

# Enabling municipal financing for residential energy efficiency retrofits

## **This Green House**



# The story that started our research

Babylon New York

# Saved Energy the Cheapest

- “Saving electricity needs about 1,000 times less capital, and repays it about 10 times faster, than supplying more electricity.”
  - Chief Scientist Rocky Mountain Institute

# Municipal Advantage

Local Leadership  
Initiative

# What do municipalities need to move forward?

- Legislative and regulatory changes
- Sources of capital
- Leadership Examples
- Standards and auditors program support

# Legislative or Regulatory Solutions

- Explicit approval to use LIC's to finance energy-efficient measures on private property.
- Definition of energy-efficiency retrofits as “local improvements” .
- Amendments so that LIC-backed loans stay attached to property rather than owner upon resale of home
- Measures allowing municipalities to record capital borrowed for full cost recovery programs separate from regular municipal debt

## Brief Tour from West to East:

# BC

- New On-Bill Financing Legislation in BC
- Clarity from the Province on the use of LIC's for ee on private property needed
- Amendments
  - To allow LIC backed retrofit financing to stay attached to a property on resale
  - To allow full cost-recovery projects to be recorded separately from regular municipal debt

# Alberta

- Highest overall GHG emissions in the country and second highest GHG emissions from residential heating, cooling and hot water
- Alberta's Municipal Government Act defines local improvements flexibly
- BUT regulatory clarification/explicit permission needed



# Saskatchewan

- No specific barriers to the use of LIC's for ee in legislation
- Saskatchewan's electric and natural gas Crowns have been financing specific ee and renewable energy measures
  - Some of these programs may end in 2012 & 2013 unless renewed

# Manitoba

- Manitoba Hydro offers on-bill financing
- Municipalities could pursue measures not financed through Hydro
- No specific barriers to use of LIC's for ee projects in Municipal Act or Winnipeg Charter

# Ontario

- Explicit approval from Ministry of Municipal Affairs and Housing for LIC use needed
- Revisions to the Ontario Municipal Act regulations
  - Explicit definition of ee retrofits as “local improvements”
  - Language to define enviro benefits and ee as public benefits

# Quebec

- No Formal Barriers for LIC mechanism, but “against the spirit” of existing legislation
- Highest percentage of households using electricity for heating in any Province.  
Abundant hydro-electric capacity
- Continued use of oil, wood and natural gas in 45% of Quebec’s residences

# New Brunswick

- Efficiency New Brunswick provincial retrofit loans program already in place
- Restrictive legislation regarding use of LIC's
- Municipalities could build on Efficiency New Brunswick by financing renewable energy installations

# Nova Scotia

- First Province in Canada to amend legislation to specifically allow a municipality to use LIC financing mechanism for energy efficiency and renewable energy retrofits in December 2010
- Nova Scotia provincial zero-interest loan program discontinued in 2011, but still offering rebate incentives through Efficiency NS

# Prince Edward Island

- Existing PEI Energy-Efficiency Loan/Grant Program
  - Zero interest for low income participants
- Municipalities would have to specifically apply to add ee/re as service under section 30 of the PEI Municipalities Act
- Only makes sense for programs not financed by the province

# Newfoundland & Labrador

- No apparent legislative barrier, but clarification needed as to whether measures on private property can be deemed 'public works'
- Some electrical efficiency upgrade financing available through Newfoundland POver



# Municipal Retrofit Programs

- A proven model with a good repayment track record
- Voluntary
- Not 'subsidized' by residents
- Not a new tax
- Not a risk to the public purse
  - Full cost recovery

# Legislative Solutions Summary

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# Potential Sources of Capital

- Revolving energy-efficiency loan fund
- Municipal borrowing through provincial municipal finance pools
- Partnerships with financial institutions
- Engaging energy utilities as “banks”
- Partnerships with utilities
- FCM’s Green Municipal Fund

## In Summary

### *Municipalities could take action quickly and effectively to*

- Scale up climate action quickly
- Stimulate the local economy
- Grow jobs
- Help residents pay less & live more comfortably
- Drop community GHG emissions
- Address federal and provincial gaps in retrofit programs and emission reduction targets

- And they could do that with no new taxes!

- This Green House
  - Building Fast Action for Climate Change and Green Jobs
- [www.civicgovernance.ca](http://www.civicgovernance.ca)