Energy Transition and Energy Affordability Perceptions Study

Natural Resources Canada

Executive Summary

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This report is based on 16 focus groups and one in-depth interview that Quorus completed between January 29 and February 10, 2024, with adults living in Canada. Of the 16 sessions, 12 groups were held online, and four groups and one in-depth interview were held in-facility. Focus groups spanned the country and lasted approximately 90 minutes. All participants were informed that the research was for the Government of Canada. A total of 104 individuals participated in this study.

Cette publication est aussi disponible en français sous le titre : Étude sur les perceptions à l'égard de la transition énergétique et de l'abordabilité de l'énergie

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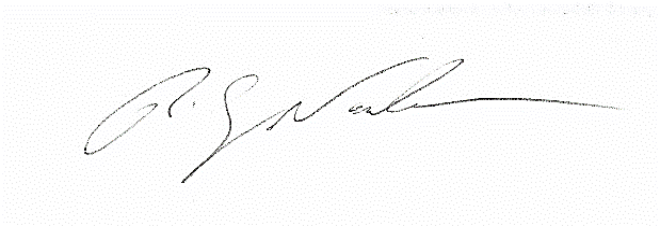

March 1, 2024
Rick Nadeau, President
Quorus Consulting Group Inc.

Executive summary

Background and research objectives

In recent years, the development of a competitive, clean energy economy has become a priority for federal and provincial governments. Indeed, the clean energy transition and broader shift to a low-carbon economy represents an opportunity for Canada to expand its manufacturing base, create sustainable jobs in low-carbon industries and meet its climate objectives, while offering Canadians more secure and affordable energy.

Public opinion research has studied Canadians' opinions around the energy transition finding that Canadians are overwhelmingly supportive of clean energy, viewing it as a more affordable, sustainable, and reliable form of energy than fossil fuel-based energy. However, research[1] also shows that Canadians have some uncertainty about what the energy transition will involve, about the costs that will be involved in realizing it, and what it might mean for their livelihoods, including affordability and employment.

Previously, NRCan had conducted quantitative and qualitative studies which contained some questions focused on Canadians' opinions around the energy transition and energy affordability.

This study's approach aimed to better understand thought processes behind Canadians' perceptions to inform where there may be policy and communication blind spots that NRCan is not aware of.

The objective of the research was to explore energy-focused questions such as:

- How familiar are Canadians with the energy transition in Canada?
- How does the energy transition affect Canadians?
- What are the benefits and the inconveniences of the energy transition in Canada?
- What are the opportunities and the challenges of the energy transition in Canada?
- How is Canada currently managing the energy transition?
- What are Canadians views on energy affordability?
- How will the energy transition impact energy affordability?

[1] https://abacusdata.ca/clean-energy-affordable-secure/

Methodology

The research methodology consisted of 16 focus groups (12 online groups and four in-facility groups) and one in-depth interview with individuals in Canada. A mix of online and in-facility groups were conducted between January 29 and February 10, 2024, with sessions held in Manitoba, New Brunswick, Quebec, Saskatchewan, British Columbia, Nova Scotia, Ontario, and Alberta. Focus groups were segmented by region and age. Each session lasted approximately 90 minutes. All participants were informed that the research was for the Government of Canada and they each received an honorarium of $125 for their participation. A total of 104 individuals participated in this study.

Summary of research results

Awareness and familiarity with the discussion topic

Most research participants were aware and familiar with the meaning of "transitioning to clean energy in Canada", and some of them were even able to refer to relevant government initiatives.

There is a great deal of support for the broad idea of transitioning to clean energy, mostly on the basis of addressing climate change, to improve our health through reduced pollution and to improve the prospects for future generations. For many, the transition is seen as both important to them personally and considered a priority for Canada if not the world.

Concerns regarding clean energy transition

As much as participants considered this transition important, a variety of drawbacks or concerns were also raised. The most common concerns pertained to costs of making this transition. More specifically, concerns with costs surfaced on three key fronts:

- The perceived costs of shifting energy production to renewable sources such as wind, solar, etc. Many felt that significant investments related to implementing new technologies to supply the energy grid would be required.
- The perceived costs for the average consumer who is, seemingly, being asked to shift to electric vehicles at a time when such vehicles are seen as quite expensive and have limited capacity to meet a broader Canadian demographic's needs.
- The perceived cost to the consumer, who many believe will pay more for their energy if the energy supply is coming from new technologies, at least in the short-term.

Some participants were also concerned with the risk associated with transitioning energy production to what are considered unproven technologies. Many were concerned with the plan to transition to electric vehicles which are still seen as inadequate in many ways (e.g., long distance driving, cold temperatures, lack of charging stations, high cost of replacing a battery, the environmental impact of manufacturing batteries, etc.). A few were also concerned with the job losses associated with a transition away from fossil fuels, a concern that was more acute in regions such as Alberta and certain rural areas in the Prairies.

Finally, a few questioned the real impact that a country like Canada could make on global climate change by making this transition and were concerned that the country, and Canadians, might be taking on serious costs in vain.

Views on pace and progress made

Views on pace and progress made were mixed. Many felt that too little has been done by Canada to address climate change thus far. Feeling that they could not easily identify specific steps that had been taken, other than setting targets, this left many with the impression that Canada was not on the right track towards making the energy transition, or on any track for that matter, and that the pace of the transition was too slow.

Others were of the view that a lack of a clear path forward combined with aggressive targets are cause for concern. The most recent commitments to reaching net-zero emissions as well as headlines pertaining to phasing out new, gas-powered passenger vehicles by 2035, left many concerned that the transition to clean energy may be overly ambitious or aggressive. As much as they value a transition, there is a sense that it must be done correctly and at the right pace otherwise too many jobs will be lost too quickly, too much money spent too soon and too many risks taken with new technology. These participants also felt that the challenges they face in terms of cost of living do not set the right backdrop to these sorts of pressures.

There were also some concerns that across Canada, different provinces tend to be moving at a different rate and are not working together to create a cohesive plan. Provincial regulations limiting or prohibiting consumers from selling unused energy back to the grid was also seen as a challenge and even a disincentive for some participants to move forward with certain changes that would support the transition to clean energy. On the other hand, this research revealed that some participants were incentivized to adopt energy efficient technologies because their utility company offered free thermostats or rebates on energy audits. As well, some heard about these programs directly on their energy bills.

When asked what specific measures had been taken in Canada to support the transition to clean energy, some of the more common actions included:

- Canada has been setting emissions reduction targets, which, although seen as necessary, are useless if specific action plans are not developed.
- They are seeing more electric vehicles on the road.
- Some were aware of federal programs that help homeowners transition to clean energy (especially heat pumps) and to support efforts to retrofit their home to become more energy efficient.

While there was some awareness of certain measures, many felt that a lack of a clear action plan, or "roadmap", that lays out the various measures and actions over time that will lead to the desired targets and outcomes left them unconvinced that targets will be reached, and that real progress will be made.

When asked about their own contribution to the transition to clean energy and efforts to improving energy efficiency, nearly all participants could identify at least a few measures or actions they had taken or were regularly practicing. A few in each group had done renovations to their home to make it more energy efficient, especially window replacements, more insulation, etc. A few across all sessions had also installed a heat pump. Most pointed to energy use "best practices" that they do on a regular basis such as temperature controls, turning off the lights when not needed, buying energy efficient appliances and light bulbs, etc. While some did undertake these renovations and behaviours because it is "good for the environment", many were also motivated to do so to lower their energy bills in both the short and long-term. The notion that they were directly supporting a transition to clean energy did not seem to be a connection participants were making.

Transitioning to clean energy and the government

Most are in agreement that the federal government has a role to play regarding the transition to clean energy. Some of the roles most commonly proposed by participants included the following:

- Setting a vision and clear path forward in terms of reaching desired targets.
- Supporting and encouraging citizens through programs, rebates and incentives so that they can undertake changes to their homes and modes of transportation.
- Funding the majority of the transition, such as through carbon taxes (particularly by taxing the large companies who are the largest contributors to greenhouse gas emissions).

- Working with the global community.
- Coordinating with the provinces so that we are all moving forward.
- Communicating to and educating Canadians about the path forward, how they can be a part of the transition, and how progress can be measured overall.
- Supporting the development and installation of renewable energy infrastructure.
- Finding markets and uses for Canada's fossil fuels.

Participants were presented with a list of examples of some recent initiatives and programs the federal government has introduced to support the transition to clean energy. For the most part, all these types of initiatives and programs were well received by participants. That said, the types of initiatives and programs presented were not well known – awareness seemed the highest for the Canada Greener Homes Grant (especially as it pertains to installing heat pumps) and the rebates for zero-emission vehicles. There was also some awareness of the construction of battery factories and zero-emission vehicle factories.

The main concerns participants had with the list of initiatives were the following:

- There was no apparent support for renters.
- There was no apparent support for individuals who do not own a vehicle and who do not want to or cannot afford to own one.
- The initiatives seemed to favour higher-income households in general – in other words those who can afford a home, afford to pay upfront for renovations, and/or afford an electric vehicle.
- There was some concern for regional favouritism in the initiatives, such as the construction of factories seems to be only happening in Ontario, how certain forms of energy production, such as heat pumps, are not viable in certain parts of the country, and how electric vehicles are not seen as a viable option in many parts of the country (e.g., rural and remote areas, regions that get very cold, etc.).

Overall, cost tended to be the main concern participants had with many explaining that the rebates or incentives only cover a portion of the total cost, and consumers are expected to fund the rest. Some felt that the federal government should be taking on more of the cost to install heat pumps, solar panels, energy efficient windows, etc.

There was general agreement that public awareness of these types of programs and initiatives was lacking. Participants suggested that the federal government should make greater use of: social media, news announcements, mass media, advertising through home improvement/renovation retailers, sending information through the Canada Revenue Agency, and through local/regional energy providers.

A different kind of retrofitting loan was explored by the moderator. Participants were told that through this program, the energy cost savings could be used to pay back the loan. Some participants, especially younger homeowners, felt this could make it easier for them to undertake renovations. On the other hand, interest in this sort of program was dampened by those, especially older participants, who were less convinced of the amount of savings they could see on their energy bills, the prospect of significant investments up-front (which they cannot afford), and savings only materializing far into the future.

Finally, there was a discussion in a few groups about the pros and cons of the Government of Canada taking on greater debt to finance the energy transition to avoid greater costs that would be incurred by the effects of climate change. Some felt that these types of costs are difficult to ascertain or that it would be irresponsible for the government to incur any more debt for any reason. On the other hand, the argument that there is research that shows that the government would be spending more on the results of climate change if it doesn't do more to curb it, than on energy transition, convinced some that it made sense to have a long-term vision and incur short-term debt.

Energy affordability

Energy costs are an ongoing concern for many participants, especially among lower income households. Many have adopted energy saving practices specifically to reduce their energy bills. Even though few know how affordability of energy in their province compares to other provinces, most would agree that it is expensive enough that they do not wish to see energy prices rise.

There is also limited understanding of the reasons that might explain why their energy bills are unaffordable or increasing. Many participants explained that "the cost of everything is going up" and so it was not surprising to them that their energy bill should also go up. Some also suspected that their energy bill is high because their use is high or higher than before. In certain regions, such as in New Brunswick, some felt that high bills were related to utility mismanagement while in other regions, participants attributed their high bills to fixed fees embedded into their bills

related to administration and/or transportation. A few blamed the “carbon tax” for their high or higher energy bills.

With a few exceptions, participants did not tend to associate how their energy was generated with the affordability of energy in their province. When specifically presented with a scenario where more energy in their province is generated from renewable sources, few seemed to believe that this would lead to lower energy bills. Some participants felt that new ways of generating energy, such as solar, wind, etc. are more expensive than current sources of energy. Some hypothesized that perhaps energy costs would be more expensive in the short term given the costs related to implementing these new technologies but that over time, energy bills should gradually decrease seeing as how the energy source is renewable. Another common view was that energy companies would not allow bills to go down since they need to make a profit.

Ultimately, there were many mixed views on whether a transition to clean energy would result in lower energy bills for Canadians.

Key takeaways

- Participants were quite supportive of the idea of shifting to clean energy, especially on the basis on addressing climate change.
- The costs of this transition were a concern to participants who in many cases felt that they would take on a large burden of the associated costs (for example, increased energy costs) and would sooner see the federal government funding a larger portion of the transition.
- Other concerns related to the idea of “new technologies” such as electric cars, which many felt were not feasible in their region due to cold temperatures, lack of infrastructure and battery life.
- Many felt that Canada is taking steps in the right direction (for example, by setting targets), however they perceived actual changes to be too slow, and lacking a clear course of action.
- There was some interest and support for the rebates and incentives offered by the federal government however there were also some concerns including:
    - Lack of supports for low and middle-income households, renters and those who do not want to own a vehicle or cannot afford one.
    - Despite the rebates, individuals feel they would struggle with significant upfront costs for many home renovations and electric vehicles.

  - Regional equity (for example, heat pumps and electric vehicles being less viable in colder regions).
  - Low awareness of the various federal programs.
- There was a general perception that energy costs are increasing, which was a concern particularly for lower income households..
  - Participants were typically unsure of the reasons for these cost increases and typically associated them with general inflation.
  - Many were unsure whether clean energy sources would ultimately lead to higher or lower energy prices.

Qualitative research disclaimer

Qualitative research seeks to develop insight and direction rather than quantitatively projectable measures. The purpose is not to generate "statistics" but to hear the full range of opinions on a topic, understand the language participants use, gauge degrees of passion and engagement and to leverage the power of the group to inspire ideas. Participants are encouraged to voice their opinions, irrespective of whether or not that view is shared by others.

Due to the sample size, the special recruitment methods used, and the study objectives themselves, it is clearly understood that the work under discussion is exploratory in nature. The findings are not, nor were they intended to be, projectable to a larger population.

Specifically, it is inappropriate to suggest or to infer that few (or many) real world users would behave in one way simply because few (or many) participants behaved in this way during the sessions. This kind of projection is strictly the prerogative of quantitative research.

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