

DATE OF MEETING MAY 12, 2021

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SUBJECT DEEP ENERGY RETROFIT FEASIBILITY STUDY FOR THE NANAIMO REGION

OVERVIEW

Purpose of Report:

To provide the Environment Committee with information on the Green Municipal Fund Community Efficiency Financing program and the City's application to fund a feasibility study to review and enhance building retrofit work in the Nanaimo Region.

BACKGROUND

The Federation of Canadian Municipalities (FCM), Green Municipal Fund's (GMF), Community Efficiency Financing (CEF), initiative supports municipalities to plan, implement and expand community home energy upgrades. Specifically, the fund supports innovative financing models, such as, 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.

PACE financing allows a property owner to finance upfront costs of building energy efficiency upgrades, such as, more efficient heating systems or windows by paying the costs over time through a voluntary property tax assessment. The assessment would be attached to the property rather than the individual. When the property sells, the financing would continue with the new owner. Currently, PACE financing is available in Alberta, Ontario, and Nova Scotia. Local Governments in British Columbia can currently only work within a very narrow scope that involves creating local improvement charges and seeking provincial approval. There is a strong lobby effort from several local governments to allow for greater flexibility from the Province to utilize PACE. The City of Nanaimo recently wrote the Province expressing support for B.C. legislation enabling PACE by third party administration and confirming the City's interest in having a PACE program when it becomes available

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

DISCUSSION

The City, in collaboration with the Regional District of Nanaimo (RDN), is considering an application for funding under the FCM Community Efficiency Financing (CEF) program to

complete a Deep Energy Retrofit Feasibility Study. The study will explore and assess options for establishing a financing program for home energy upgrades that compliments existing provincial programs and addresses any barriers to local uptake by residents in the City and RDN.

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 citywide 2010 GHG levels), and by 2050 (94 to 107% below 2010 citywide GHG levels). In order to achieve these aggressive targets, the City needs to take greater action to address the energy efficiency and GHG emissions of existing buildings.

The feasibility study will work with key municipal and community stakeholders within the Region and establish a baseline of 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, 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 also 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 and improve the uptake for residents to take advantage of the incentives available. 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.

Staff will be taking a report to the 2021-MAY-15 Finance and Audit Committee for decision on whether to proceed with the application and dedicate City funds toward the study. The RDN is anticipating a parallel report to its Committee of the Whole on 2021-MAY-11 regarding a potential joint application with the City under the CEF program.

Consideration of a regional home energy building retrofit program aligns with the Environment Committee's workplan. It is anticipated that the Committee would play a role in the Deep Energy Retrofit Feasibility Study should the joint application with the RDN under the CEF program prove successful.

CONCLUSION

The feasibility study would provide the City and Regional District of Nanaimo with the information necessary to recommend whether or not to proceed with designing a home-energy retrofit financing program for the region. The feasibility study would also provide direction on how a program could best compliment existing rebate programs and support local energy advisors and contractors to accelerate the uptake of home-energy retrofits for the region.

Proceeding with 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.

SUMMARY POINTS

- The Federation of Canadian Municipalities (FCM), Green Municipal Fund's (GMF), Community Efficiency Financing (CEF), initiative supports municipalities to plan, implement and expand community home energy upgrades.
- The feasibility study stream of the CEF program provides grant funding for municipalities to explore and assess options on developing a financing program for home energy upgrades.
- The City, in collaboration with the Regional District of Nanaimo (RDN), is considering an application for funding under the FCM CEF program to complete a Deep Energy Retrofit Feasibility Study.
- The study will explore and assess options for establishing a financing program for home energy upgrades that compliments existing provincial programs and addresses any barriers in local uptake by residents in the City and RDN.

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