

Climate and Affordability in Budget 2024

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The next budget could demonstrate to all Canadians that climate action has the ability to enhance affordability by creating a Home Energy Affordability Assistance Program for low-to-moderate-income Canadians.

The problem

Canadians with the largest affordability challenges cannot access energy efficiency through Greener Homes grants and loans due to up-front costs and administrative burdens.

The Oil to Heat Pump program restrictions won't work nationally.

- Most low-income Canadians heat with electricity.
- Insulation is needed to deliver immediate bill reductions in places like Alberta and Manitoba.

Components of a good low-to-moderate income efficiency program:

1. Free.
2. Easy to participate. Customers apply and experts directly install insulation, heat pumps, etc.
3. Marketed through trusted community organizations.
4. Immediately reduces energy bills.



Home Energy Affordability Assistance Program

The federal government should launch a program for all low-to-moderate-income Canadians, delivered through on-the-ground utilities and community organizations.

This will:

- **Reduce bills immediately** across the country through more energy-efficient solutions such as insulation (and heat pumps).
- Remove heating fuel restriction to include all low-to-moderate income Canadians to create **good customer experiences** and make co-delivery agreements work **nationally**.
- Get a program **in the market fast** by leveraging existing program waitlists and customer marketing channels.

A \$2.5 billion investment over 4 years can:

- Retrofit 170,000 houses and rental units to meet a target of retrofitting 3-5% of low-income homes in the final year, recommended by the [Affordability Action Council](#).
- Target an average of 20-30% energy savings per household and rental unit.
- Reduce GHGs by 261,000 tonnes and free up 470 GWh of electricity.
- Increase impact by incentivizing more funding from utility programs that must pass cost-benefit tests because federal match funding can bring down costs.



Benefits beyond climate

- Reducing energy costs helps people afford food and prescription drugs.¹
- Heating and cooling homes at safe temperatures improves health and avoids doctor visits.²
- Affordable rental units are secured through covenants with landlords.³
- Low-income retrofits can be timed to smooth out contractor boom-busts and recruit people to the trades from traditionally disadvantaged communities.

¹ 20% of low-income households skip basic needs to pay energy bills. [Statistics Canada](#).

² 18% of low-income homes report keeping their dwelling at unsafe temperatures, with some requiring medical attention. [Statistics Canada](#).

³ See [Policy Brief: Energy Efficiency for Low-Income Tenants](#).