

As Canada's largest community-based credit union, serving over 560,000 member-owners, Vancity uses the tools of finance and our community relationships to expand economic opportunity, improve the wellbeing of our members, and make our communities better. We are committed to building a clean and fair world, and one way we are delivering on that is by working to achieve net-zero emissions in our lending portfolio by 2040. With residential and commercial mortgages making up a significant portion of our lending, decarbonizing new and existing buildings will be key to reaching this goal.

Like the Government of BC, Vancity is focused on electrification of buildings. We are strongly supportive of the phasing out of incentives for gas-fired heating equipment, and we welcome the opportunity to provide feedback related to the proposed Demand-Side Measures (DSM) Regulation amendment. Specifically, Vancity recommends:

- Rebates not be allowed for any gas equipment, including hybrid equipment
- Prioritizing low-income and Indigenous households by providing additional supports for decarbonizing heating equipment and improving the energy efficiency of these homes
- Ensuring electricity rates do not disincentivize electrification of residential buildings
- Setting interim sales targets, starting in 2024, to set a path towards achieving the commitment that all new space and water heating equipment sold and installed in B.C. to be at least 100% efficient by 2030
- Engaging stakeholders in a broader discussion focused on the interrelated goals of affordability and net-zero buildings

As this Government recognizes, the cost of living is a significant source of stress for many British Columbians, with recent inflation and rising interest rates only increasing that burden. Energy is currently a major driver of affordability challenges, and British Columbians who must continue to rely on gas systems (including those using renewable gas and hydrogen) will likely face increasing costs over time due to factors such as the carbon tax and supply constraints. For example, renewable natural gas (RNG) is a limited resource with no clear pathway to develop the volume required to fully service BC's buildings^{i,ii}. At the same time, RNG is a critical fuel for energy intensive and hard-to-abate industrial processes and certain types of transportation; with demand for RNG set to increase over time as various sectors decarbonize, this limited resource is best preserved for these other usesⁱⁱⁱ. Gas heat pumps (including hybrid heat pumps) also require residents to pay for new and existing gas connections to their home, increasing their overall heating bill.

This means that electrification of space and water heating equipment (alongside energy efficiency measures) is an immediate and effective way for Government to protect people from current and future increases in gas costs. Electrification is the reliable and efficient path forward for heating systems for most buildings in BC, including in northern and remote communities, with cold-climate electric heat pumps having proven feasible and effective in nearly all climate zones^{iv}. However, BC Hydro's outdated two-tier rate structure, which was designed to *reduce* electricity use, can now have the effect of undermining the Province's climate targets by disincentivizing electrification of new and existing buildings. Ensuring electricity is priced so that it supports electrification of homes will help Government to meet its emission targets and ensure households have affordable, stable energy costs.

While it is critical that we reduce pollution from buildings, this is also about making homes more comfortable and safer, and affordability and equity must be centered in this work. In the interest of advancing equity, low-income and Indigenous customers should be the **first** people supported to adopt clean and efficient technologies, rather than locking them into expensive and polluting fossil fuel-burning equipment for the next 15-20 years. In addition to cost concerns, RNG results in the same in-home air pollution and health impacts as fossil fuel derived gas^v. Taking these cost and health concerns into consideration, we strongly encourage the Province to not allow rebates for gas equipment for these customers and instead build out the CleanBC Income Qualified program to cover more households.

Recognizing that this regulation amendment is a step in the path towards the requirement for all new equipment sold to be at least 100% efficient by 2030, we also strongly encourage Government to develop interim sales targets for that type of equipment, starting with a target for 2024. The Province is already taking this approach for electric vehicles and it would help develop the equipment supply chains needed to reach the 2030 timeline.

As a financial co-operative we know we are stronger when we work together, and Vancity is a committed partner to the Government of BC in developing and delivering affordable decarbonization approaches for buildings in our province. After the DSM Regulation amendment has been completed, we would welcome a broader discussion between government and stakeholders, with strong representation from marginalized communities, about how we can collectively work together to achieve our shared goals of affordability and decarbonization.

Thank you again for this opportunity to provide feedback on the amendment. Please let us know if you have any questions or would like to discuss this matter further.

About Vancity

Vancity is a values-based financial co-operative serving the needs of its more than 560,000 member-owners and their communities, with offices and 54 branches located in Metro Vancouver, the Fraser Valley, Victoria, Squamish and Alert Bay, within the unceded territories of the Coast Salish and Kwakwaka'wakw people. With \$33 billion in assets plus assets under administration, Vancity is Canada's largest community credit union.

ⁱ [BC Energy transition outlook for 2022 - BC Sustainable Energy Association](#)

ⁱⁱ <https://www.cbc.ca/news/science/what-on-earth-bc-emissions-fortis-gas-hydro-1.6329879>

ⁱⁱⁱ [7 Questions About Renewable Natural Gas, Answered | World Resources Institute](#)

^{iv} <https://www.nrcan.gc.ca/maps-tools-and-publications/publications/energy-publications/publications/cold-climate-air-source-heat-pumps-assessing-cost-effectiveness-energy-savings-and-gr/24208>

^v <https://www.healthlinkbc.ca/healthlinkbc-files/indoor-air-quality-combustion-products>