

The Honourable Minister Chrystia Freeland
Ministry of Finance
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The Honourable Jonathan Wilkinson
Minister of Natural Resources
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The Honourable Steven Guilbeault
Minister of Environment and Climate Change
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January #, 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 program¹. Federal funding must leverage the delivery capabilities of such ongoing 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 eliminating energy poverty².

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

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.

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 households³ that experience energy poverty (i.e. spend a disproportionate amount - more than twice as much as an average Canadian household does - on home energy costs).

Furthermore, research⁴ shows that the odds of living in energy poverty are significantly higher 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 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

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>

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,

Affordable Energy Coalition
All One Sky Foundation
Canadian Environmental Law Association
Clean Foundation
Create Climate Equity
Ecotrust Canada
Efficiency Canada
Empower Me
Kambo Energy Group
Low Income Energy Network