



**Efficiency
Canada**



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**Written Submission to Parliamentary Black Caucus for the Pre-
Budget Consultations in Advance of the Upcoming Federal Budget**

By: Efficiency Canada

November 1, 2022



List of Recommendations

Recommendation 1: That the Government provide funding in the amount of at least \$2 billion for equitable low-income energy efficiency support to accelerate decarbonization, develop an inclusive low-carbon workforce, reduce energy poverty, and support low-income households for a sustainable transition towards net-zero emissions.

Federal funds will be tied to objectives that support underserved, energy-poor, and under-represented racialized communities. This will include resources to reach such Black populations; enhanced program design with tailored supports to resolve specific barriers and leverage new opportunities for Black Canadians; inclusive workforce development, and enabling Diversity, Equity, and Inclusion (DEI) strategies so Black Canadians can more fully participate in the design, engagement, implementation, and enrollment in Canadian energy efficiency programs.



Lowering energy costs for Black Canadians

Efficiency Canada is a research and advocacy organization housed within Carleton University's Sustainable Energy Research Center that acts as a national voice for an energy efficient economy. We envision a future where Canada uses energy efficiency to its fullest potential. This means maximizing the benefits of energy efficiency to achieve a sustainable environment, a productive economy, and a just and equitable society. We are located on the traditional unceded territories of the Algonquin nation. We are an organization comprised of core staff as well as a wider network of experts and advocates.

This year's federal budget must consider how to help Canadians with the rising cost of living while continuing to take action on climate change to achieve net-zero emissions and reduce fossil fuel use, especially given our economy's vulnerability to future price increases. Energy efficiency is a way to make progress on both affordability and climate objectives.

However, **federal energy efficiency policy is currently leaving out most low-to-moderate income Canadians, which has a disproportionate impact on Black Canadians.** A program design tailored to regional contexts will remove participation barriers faced by Black Canadians. Furthermore, employing Black Canadians and those from traditionally underrepresented populations to design, administer, and implement the program will foster more uptake and help alleviate labour shortages in green economy professional services and the skilled trades.

Low-income Black Canadians left out of energy efficiency policy

Data from the 2016 Census¹ shows us that

- Black Canadians are nearly twice as likely compared to non-black Canadians to be a member of a low-income household.²
- The majority of Black Canadians (54%) are renters, compared to 26% of Canadians who are not a member of a visible minority.

Black Canadians are disproportionately impacted by the current federal energy efficiency and green building policies that leave out most low-to-moderate income Canadians. The draft paper on Canada's Green Building Strategy makes little to no mention of energy poverty or low-income energy efficiency, and "leaving no one behind" is missing from the plan's themes.³

The federal Greener Homes Grant and Loan programs are not a good match for low-income Canadians who cannot pay the up-front costs required to access the incentives or take on additional debt burdens. At least 1.6 million low-income homeowners and 43,000 Black Canadian low-income homeowners are left out.

Federal programs currently support affordable housing upgrades⁴, yet the vast majority of Black Canadians (76%) live in private market rental housing and not a building subsidized by affordable housing

¹ Statistics Canada, 2019. 2016 Census Public Use Microdata File (PUMF). Individuals File

² 23% of households defined as low-income by falling under Canada's Market Based Measure (MBM) are Black, compared to 13% of Canadians under the MBM who are not.

³ See <https://www.rncanengagenrcan.ca/en/content/industry-have-your-say>

⁴ The Federation of Canadian Municipalities Sustainable Affordable Housing program and the CMHC the National Housing Co-Investment Fund, and new initiatives listed as a low-income stream under the Green Homes Loan Program.



providers. These renters will be more vulnerable to extreme heat and cold events as well as unaffordable rents or bills. To alleviate low-income barriers, long-standing energy efficiency programs at provincial levels - and internationally the United States Weatherization Assistance Program - provide no-cost, turn-key upgrades to income qualified households.

On September 15th, 2022, the Minister of Environment and Climate Change announced \$250 million over four years from the Low Carbon Economy Fund, focused on helping low-income homeowners move from heating oil to greener heating sources. This initiative recognizes that a dedicated approach is needed to improve energy efficiency for low-income Canadians, and it fills a key gap by encouraging fuel switching. These funds will be focused on Atlantic Canada, restricted to fuel oil users, and potentially neglecting homes in need of significant air sealing, insulation, and other upgrades in addition to new heating systems. Electricity and natural gas usage comprise 90% of low-income energy costs, on average, in Canada.⁵ These funds will mostly focus on rural areas with higher use of oil heat, while 85% of the Black Canadian population lives in 10 larger population census metropolitan areas.⁶

Most low-to-moderate income households in Canada are still left out of federal policy that only targets fuel oil usage. However, it is now possible to build on this initiative and make energy efficiency accessible to all low-to-moderate income Canadians, regardless of what fuel they use and where they live.

Removing barriers for Black Canadians

An Efficiency Canada published report reviewed existing low-income energy efficiency programs in Canada administered by utilities, crown corporations, and governments.⁷ The report found that existing programs in the market have delivery capabilities that the federal government need not build from scratch. Yet, no program supports energy retrofits comprehensively enough to make a meaningful impact on energy bills or to meet net-zero emission objectives. There are key gaps that the federal government can fill that relate directly to reducing costs of living and meeting net-zero emission goals. Federal funds should focus on enhancing existing programs to achieve:

1. Deeper energy savings to cut bills
2. Fuel switching to zero-carbon ready fuels to achieve net-zero emissions
3. Removing non-energy barriers that prevent upgrades from happening
4. Targeting the most energy-poor and hard to reach households

We suggest that a component of priority #3 and #4 for federal funding should include specific resources to reach Black populations. This should include:

- Developing a **Made-in-Canada Energy Equity Framework** that defines and tracks key performance indicators to improve outcomes for BIPOC and environmental justice communities, modelled after a US initiative.⁸
- **Inclusive Program Reporting and Outreach** achieved through dedicated funds within the program to cover the incremental costs of enhanced racialized community stakeholder

⁵ Survey of Household Spending. Lowest income quintile average expenditure per household in Canada, shelter for principal accommodation, available at <https://doi.org/10.25318/1110022301-eng>

⁶ Black Population by CMA from 2021 Census of Population

⁷ Kantamneni, Abhilash & Brendan Haley 2022. Efficiency for All: A review of provincial/territorial low-income energy efficiency programs with lessons for federal policy. <https://www.energycanada.org/low-income-report/>

⁸ <https://energyequityproject.com/>



engagement; program design and delivery improvements; and expanded reporting on equity impacts and process evaluations.⁹

- Development, updates, and dissemination of **Equitable Program Design Best Practices** for delivery agents.¹⁰

We would like to emphasize the importance of using a regionally specific approach to target barriers most relevant to Black Canadians. National benchmarking and a one-size-fits-all application process, like the federal Greener Homes Initiative, is unlikely to have the flexibility required for specific outreach to Black communities and removal of important barriers. Compared to the **4.3%** national average, Black populations across Canada's 42 Census Metropolitan Areas (CMA) range from **1.8%** (in Vancouver) to **8.1%** (in Montreal). Racialized people are the majority in Toronto, (51.4%) and nearly half the population in Vancouver (48.9%), while in Halifax they represent only 11.4% of the population.¹¹ Regionally-specific program benchmarks and customization can ensure that all visible minority groups receive representative support in areas of greatest need.

A relevant example comes from Nova Scotia, where Black communities are ineligible to participate in energy efficiency programs because of unclear property title. There are 52 historically Black communities in Nova Scotia that trace their history to Black Loyalist settlers from the American Revolution. A systemically racist policy involved providing a certificate of occupation rather than a clear land title, which results in unclear land titles for many Black Nova Scotians today. One consequence of this historic injustice is that Black Nova Scotians in these communities cannot meet requirements to participate in energy efficiency programs. The Affordable Energy Coalition has called for an African Nova Scotian specific energy efficiency program where the requirement to have clear land title be waived. Federal funding can facilitate such a program by allowing & enabling trusted community organizations at regional levels to identify these context-specific barriers and proactively develop suitable compliance strategies to resolve them. With some federal funds already committed to Atlantic Canada, the Black Caucus could advocate for making waiving discriminatory land title requirements a federal funding condition.

A context-specific approach is also required to reach Black Canadians who rent. An energy efficiency strategy must ensure energy efficiency programs complement tenant rights and protections. We suggest prioritizing efforts in provinces and municipalities with strong protection against renovations. A strategically designed approach can use energy efficiency funding as a lever to expand tenant rights. This could include giving tenants the right to trigger energy efficiency upgrades that a landlord cannot refuse alongside a federal program offering no-cost assistance. Tenant engagement¹¹ and organizing principles should be built into program design, which can include resources to ensure tenants have access to legal representation and technical assistance.

An energy efficiency program should focus on enhancing tenant livelihoods, such as ensuring a "Right to Cooling" during extreme heat events, achieved through building envelope upgrades, energy efficient heat pumps that also operate as air conditioners, and maximum temperature thresholds that require landlords to maintain safe and comfortable indoor temperatures. Efficiency Canada is currently leading a research

⁹ See Transforming Income-Qualified Home Energy Retrofit Programs in BC, March 2021, available at https://cuspnetwork.ca/wp-content/uploads/2021/04/HomeEnergyRetrofitProgramsBC_March2021_lowres.pdf

¹⁰ [CUSP - A Guidebook on Equitable Clean Energy Program Design for Local Governments and Partners - September 2018](https://cuspnetwork.ca/wp-content/uploads/2021/04/Cadmus-USDN-Equitable-Clean-Energy-Guidebook.pdf), available at <https://cuspnetwork.ca/wp-content/uploads/2021/04/Cadmus-USDN-Equitable-Clean-Energy-Guidebook.pdf>

¹¹ See Tower Renewal: A Field Guide to Retrofits in Occupied Buildings, available at <http://towerrenewal.com/tower-renewal-a-field-guide-to-retrofits-in-occupied-buildings/>



project on tenant rights and energy efficiency that we hope will inform the design of a national low-income energy efficiency initiative.

The need to tailor programs to reach specific communities and work alongside tenant rights provisions also supports a representative regional approach that leverages existing programs, but also encourages re-design to meet federal net-zero emission and social justice priority objectives.

Creating opportunities for Black Canadians while strategically managing inflation

A low-income energy efficiency program is an ideal net-zero emission policy to manage cost of living and inflationary pressures. First, it is targeted to those most impacted by the rising cost of living. Second, energy efficiency reduces energy demand, which can put downward pressure on energy prices, and it will increase Canadian residents' resilience against any future price shocks. We also suggest strategically designing the program to manage inflationary pressures. There are also numerous co-benefits because the outreach and delivery practices for successful low-income programs integrate workforce development solutions that manage labour shortages and supply chain bottlenecks.

These coordination strategies should include neighbourhood-scale retrofits in Black Canadian residential communities, including large-scale retrofits in post-war racialized and low-income rental apartment high-rise communities.¹² This initiative can leverage existing work in Toronto, coordination and technical support from the announced federal Retrofit Accelerator and Greener Neighbourhoods Pilot Programs. The funding for low-income energy efficiency we recommend would ensure financial and other low-income specific barriers are mitigated. There are significantly higher incremental costs for the insulation upgrades and fuel switching required to achieve deeper GHG/energy /cost savings and net-zero emissions. No-cost and direct install upgrades to immediately reduce energy cost burdens and secure affordability commitments from landlords can be combined with innovative financing approaches like energy-efficiency-as-a-service and revolving loan funds.

To alleviate labour shortages, we need to create better opportunities for Black Canadians and traditionally under-represented populations to access and collaborate in the design, administration, and implementation of energy efficiency programs. Workforce training and employment strategies also facilitate program outreach and participation by building trust in target communities and breaking down language and cultural barriers. This approach will add capacity to the wider retrofit market by increasing the number of skilled professionals and tradespeople.

In the US Weatherization Assistance Program, a certain percentage of federal program funding must be invested in increasing employment, advancing enterprise creation, and improving job training of underrepresented populations¹³. The US Department of Energy also awards additional funding directly to minority focused community organizations to support workforce development of underrepresented communities through formal partnerships with labour organizations and unions, trade schools, and technical colleges¹⁴.

Specific initiatives in Canada can include:

¹² See Urban Land Institute 2020: Affordability and Resilience: The Challenge of Tower Renewal in Private Rental Apartment Buildings, available at https://americas.uli.org/wp-content/uploads/2020/12/ULI-ASP_Report_Toronto_Final_v2.pdf

¹³ Department of Energy General Guidance for Justice40 Implementation "<https://www.energy.gov/sites/default/files/2022-07/Final%20DOE%20Justice40%20General%20Guidance%20072522.pdf>"

¹⁴ <https://www.energy.gov/articles/biden-harris-administration-announces-40-million-lower-utility-costs-american-families>



- **Tailored Training Programs**, such as the Black, Indigenous, People of Colour and Mi'kmaq Energy Training Pilot projects launched in 2021 in Nova Scotia.¹⁵
- **A Rapid Upskilling Career Transitions Program** from vulnerable, low-mobility occupations to rapid-growth clean economy occupations that addresses underrepresentation of racialized groups.¹⁶
- **Matching Implementation Incentives** for SME organizations that complete comprehensive and ongoing Diversity, Equity, and Inclusion assessments and commit to achieve measurable **50-30 Challenge** progress by 2025 towards gender parity and significant (30%) representation by Racialized, Black, People of Colour, People with disabilities, 2SLGBTQ+, and Indigenous Peoples.
- **Standardized Benchmarks & Reporting** tracking racialized group/visible minority workforce progress that recognize the significant Black population density variances, focused on the top 10 Census Metropolitan Areas (CMA) where over 85% of Canadian Black populations reside.

Budget

The federal government should dedicate enough funds to demonstrate a long-term commitment that will create certainty and stable pathways for new people to enter the renovation workforce and facilitate partner involvement. The commitment must also be large enough to encourage the re-alignment of existing programs to meet net-zero emission, energy poverty, and energy equity objectives while enabling an appropriate ramp-up period from the existing level of effort.

The federal government committed \$2.6 billion under the Canada Greener Homes grant program and the Canada Infrastructure Bank earmarked \$2 billion for commercial building retrofits. At least these amounts should be dedicated to low-to-moderate income Canadians who can benefit the most from energy efficiency upgrades. \$2 billion, over four years, will provide roughly equivalent funding to the rest of Canada's low-income population as already committed to primarily assist Atlantic Canadians switch from fuel oil.¹⁷

Thus, we suggest a \$2 billion commitment in the 2023 budget is an appropriate minimum investment to achieve federal environmental/economic objectives, to demonstrate equity for low-to-moderate income households, and to enable specific and inclusive strategies that reach and support Black Canadians.

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¹⁵ <https://atlantic.ctvnews.ca/new-program-in-n-s-trains-black-indigenous-and-people-of-colour-in-energy-efficient-trades-1.5634966>

¹⁶ Future Skills Centre - Green Occupation Pathways: From Vulnerable Jobs to Rapid-Growth Careers

¹⁷ Assuming \$200 of the \$250 million is spent in Atlantic Canada & pro-rating by population below after-tax low-income measure in the rest of Canada.