

DATE OF MEETING February 6, 2023

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SUBJECT BC HYDRO SUSTAINABLE COMMUNITIES FUND - STEP CODE AND CARBON POLLUTION STANDARD IMPLEMENTATION STRATEGY

OVERVIEW

Purpose of Report:

To inform Council that Staff recently submitted an application to BC Hydro's *Sustainable Communities and Industry Partnerships Project Implementation Fund* to support the development of an implementation strategy for the upper steps of the BC Energy Step Code and Carbon Pollution Standard.

BACKGROUND

On 2022-AUG-29, Council directed Staff to begin preparation for industry consultation on the implementation of the upper steps of the BC Energy Step Code and greenhouse gas (GHG) emissions targets for new buildings. This consultation was recommended in anticipation of BC Building Code changes to allow a low-carbon requirement for new buildings and in support of the following City Plan policies related to low carbon and energy efficiency in new buildings:

- Accelerate zero carbon and energy efficient building design and practices for all new construction before 2030, and require this for all new construction after 2030.
- Support, prioritize, and advocate for low carbon energy systems in all new construction.

The BC Energy Step Code was introduced in 2017 and sets energy efficiency performance requirements, defined as “steps” for new construction. All authorities having jurisdiction over the BC Building Code, including local governments, can choose to require or incentivize builders to meet certain steps of the BC Energy Step Code.

As of 2022-JAN-02, the City of Nanaimo's Building Bylaw requires that all new Part 9 (houses and small) buildings in the City meet Step 3 (approximately 20% more energy efficient than current building code requirements) and all new Part 3 (large and complex) buildings meet Step 2 (approximately 20% - 40% more energy efficient) of the BC Energy Step Code.

The City currently also requires all new buildings that require rezoning to be either one-step above the BC Energy Step Code prescribed for that building or subject to a legal commitment to install a low-carbon energy system (LCES) that satisfies a greenhouse gas intensity limit of 3kgCO₂e per m² per year. The Province has announced their intention to introduce a Building Carbon Pollution Standard for local governments to opt in with the goal that by 2030 all new buildings in BC be zero-carbon.

The Regional District of Nanaimo (RDN) recently issued a request for proposals to develop a “Regional Strategy for Net Zero Buildings and Localized Energy Generation” which includes a

component on exploring policy options related to a step code and carbon pollution standard region-wide. |

DISCUSSION

|In response to Council's direction and the anticipated BC Building Code changes, Staff plan to begin consultation to develop a step code acceleration and carbon pollution standard implementation strategy. While the City will be included in the RDN's study, Staff recognize the need for Nanaimo-specific capacity analysis, consultation, and implementation support. The project will supplement the RDN strategy in assessing local industry capacity to support proposed regulatory changes and developing Nanaimo-specific recommendations.

Staff have included \$30,000 for the project in the 2023-2027 Provisional Financial Plan. If the requested \$15,000 from BC Hydro is granted, the funding will help reduce the funds required from the City to carry out the project. The funding decision is anticipated in early February.

Project funds will be used to hire a consultant to provide an implementation strategy that includes the following:

- best practices summary from other comparable BC municipalities;
- a policy scan of all City community and corporate policies and regulations related to energy efficiency and low carbon energy systems for new buildings;
- local capacity analysis in consultation with stakeholders including financial impacts of proposed changes, barriers, and risks, availability of materials, external professional capacity (energy advisors, engineers, building envelope specialists), internal staffing capacity and local context;
- recommended schedule for requiring the upper steps of the BC Energy Step Code;
- potential incentives in advance of building code requirements;
- emissions reduction estimates if the recommended strategies are implemented;
- energy benchmarking recommendations to promote ongoing building performance; and,
- analysis of the economic, social, and environmental implications of all policy recommendations.

The recommendations from the analysis and stakeholder engagement will be presented to Council for approval in mid-2023. |

CONCLUSION

|The funding request from BC Hydro would support the City's efforts to develop a plan to implement the upper steps of the BC Energy Step Code and a carbon pollution standard for new buildings. Staff anticipate having the strategy completed in 2023 and recommended bylaw changes adopted late 2023 or early 2024. |

SUMMARY POINTS

- The City of Nanaimo has submitted an application for BC Hydro's Sustainable Communities and Industry Partnerships Project Implementation Fund to support the development of an implementation strategy for the upper steps of the BC Energy Step Code and Carbon Pollution Standard.
- The project has been included in the 2023-2027 Provisional Financial Plan. If the application is successful, the funding will help reduce the funds required from the City to carry out the project in 2023.
- The project will supplement the Regional District of Nanaimo's "Regional Strategy for Net Zero Buildings and Localized Energy Generation" by providing Nanaimo-specific analysis and consultation.

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