdictions without existing programs or with programs that are not achieving deep savings for low-income households, the Federal Government should seek to partner with local delivery organizations and provide support for program design and start-up. This avoids expensive, counter-productive market confusion, enables stronger community outreach, ensures federal funding achieves the desired goals, and reduces the need to spend money on design and ramp-up.

● **Develop a national strategy on eliminating energy poverty with a range of measures targeted towards specific populations and the barriers they experience.**

Canada is one of the few remaining advanced economies without a national strategy on

1 For more details, see forthcoming report on *Low-income energy efficiency programs in Canada, March 2022* from Efficiency Canada

eliminating energy poverty.2

An effective national strategy would set statutory targets for reducing energy poverty to ensure energy poverty remains high on the policy agenda for current and future governments. Targets should be aligned with national targets for GHG reductions so that low income households are full participants in the transition to a zero carbon economy. Similarly the scale of funding in national budgets should enable the required scale of effort to achieve these targets.

Such a strategy would include a diverse mix of policies to address the unique ways in which diverse Canadian households experience disproportionate energy burdens differently, and offer adequate protections to households participating in energy retrofit initiatives.

*Why energy poverty matters:*

As energy and anti-poverty advocates, researchers, and practitioners from across Canada, we believe that affordable access to energy is a basic human right and a condition for living a dignified life. No Canadian household should have to choose between eating, lighting, heating or cooling a home and other household essentials. Yet this is an everyday reality for the more than 2.8 million (nearly 1 in 5) Canadian households that experience energy poverty (i.e. spend

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a disproportionate amount - more than twice as much as an average Canadian household does - on home energy costs).

Furthermore, research shows that the odds of living in energy poverty are significantly higher

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for Canadian households that already experience other socioeconomic vulnerabilities. We are concerned that households with lower incomes, older adults, persons living with a long-term illness or disability, single parents, lone persons, renters in urban centers, and households living in rural and remote communities, older housing, and dwellings requiring major repairs, both on and off-Nation Indigenous housing are significantly more likely to experience energy poverty in Canada.

Despite the wide prevalence of - and the clear social patterns of vulnerability to - energy poverty, taking action on energy poverty remains a federal policy gap.

Currently there is no federal funding accessible to low-income homeowners and market renters to help them reduce their costs, and prepare for the anticipated surge in energy costs and

2 Out of the Group of Seven (G7) countries, only Japan and Canada do not (as yet) recognize energy poverty as a national policy priority or have a national strategy or have employed federal policy instruments to address energy poverty.

3 Energy Poverty in Canada: A Canada Urban Sustainability Practitioners Backgrounder. 2019. https://energypoverty.ca/backgrounder.pdf

4 Riva, M., Kingunza Makasi, S., Dufresne, P., O’Sullivan, K., & Toth, M. (2021). Energy poverty in Canada: Prevalence, social and spatial distribution, and implications for research and policy. *Energy Research & Social Science*, *81*, 102237. https://doi.org/10.1016/J.ERSS.2021.102237

variability in extreme weather. To this end, there is an urgent need for the Federal Government to take a leadership position in expanding the scale and scope of low-income energy efficiency.

Ending energy poverty also helps advance Canada’s social, economic and environmental priorities, including improved housing conditions, better health for everyone, a cleaner and greener future for all Canadians, and for ensuring no Canadian household is left behind in the transition to a more resilient net-zero economy. Canada must include the 2.8 million households experiencing energy poverty in the 2022 budget.

The signatories below and many other energy efficiency experts and community organizations across the country are here to work with you to design and deliver an effective approach to improve low-income households' access to energy efficiency.

Sincerely,

Aboriginal Housing Management Association

Affordable Energy Coalition

All One Sky Foundation

Canadian Environmental Law Association

Clean Foundation

Create Climate Equity

Ecology Action Centre

Ecotrust Canada

Efficiency Canada

Empower Me

Kambo Energy Group

Low Income Energy Network

Social Justice Co-operative of Newfoundland and Labrador

Sustainable Building Manitoba

Tamarack Institute

Toronto Environmental Alliance

| 3West Building Energy Consultants Inc. A-1 Window Mfg Ltd  Aboriginal Housing Management Association AI Shading  Aladaco  Alberni Valley Transition Town Society Alberta Ecotrust Foundation  Alberta Energy Poverty Roundtable  Animbiigoo Zaagi'igan Anishinaabek  Antigonish Community Energy  Antigonish Emergency Fuel Fund | Kawartha North FHT  Let’s Sprout  Lightspark  London Environmental Network  Magne Curve  Make Poverty History Manitoba  Manitoba Energy Justice Coalition  Manitoba Eco-Network  MCC Energy Strategies Inc.  McGill University  McKinnon Heating & Cooling |
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| Antigonish Poverty Reduction Coalition ASA Energy Consulting Ltd.  Bfree Design Ltd.  Blue House Energy  Braden Homes Ltd.  Brian G. Inglis Consulting  Broadbent Institute  Building Knowledge Canada Inc.  Canada Green Building Council - CaGBC Canadian Institute for Energy Training - CIET Canadian Poverty Institute  Central Food Network  Clean Air Partnership  City of Charlottetown, Office of the Mayor CLEAResult  Climate Caucus  Communities Not Cuts Manitoba  Corporate Knights  David Suzuki Foundation  Dunsky Energy + Climate Advisors  Ecofitt  Ecolighten  Econoler  Ecosaver  Efficiency Capital  EfficiencyOne  efficiencyPEI  Endeavour Centre  Energy Mix Productions Inc.  EnergyX Solutions  Environmental Defence  EOS Eco-Energy  Équiterre  FortisBC  Fourth Pig Green & Natural Construction Google Nest  Grandmothers Act to Save the Planet GASP Great Northern Insulation  Green Communities Canada  Halton Environmental Network  Harbourgreene Consulting Inc.  Heat Bank Haliburton County  Home Performance Stakeholder Council Homesol Building Solutions Inc.  HRAI-Canada  ICLEI Canada  ioAirFlow | Moore Family Business Enterprise  MyHeat  NAIMA Canada  Nerva Energy  Nova Scotia Action Coalition for Community Wellbeing  Nunavut Nukkiksautiit Corporation  Oakville Community Climate Hub  Ottawa Renewable Energy Coop - OREC Passive Buildings Canada  Passive House Alberta  Passivehouse Canada  PEI/Epekwikt Fridays for Future Group Pictou County Women's Resource and Sexual Assault Centre  Posterity Group  Prince's Trust Canada  Prince’s Trust Canada  Providence Centre for Justice, Peace, and Integrity of Creation  QUEST Canada  RDH Building Science  Real Estate Foundation of BC  Reep Green Solutions  Responsible Energy Action  Retrofit Canada  RFS Energy Consulting  Rise  RJ Roy Energy Management  ROCarbon Labs  Rushby Energy Solutions Inc.  SimpTek Technologies  Straiton Engineering  Student Energy  Sustainable Projects Group  Tamco Group Canada  Tammy Cheguis Wellness Consulting Tandem Architecture Écologique  Tate Engineering  TBL Communications  The Atmospheric Fund - TAF  The Home Inspectors Group Inc.  Thermoplast Extrusions  Thinkwell Shift  Transition Kamloops  Trellis Society for Community Impact  Vantage Magazine |
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| IOEConsulting  It's On ElectricCompany  Ivey Foundation | WestKootenayEcoSociety  WindrushFarm  YukonConservationSociety |
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