

Options for Implementing Mandatory Energy Labelling for New Construction

Regulation - Policy and Regulation can guide, direct, manage or shape how the City provides strategic direction for land, infrastructure or services to influence or change the behaviour of residents and markets. While over 25 per cent of Edmonton new homes voluntarily receive EnerGuide labels, voluntary energy labelling programs are known to attract the top performers. Consumers would benefit from access to energy performance information for all homes, but it is not universally available or accessible at time of sale or rental.

As utility and carbon prices increase, operations and maintenance of a building will make up a more significant amount of the total cost of ownership, but this cost information is not usually available. Regulation through bylaw can provide this information to consumers. The City of Edmonton could pass a bylaw to require builders of new residential properties to provide energy labelling information. The final form of this regulation greatly depends on information obtained from stakeholder engagement to determine what structure would be most successful at achieving the City's goals, and then further legal analysis into the limits of existing bylaw authorities. The information collected from this program could be used to inform future policy decisions, for example to help understand when the market is ready for increased building code stringency.

The main challenges with implementing a mandatory program are the additional time and costs associated with the labelling process, and the potential lack of energy advisor capacity to complete assessments. There may also be privacy considerations if energy label information is to be shared publicly.

Incentives - Incentives can be financial or non-financial and are meant to support a shared outcome or influence behaviour. Incentives can help to build industry capacity by increasing demand for energy advisors, help to prepare the market by increasing awareness of the benefits of energy labelling, and to help address equity concerns. Options include:

- A financial incentive program for a portion of the costs for EnerGuide labelling and blower door tests for new homes. The City provided EnerGuide incentives for new homes from 2017-2023 through City of Edmonton rebate programs.
- A financial incentive program to assist with increased costs associated with energy labelling for new affordable housing projects and other equity concerns. This could support energy efficiency in new affordable

housing projects, etc. This option would result in small market penetration if not combined with other options.

- Non-financial incentives such as additional support from the City on permit applications, expedited permitting and featuring labelled buildings on the City's map.

Partnerships and Advocacy - Partnership and Advocacy involves fostering relationships with private, community, institutional and not for profit entities to activate strategies, initiatives and actions to advance common goals. A successful energy labelling program will require support from other levels of government and private industry. Working with the Edmonton region will help to avoid competitiveness concerns associated with different municipal requirements within the region. Partnership and advocacy results are not certain or within the control of the City. Options for partnerships and advocacy include:

- Working with partners in the region to share information obtained through energy labelling on Edmonton's Home Energy Map. This would increase information available to decision makers and increase transparency of household energy efficiency in the region.
- Working with the Realtors Association to promote the benefits of energy efficiency and enable market transformation, by sharing energy labels on MLS. This will help to work to remove a barrier to a full mandatory program.
- Work with NRCan or other partners to develop an EnerGuide label for larger buildings.

Activation - The Activation lever of change provides awareness, fills knowledge gaps, and builds capacity to encourage and support energy transition outcomes. Activation can help increase the public's knowledge about the value of energy efficiency and help in decision making. Options include:

- Increasing education and awareness programming for homeowners, realtors and builders on energy labelling, the EnerGuide program and the benefits of energy efficiency. The City could increase marketing efforts to better share information and resources. This would help to increase knowledge and awareness of the value of energy efficiency and of the EnerGuide label, promoting market transformation alongside other options. The City could also make education materials available in accessible formats, including for people with first languages other than English. Education programs are not sufficient alone.

Attachment 3

- Developing an energy label for large residential, commercial, institutional and industrial buildings which are ineligible for EnerGuide. This program could be based on information already submitted as a part of the permitting process, for example the thermal energy demand factor (TEDI). This labelling program could be piloted and results shared on a map similar to the Edmonton Home Energy Map, and eventually regulated once fully developed. This could fill a gap in energy labels available for new construction and would be a required step for eventual mandatory implementation. Additionally, thermal energy data collected through energy labelling for large residential, commercial, institutional and industrial buildings would support district energy feasibility studies and implementation of the district energy strategy (see February 27, 2024 Integrated Infrastructure Services report IIS02148 Implementing Edmonton's District Energy Strategy).

These options are not mutually exclusive. A combination of these may be required to achieve the desired outcome. For example, regulation may still require partnerships and advocacy. A hybrid approach that includes implementing supportive measures ahead of regulatory requirements may give industry time to develop capacity.