Attachment 2

Work Plan and Resources Required for a Permanent CEIP

A permanent CEIP program can be developed on an accelerated timeline. The accelerated work plan to develop the program will require re-prioritization of existing resources or additional funding to support hiring temporary staff (0.5 Full Time Equivalent (FTE)). The work plan to develop a permanent CEIP program by the end of Q4 2023 includes four steps, some of which can be actioned concurrently. The steps include: 1) automation of tax accounting software 2) securing a funding source 3) program development and 4) public engagement. These steps are outlined in the table below:

Required Steps	Resource Estimate	Timeline Estimate
1. Automation of the municipal tax repayment software (TACS)	$500,000 (funded) $250,000 (unfunded) FTE (funded)	18 - 24 months
2. Review funding opportunities and secure funding (up to $75M/year)	FTE (funded)	4 - 6 months
3. Program Development	FTE (funded)	4 - 6 months
4. Public Engagement	$20,000 (funded) FTE (funded)	2-4 months
Total	***$520,000 (funded)*** ***FTEs (funded)*** ***$250,000 (unfunded)***	

Resources Required for a Permanent CEIP

Once the program is ready to launch, additional funding is needed:

- Estimated range is $20 million to $75 million per year to support financing of between 500 and 1875 residential projects or 20 to 150 non-residential projects or a combination of both; and
- Estimated $1.1 million to $3.8 million per year (to be negotiated) for fees to Alberta Municipalities (the CEIP Program Administrator and will be recovered through repayment plan); and
- Additional staff (2 permanent FTEs and 3 temporary staff for the first two years).

Resources Required	Financial Estimate
Funding or borrowing for a CEIP applicant volume between 500 and 1875 homes/year (estimating financing at ~$40K/home)	$20M/year to $75M/year (unfunded)
Funding for External Program Administrator (Alberta Municipalities) to increase staff and IT resources to accommodate between $20M and $75M in financing/annually	$1.1M - $3.8M/annually (unfunded) Subject to change based on ongoing discussions and negotiations.
City of Administration Implementation support ● 2 new permanent FTE (dedicated program coordinator and internal administrator) ● 3 new temporary FTE (dedicated program supports for first two years of program start up)	$530,000/yr in first two years of program (2 permanent FTE and 3 temporary FTE) and $220,000 in year 3+ (2 permanent FTE) (unfunded)
Total (2023-2026)	***up to $21.6M - $79.3M annually (unfunded)***

Other Program Development and Implementation Considerations

Administration has examined possible risks to the success of the program and will continue to incorporate mitigation measures in a permanent program. Highlighted risks and mitigation are noted below:

- **Program fails to deliver GreenHouse Gas Reductions**

  The program encourages renewable energy and requires it be accompanied by energy efficiency upgrades (minimum of three upgrades). As well, EnerGuide audits (residential) and American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) audits (non-residential) are mandatory to identify retrofit opportunities. A Net Zero Pathway is being researched to improve the quality of information available to property owners. As well, Edmonton program eligibility criteria require improved performance; not like-for-like where replacement occurs.

- **Repayment Risks**

The City is able to mitigate certain repayment risks with program design. The program requires mortgage lender signoff as affirmed by the applicant, which may provide confidence. In addition, Edmonton currently requires a positive property tax repayment history in its pilot program and could continue to do so in any permanent program. Also, a formula in section 10(1)(c) of the *Clean Energy Improvements Regulation* limits how much financing an eligible applicant may receive.

Due to the long term of these financing agreements, which may be up to 25 years, a number of risks are more likely to arise. Drastically changing interest rates may lead to requests for the City to consider refinancing, especially when it leads to savings for participants. Also, foreclosures typically increase when interest rates increase and an added tax burden may increase defaults. The City follows a legislated tax recovery process when taxes fall into arrears, but this can lead to tax sale of a property, where the City may still be responsible for carrying costs of the financed amount until the property is sold. A participant may remove an installed retrofit prior to the end of the anticipated lifespan, but would still be responsible for continued financing payments, or may attempt to pass these costs on to a future purchaser of the property.

Administration will review options and incorporate mitigation strategies in a permanent program.

- **Program cost control**

  The program establishes strict timelines for project installation completion to limit carrying costs; this is effective in current rebate programs and anticipated to have a similar impact in the current CEIP pilot. As well, with efforts underway to automate the investment that will streamline the process and minimize manual file handling it is anticipated costs will remain as budgeted.

- **Automation of Tax Accounting Software (TACS)**

  The tax-related components, in particular, of administering a scaled-up program cannot be completed without an automated solution to integrate CEIP processes directly with other property assessment and taxation functions within the TACS software. Work is underway to plan and develop this CEIP module; however, based on the business requirements identified thus far, it is projected that an additional

$250,000 in funding is required. Administration is assessing the total funding requirement and whether the additional costs can be accommodated within the existing capital budget. If new funding is required, Administration will return to City Council with a funding request through the upcoming 2023-2026 budget discussion or future supplemental capital budget adjustments. In addition, should this module not be operational in time for the 2024 tax season, but the permanent program were to proceed by the end of 2023, commencement of repayment will have to be delayed until the following tax year (2025), and the City will need to carry the borrowing costs of these loans for an additional year.