

Ottawa should reconsider cuts to popular EnerGuide for Houses programs

- Deep cuts to EnerGuide for Houses Retrofit Incentive - \$227 M
- Cancellation of EnerGuide for Low-Income Households - \$550 M

10 May 2006

Green Communities Canada is calling on the federal government to reconsider deep cuts to Canada's EnerGuide for Houses (EGH) programs.

"These programs make Canadians richer by reducing our home energy bills," said Clifford Maynes, Executive Director of Green Communities Canada. "It doesn't make sense to cut them."

"EnerGuide is exactly the sort of practical, positive, cost-effective, and accountable energy efficiency program we would expect the new government in Ottawa to embrace," Maynes said.

Participants in the EGH retrofit incentive save an average of 28 per cent on their energy bills. That's \$750 a year - or \$18,750 in lifetime savings at current energy prices.

"EnerGuide for Houses has the potential to make Canadians billions of dollars richer," Maynes said.

Besides saving money, EGH also leverages home improvement investments (\$5,000-\$7,000 per grant) that create hundreds of jobs and business opportunities, and generate tax revenues for government. EGH contributes to our national energy security. And because less energy is consumed, EGH improves air quality.

"Canadians care about a healthy environment, and improved home energy efficiency is one way for us all to contribute," Maynes said.

Although not publicly announced in the 2 May federal budget, the government has reportedly imposed a \$227 million cut in the EnerGuide for Houses Retrofit Incentive program over the next four years. It appears this will deprive more than half a million Canadians of access to the EnerGuide service, reduce the number of incentive grant recipients by more than 150,000, and reduce energy savings by more than \$2 billion.

Canada's world-renowned EnerGuide for Houses program has its roots in the early 90s, under the Mulroney government. After years of development, the state-of-the-art program was launched in 1998. Since then, hundreds of Canadian businesses and organizations have invested heavily in making EGH a success, explaining the service to homeowners, forming countless partnerships to help with delivery, and training and equipping an army of certified energy advisors. Today, a network of 50 service organizations, primarily private contractors, has been established in communities across the country. Provincial governments and utilities have created numerous programs that piggy-back on the federal EnerGuide program.

"There is a grave danger that the cuts, and the uncertainty surrounding the future of the program, will begin to dismantle the home energy efficiency industry we have built up," Maynes said.

"If that happens, the cause of residential energy efficiency in this country could be set back by a decade or more," he said.

Maynes said Canadians are particularly upset by the total cancellation of the five-year \$500 million EnerGuide for Low-Income Households (EGLIH) program, which was just getting underway. "For low-income households, who are already living close to the edge, steep increases in energy prices threaten to push them over. The best response is to improve efficiency of low-income housing, which will reduce the energy burden by reducing wasteful energy consumption," Maynes said.

He noted that the Conservatives under Stephen Harper voted unanimously in favour of increased EGH funding, including the low-income program, as recently as November, 2005.

He called on the government to reconsider the cuts, and to take great care not to undermine Canada's home energy efficiency industry, which is a vital but still emerging sector of the economy. "If the government wants to improve on EnerGuide we're happy to work with them to do that. It's essential now that we don't lose the momentum we have achieved to date, and that we are able to build on the work to date to do an even better job in future."

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Fact sheet:

ENERGUIDE FOR HOUSES RETROFIT INCENTIVE

Residential energy use

- The housing sector is responsible for 17 per cent of the total secondary energy consumed in Canada.
- Canadians spend over \$114 billion annually on residential energy.
- The target for efficiency improvements is houses built before 1983, which is 5.5 million of the 8.5 million single family homes in Canada.
- Cost-effective potential savings in these houses could save one-quarter to one-third on energy bills annually - making Canada billions of dollars richer.

EnerGuide for Houses (EGH) - history and overview

- EnerGuide for Houses is Canada's home energy advice and rating system. Homes are rated on scale of 0-100. The higher the score, the more energy efficient the house.
- EGH was conceived in early '90s, launched in 1998, and is now delivered to Canadians across the country by 50 local and regional businesses.
- EGH is a professional science-based audit tool delivered by certified advisors that includes air leakage diagnostics, computerized energy modelling.
- EGH provides objective trusted advice on priority energy efficiency investments, including projected savings, helping to motivate homeowner investments of \$5,000 and more.
- Recommendations are specific to each house: they include air leakage control, insulation, heating system upgrades, and more.
- EGH includes a post-retrofit audit to verify and measure savings.
- Over 300,000 EGH evaluations have been performed. The program is extremely popular and participation has been growing rapidly. Over 111,000 evaluations were performed in 2005-06.
- The cost of the service is shared between the homeowner and the federal government. The federal subsidy makes the service more accessible and affordable, and increases participation.

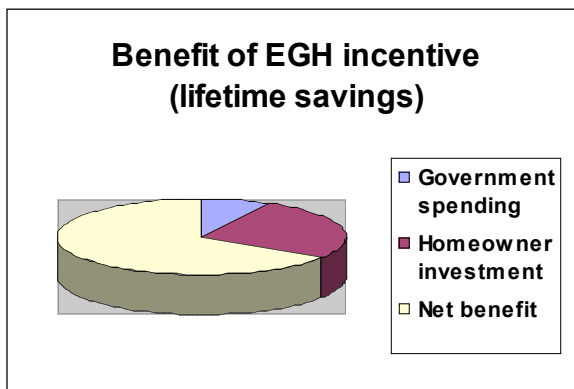
EGH Retrofit Incentive

- Following a successful pilot, a results-based retrofit incentive was introduced Canada-wide in October 2003.
- The home owner gets a cheque from the federal government for improved energy performance as measured by EGH.

- The incentive is not a “rebate,” nor is it tied to amount spent - it’s a *reward for results achieved*. Therefore it helps to maximize performance improvements.
- Why do we need a retrofit incentive grant?
 - the grant generates greatly increased participation (see chart below tracking EGH evaluations)
 - the grant gets participants to take action, to act quickly, and to complete deeper retrofits than otherwise (i.e., more of the recommendations are implemented) - bill savings, and economic and environmental impacts are enhanced

Retrofit incentive participation and results to date

- Number of retrofit incentive grant recipients, October 2003 to March 2006: over 52,000.
- Average retrofit incentive grant per house to date: ~\$680.
- Average homeowner spending per house: ~\$5000.
- Average bill savings under the retrofit incentive: 27.7 per cent, ~\$750/annum.
- Lifetime (25 years) bill savings/house: \$18,750.
- Net program benefit (current energy prices)
 - total government program spending (\$75 Million)
 - total homeowner investment (\$260 Million)
 - total lifetime bill savings \$975 Million
 - net benefit \$640 million
- Canada is \$640 million richer as a result of the EnerGuide for Houses Retrofit Incentive, based on 52,000 grant recipients to date.



A proven successful program

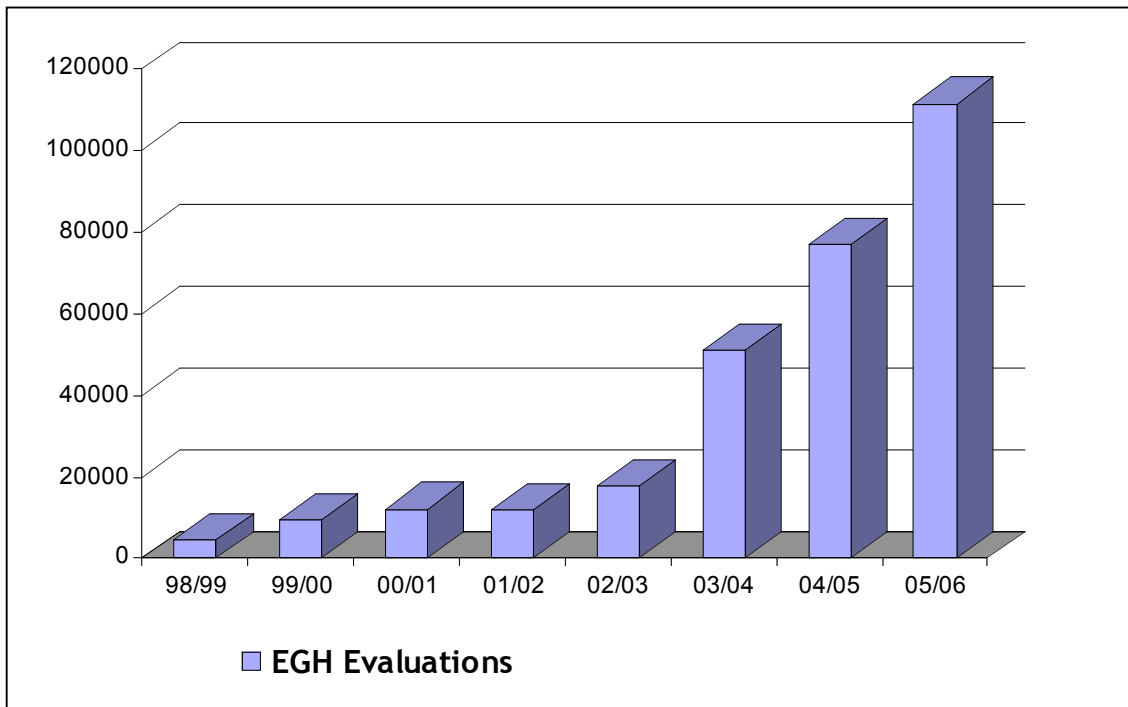
- Based on a positive review of initial results, the previous federal government invested an additional \$225 million in the program in February 2005, and another \$170 million in October 2005 (with all-party support), bringing the number of homes to be served under

the program to 750,000 by 2010.

Program benefits

- Business stimulus due to retrofit spending by grant recipients: \$260 million.

- Energy savings per house: 27.7 per cent/\$750.
- CO₂ reductions per household: 3.9 tonnes per year.
- Reduction in other airborne emissions.



Note the relatively modest sales of EGH evaluations nation-wide until 03/04, when the incentive was introduced.

Impact of cuts

- Estimated reduction in number of grant recipients as a result of \$227 Million cut to EGH Retrofit Incentive program: 157,000.
- loss in net lifetime benefits to Canada: \$1.937 Billion
- *Canada will be almost \$2 billion poorer as a result of cutting the EGH retrofit incentive program.*

Impact of cuts on the energy efficiency industry

- Budget impacts unknown - will the cuts be spread evenly over four years?
- It has taken many years to establish the beginnings of an energy efficiency industry in Canada, comprising certified energy advisors, local delivery organizations and partnerships, and public awareness and understanding of EGH. These cuts will stall and even begin to dismantle this hard-won delivery infrastructure.
- Rural and northern Canadians will be hit first and hardest by the reduction in service.

- Cuts threaten provincial, utility, and private sector EGH-linked initiatives (see Appendix).
- The cuts could set back energy efficiency in Canada by a decade or more?

Response to the government position on EGH

- In cutting EnerGuide for Houses, Canada's home energy efficiency program, Ottawa is attacking a popular, effective program that makes Canadians richer by reducing our home energy bills.
- The Government is ignoring the main benefit of the program: energy savings. The average homeowner receiving an incentive grant saves almost 30 per cent a year home energy bill, or \$750. That's \$18,750 in lifetime savings at current energy prices. This saving is much more valuable than all the government costs and homeowner investment put together.
- The program has other benefits too: homeowners spend \$5000 or more of their own money, creating jobs for skilled trades and manufacturers. Energy security is improved. Home values increase. And emissions affecting air quality are reduced.
- The Government has been saying that administration is 50 per cent of the EGHRI program. This is incorrect. In 2005-06, administration was actually less than 12 per cent, including toll free line, publications, technical and program staff, quality assurance, etc. This is a low overhead program. **88 per cent of program spending benefits householders directly, either through incentive grants (54 per cent) or cost-sharing for EnerGuide for Houses evaluations (34 per cent)**
- In addition to the incentive grants, the program also subsidizes the costs of an EnerGuide for Houses evaluation, which is a direct benefit to homeowners by increasing affordability and accessibility. EGH is an enormously popular service - talk to anyone who has had one. Customers are overwhelmingly enthusiastic about the value.
- EGH benefits
 - provides information to the homeowner about cost-effective priorities for energy savings, how much they will save
 - motivates the home owner, leveraging investments of \$5000-\$7000.
 - verifies and measures results of retrofit investments
- Government support for EGH evaluations benefits not only the retrofit incentive grant recipients, but 200,000 other Canadians who have completed an EGH but haven't participated in the grant program, most of whom have undertaken substantial investments to implement the recommendations. (details available from NRCan report)