

Municipal Financing for Energy Efficiency

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The Pembina Institute





Mission

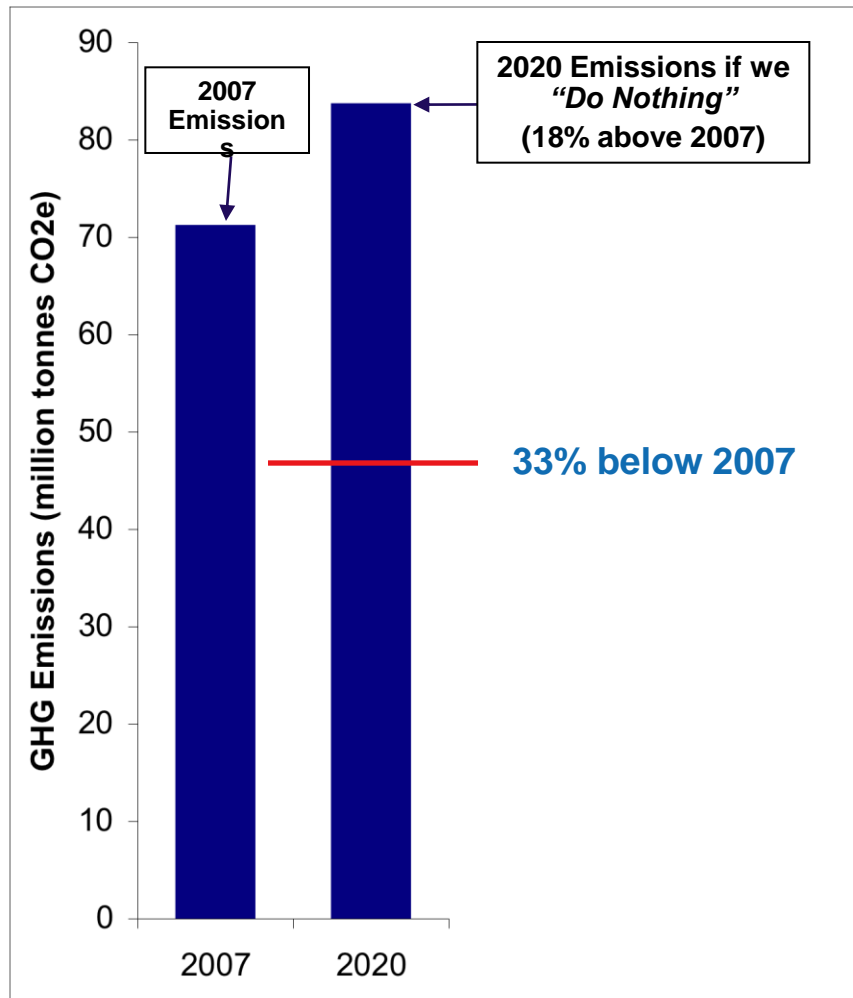
To advance sustainable energy solutions through innovative research, education, consulting and advocacy.



Vision

The Pembina Institute envisions a world in which our immediate and future needs are met in a manner that protects the earth's living systems; ensures clean air, land and water; prevents dangerous climate change, and provides security, justice and equal opportunity for all.

BC Emissions - Today and 2020

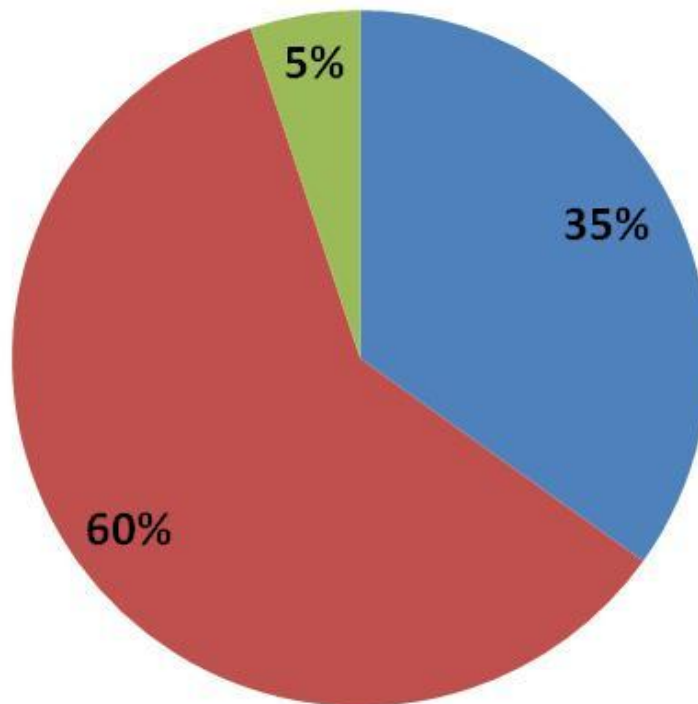


- 2007 emissions are estimated to be 71 million tonnes
- If we do nothing, emissions will increase to 84 million tonnes by 2020
- Doing nothing is not an option

Where will Reductions Come From?

Total Emissions for BC Communities

■ Buildings ■ On-road transportation ■ Solid waste





Potential Benefits

- Reduce energy use and GHG emissions from buildings
- Promote local economic development and training
- Improve the health and comfort of residential buildings
- Demonstrate provincial leadership



Barriers

- Upfront cost of upgrades
- Access to affordable capital
- Long payback (for some upgrades)
 - Length of home ownership

Options to encourage energy efficiency retrofits

- *Education*
- Incentives
- Regulations
- Financing



Options to encourage energy efficiency upgrades

- Education
- ***Incentives***
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A vertical strip on the left side of the slide features a photograph of several wind turbines in a field under a clear blue sky. The strip has a blue gradient background at the top and bottom, with a thin yellow vertical line separating it from the main white content area.

What do we mean by financing?

- PACE, PAYS, LICs, PAPER??...

A photograph of several wind turbines in a field under a clear blue sky, positioned on the left side of the slide.

What do we mean by financing?

- Property tax financing
- On-meter financing
- Traditional loans



Property Tax Financing

- Used for building and neighbourhood-scale projects
- Recovered through an additional charge on the property tax bill
- Attached to the property, and so costs and benefits are transferred at point of sale
- Example: LICs or PACE



Legislative challenges...

- Community Charter does not explicitly permit the use of LICs for EE/RE
- Can individual properties be designated as a service area?

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On-bill Financing

- Provided by a utility
- Recovered through the utility bill, or by separate assessment
- Attached to the meter or to the homeowner
- Example: PAYS



Legislative challenges...

- Current legislation does not allow transfer of loan at point of sale
- BC energy utilities are currently only able to fund programs that reduce usage of the specific type of energy they supply



Traditional Loan

- Loan is provided to a homeowner to financing energy efficiency upgrades
- Loan is attached to the individual, and not transferred at point of sale

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Designing a program for B.C.

Program elements to consider:

- Source of program capital
- Program administration



Source of Capital

- Municipal reserves or tax base
- Municipal Finance Authority of BC
 - Municipal/Community Bonds
- FCM Green Municipal Fund loans for capital projects
- Private borrowing
- Utility partnerships
- Federal or provincial energy efficiency loan fund
 - recommended in report commissioned by CMHC

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Designing a Regional Energy Fund?

- *Using the tax-base to fund energy efficiency and renewable energy retrofits for existing residential buildings in the Peace River Regional District*

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Does the PRRD have jurisdiction?

- Yes!
- The Local Government Act allows the PRRD to provide assistance *"for the purpose of benefitting the community or any aspect of the community"*



Where does the funding come from?

- *The funds would be generated by an increase on property taxes.*
- **Example:**
 - To raise \$1,000,000 per year, taxes would increase \$16 per year (estimated on a \$300,000 Class 1 property)
 - Program funded by:
 - Industry – 57%
 - Business – 17%
 - Residential, Farm & Non-profit – 26%

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Overview of Design Categories

- Jurisdiction
- Source of capital
- Projection of energy and emissions savings
- Qualification for funding
- Funding distribution
- Monitoring and verification
- Contractors and energy advisors
- Governance and administration



Thank you!

Questions?

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