



September 5, 2024

Mr. Serge Cormier, MP
Chair, Liberal Rural Caucus
220 St-Pierre Blvd West
Caraquet, New Brunswick
E1W 1A5

Dear Mr. Cormier,

Over the past few months, my colleagues at the Canadian Propane Association and I have begun meeting with MPs from all regions to discuss propane as a partner in affordable energy choice. This includes a discussion in late May with the office of Minister Wilkinson and an August 23 meeting with Minister Sean Fraser.

Highlighting these discussions is the vital role that affordable and low emission propane can play in ensuring affordable energy choice for all Canadians, particularly those in rural, Indigenous, and remote communities.

I expect that affordable energy will continue to be a top issue at your Rural Caucus meetings next week in British Columbia, which is why I am reaching out to you.

Over the summer recess, Members of Parliament have been in their ridings and undoubtedly have heard about the challenges of affordability. I spend the summers working from my home in Guysborough, NS and I can tell you that I am shocked at the price difference for food, transportation and most consumer goods that are found on store shelves, compared to Ottawa.

Those are summer-time costs. The cost of home heating is not part of the equation during the summer, but rest assured it will become a problem as fall approaches. Just as it was last year and the year before that.

Atlantic Canada – A Case Study

As a region without access to the natural gas grid, Atlantic Canada serves as a prime example of the challenges posed by limited energy choices. *(The same principle applies to rural/remote areas in Ontario, Quebec, Western Canada and the North that do not have access to the natural gas grid.)*

Atlantic Canadians face a unique challenge when comes to home energy. Unlike regions of Canada that are on the natural gas grid, affordable, low-emission natural gas is not an option for most consumers there. Because of that, Atlantic Canadians suffer the highest levels of energy poverty in the country.

Unfortunately, federal programs such as the *Canada Greener Homes Grant* and the recently announced *Canada Green Building Strategy* do not offer Atlantic Canadians real energy choice.

From our perspective, the exclusive focus on electrification to get folks off the dependency on heating oil while excluding propane as part of an affordable, low-emission energy strategy is a lost opportunity in helping Canadians deal with high energy costs.

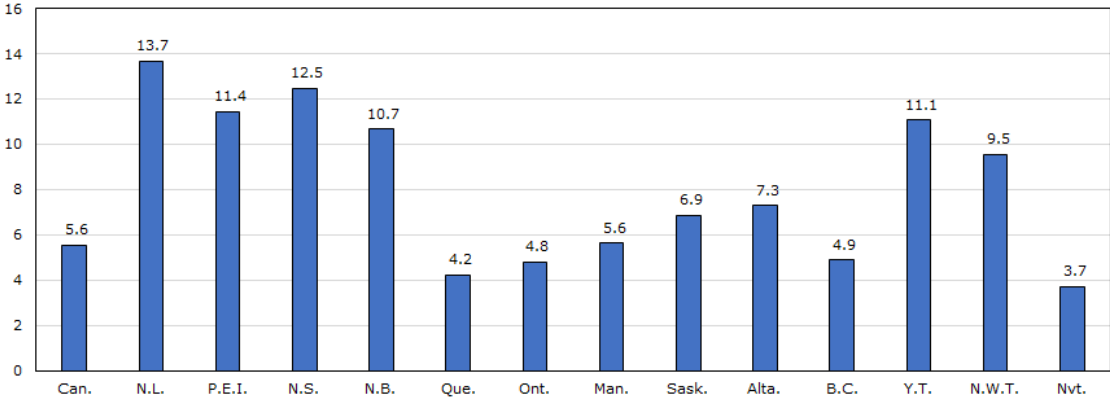
The carbon tax carve out for heating oil does not apply to propane. As a result, a well-intentioned effort to offset energy costs for heating oil, but omits propane, incentivizes consumers to stay with a high-emission and costly fuel. This misses the opportunity to expand propane, which is cleaner, cheaper and burns at a 97% efficiency rate.

A report by Statistics Canada commissioned by Natural Resources Canada found that affordable energy choice is not available equally to all Canadians. In fact, in areas of Canada that are off the natural gas grid, governments at all levels have been slow to encourage more affordable, low-emission energy options to heating oil like propane.

Among the findings, Statistics Canada reported that, “The 2021 Census showed that 822,000 households in Canada (5.6%) were energy poor, and this was more prevalent in the Atlantic provinces (ranging from 10.7% to 13.7%).”

Chart 1
Rate of energy-poor households for non-farm households with household after-tax income greater than zero dollars, Canada, provinces and territories

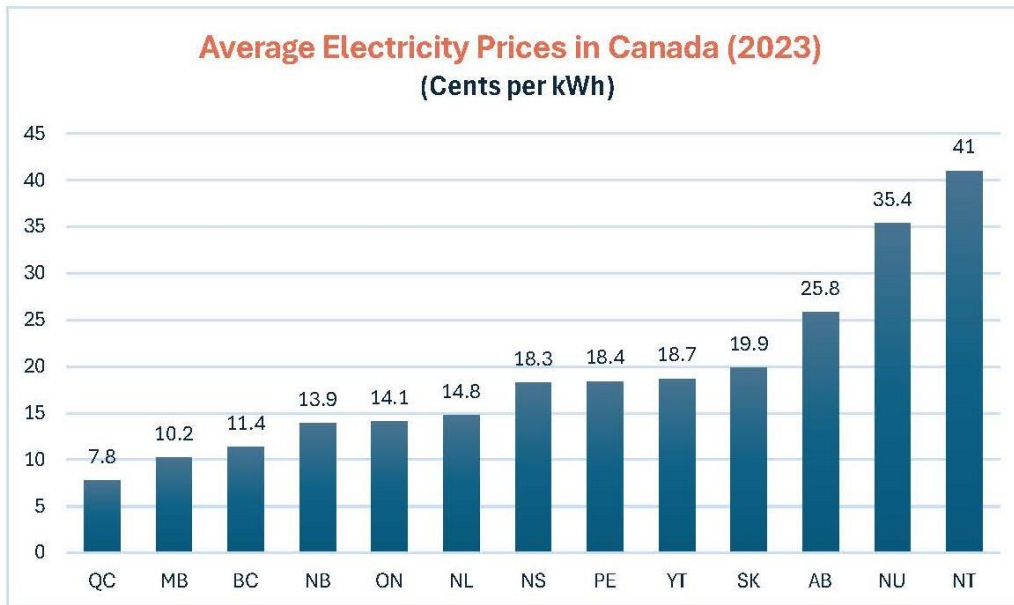
percentage of households spending 10 percent or more of household after-tax income on energy



Source: Statistics Canada, Census of Population, 2021.

We also know that the cost of electricity in Atlantic Canada, particularly Nova Scotia and Prince Edward Island, are among the highest in Canada.





Source: energyhub.org

In addition, the government of Newfoundland and Labrador recently announced it will spend \$2 billion over the next six years to offset the cost of residential energy, which would have risen from \$300 per month to well over \$500. In June, NB Power indicated that it will be looking for a 20% increase in rates. And because PEI receives its power from New Brunswick, any increase in New Brunswick will result in a ten per cent increase for Island residents (NB rate plus 10%).

Propane should play a key role as we work to provide the most affordable energy options. Consider:

- Every Canadian should have access to affordable, dependable, and sustainable energy security, regardless of where they live.
- This is especially important for Canadians in rural, remote, and Indigenous communities who lack access to the natural gas grid, rely on costly, high-carbon heating oil or diesel, and face high electricity prices.
- Propane is not as susceptible to inflationary prices. For example, CPA members reported that in February 2023, a litre of propane in some parts of Canada was about \$1 cheaper than a litre of heating oil: \$1.09 for propane vs \$2.09 for home heating oil.
- In addition to providing space heating for homes, commercial buildings, rural hospitals and schools, propane is crucial for many industries including agriculture, school buses, police and courier fleets, construction, and mining.
- Propane is increasingly being used by Canadian families for personal power generation during weather-related events.



- Propane also serves as critical backup energy for renewables when the sun is not shining, and the wind is not blowing.

An important development over the past few months is the recognition by agencies that deliver clean energy programs of the challenges for electricity to carry all the load.

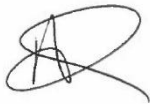
Dual fuel – propane in support of heat pumps - is being discussed more and more as a strategy to offset the challenges facing electric grid capacity and the rising costs of electricity itself.

For example, sources have informed us that *Efficiency One* in Nova Scotia has noted, “NS Power’s peak load will be a concern come 2030 and beyond. Hybrid or dual fuel systems can provide good value when used to curtail power and energy use during these peak periods through demand response.”

As you know, providing affordable energy in Canada is anything but a “one-size fits all” approach. Propane can play an important role in that effort today. On the horizon is renewable propane which is already commercially available in Europe and the United States.

We would welcome an opportunity to discuss the propane advantage with the Rural Caucus as a group or individually with members, whichever is preferred, when the House returns later this month.

Sincerely,



Allan Murphy
Sr. Vice-President, Government Relations
Canadian Propane Association

