

Funding Request for the Clean Energy Improvement Program

RECOMMENDATION:

That Executive Committee recommend that Council approve:

1. \$5 million from the Fiscal Stability Reserve to be used for financing clean energy improvements through the Clean Energy Improvement Program pursuant to Bylaw 53M2021.

HIGHLIGHTS

- The \$5 million from the Fiscal Stability Reserve will enable The City to finance clean energy improvements through the Clean Energy Improvement Program (the “Program”) and qualify to submit an application to the Federation of Canadian Municipalities.
- **What does this mean to Calgarians?** Attractive, flexible financing for energy efficiency and renewable energy improvements will be available to eligible homeowners.
- **Why does this matter?** Homeowners will be able to contribute to achieving Calgary’s climate goals through improved home energy performance and benefit from energy cost savings.
- The \$5 million will be repaid to The City by participating property owners via their property tax bill, based on the terms outlined in their Clean Energy Improvement Program Agreement with The City.
- The City must contribute a minimum of 20 per cent of program costs to be eligible to apply to the Federation of Canadian Municipalities for the \$10 million loan and the accompanying non-repayable grant. Approval of the \$5 million from the Fiscal Stability Reserve fund will provide confirmation of The City’s contribution.
- Strategic Alignment to Council’s Citizen Priorities: A healthy and green city.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

The Clean Energy Improvement Program was approved by Council in December 2021 as an initiative to support energy and cost savings and greenhouse gas reductions in Calgary homes. The next step in program development is sourcing the funding to be used to finance clean energy improvements. Research was completed to investigate how other municipalities were funding similar efficiency financing programs. The proposed approach is consistent with how other municipalities have funded their programs and leveraged the offering from the Federation of Canadian Municipalities.

The approval of \$5 million from the Fiscal Stability Reserve for the Program will enable The City to confirm it will meet the minimum 20 per cent contribution requirement for the application to the Federation of Canadian Municipalities.

The combination of applying for an external loan from the Federation of Canadian Municipalities and allocation of internal funds will allow The City to finance \$15 million in clean energy improvements in up to 720 homes over four years (assuming an average project size of just under \$21,000).

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The interest collected from homeowners that participate in the Program will be used to offset the lost investment income of the funds used from the reserve and the cost of borrowing from the Federation of Canadian Municipalities.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

IMPLICATIONS

Social

The funding would directly finance clean energy improvements, many of which increase liveability and comfort in the homes of Calgarians.

Environmental

The Program supports homeowners to make clean energy improvements to their homes reducing their greenhouse gas emissions and improving their home's energy performance.

Economic

The clean energy improvements completed through the Program will be completed by local energy efficiency and renewable energy contractors. The investments will also generate jobs throughout the supply chain (e.g., manufacturing), through additional spending in the economy due to increased income of workers, and through increased energy savings for participants.

Service and Financial Implications

New operating funding request

\$5,000,000

\$5 million will be allocated from the Fiscal Stability Reserve. The allocation fits within the fund's scope, purpose, and conditions and will not impact the minimum target balance approved by Council for the fund (five per cent of The City's tax-supported gross expenditures).

The funds will only be used to finance clean energy improvements and repayments will be made by property owners via their property tax bill, based on the terms in their Clean Energy Improvement Program Agreement with The City. Of the \$5 million, it is anticipated that approximately \$1.25 million will be used per program year over four years to finance clean energy improvements. Repayments will be made by participants over terms of up to 25 years depending on the improvements made in the home.

As repayments are made by participants via their property tax bill, the funds will be directed back into the Fiscal Stability Reserve fund. The first four years of Program will be considered a pilot phase, if successful and the Program expands, as The City collects the repayments the funds could be revolved into future clean energy improvement projects.

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RISK

The risk of participants defaulting on repayments exists in the program, however, this risk is anticipated to be low given that the funds are considered a tax and have priority status as against other creditors (except the Crown). As the Program is a new initiative, The City will take a proactive approach in monitoring repayments and will work collaboratively with property owners facing difficulty in repayment. Municipalities also have the property tax recovery process outlined in the *Municipal Government Act* to recover defaulted payments that remain in arrears for more than one year.

If this funding allocation is not approved, The City will have to approach a secondary external lender to borrow \$5 million. A secondary lender is less desirable as The City will need to manage two borrowing agreements with different repayment terms and interest rates.

ATTACHMENT(S)

1. Previous Council Direction and Background
2. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Michael Thompson	Utilities and Environmental Protection	Approve
Carla Male	Chief Financial Officers Department	Approve
Stuart Dalgleish	Planning & Development	Consult
Carolyn Bowen	Climate & Environment	Approve
Les Tochor	Finance	Consult