

Planning & Development Services Report to
Executive Committee
2025 January 21

ISC: UNRESTRICTED
EC2024-1271

Residential Clean Energy Improvement Program Bylaw Amendment

PURPOSE

The purpose of this report is to recommend that Council approve proposed Bylaw 3M2025 (Attachment 2) to amend the Clean Energy Improvement Bylaw (53M2021) to authorize Administration to increase the maximum borrowing authorization from \$15 million to \$35 million. This will enable the Residential Clean Energy Improvement Program to continue for an additional two years, offering Calgary homeowners innovative financing for clean energy improvements, which is repaid through their property taxes.

PREVIOUS COUNCIL DIRECTION

Council approved Bylaw 53M2021, the Clean Energy Improvement Program Bylaw, in 2021 December. This enabled the creation of the residential program and authorized financing for the program by borrowing funds. Council then approved Bylaw Amendment 16M2023 in 2023 which updated Bylaw 53M2021 to correct a minor technical inaccuracy and clarified the language in the Bylaw with respect to The City of Calgary's authority for such financing pursuant to Section 390.3(1) of the *Municipal Government Act* (Alberta), R.S.A. 2000, C. M-26 (the "MGA").

RECOMMENDATIONS:

That the Executive Committee:

1. Direct Administration to publicly advertise Proposed Bylaw 3M2025 in Attachment 2 in accordance with sections 390.3(5) and 606 of the *Municipal Government Act*; and
2. Forward this report to the 2025 April 8 Public Hearing Meeting of Council.

That the Executive Committee recommend that Council:

3. Give three readings to Proposed Bylaw 3M2025, following the advertising and public hearing.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

General Manager Debra Hamilton concurs with this report. The Clean Energy Improvement Program is a popular initiative with Calgarians that helps homeowners save money on energy bills.

HIGHLIGHTS

- The Residential Clean Energy Improvement Program ('Program') has been very popular with Calgarians since its inception in 2023. More than 350 Calgary homeowners have already participated in the program and have installed over \$9.3 million in energy efficiency and renewable energy upgrades to their homes, to be repaid through their property taxes.
- 600 homes are expected to participate using the initial \$15 million in debt financing, resulting in \$290,000 in annual energy savings by reducing their energy use by 20,000 GJ each year. This will also cut greenhouse gas emissions for those homes by approximately 65%.
- The Program is a key part of supporting affordability through more cost-effective capital financing for increased energy efficiency leading to reduced utility costs as well as the subsequent reduction of greenhouse gas emissions.

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- The title of Bylaw 53M2021 is being updated to “Residential Clean Energy Improvement Program Bylaw” to avoid confusion with the Commercial Clean Energy Improvement Bylaw which Administration is bringing forward.

DISCUSSION

Background

The initial \$15 million of financing available through the Program was funded by a \$10 million loan from the Federation of Canadian Municipalities, plus a \$5 million loan from the Fiscal Stability Reserve. The loan and an accompanying \$5M grant from the Federation of Canadian Municipalities supported The City to build the foundation of the Program and enable the future expansion of the Program. The initial \$15 million will be completely allocated following the planned Program intake in Q1 2025. The Program financing is structured as self-supported debt for The City, and the Program is designed to recover its annual debt servicing costs, including principal and interest payments, as repayments to The City through the participant’s property taxes. Each intake allows about 150 participants, and all spots have been filled within just 15 minutes of opening. Calgary has the largest Clean Energy Improvement Program in Alberta, in terms of participants and funding. There are over 230 qualified contractors working with the Program to install energy efficient upgrades in Calgary, and the money spent by program participants on upgrades strengthens the local economy.

Bylaw Updates

The Clean Energy Improvement Program Bylaw (53M2021) requires an amendment to increase the maximum borrowing amount by \$20 million so The City can continue to offer this popular Program to Calgary homeowners, allowing for an estimated 800 additional homes to undertake energy efficiency retrofits. Without this bylaw amendment, the Program will be closed for participation once the \$15 million in debt financing is committed for the Program, which is anticipated to occur in early 2025. This financing will be secured as part of the Corporate Borrowing Strategy, utilizing debt prudently and efficiently in accordance with the Council Debt Policy and treasury management best practices. A potential source of financing includes the Loans to Local Authorities Program offered by the Government of Alberta, whose offerings align well with the anticipated cash flow requirements of the Program between 2025 and 2027. Financing for this Program will provide participants an attractive interest rate from The City relative to the financing options property owners can secure in the market.

The proposed amendment also adds additional clarity to the scope of this Bylaw by adding the term “Residential”, making this the Residential Clean Energy Improvement Bylaw. This is required to avoid confusion with the proposed Commercial Clean Energy Improvement Bylaw.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

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Proposed Bylaw 3M2025 will be advertised and a Public Hearing will be held pursuant to the requirements in the *Municipal Government Act*. As well, a petition period needs to pass after the end of the advertising period before Council can give three readings to this amending Bylaw in order to inform citizens about the date of the public hearing.

IMPLICATIONS

Social

The proposed bylaw will help an additional 800 Calgarians make clean energy improvements to their homes that they may not have been able to make without this funding mechanism. This removes upfront costs, allows for a long repayment term and utilizes The City's cost of financing. It will also support participants by improving air quality, better indoor air temperature and thermal quality, and more comfortable spaces. Lowering city-wide greenhouse gas emissions benefits citizens by improving overall air quality within The City of Calgary.

Environmental

Residential buildings contribute 26 percent of Calgary's community GHG emissions. The proposed bylaw will allow participants to save an estimated \$385,000 in annual energy costs for over 26,500 GJs of energy saved, resulting in an annual reduction of over 2,200 tonnes of greenhouse gas emissions – reducing their emission by an estimated 65%. By lowering greenhouse gas emissions city-wide, citizens benefit from reducing the impacts of climate change such as extreme weather events.

Economic

Funds from the Program will be invested by residential homeowners into their properties to generate energy and cost savings. The continuation of the Program will lead to increased job opportunities for local energy efficiency and renewable energy contractors. There are currently over 230 qualified contractors in Calgary participating in the residential Program. The investments will also generate further economic activity given the potential for increased worker incomes.

Service and Financial Implications

Self-supported funding and Existing Operating Funding – One-Time

Program Financing (Self-Supported Funding):

The proposed amendments to the borrowing authorization would allow The City to borrow up to \$35 million of external debt. This debt would be structured as self-supported debt and fully repaid by the Clean Energy Improvement Tax levied against the participant's property tax assessment. A predetermined estimate of the cost of financing (e.g., interest charges) and principal repayment are passed on to the participant and reflected in Clean Energy Improvement Tax.

RISK

Calgarians have shown immense enthusiasm for the Program and The City could suffer reputational risks if financing for the Program is not extended into the future.

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Program funding may not be fully self-supported if the interest charged to participants does not meet or exceed The City's interest costs which The City incurs to fund the Program. Treasury will recommend interest rate(s) for Program participants that endeavour to reflect future anticipated borrowing costs. The profile of participant financing (and accompanying property tax profile) on an aggregate basis, may present further challenges to how The City executes its borrowing options to align cash inflows and outflows.

The recently completed Program audit conducted by the City Auditor's Office has helped to further reduce risks for the Program.

ATTACHMENTS

1. Background and Previous Council Direction
2. Proposed Bylaw 3M2025
3. Presentation

Department Circulation

| General Manager/Director | Department | Approve/Consult/Inform |
|--------------------------|---|------------------------|
| Debra Hamilton | Planning and Development Services | Approve |
| Les Tochor | Corporate Planning & Financial Services | Consult |

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