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ENERGY POVERTY AS IDEOLOGICAL POVERTY IN CANADA

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ABSTRACT

Energy poverty, defined as households spending more than 10 percent of their income on energy expenditures, is a prevalent issue affecting about one fifth of residents in Ontario. It is caused by economic and social conditions, as well as a lack of energy efficiency. A number of solutions and proposals are being presented at the local, provincial and federal levels to reduce the suffering of energy poverty; however a comprehensive plan has not been put into effect. This reflects a lack of public awareness regarding the issue, as well as an unwillingness to accept access to energy as a basic human right for all Canadians. A comprehensive plan needs to be devised to help combat the roots of energy poverty, and to provide a structured plan of assistance to those in need. Reactive approaches to alleviating energy poverty will not help to reduce the problem.

Poverty in Canada is most commonly measured in a relative way, rather than an absolute way. As a developed country, Canada has a high standard of living by which poverty is defined. Those in Canada who we consider poor do not necessarily suffer from absolute poverty, they may just be without what are considered to be necessities in this country. . The most common measurement that is used is the statistics Canada low income cut-offs, which measure the percentage of their income that a family spends on necessities such as food, shelter and clothing. It is adjusted for family size, and region, because these factors greatly affect the experience of poverty in Canada, particularly in relation to the cost of living in a certain region. The cost of living in and overall wealth in Canada create a climate where there are a number of things that people need to participate in society that go beyond basic survival necessities. For most in Canada, energy--specifically the ability to heat your home and cook your meals--would be considered a basic necessity. Nevertheless, there are many Canadians who struggle to meet this basic need, and a situation exacerbated by the rising cost of fuel.

In order to deal with the complex issues related to energy poverty, a solid definition is needed. The issue of energy poverty has been greatly discussed in the United Kingdom, so their definitions will be used as a template. The simplest definition presented is energy poverty as "the inability to afford adequate warmth in the home" (Boardman, 1). It could also be described as the "...interaction of real fuel prices and low incomes" (Boardman, 1). These general descriptions help us to understand what is meant by energy poverty, but in order to determine the prevalence of energy poverty in Canada; we need a definition that can help us to measure it. The most common ones used in Canada are designed in a similar way to Statistics Canada's Low income Cut-offs. It defines energy poverty as "households spending more than 10% of their income on energy services" (Toronto Environmental Alliance, 2006, 1). This is a good definition in that it describes the large burden that energy prices can have on Canadians with low incomes. It also helps us to determine the prevalence of energy poverty.

In Ontario, 18 percent of households are living below Statistics Canada's Low income Cut-offs. "The average burden for the lowest income quintile households is 13.7 percent. This suggests that most of the lowest income quintile is currently living in energy poverty..." (Toronto Environmental Alliance, 2006, 2). So, almost one fifth of Ontarians are living below the poverty line, and for them, the rising energy prices and lack of assistance can mean a variety of negative results ranging from a monthly struggle to pay the bill, difficult decisions such as choosing between energy and food, to disconnection and homelessness. It is clear that energy poverty is a prevalent problem in Canada. The issues of energy poverty cannot be considered, outside of the following three systems: the ecosystem, the production system, and the economic system (Commoner, 1). Each of these systems provides a unique set of problems in determining energy policy in Canada and on the global scale. It occurs due to a combination of economic, social, and structural factors, and can cause a variety of problems both for low-income Canadians as well as the general population. While solutions have been presented at the local, provincial and federal levels, not much is actually being done by the Canadian government to end energy poverty. Ultimately, the lack of decisive action reflects a lack of general knowledge of the prevalence and severity of this issue in the Canadian

population. If Canadians believe that access to energy is basic human right, action should be taken toward alleviating it.

Energy poverty results from complex interactions of different systems within society. Because its causes are economic, social and structural, an interdisciplinary approach is needed to fully understand the factors affecting it. "A household energy burden...has three main factors, household income, energy consumption, and the cost of energy" (Toronto Environmental Alliance, 2006, 6). Energy poverty is affected by economics in that the state of the market greatly affects the prices of energy for consumers. "In Ontario household utility costs have risen 69.1% since 1992" (Toronto Environmental Alliance, 2006, 6). The high costs of energy effects low-income Canadians the most, because these prices reflect a greater proportion of their income. The price that we pay for energy is affected by five different costs: the cost of production, transportation, transformation, trade margins and taxes (Desbrosses and Girod, 13). Some of these costs are established by the market and cannot be helped, however some of them are based on policy decisions in Canada. The cost that is most affected by policy is taxes. Many environmentalists have suggested that higher taxes on energy will help to decrease energy usage, and promote conservation awareness. However, these taxes are a very large burden on low-income Canadians: "The room for manoeuvrability on the part of Canadian energy and energy pricing, together with the reduction in living standards, which a five-fold increase in real energy prices has potentially caused for low income households, makes it essential to consider the impact of rising energy prices on the poor" (Patterson, 9).

There is an ongoing conflict as to whether energy prices should be based completely on economic criteria, or whether it should recognise social constraints (Boardman, 27). It appears that currently in Canada energy pricing is based solely on economic criteria, as there is no variation in cost based on household size or income. These high costs need to be reconsidered for low-income Canadians. Most of the financial provisions available are responsive in nature Such as emergency relief from energy bills, or paying reconnection fees. This does not help a low-income household in the long run. This issue needs to be readdressed in order to provide any kind of long-term or permanent relief from energy poverty.

The second major cause of energy poverty is a lack of social provisions for those in need. The number of Ontarians living in poverty is unacceptable, and for these families, energy consumption significant component of the cost of living. Many of the social programs that exist for the poor in Canada only provide temporary relief, and as a result they do not help low-income Canadians to rise out of a state of poverty. Some groups even believe that we shouldn't focus on energy poverty as a separate entity, but rather we should only see it as a result of poverty in general (Chopowick, 23). So, one of the causes of energy poverty in Canada is a lack of social response of the social institutions and Canadian citizens to actually help low-income Canadians to sustain themselves.

A third major cause of energy poverty is related to inefficient energy usage in the dwellings of low-income Canadians. Not only are Canadians with low-incomes less able to afford energy costs, they are also more likely to have less efficient energy.

“Households in the lowest income quintile are almost twice as likely to have electric heating (the most expensive form of space heating) as the provincial average” (Toronto Environmental Alliance, 2006, 5). The Low-Income Energy Network also addresses the issue of quality of housing as a cause of energy poverty. They provide a number of reasons why energy might actually be more expensive for low-income Canadians living in low quality housing. These include: “lack of insulation and draft-proofing, less efficient heating equipment, and other appliances” (<http://www.lowincomeenergy.ca/>). Another problem that had been addressed frequently in the United Kingdom, is the design of homes in general. It has been suggested that with particular regard to older homes, they have been designed for space rather than efficiency. (Boardman, 32) When considering these structural efficiency issues it becomes apparent that many small changes could have the largest effect on to low-income households and energy costs (Toronto Energy Alliance, 2006, 5).

It is evident that a complex interaction of systems causes poverty, and as a result it affects many groups. It is important to understand the effects that this condition has on the people who live with it, as well as Canadian society in general. A first major effect that energy poverty can have on households is being disconnected. Disconnection means a loss of heat in the home, which can cause serious health issues. In extreme cases, a lack of heat could result in hypothermia: “One of the extreme affects of living in cold conditions is that people can suffer from hypothermia, when the body temperature drops dangerously low...” (Boardman, 16). This is from a study conducted in Britain. Considering the weather that occurs in the Canadian winter, it can be inferred that this condition could occur more frequently and more severely in Canada than in Great Britain. There is also a health risk associated with a higher risk of accidents to due supplementary heating (Toronto Energy Alliance, 2006, 1). Another result of continuous energy poverty is that persons could be evicted from their homes. “The second most significant reason for economic evictions in Ontario, right after unaffordable rent is high energy costs” (McClenaghan, 7-8). Inability to afford energy means that a family is probably already facing economic hardship, but it is clear that energy poverty, or a lack of heat in the home can cause a great deal of extra hardship including health problems, disconnection and evictions. If this is not enough to motivate people to make positive change, then maybe it could come from the major effects that the prevalence of energy poverty have on the Canadian population. “Energy efficiency in the home affects energy consumption, energy costs, and greenhouse gas emissions” (Boardman, 3). This means that the inefficiency of low-income households will have an effect on all Canadians. If energy is being wasted, it will become scarce and the result will be an increase in energy costs and taxes. Another main issue that concerns the Canadian population is energy conservation. Energy that is being wasted in low income households or in rental housing is part of the overall energy expenditure, therefore, contributing to energy conservation in low-income housing is something that all Canadians should be concerned with.

Energy poverty affects the people who suffer with it every day. As it also affects the entire Canadian population, all Canadians should show concern for this issue and attempt to make positive change.

After evaluating the causes and effects of energy poverty, it is clear that action needs to be taken to reduce the prevalence and severity of this issue. These changes are difficult, because many different groups and costs are involved. The lack of a comprehensive plan in Canada has caused an inability to locate and distribute resources to those in need. There are a number of groups within Ontario, as well as on the federal level who are working towards the goals of reducing energy poverty. Some of these groups include: The Low Income Energy Network, The Ontario Energy Board, Toronto Energy Alliance, and The National Energy Program of the Government of Canada. At this point in time, the federal government of Canada and the government of Ontario are attempting to evaluate the positions of different groups involved. In September of this year (2008), the federal government held a Stakeholders Conference on the topic of "low-income energy consumers," and a number of positions were presented. It is evident from the presentations involved that a number of groups will need to work together in order to collectively assist those in need. Some of these groups include: Landlords, local advocacy groups, Local Distribution Companies, Provincial and Federal Governments, and the Canadian people. If these groups do not come together to create a plan, or if the government does not create any policies and rules regarding energy poverty, it will be difficult to make significant change.

The goal that has been suggested by the Ontario Provincial government is that the Ontario Power Authority come up with a plan to attain "...100 megawatts of energy savings from low-income and social housing" (Toronto Energy Alliance, 2006, 1). This is an effective goal in that it would reduce the burden of energy costs permanently for many low-income households. The fact that the measurement of reduction is in energy amount rather than financial amount implies that they intend to focus on energy conservation rather than financial aid. Structural efficiency changes are changes to the structure of a household to make them more energy efficient. Making these changes can cause a significant decrease in energy costs. They are a particularly positive approach to focus on because they would provide long term results for low-income housing, and because it would help improve the state of more than one social issue. Structural improvements to low income households would ultimately result in movement towards sustainable development. It would help to reduce energy costs for low-income households, and create more environmentally friendly housing. The Climate Convention recognised this by stating that they need to make efforts to protect the climate system, but also ensure sustainable development (Sagar, 1372). This effort would be a great way to do both. If we return to the idea of energy poverty as a relative issue in Canada, another benefit can be seen from this change. Making these changes would allow people from low-income households to actively participate in social change within their society. One such program is "Saving Energy: The 6-Step Guide to Tenant Action". It is designed as a project for neighbourhoods to save energy or money (Toronto Environmental Alliance, 2008). This is incredibly powerful in that often people who are struggling to make ends meet are working so hard to make the money they need to survive, that they do not get the chance to volunteer, or to participate in making social change.

A number of other suggestions have been made that reflect other groups and issues related to energy poverty. Some groups have suggested that greater responsibility be

given to landlords of low-income housing. It has been suggested that landlord involvement would reduce the costs to government, (Boardman, 213) and increase their property value (Toronto Energy Alliance, 2006, 1). Another suggestion was to provide a “No Cut-Off Policy” and an “Exemption from Security Deposit” for certain vulnerable groups in order to ensure that they get basic access to energy even in times of economic distress (Indeco, 2004). This would ensure that some of the worst effects of energy poverty would be reduced such as disconnection and health problems from lack of heat. It has also been said that the problem lies with poverty in general (Chopowick 23), and therefore the solution is to assist low-income households improve their overall income rather than relating it to energy expenses. Finally, one of the other main proposals is to improve awareness about energy conservation for low-income households. This has been suggested because many low-income households rent their housing, and as a result are not clear on how much their energy usage is costing them (Chopowick, 23).

Making economic, social and structural changes would be a significant improvement from the current aid package which focuses on responsive assistance. In Ontario, there is currently the “Provincial Emergency Energy Fund” which provides one-time assistance for low-income Canadians to pay “...utility arrears, security deposits and reconnection costs” (<http://www.lowincomeenergy.ca/>). There are a number of similar programs in place with Local Distribution Companies, but these are all reactive rather than proactive efforts. These efforts are comparable to Food Banks, in that they do not permanently reduce the prevalence of the issue, they only provide temporary relief. The lack of permanent assistance to those in need in Canada reflects a lack of concern on the part of Canadian citizens. If energy is viewed as a basic human right, then it should be a more salient issue to Canadians. In a wealthy country like Canada there is no excuse: “...natural gas and electricity services are Universal Services, and as such, customers of all classes should contribute, in our view, to the assistance required by the low-income consumers” (McClenaghan, Transcripts, 6). Birol states that when it comes to the “economics of energy poverty, there is a poverty of energy economics” (5). There are many concrete ways that Canadians can make positive change towards the alleviation of energy poverty. Whether it is for ecological, economical, or social reasons, all Canadians have a good reason to take action in alleviating energy poverty.

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