



## TOWARDS AN ENERGY POVERTY STRATEGY FOR NOVA SCOTIA

Adsum for Women and Children

Affordable Housing Association of Nova Scotia

Bayers Westwood Family Resource Centre

Canadian Mental Health Association – Nova Scotia

Community Action on Homelessness

Community Advocates Network

Dalhousie Legal Aid Service

Diaconate of All Nations Church

Ecology Action Centre

Feminists for Just and Equitable Public Policy

Halifax Coalition Against Poverty

North End Community Health Centre

Nova Scotia Association of Social Workers

Social Activist Law Student Association

Society of St. Vincent de Paul

Transition House Association of Nova Scotia

Women's Centres Connect!

2209 Gottingen St.  
Halifax NS B3K 3B5  
902.423.8105 t  
902.422.8067 f

The Affordable Energy Coalition is a group of community based anti-poverty and environmental organizations dedicated to ensuring the universal access to a reasonable amount of energy services in Nova Scotia. Atlantic Canada has some of the higher rates of energy poverty<sup>1</sup> in the country, which is why Nova Scotia should take the lead in developing an energy poverty strategy. Below is a sketch of priorities and possibilities for developing an energy poverty strategy for Nova Scotia.

### 1) Low-Income Energy Efficiency

The efficiency programs under Smart Energy Choices are inaccessible to low-income individuals, principally because of the high up-front cost. We have been waiting for the federal EnerGuide for Low-Income Households to no avail. It is increasingly evident that the provinces will have to take the lead and ask the federal government to respond in-kind. The following principles should apply for low-income energy efficiency:

**Expert Audits:** Energy audits are essential for identifying the most cost-effective measures to be taken within each building, capturing all cost-effective measures, and preventing fraud.

**Direct Program Delivery:** A single provider for conducting audits, carrying out or coordinating the installation of energy efficiency measures, providing education, and paying for work and supplies will increase uptake by reducing paperwork. A 'scaled' delivery strategy with regional standards, a provincial one-stop-shop, and neighbourhood delivery can provide the required community outreach and provincial consistency.

**No Cost to Participants:** People with low incomes must not be required to put up the money for the energy efficiency measures. A financing model that relies on reimbursing low-income participants is not accessible and will not work.

**Community Partnerships:** There will tend to be high transaction costs to deliver low-income programs because of landlord-tenant relations and concerns regarding housing standards. These costs can be mitigated by building trust through community-based networks. The Energy Coordinating Agency in Philadelphia maintains a city-wide network of neighbourhood energy centres to deliver energy and water to low-income households.<sup>2</sup> This is an exciting model from which Nova Scotia can learn.

<sup>1</sup>We define energy poverty as the situation when a low-income individual is spending over 8% of their income on energy. This figure is based upon a standard that shelter costs should not exceed 40% of income, and that utility bill should not exceed 20% of total shelter costs.

<sup>2</sup> (<http://www.ecasavesenergy.org/>).

**Education and Outreach:** Government needs to work with existing community networks to spread the word about programs and to create accessible educational programs. Further, residents need to be aware of what changes are being made to their homes and why, so that they can take further conservation measures and maximize the benefit of the changes. Education programs must work in conjunction with retrofits, not as a substitute.

**Comprehensive Approach:** Conservation measures should be comprehensive, including appliances and system upgrades, and aimed at reducing energy use of all types, e.g. electricity, oil, and wood.

**Contractor Services for Low-Income Households:** Given that adequate contractor services are currently an issue for the ability-to-pay market, there is a concern that adequate contractor services will not be available. In addition, a contractor might be less likely to undertake a low-income retrofit due to perceived risks of non-payment by the individual or government. Training low-income individuals as auditors and contractors that will work in a community-based delivery model can work to alleviate these difficulties.

## 2) Renters and Affordable Housing

Efficiency as well as price and income support programs all experience challenges reaching renters. The Keep the Heat program was not available to renters, although energy prices do lead to rent increases<sup>3</sup>. Energy efficiency programs have the potential to keep rental accommodation affordable and to increase the quality of the housing available, but there is also the potential for low-income individuals to be priced out of the housing market.

The Affordable Energy Coalition has been working to deal with this complex situation. We are currently exploring the potential to conduct an energy efficiency course for landlords with low-income tenants. The following issues are relevant to low-income renters:

**Build State of the Art Affordable Housing:** Non-profit, affordable housing does not encounter some of the negative-incentive issues that face for-profit housing. However, affordable housing is often built as cheaply as possible, leaving this housing stock vulnerable to price increases. To keep affordable housing affordable the government should work to ensure that new affordable housing uses state of the art, and innovative, energy efficiency and renewable energy technologies. Affordable Housing units should aim to meet the Commercial Building Incentive Program requirements for energy efficiency and be able to meet LEED Canada-New Construction criteria. A possible candidate could include the Creighton/Gerrish Development Association, which has been working to develop mix-use housing in Halifax's North End<sup>4</sup>.

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<sup>3</sup> In an environment with no rent controls, these increases can become very prohibitive.

<sup>4</sup> <http://www.gov.ns.ca/news/details.asp?id=20031208002>

**Work to Ensure Tenant Protection:** Mechanisms will have to be established to ensure that tenants receive benefits from energy efficiency improvements while maintaining security of tenure and affordable rents. For example, in mixed-use housing there might exist an incentive for a landlord to take in a low-income tenant to receive the subsidy under a low-income program, but evict the tenant after the improvements are completed. Since the *Residential Tenancies Act* does not allow for contracting out of the Act, changes to the RTA or the enactment of regulations must be considered to ensure security of tenure for low-income renters.

### 3) Universal Service Program

Safety-nets must be created to complement the potential for energy efficiency and renewable energy to deliver universal access to a reasonable amount of energy usage. The Affordable Energy Coalition has proposed a Universal Service Program for electricity users that will better complement efficiency and conservation, and ensure against energy poverty<sup>5</sup>. A similar program could be explored for fuel oil. The program contains three components to complement energy efficiency:

**Rate Affordability:** Nova Scotians below the Low-Income Cut-Off (LICO) would receive a fixed credit to reduce their annual bill to ensure that no more than 8% of their income is spent on electricity. The amount of the fixed credit would be reduced through income increases and/or energy efficiency. This system would ensure against energy poverty. It would provide a fixed operating budget, and it would present a conservation incentive since individuals would be allowed to pocket the energy savings from last years bill.

**Arrearage Management:** Low-income individuals would earn credits towards their arrears when in the universal service program over a 2-year time period. Payments towards pre-program arrears would be equal to 1% of household income.

**Crisis Management:** Households below, or slightly above the LICO will not have the savings to cushion them during unpredictable interruptions in income, or sudden unexpected expenses. A social service agency will need to be equipped with a budget to provide crisis intervention.

The cost of this program would decrease with improved efficiency and/or increases in incomes – which are both incorporated into an energy poverty strategy by way of job creation through energy efficiency delivery. Nova Scotia Power, and possibly fuel oil companies could finance the program if legislated by government. Alternatively, if the program is to be paid by the government, it could be administered through the same mechanism as the HST rebate.

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<sup>5</sup> The full proposal can be viewed under Colton Direct Evidence at [http://law.dal.ca/Institutes/Dalhousie%20Legal%20Aid%20Service/News\\_and\\_Events/](http://law.dal.ca/Institutes/Dalhousie%20Legal%20Aid%20Service/News_and_Events/)