

DATE OF MEETING February 16, 2022

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**SUBJECT BC HYDRO SUSTAINABLE COMMUNITIES PROJECT
IMPLEMENTATION FUNDING APPLICATION WITH THE
REGIONAL DISTRICT OF NANAIMO**

OVERVIEW

Purpose of Report

To obtain the Finance and Audit Committee's recommendation for Council approval of a cash contribution to participate in a joint funding application with the Regional District of Nanaimo for a pilot program to support residential conversion of oil to heat pumps.

Recommendation

That the Finance and Audit Committee recommend that Council approve using \$10,000 from the Climate Action Reserve Fund to support a joint application to BC Hydro with the Regional District of Nanaimo for an "Oil to Heat Pump Pilot Program with Equity-Centered Outreach Design".

BACKGROUND

BC Hydro Sustainable Communities program co-funds projects and programs to support action on reducing greenhouse gas emissions, which is open to local governments (municipalities and regional districts). Their Sustainable Communities Project Implementation Fund will pay up to 50% of eligible costs to a maximum of \$30,000 for an individual applicant, or up to 50% of eligible project costs to a maximum of \$75,000 for projects that bring together multiple resource partners.

The Regional District of Nanaimo (RDN) has invited the City of Nanaimo to jointly apply for the Fund as a partner on an "Oil to Heat Pump Pilot Program with Equity-Centered Outreach Design". The pilot project is intended to help increase oil to electric heat pump conversions, which provide one of the best opportunities for reducing greenhouse gas emissions from home heating, while also reducing heating and cooling costs in older residential building stock.

Using a program delivery model currently being piloted in Squamish, Whistler, and New Westminister, this project aims to remove non-financial barriers to oil-to-heat pump conversions. These barriers include the general complexity of managing this type of renovation, conflicting advice from contractors, lack of understanding of total cost of ownership, and lack of knowledge and skills for heat pump maintenance and operation. The pilot program will test a 'concierge style' service to residents at all stages of the oil-to-heat pump conversion process, including assistance in applying for rebates.

The pilot project will be open to all residents in the Regional District including those in the City of Nanaimo. Program outreach and promotion will be designed to identify and prioritize

demographics who may need greater assistance navigating a more complex renovation (e.g. seniors and lower income homeowners).

The pilot project timeline proposes market assessment and program design in spring/summer of 2022 (following funding approval), with program advertising starting in the fall of 2022, and pilot implementation in January through December of 2023. Given that this proposed service model is currently being tested in some communities in BC, this pilot project will benefit from lessons learned from those projects.

DISCUSSION

The proposed project aligns with Council’s strategic priorities under Environmental Responsibility, specifically the key focus area of “Take a leadership role and focus on our environmental impact and climate change contribution in our decision making and regional participation”.

The project scope includes local market and vendor capacity assessment, program design, outreach plan and activities, implementation of ‘concierge’ service, and program evaluation. The initial number of residents anticipated to benefit from the service through the pilot project are conservatively estimated to be 40 residents in the region.

While it is difficult to predict what proportion of the participants would be City of Nanaimo residents, given the presence of oil heating in older residential building stock in the City, Staff expect a fair representation of City residents in the pilot project. Staff will monitor, update and recommend adjustment to program design and outreach approach if actual participation is notably different from expectation.

If the pilot project is successful, the per person cost of the service is expected to be significantly lower once the project is scaled up, while the fixed cost of program design and implementation would be minimal in the future as the majority of the program design work is included in the pilot phase.

FINANCIAL CONSIDERATIONS

Staff are recommending that Council make a \$10,000 cash contribution from the Climate Action Reserve Fund and support a further \$3,000 in-kind Staff time contribution. Staff will return to Council later in 2024 to report on the project outcomes, and potential continuation of the program and its potential cost.

Proposed Project Contribution Breakdown

Source	Amount
Funding requested from BC Hydro	\$75,000
Regional District of Nanaimo	
Cash	\$51,500
In-Kind	\$10,500
City of Nanaimo	
Cash	\$10,000
In-Kind	\$3,000
Total Project Cost	\$150,000

Should Council approve funding this project, \$463,114 would remain available for other City uses in the Climate Action Reserve Fund.

OPTIONS

1. That the Finance and Audit Committee recommend that Council approve using \$10,000 from the Climate Action Reserve Fund to support a joint application to BC Hydro with the Regional District of Nanaimo for an “Oil to Heat Pump Pilot Program with Equity-Centered Outreach Design”.
 - The advantages of this option: Becoming a partner in this project will strengthen the application and allow the project to access an additional \$45,000 from the BC Hydro Fund to support considerations unique to the City of Nanaimo. The relatively small amount of investment would leverage access to more resources for a more comprehensive program that could directly benefit residents in both the City and the wider Nanaimo region in the future. If the application is successful, the program will help increase oil to electric heat pump conversions, which provide one of the best opportunities for reducing greenhouse gas emissions from home heating, while also reducing heating and cooling costs in older residential building stock.
 - The disadvantages of this option: It commits the City’s resources that could potentially be used to directly support oil to heat pump conversions in the form of direct financial incentives.
 - Financial Implications: The recommendation allocates \$10,000 from the Climate Action Reserve Fund. The fund’s projected 2022 closing balance is \$473,114. This leaves \$463,114 for future use. The 2022 – 2026 Financial Plan would be amended to include this pilot program.

2. That the Finance and Audit Committee does not recommend that Council approve using \$10,000 from the Climate Action Reserve Fund to support a joint application to BC Hydro with the Regional District of Nanaimo for an “Oil to Heat Pump Pilot Program with Equity-Centered Outreach Design”.
 - The advantages of this option: \$10,000 could be used to pursue other projects or programs that meet the intent of the Climate Action Reserve Fund in future.
 - The disadvantages of this option: The proposed pilot project would be scaled back by the RDN, and it is anticipated that there would be less project funding to incorporate considerations unique to the City, or make adjustment in program materials more suitable to the City. If the pilot project is successful, and the City decides to participate in the full program, there may be future additional costs and delays associated with tailoring the program for the City.
 - Financial Implications: The proposed pilot project will not affect the Climate Action Reserve Fund.

3. That the Finance and Audit Committee provide alternative funding recommendations. |

SUMMARY POINTS

- The Regional District of Nanaimo invited the City of Nanaimo to participate in a pilot project that aims to help residents in the region to overcome non-financial barriers to oil-to-heat pump conversions.
- The pilot project has a total budgeted cost of \$150,000. Proposed funding includes \$10,000 of cash contribution from the City, \$75,000 being requested through the BC Hydro Sustainable Communities Project Implementation Fund and \$51,500 cash contribution from the Regional District of Nanaimo with the remainder being in-kind.
- Staff are recommending that \$10,000 from the Climate Action Reserve Fund be used to support the pilot project through a joint application with the Regional District of Nanaimo to BC Hydro.
- The relatively small amount of investment would leverage access to more resources for a comprehensive program development that could directly benefit residents in both the City and the wider Nanaimo region in the future.

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