

DATE OF MEETING MAY 10, 2021

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**SUBJECT FINANCING FOR DEEP ENERGY RETROFITS IN THE NANAIMO  
REGION FEASIBILITY STUDY**

## **OVERVIEW**

### **Purpose of Report**

To provide Council with information on the Green Municipal Fund Community Efficiency Financing program, and obtain a Council resolution indicating support of an application. |

### **Recommendation**

That Council direct staff to submit an application to the Green Municipal Fund Community Efficiency Financing program for the Financing for Deep Energy Retrofits in the Nanaimo Region Feasibility Study to explore and assess options for establishing a financing program for home energy upgrades. Should the funding application be successful, Council commits to funding \$21,850 as the City's portion of this project.

## **BACKGROUND**

The Federation of Canadian Municipalities (FCM) Green Municipal Fund's (GMF) Community Efficiency Financing (CEF) initiative supports municipalities and partner organizations to plan, implement, and expand local programs for home energy upgrades. Specifically, it focuses on innovative financing models, like property assessed clean energy (PACE), local improvement charge financing, utility on-bill financing and third-party lending. The program is available to Canadian municipal governments, and organizations applying in partnership with a municipal government.

Community Efficiency Financing help municipalities create, launch and expand innovative financing programs for energy projects in low-rise residential buildings while creating triple bottom line benefits, such as reduced greenhouse gas emissions, accelerated energy cost savings, and increased home comfort, health and quality of life for residents.

Community Efficiency Financing funding provides grants, loans and credit enhancements to support local programs at all stages of development, specifically: grants for studies and pilots; loans and grants for capital programs; and credit enhancements and grants for capital programs.

The feasibility study stream of this program provides grant funding for municipalities to explore and assess options for a financing program for home energy upgrades. Multiple municipalities and partners are encouraged to collaborate on regional opportunities. Municipalities may submit one application for 80% funding of eligible project costs up to \$175,000. Applications are accepted year round, though this offer will close when all the funding has been allocated. |

## **DISCUSSION**

Council's *2019 – 2022 Strategic Plan* has set a priority for the City to take a leadership role and focus on our environmental impact and climate change contributions in our decision-making and regional participation. The City has also declared a Climate Emergency in 2019 and has set aggressive greenhouse gas reduction targets for the City to achieve by 2030 (50 to 58% below city-wide 2010 GHG levels) and by 2050 (94 to 107% below 2010 City-wide GHG levels). In order to achieve these aggressive targets, the City needs to take greater action to lower GHG emissions from existing buildings.

The City, in collaboration with the Regional District of Nanaimo (RDN), would like to apply for funding for a Financing for Deep Energy Retrofits in the Nanaimo Region Feasibility Study to explore and assess options for establishing a financing program for home energy upgrades that complements existing provincial programs and addresses any barriers in local uptake by residents in the City and RDN. The benefits of a financing program for home energy upgrades include added property value for homeowners, increased community resiliency and climate action, and economic recovery.

The study will work with key municipal and community stakeholders within the City and the RDN. The study will establish a baseline by assessing building types, energy use profiles and opportunities for energy upgrades to support GHG emissions reductions. In addition, the study will assess the potential uptake for energy-efficiency and renewable energy upgrades in terms of the number of anticipated projects and the level of investment required and comparing with the local benefits that could be achieved through energy cost savings for residents, energy and GHG reductions, and/or water savings.

The feasibility study would seek stakeholder feedback from residents, builders, contractors, and energy advisors in the community, to determine how a financing program could address any barriers to streamline home energy upgrades. An evaluation of available financing models will be included in the study, within the context of municipal law, including the feasibility of establishing a program utilizing PACE-enabled legislation, or another financing instrument.

The RDN will report on the Community Efficiency Financing program to the Committee of the Whole on 2021-MAY-11.

## **OPTIONS**

1. That Council direct Staff to submit an application to the Green Municipal Fund Community Efficiency Financing program for the Financing for Deep Energy Retrofits in the Nanaimo Region Feasibility Study to explore and assess options for establishing a financing program for home energy upgrades. Should the funding application be successful, Council commits to funding \$21,850 as the City's portion of this project.
  - The advantages of this option: The feasibility study would provide the City and surrounding areas the information necessary to recommend on whether to proceed with the program design stage for a local efficiency program for home energy upgrades, as well as identify a recommended financing model.

- Financial Implications: The cost for the feasibility study have been estimated at \$218,500. The feasibility study is contingent on a successful grant application. If the grant application is successful, the City would be eligible for up to \$175,000 of funding towards the project. The remaining \$43,700 would be funded by the City and the RDN equally. The City would fund their portion by reallocating of \$21,850 from the Energy Step Code Education and Rebate Program. The Energy Step Code Education and Rebate Program was done in partnership with the RDN and the Canadian Homebuilders Association and less funding was required than originally anticipated due to these partnerships.
2. That Council provide alternative direction to Staff for the Green Municipal Fund Community Efficiency Financing program. |

### **SUMMARY POINTS**

- The Green Municipal Fund Community Efficiency Financing program provides funding for 80% of eligible project costs, up to \$175,000 for feasibility studies.
- The City may submit one application.
- The application intake is ongoing.

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