



Attach 4 - Funding Climate Action in the City of Calgary Summary Report - CD2022-0465.docx

Investment in climate action is a strategic priority

Climate resilience is a strategic priority for the City of Calgary and was identified as a foundation within Council's Strategic Direction for the 2023 to 2026 Service Plans and Budgets.¹ With this Council direction, as well as Council's Climate Emergency Declaration in November 2021², investments into climate resilience and low-carbon initiatives will need to grow and be prioritized.

The funding challenge

Funding climate action is challenging as there is no single source of funding or single mechanism that will allow municipalities to meet their climate objectives. A coordinated effort across all City departments, the federal and provincial governments and the private sector will be required. **Investments and funding from The City alone will not be enough.**

To enable long-term planning and support for climate work within the corporation, with civic partners and in the community, a stable and consistent set of funding sources and mechanisms will be required. Building climate knowledge and capacity across The City will be important to ensure integration of climate considerations into The City's resource and financial planning for projects, programs, and services into the future. Developing partnerships and relationships across sectors will be important to facilitate and encourage public and private investments into climate initiatives.

The federal government has invested approximately \$17.6 billion toward climate action and clean growth since 2015.

Across Canada, these investments are intended to support individuals, businesses, municipalities and provinces to take climate action. Additionally, the 2030 Emissions Reduction Plan and Budget 2022 included \$9.1 billion in new investments across buildings, transportation, community support, grid decarbonization and economic growth. The table at the end of this document lists the available programs currently offered by the Government of Canada, the Government of Alberta and other funding agencies and organizations. There is alignment with the themes identified in the Calgary Climate Strategy with the available funding opportunities.

The City recognizes that coordinated efforts from the Government of Alberta and the Government of Canada as well as the private sector will be necessary to fund climate action. Public sector investment and policy and regulation direction can be used to spur private investment by increasing investor confidence in climate projects and emerging technologies, catalyzing a low carbon economy in Calgary.

While grants and financing from other orders of government play an important part in supporting climate actions, political uncertainty and

competition for limited funding make it difficult to plan projects and initiatives that rely exclusively on provincial or federal funding. The City must also consider how to use available funding and the prioritization of projects to best support climate action within the Corporation and the community.

Municipal role in funding climate action

Municipalities play an important part in the funding of climate action. The World Bank identified five main roles of municipal governments to provide or influence financing in climate mitigation and adaptation.³ The City must consider all five of these roles as the options for funding and financing climate action are evaluated.



Consumer of goods and services

- Ensure low carbon and climate resilient procurement

Provider of goods and services

- Ensure low carbon & climate resilient investments and services

Fundraiser of capital

- Facilitate or establish green financing instruments

Regulator that offers incentives

- Incentives through policies, regulations, standards, and subsidies

Convener and champion of systems thinking

- Drive transformational change in layers of jurisdictions and sectors within a city

When considering the municipality's role, it is also important to note that proper governance procedures must be followed to ensure projects and initiatives meet The City's governance criteria and the requirements of potential funding and financing partners. Engagement with supporting business units such as Corporate Finance and Supply Management early in the process of project development is important to ensure the resources, approvals, and timing are aligned for successful project implementation.

Mechanisms for funding, financing and supporting climate action

An exploration into the options for funding, financing and supporting climate action was completed by Administration. The options identified are listed in the figure to the right. The full report where each of the mechanisms are explored in detail can be found on calgary.ca/climateprogram.

To support the development of a long-term and stable funding strategy for climate action in The City, recommended steps are:

- Integrate climate considerations into financial and resource planning and decision-making through increased climate capacity in The City.
- Enable agile decision-making and prioritization through a centralized fund for climate-related public infrastructure projects.
- Leverage existing and new funding sources, including external grant and funding opportunities, to support climate initiatives.
- Enable incentive programs, lending initiatives, partnerships, and policy to support climate actions.
- Evaluate and implement appropriate financing mechanisms to support corporate climate projects.

Two main themes weave through these recommendations, (1) **leveraging public funding** and (2) **mobilizing private investment**.

Leveraging public funding

The City has applied to certain grant and debt financing programs through the Canada Infrastructure Bank, the Canada Mortgage and Housing Corporation, the Federation of Canadian Municipalities, and grant funding programs directly through the Government of Canada and Government of Alberta.

While The City has had success in the past with certain programs, an opportunity exists to pursue more options within these and other

Sources of funding climate action	Grants and funding	Federal
		Provincial
	Taxes and levies	Property taxes
		Municipal climate tax
		Off-site levies
Fees and surcharges	Franchise fees	
	User and service fees	
Reserves		
Private sector investment		
Mechanisms for financing climate action	Debt financing	Federal
		Provincial
	Issuance of bonds	Bonds
Climate or green bonds		
Community revitalization levy		
Mechanisms for supporting community and corporate climate initiatives	Incentive programs	Fee rebates
		Property tax incentives
		Direct incentive programs
		Off-site levy rebates
	Lending initiatives	On-bill repayment or on-bill
		Loan guarantees
		Soft loans
		Interest rate buy-downs
		Loan loss reserve
	Partnerships	Public-Private Partnerships
Non-profit partnerships		
	Energy performance contracts	
Policy	Percent for climate	
	Revolving energy savings project	

grant and debt financing programs, but timely responses to external funding programs are critical.

The City must be prepared to accelerate and prioritize programs that are most aligned with the available funding opportunities.

There must be the capacity and resources available within the lead and supporting business units to successfully apply for funding and implement successful projects.

Mobilizing private investment

Private investment in climate action is required from the individual household scale to large commercial and industrial scale to meet the goals and milestones of the Calgary Climate Strategy. **The City can strategically design enabling programs and mechanisms to encourage private investments.**

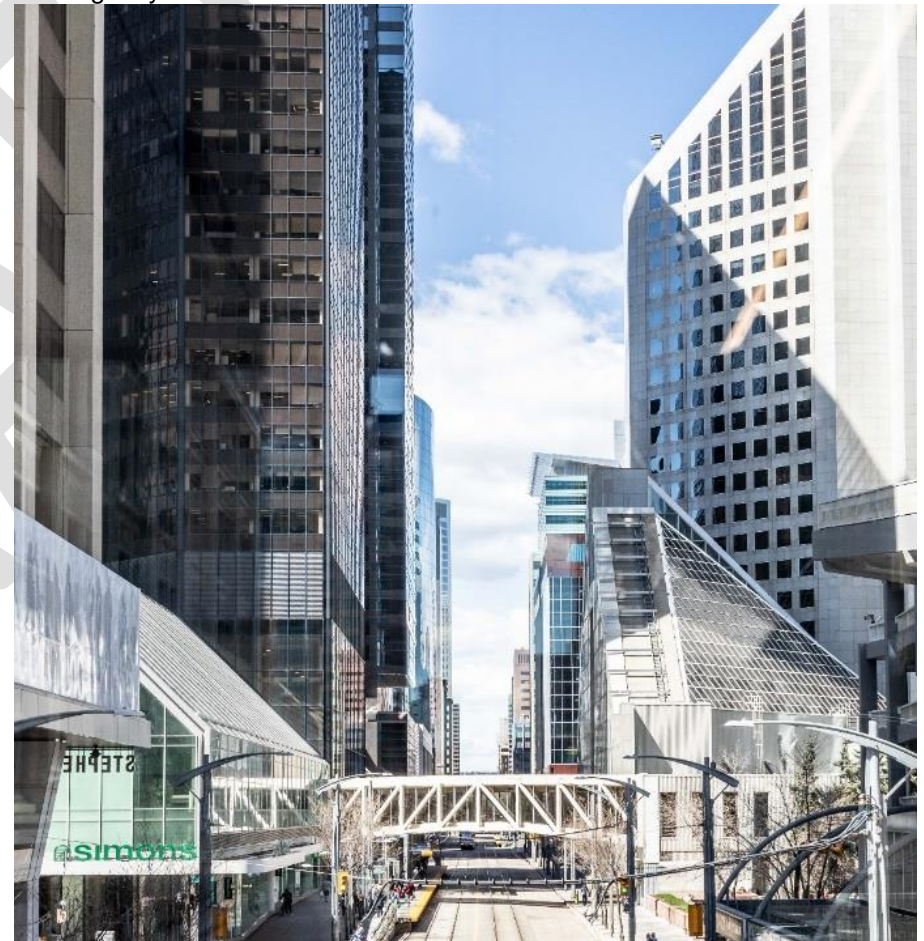
Providing flexible lending programs or credit enhancements will support citizens to invest into their homes and businesses to achieve financial and climate goals. Incentives can spur investment into emerging technologies, drive change in decision-making, and transform the market. The City represents an attractive long-term partner to the private sector. Partnerships with private and non-profit organizations will allow The City to leverage private capital for corporate and community projects.

Navigating a dynamic funding landscape

The landscape of funding and financing is dynamic based on changes in federal and provincial government priorities, evolving private investor priorities and risk appetites, and development of new investment approaches and tools. Prioritization of projects and initiatives that align with federal and provincial funding programs as well as private investor environmental, social, and governance goals

will be increasingly important to ensure maximum external funding can be leveraged for climate projects in Calgary.

Continuous engagement with partners, both public and private, will be required to understand and adapt to the changing financing and funding environment. Building strong relationships and collaborating across public and private sectors will be vital to reach the level of investment required to address the challenges of the climate emergency.



Grant and financing programs for climate actions

Funding from the provincial and federal governments as well as the private sector will be required to meet Calgary's climate goals. The table below highlights the available funding programs or investment opportunities that correspond with the themes and goals of the Calgary Climate Strategy. This table has been included to highlight the breadth of programs that are currently available and their alignment to the priorities and themes in the Calgary Climate Strategy. The City will need to prioritize programs that align with these funding opportunities as well as support other sectors to access funding. This table up to date as of April 2022.

Funding Source	Program Name	Target Sector					Climate Actions					Type	
		Municipalities	Private Sector	Non-Profit	Individuals	Academia	Net Zero Homes & Buildings	Zero Carbon Energy Transition	Zero Carbon Neighborhoods	CCUS ¹	Consumption and Waste Reduction	Climate Resilience	Grant
Alberta Ecotrust	Climate Innovation Fund ⁴	✓	✓	✓			✓	✓	✓			✓	✓
Alberta Innovates	Clean Resources ⁵		✓			✓	✓		✓			✓	✓
Business Development Canada	CleanTech Practice ⁶		✓			✓	✓	✓	✓				✓
Canada Infrastructure Bank	Public Buildings ⁷	✓				✓							✓
Canada Infrastructure Bank	Commercial Buildings ⁸		✓	✓		✓							✓
Canada Mortgage and Housing Company	Green Home Insurance Premium Refund ⁹				✓	✓						✓	
Canada Mortgage and Housing Company	Greener Homes Loan Program ¹⁰				✓	✓							✓

¹ CCUS means carbon capture, utilization, and storage

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		Municipalities	Private Sector	Non-Profit	Individuals	Academia	Net Zero Homes & Buildings	Zero Carbon Energy Transition	Zero Carbon Neighborhoods	CCUS ¹	Consumption and Waste Reduction	Climate Resilience	Grant
Canada Mortgage and Housing Company	National Housing Co-Investment Fund ¹¹	✓	✓	✓			✓					✓	✓
Emissions Reduction Alberta	Energy Savings for Business ¹²		✓				✓					✓	
Emissions Reduction Alberta	Carbon Capture Kickstart ¹³		✓			✓			✓			✓	
Emissions Reduction Alberta	Circular Economy Challenge ¹⁴	✓	✓	✓	✓	✓			✓	✓		✓	
ENMAX	Community Solar Fund ¹⁵			✓			✓	✓				✓	
Export Development Canada	Green Bonds ¹⁶		✓	✓			✓	✓	✓				✓
Federation of Canadian Municipalities	Community Efficiency Financing ¹⁷	✓					✓					✓	✓
Federation of Canadian Municipalities	Sustainable Affordable Housing ¹⁸	✓		✓			✓					✓	✓
Federation of Canadian Municipalities	Energy Recovery or District Energy ¹⁹	✓	✓	✓		✓		✓				✓	✓
Federation of Canadian Municipalities	Transportation Networks and Commuting Options - Study & Capital Projects ²⁰	✓	✓	✓		✓			✓			✓	✓
Federation of Canadian Municipalities	Reduce Fossil Fuel Use in Fleets – Study, Pilots, Capital Projects ²¹	✓	✓	✓		✓			✓			✓	✓
Federation of Canadian Municipalities	Waste Stream Management – Study & Capital Project ²²	✓	✓	✓		✓				✓		✓	✓
Federation of Canadian Municipalities	Waste Reduction and Diversion – Pilot & Capital ²³	✓	✓	✓		✓				✓		✓	✓
Government of Alberta	Municipal Sustainability Initiative ²⁴	✓					✓		✓			✓	
Government of Alberta Government of Canada	Electricity Predevelopment Program												

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		Municipalities	Private Sector	Non-Profit	Individuals	Academia	Net Zero Homes & Buildings	Zero Carbon Energy Transition	Zero Carbon Neighborhoods	CCUS ¹	Consumption and Waste Reduction	Climate Resilience	Grant
Government of Alberta Government of Canada	Investing in Canada Infrastructure Program - Green Infrastructure ²⁵	✓		✓			✓	✓	✓		✓	✓	
Government of Alberta Government of Canada	Canada Community-Building Fund ²⁶	✓					✓		✓			✓	
Government of Alberta	Watershed Resiliency and Restoration Program ²⁷	✓		✓							✓	✓	
Government of Canada	Building Capacity with the Smart Renewables and Electrification Pathways Program ²⁸	✓	✓	✓				✓				✓	
Government of Canada	Energy Efficient Buildings RD&D ²⁹	✓	✓				✓					✓	
Government of Canada	Incentives for Zero-Emission Vehicles Program ³⁰				✓				✓			✓	
Government of Canada	Green and Inclusive Community Buildings ³¹	✓		✓			✓					✓	
Government of Canada	Smart Renewables and Electrification Pathways Program ³²	✓	✓	✓		✓		✓				✓	
Government of Canada	Investment Tax Credit for Carbon Capture, Utilization, and Storage ³³		✓						✓			✓	
Government of Canada	Energy Innovation Program – Clean Fuels and Industrial Fuel Switching ³⁴	✓	✓	✓		✓		✓				✓	
Government of Canada	Greener Homes Rebate and Audit Program ³⁵				✓		✓					✓	

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		Municipalities	Private Sector	Non-Profit	Individuals	Academia	Net Zero Homes & Buildings	Zero Carbon Energy Transition	Zero Carbon Neighborhoods	CCUS ¹	Consumption and Waste Reduction	Climate Resilience	Grant
Government of Canada	Disaster Mitigation and Adaptation Fund ³⁶	✓	✓	✓		✓					✓	✓	
Government of Canada	Active Transportation Fund ³⁷	✓		✓				✓				✓	
Government of Canada	Zero Emission Transit Fund ³⁸	✓	✓	✓				✓				✓	✓
Government of Canada	Low Carbon Economy Fund ³⁹	✓	✓	✓		✓	✓	✓				✓	
Government of Canada	Industrial Energy Management Program ⁴⁰		✓			✓						✓	
Government of Canada	Emissions Reduction Fund ⁴¹		✓						✓			✓	
Government of Canada	Food Waste Diversion Program ⁴²	✓	✓	✓	✓	✓				✓		✓	
Government of Canada	Nature Smart Climate Solutions Fund ⁴³	✓	✓	✓	✓	✓			✓		✓	✓	
Western Economic Diversification Canada	Net Zero Accelerator Initiative ⁴⁴		✓	✓		✓	✓		✓			✓	
Municipal Climate Change Action Centre	Electric Vehicle Charging Program ⁴⁵	✓						✓				✓	
Municipal Climate Change Action Centre	Electric Vehicles for Municipalities Program ⁴⁶	✓						✓				✓	
Municipal Climate Change Action Centre	Recreation Energy Conservation Program ⁴⁷	✓				✓						✓	
Municipal Climate Change Action Centre	Solar for Schools ⁴⁸				✓	✓						✓	
TD Friends of the Environment Foundation	TD Friends of the Environment Foundation Grant ⁴⁹	✓		✓	✓						✓	✓	

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