Comments by the Canadian Propane Association regarding: Powering Canada Strong: A National Strategy for an Electrified Canadian Economy (NRCan)

Submitted by:
Allan Murphy
Senior Vice-President, Government Relations
Canadian Propane Association

May 29, 2026

propane.ca

Canadian Propane Association
Association canadienne du propane

On behalf of the Canadian Propane Association (CPA) and its four hundred members representing thousands of Canadians who produce, transport, and distribute propane and propane appliances, I am submitting comments regarding *Powering Canada Strong: A National Strategy for an Electrified Canadian Economy*.

About the CPA

With approximately four hundred members from coast to coast, Canada's propane industry supports over **21,000** direct jobs across the country, spanning extraction, production and refining, transportation and distribution, equipment manufacturing, sales, and marketing. These jobs are in every region of Canada.

Each year, the Canadian propane industry generates **$7.3 billion in GDP** for the Canadian economy. All levels of government are beneficiaries of a strong propane industry with propane operations across the country generating about **$2.6 billion in taxes and royalties each year**.

Canada's propane infrastructure is well developed, with the capacity to produce and deliver a reliable and abundant supply across the country by truck, rail, and pipeline. Propane is highly portable and cost effective, offering infrastructure advantages compared to local natural gas expansion in residential areas like Ontario where new pipelines are required. Propane is cleaner and more affordable than diesel and electricity in many applications.

Missing the Mark

The ***Electricity Strategy*** misses the mark. It does not meet the needs of Indigenous, rural, and remote communities and key sectors including agriculture, transportation, construction, manufacturing and emergency preparedness. Instead, it targets propane and does not recognize the critical nature of propane's usage in Canada's economy.

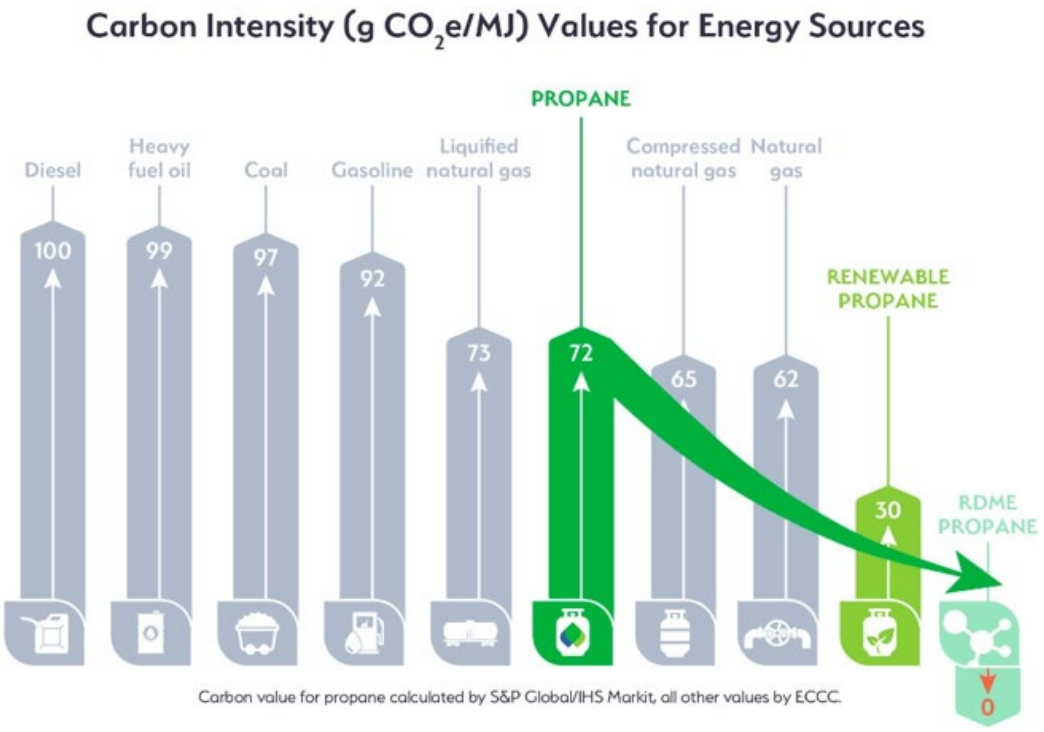
Affordable and versatile, propane, more than any other fuel, ensures Canadians have the energy they need when they need it and where they need it. In many parts of Canada, cleaner burning propane costs less than half the price of diesel and heating oil, making it a practical and cost-effective energy option for households, farms, businesses, and remote communities. Not every community has access to a reliable grid, propane is a primary or backup fuel essential for these communities.

The national strategy commits to transitioning up to one million households off propane and heating oil yet offers no recognition of propane's role as a reliable, affordable, and lower-emission energy source for rural, Indigenous, and northern communities where electrification and natural gas is neither practical nor imminent.

The document is practically silent regarding Canada's rural community. The word "rural" appears only once.

Environmental considerations

Propane's emissions profile is comparable to natural gas, as the chart below indicates, with no associated or fugitive methane emissions:



However, when matched against diesel, propane has over a third less GHG emissions and 90% reduction in emissions of criteria air contaminants. Propane provides the same benefits as natural gas, but a greater reach ensuring propane can also contribute to system stability and affordability, while also contributing to cost-effective emissions reductions.

Propane requires no remediation needed if accidentally spilled on land or water. Currently the federal government spends hundreds of millions of dollars on soil remediation from diesel spills.

In addition, renewable propane, a drop-in biobased fuel, offers even greater GHG reductions while providing all the benefits of propane including the ability to stay in storage for decades without the need to annually polish it – making it the ideal back up energy choice.

Propane is "virtual natural gas" for rural communities

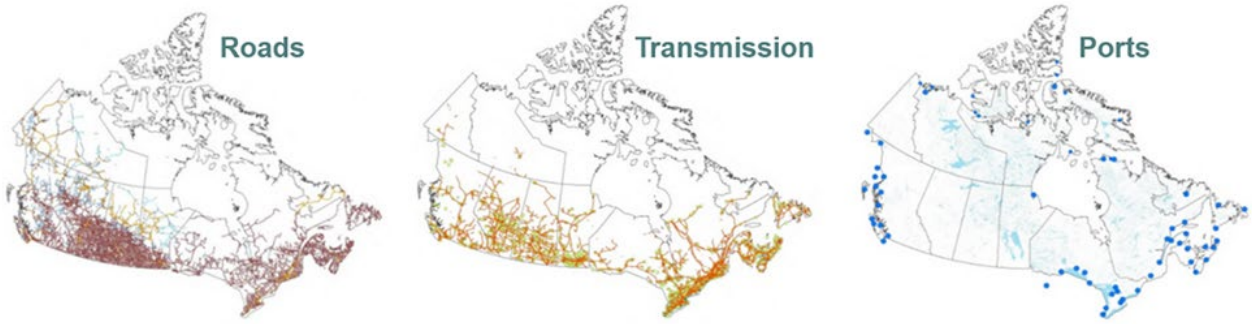
Natural gas received a dedicated subsection acknowledging its 'strategic role,' while propane, which serves many of Canada's most vulnerable and remote populations, is reduced to a line item for displacement.

In many rural areas of Canada, and specifically in Ontario, propane is used to supplement natural gas networks in low-flow or remote areas by blending it with compressed air to create **synthetic natural gas (SNG)**. This is a seamless transition into existing pipeline infrastructure and requires no appliance modifications.

SNG is used for peak shaving during periods of high demand to offset the strain on major transmission pipelines and prevent pressure drops or outages.

Propane delivers lower-emission energy to Canada's north

The strategy notes that, “most northern and remote communities, which have significant Indigenous populations, are not connected to Canadian electricity grids or natural gas networks. Northern and remote communities often rely on small diesel-based micro-grids as well as on legacy hydroelectric infrastructure, most of which is in immediate need of significant investment. Remote electricity projects, both large and community-scale, are significantly more expensive due to logistical, technical, and geographic complexities.”



Canada’s propane industry delivers to Canada’s North. For example, in Inuvik, NT, propane is the vital lifeline for the town’s heating.

Because the town's local natural gas reserves are depleting, a mobile plant converts trucked-in propane into **SNG** to heat homes and businesses. Liquid propane is mixed with air to create SNG, which behaves exactly like natural gas and flows into the municipal pipeline system distributed by the local gas utility, Inuvik Gas Ltd.

The Yukon government has recognized the importance of balancing grid capacity with peak winter demand. Bill 2, which was introduced on March 24, outlines immediate actions that will stabilize and reduce demand on the grid. The ***Winter Reliability Plan*** will, “promote and support policies that reduce widespread electrification in housing, construction and housing so they are better aligned with Yukon’s peak reliable winter energy capacity.” This new approach encourages the adoption of non-electric and hybrid heating systems to address peak winter periods with rebates directly supporting propane as a viable heating option in the Yukon context.

Saving costs and the environment

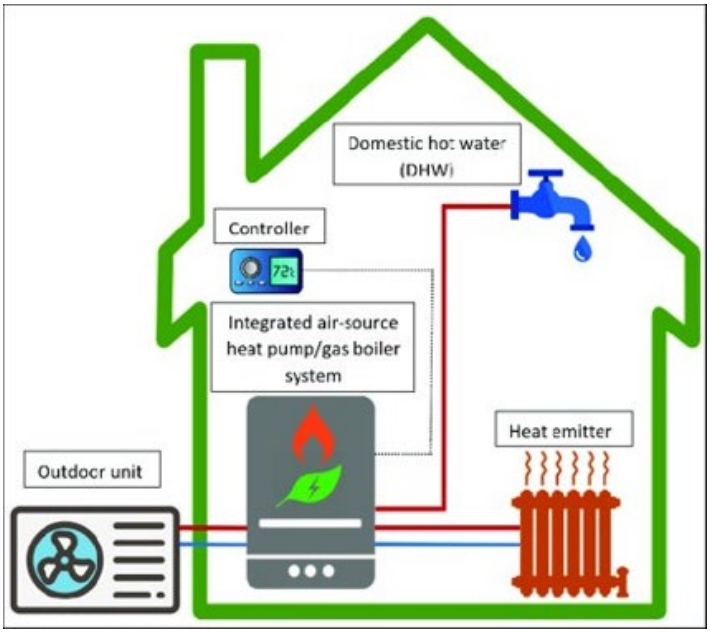
As noted above, Propane, prior to combustion, is not a greenhouse gas. If released it does not cause harm to land, air or water. It dissipates into the breeze. Replacing diesel with lower-emission propane would save hundreds of millions in remediations costs annually, not to mention cleaner, secure and reliable energy for communities as a fuel that can be stored for decades and still be ready for use.

Hybrid energy is being considered by utilities, IESOs and provincial governments to help deal with the challenges of grid capacity and the high cost of electricity in Canada.

Hybrid heating reduces energy consumption and GHG emissions by relying on heat pumps at moderate outdoor temperatures and during off-peak times, when it is cheaper to heat with the heat pump. Electric air source heat pumps are designed to provide efficient space cooling as well as space heating. They can work in combination with a propane furnace.

The propane industry's solution – Electric/Propane Hybrid Heat Pump

An Electric/Propane Hybrid System is a forced air system that primarily utilizes a heat pump to provide heating and cooling with propane automatically providing backup when needed. Controls can be programmed as simply as triggering the propane backup at a set outdoor temperature or timed temperature increase, or configured as part of a more advanced system that factors in time-of-day pricing, peak-shaving needs, and real-time energy cost comparisons.



Some provinces have recognized the importance of propane energy. For example, the Ontario Home Renovation Savings program provides up to $7,500 for cold-climate air-source heat pumps and up to $12,000 for ground-source systems. Homes that use propane are eligible under the program.

Conclusion

In announcing its electricity strategy, the federal government has said that affordable, lower emission propane is expensive like heating oil and electric baseboard heating. That's incorrect.

In fact, a hybrid system: a cold-climate heat pump for base-load heating during mild periods, backed by a high-efficiency propane furnace that takes over when temperatures drop, or the grid fails, makes the most sense for Canadians, especially those in rural, remote and Indigenous communities where natural gas infrastructure is not available.

Consider:

- Stats Can has reported that energy poverty occurs in areas of the country that rely too heavily on heating oil (i.e. Atlantic Canada).
- Expanding the use of propane (upwards of 35%-40% less expensive than heating oil and baseboard heating) reduces energy poverty.
- Propane produces approximately 38% fewer greenhouse gas emissions than heating oil and 98% less particulate matter than diesel. It has fewer emissions than LNG.

- Northern electricity rates are already significantly higher than the national average, making forced electrification a major affordability concern.

A truly national electricity strategy offers affordable energy choice to all Canadians. The fact that propane has been defined in the strategy as an expensive alternative does not comport with the facts. Like natural gas, propane, and soon renewable propane, is an affordable, lower emission energy that is critical to the transition to cleaner forms of energy.

Sincerely,

Allan Murphy
Senior Vice-President, Government Relations
Canadian Propane Association