

Title of resolution: Changes to the Clean Energy Improvement Program

Moved by: City of Edmonton

Seconded by: **TBC**

WHEREAS existing buildings make up a large portion of greenhouse gas emissions that are created from urban settings, and energy retrofits to existing buildings have been identified as a strategy to reduce these emissions;

WHEREAS the Government of Alberta's *Act to Enable Clean Energy Improvements, SA 2018, c 6* amended the *Municipal Government Act*, and an associated *Clean Energy Improvements Regulation, AR 212/2018*, to establish the Clean Energy Improvement Program (CEIP);

WHEREAS CEIP is an alternative financing tool for residential and non-residential property owners to fund energy efficiency and renewable energy upgrades that are repaid through property taxes;

WHEREAS initiatives similar to CEIP have proven successful in numerous jurisdictions and has the potential to result in significant retrofit investments, support the creation of a thriving retrofit industry, and create thousands of private sector jobs; and,

WHEREAS changes to CEIP are required to scale up and expand the program so it can reach its full potential.

IT IS THEREFORE RESOLVED THAT Alberta Municipalities advocate to the Government of Alberta to make the following changes to the Clean Energy Improvement Program (CEIP):

1. Make borrowing for CEIP eligible under the *Local Authorities Capital Financing Act*;
2. Allow residential building financing for multi-unit buildings, including condominiums, to be equivalent to the non-residential investment limit;
3. Increase the maximum financing limit for residential properties, which is currently set at \$50,000 or no more than double the municipal property taxes, whichever is less;
4. Increase the maximum financing limit of \$1 million for non-residential properties; and,



5. Expand eligible items to include additional clean energy and adaptation upgrades such as, but not limited to, EV Chargers, while allowing municipalities to retain the ability to choose which elements of an expanded program to offer.

BACKGROUND:

Legislation to enable a Clean Energy Improvement Program (CEIP) became effective in Alberta on January 1, 2019. This program is similar to the Property Assessed Clean Energy (PACE) programs that can be found in other cities across Canada and the United States. CEIP is administered through ABmunis and to date, nine municipalities throughout Alberta have implemented a Clean Energy Improvement Program.

The City of Edmonton's Community Energy Transition Strategy is Edmonton's plan to transition to a low carbon city by 2050. The strategy has five critical pathways for climate action, one of which is an Emission Neutral Building pathway. Existing buildings make up about 38 per cent of Edmonton's total greenhouse gas emissions.

Edmonton created a two-year pilot of the CEIP to provide low-cost financing to property owners to complete a minimum of three eligible upgrades to their buildings.

A few lessons were learned through this pilot, including:

- The benefit of low cost financing is critical for the success of CEIP and the extent to which property owners can make retrofit investments. Consideration needs to be given to making CEIP borrowing eligible under the *Local Authorities Capital Financing Act* as it can offer excellent rates that are transferred without markup to the applicants. Initially, CEIP was an approved borrowing reason under Alberta Capital Finance Authority (ACFA). When ACFA was dissolved and LAC identified as the alternative source, CEIP was not an eligible borrowing purpose. This has forced municipalities to search elsewhere for program financing.
- The financing limits of \$50,000 and \$1 million for residential and non-residential buildings have proved to be too restrictive to support deep retrofits. Net Zero retrofits have typically required greater investment than the current financing limits, especially for residential buildings. Increasing the maximum financing limit may require increasing the ceiling for financing from doubling the annual municipal property tax, to tripling or disconnecting from the property tax assessment and incorporating equity or ability to repay calculations. There is an option to facilitate exceptions for increasing the non-residential ceiling above \$1 million as detailed in the regulation through approval by the Minister and by a resolution of council.
- Consumers have expressed an interest in energy efficiency upgrades that are not currently included within the program. The original eligibility list for the program was driven by the Energy Efficiency Alberta mandate to reduce greenhouse gas emissions. However, adding other technologies including those for adaptation, such

as electric vehicle chargers and flood proofing is recommended and could be an opportunity to increase community climate resilience.

- The program currently considers multi unit residential buildings as “residential” and allows only the \$50,000 maximum. Given the scale of multi-residential buildings, a financing limit similar to the non-residential buildings limit (currently \$1 million) is warranted.

There are significant economic benefits resulting from a robust Clean Energy Improvement Program. Similar programs have proven to be very successful in other jurisdictions including the United States, resulting in billions of dollars in retrofit investment and the creation of thousands of jobs. It is estimated that since 2009, CEIP programs in the United States have had a \$21.6 billion economic impact, created 170,000 job-years, and have facilitated the completion of 325,000 projects.

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