

A Way Forward:

A MADE-IN-NOVA SCOTIA HOME ENERGY AFFORDABILITY PROGRAM



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for the **Nova Scotia
Energy Poverty Task Force**

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Executive Summary

The burden of unaffordable home energy is a challenge faced by nearly half of Nova Scotians.

This report presents both a detailed local analysis of energy unaffordability and a comprehensive policy strategy that builds on existing programming to form a coordinated, Made-in-Nova Scotia program capable of slashing energy poverty rates for low-income households.

Energy underpins all facets of daily life and thus bill unaffordability can easily become an issue relating to housing, health, and/or food security as households are pressured to make decisions between essential needs. This report defines energy poverty and high energy burden as any low- or moderate-income household that spends 6% or more of after-tax income on home energy. This measure is a common means test used in several jurisdictions. It suggests that **Nova Scotia has one of the highest rates of energy poverty in Canada** (43% of households). As the province pursues increased electrification and a green energy transition, this report finds that an immediate and comprehensive policy intervention is necessary to reverse Nova Scotia's high rate of energy poverty.

The impacts of unaffordable home energy are compelling.

A companion study highlights that 23% of respondents have recently experienced issues keeping their home heated, 17% of respondents had issues keeping electricity on with 13% of respondents experiencing both challenges. For these respondents experiencing challenges, the consequences are serious: 72% had to delay spending on other essential items, 61% built up debt, 46% experienced late payments, 40% missed payments, 17% received a notice of disconnection from an energy company and 8% reported their electricity was disconnected. Energy poverty has a profound impact on the lives of Nova Scotians and there is tremendous benefit in helping Nova Scotians with their energy burdens.

This report aims to significantly reduce energy poverty by direct financial assistance now to low-income households while reducing energy bills permanently for low- and moderate-income Nova Scotians through energy efficiency measures such as insulation and heat pumps in the longer-term. Permanent savings measures take time to install in all low and moderate-income homes. Nova Scotia is already a leader in low-income energy programming. **This report examines how we can do better.**



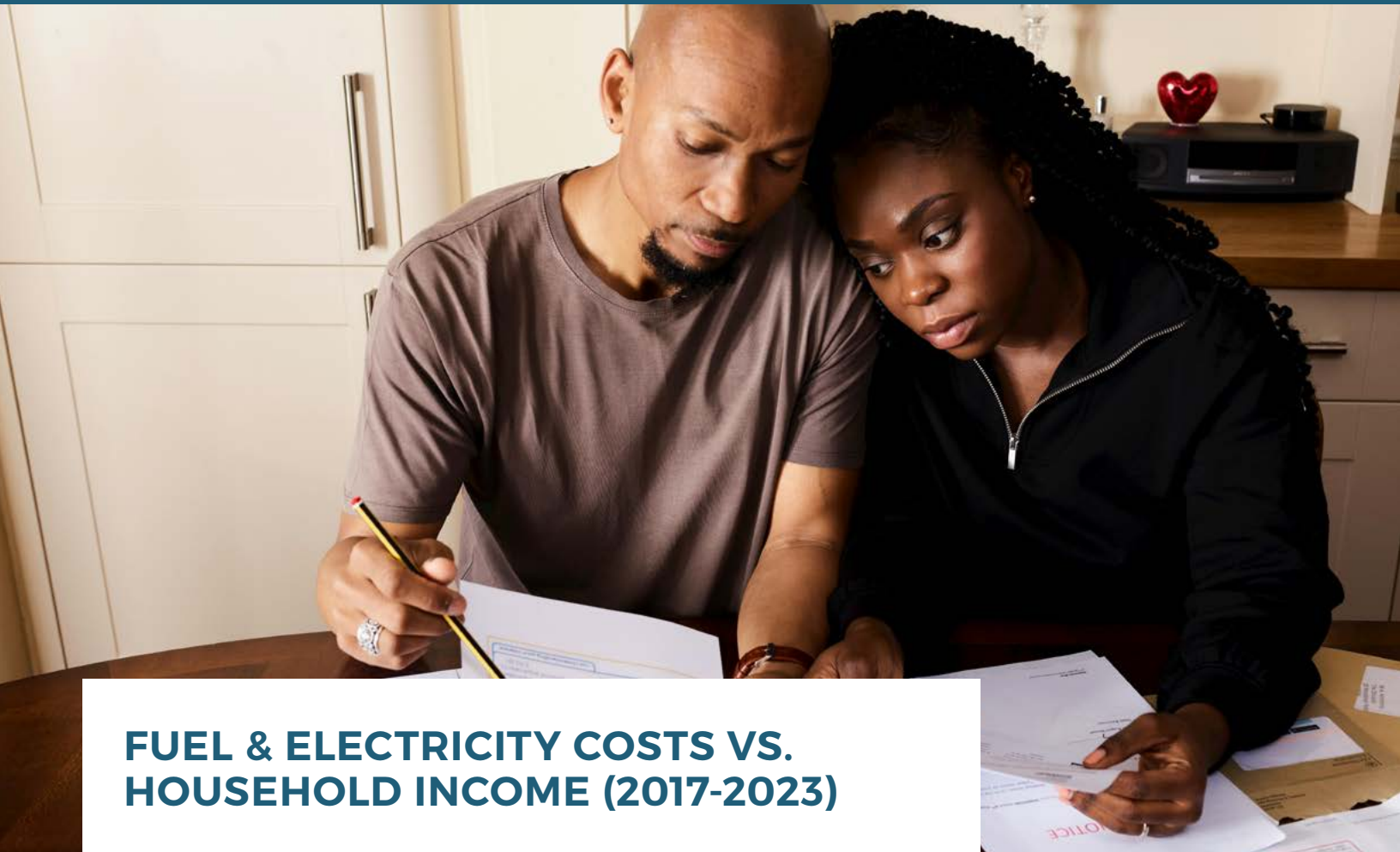
of households in Nova Scotia experience energy poverty.

NOVA SCOTIA'S ENERGY POVERTY TASK FORCE

This report was commissioned by the Energy Poverty Task Force (EPTF), a coalition of representatives from 13 different organizations spanning the public, private, and not-for-profit sectors.

The EPTF commissioned a companion study by Narrative Research and Nova Scotia Power Inc that provides additional insight and more in-depth statistics on the lived experience of Nova Scotians with high energy burdens.

Findings



FUEL & ELECTRICITY COSTS VS. HOUSEHOLD INCOME (2017-2023)

The level of energy unaffordability is first assessed by comparing changes in individual fuel costs and household income over time. Statistics Canada data reveals that water, fuel, and electricity costs accounted for approximately 20% of total shelter costs for Nova Scotian households in 2021. Despite overall increases in income for Nova Scotians, energy and heating costs were generally found to become a greater proportion of shelter costs for lower income households in the same year. In recent years, home heating fuel oil experienced a drastic fly-up in price after years of relative stability. Notably, the cost of fuel oil in October 2023 was nearly 100% higher than the price of fuel oil in October 2017. Electricity rates also increased as the price escalation in April 2023, caused in large part by electric utility fuel costs, was greater than the total increase in cost over the previous six years. The cost of home heating can be volatile and is subject to upward spikes, especially in times of international social and economic upheaval.





GEOGRAPHIC DISTRIBUTION

This report finds that **energy unaffordability in Nova Scotia is broad and deep**. The spatial distribution of energy poverty is analyzed using three different geographic sorting methods: by Census Division, by Census Subdivision, and by Forward Sortation Area (FSA), the first three characters of a postal code. This last method compares three different degrees of energy burden (high: paying more than six percent of after-tax income on energy bills, very high: paying more than ten percent of after-tax income on energy bills, and extremely high: paying more than fifteen percent of after-tax income on energy bills).

Of Nova Scotia's 18 Census Divisions, the same seven rank high in degree of energy burden. All seven have 55% or more households experiencing a high energy burden. More than one-of-four households across Nova Scotia experience very high energy burdens.

At the Census Subdivision level, only Halifax and Kentville were found to have less than 40% of households facing unaffordable energy burdens.

FSA code analysis further details that, despite Halifax having a lower percentage of households living in energy poverty, the region is home to 21% of all Nova Scotians facing high energy burdens as it is the largest metropolitan area in the province. This more granular analysis also revealed that of the 77 FSA code regions analyzed, 8 had more than 75% of homes facing unaffordable energy bills with Eskasoni First Nation having the highest rate (87%).

While all areas of the province experience high levels of energy poverty, it is more pronounced in rural areas mainly due to lower incomes. Oil-heated households spend 80% more on home energy than electrically heated households in general. In spite of this, both oil and electricity are each the primary source of heat for about 40% of households experiencing energy poverty.



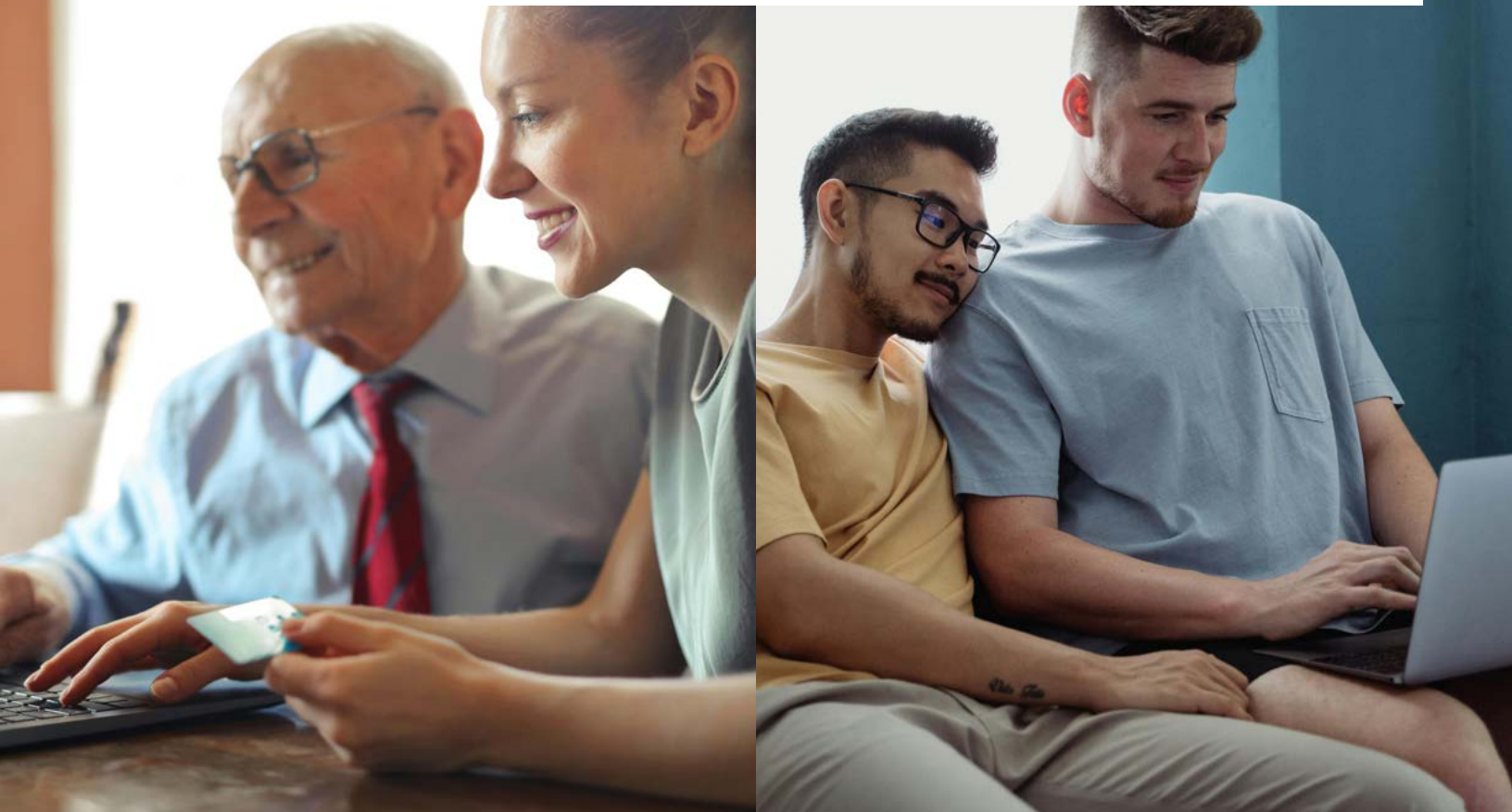
EXISTING PROGRAMS

In an assessment of existing local programs designed to address energy poverty, this report examined the **Heating Assistance Rebate Program (HARP)**. While HARP has made a significant dent in energy poverty in the last two years, the program has problems. HARP provided payments up to \$200 per household for years but jumped to \$1,000 in 2022 - 2023 and then dropped to \$600/household in 2023 - 2024. These wide swings mean its impact on energy poverty has varied widely, reducing it slightly from 43% to above 38% or to as low as somewhat over 23%.

The degree of energy poverty is related to income as well as the type of energy used with oil bills being much higher. A more targeted approach, which would vary benefits by type of energy used and by income, is essential to alleviating the energy burden.

There are three kinds of existing emergency programs in Nova Scotia. **The Home Energy Assistance Top Up (HEAT)** fund is underfunded, limited to once every two years, and is seasonal, while energy bills are a year-round problem. Income Assistance provides aid that is limited and sometimes repayable. Community organizations fill the gaps as best they can.

Nova Scotia has some of the best low-income energy efficiency programming in the country. More than 24,000 homes have already been upgraded under **HomeWarming**, saving participants about \$860/year in electrically heated homes and \$1,700/year in non-electrically heated homes. With the recent addition of heat pumps, savings are expected to be even greater. **The Affordable Multifamily Housing program** continues to provide energy savings in buildings with low-income tenants, but does not have funding for buildings with moderate-income tenants.



Recommendations

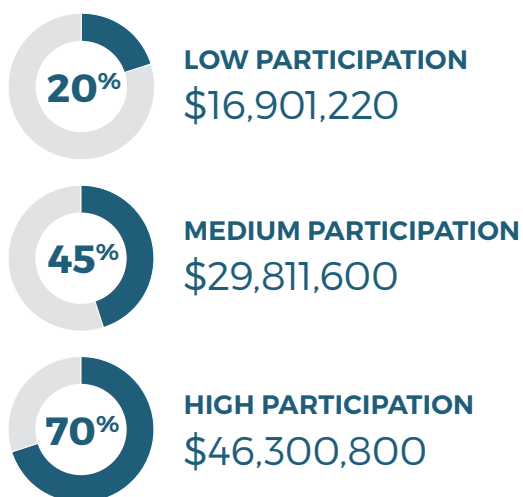
PROPOSED MADE-IN-NOVA SCOTIA PLAN TO SIGNIFICANTLY REDUCE ENERGY POVERTY

This report recommends a **four-pronged strategy** that is rooted in the unique needs of Nova Scotians and will help households facing energy poverty through the following components:

- 1 Bill Affordability** (where income-qualified households receive a discount on their bills to create an affordable bill-to-income ratio);
- 2 Arrearage management** (where forgiveness is matched to reduced bill payments that the household can afford);
- 3 A crisis intervention fund** (provided on a limited-time basis and equal in total cost to 10% of the total Bill Affordability assistance. This fund gives administrators flexibility to provide funding on an as-needed basis, rather than be bound by income thresholds);
- 4 Continue to expand targeted energy efficiency and electrification supports for low- and moderate-income households.** Programs could prioritize the highest energy users, and where additional prioritization is necessary, those with the highest arrears, to advance the resolution of payment troubles, improve affordability, and reduce consumption.



This report recommends the Bill Affordability element of a Nova Scotia Universal Service program apply a **50% bill discount that is calculated annually** with an income eligibility capped at the Low-Income Measure (LIM), which varies by size of household. Paired with a 5% administrative cost, the estimated cost of the bill affordability element for Nova Scotia given the following levels of participation, are:

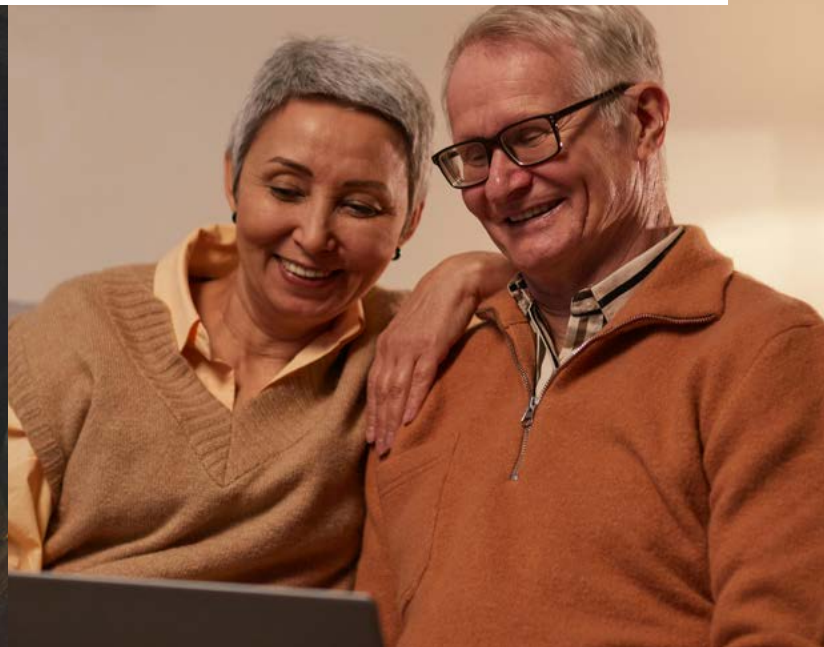


This report recommends a **10-year timeline be established** to ensure efficiency-program funding is intentional and serves as a means to an identified end. Electrification and efficiency programming should be implemented with specific Key Performance Indicators (KPIs) to track and measure the progress of efficiency interventions and prevent any low-to-moderate-income households from falling through the cracks. Specific attention is also required to address barriers (e.g. “the split incentive”) faced by low- and-moderate-income renters who may not directly benefit from efficiency investments.

The recommendation is that the proposed program would be government funded except that the Arrears program would be funded by home energy vendors, through savings the program will create in bill collection.

Concluding Thoughts

Nova Scotians have experienced **real difficulties** in their daily lives for over two decades due to energy affordability challenges. As energy prices have spiked in recent years, energy affordability has reached **crisis levels for many households**. Existing programs have helped in significant ways. This report proposes changes that would further **reduce energy poverty** in Nova Scotia through a coordinated effort.



THE NOVA SCOTIA ENERGY POVERTY TASK FORCE PARTICIPANTS

Affordable Energy Coalition

Clean Foundation

Consumer Advocate

Ecology Action Centre

Efficiency Nova Scotia

Government of Nova Scotia

Department of Community Services
Department of Natural Resources & Renewables
Department of Municipal Affairs & Housing

Kate Ervine - Saint Mary's University

Nova Scotia Oil Heat Association

Nova Scotia Power Inc.

Society of Saint Vincent de Paul

Town of Bridgewater

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