

PUBLIC HEARING FOR BYLAW 11-21 – CLEAN ENERGY IMPROVEMENT PROGRAM

Purpose

The purpose of Bylaw 11-21 is to authorize the Town of Okotoks to engage in a clean energy improvement program.

Readings

Depending on the outcome of the Public Hearing, this Bylaw is ready for second and third readings.

Report, Analysis and Financial Implications

In December 2018, the Province passed Bill 10 allowing municipalities to participate in an Alberta-based Property Assessed Clean Energy (PACE) program. This program is referred to as the Clean Energy Improvement Program (CEIP) and will allow property owners to obtain low interest loans through the municipality for energy efficient property improvements, with repayment facilitated through the property tax structure. This will enable payments for improvements to stay with the property, even upon its sale to new owners.

Based on Okotoks' participation in previous energy efficiency programs, and a gap in the market for any kind of solar incentive program, the study completed by the Municipal Climate Change Action Centre (MCCAC) has shown that the Town of Okotoks has a potential market of approximately 20 projects per year under the pilot. Using an average of \$20,000 per project (based on PACE style programs in other Canadian cities), a budget of \$1.600M over the four (4) year pilot project is suggested. Including approximately \$755,000 for administration costs (for both MCCAC and Okotoks), the suggested total budget is \$2.350M. The total administrative costs would be covered by a grant, and Okotoks would be expected to provide \$471,000 (20%) in kind or cash. A low interest Federation of Canadian Municipalities (FCM) loan would cover the remaining \$1.130M.

While the program has not been fully designed pending bylaw approval, there are multiple financing options that will need to be considered once the Bylaw has been passed and administration designs Okotoks' CEIP.

- The FCM is offering a funding program (launched March 1, 2021) that provides low interest financing for municipalities that are looking at energy efficiency retrofit programs, with up to 50% of financing available in the form of grants. This option brings the cost to the municipality to a net zero (0) cost for the four (4) year pilot. Financing beyond four (4) years will need to be renegotiated if the program continues.
- The Town currently has a line of credit, which could be expanded to the CEIP.

The Bylaw is written to include non-residential properties, the funding from FCM only applies to residential applicants. The Town has the option of:

- Piloting only residential within the requirements of the FCM program, and assessing whether the program should be expanded to non-residential properties at the end of the four (4) year pilot; or
- Funding residential program through the FCM and expanding the program to include non-residential and business properties through self financing/line of credit; or
- Using self financing/line of credit to include all interested parties (residential and non residential).

The passing of Bylaw 11-21 does not commit the Town of Okotoks to implementing a CEIP program, but it does allow the Town to apply for available funding and design a program that will allow residents to upgrade their homes at an approximate equivalent cost to their current utility bills. The program is also estimated to bring the equivalent of six (6) jobs to Okotoks (full or part time), and decrease the community's greenhouse gas emissions by almost 10,000 tonnes.

The CEIP aligns with Municipal Development Plan Section 4.5.1 a) Encourage the generation and use of renewable energy in new and existing development by providing incentives, as well as contributing to the Town's goal to reach net zero Carbon by 2050. Additionally, in 2018, Okotoks Town Council unanimously voted to submit an Expression of Interest towards opting in to the PACE program upon its availability in Alberta, and the Environmental Master Plan supports a PACE program.

Upon discussion with staff in Planning, Permitting, and Finance, CEIP does not conflict with any bylaws. It also aligns with the Strategic Plan, the Environmental Master Plan, and is one of the identified actions in the recently approved Climate Action Plan, with over 70% approval for energy efficient retrofits noted in CAP engagement. This is also supported by multiple requests for incentives programs by residents calling in to the Sustainability group.

Currently there are no active CEIP programs in Alberta. Since the legislation was passed in 2018, multiple communities have started working on CEIP programs. Front runners are the Towns of Rocky Mountain House and Devon, who have put forth their programs for funding under the initial round of FCM financing. Canmore passed a CEIP bylaw late in 2020, Leduc had their first bylaw reading in January 2021, and Edmonton has been designing their program over the last year. Canada-wide, Toronto has a Home Energy Loan Program in place, and Halifax has a PACE program for solar panels (Solar City). Moving forward with the CEIP bylaw, and subsequent program design and implementation, will support Okotoks' goal of being the environmental leader in Alberta and Canada.

Bylaw 11-21 received first reading at the Regular Council meeting held April 12, 2021.

Strategic Plan Goals

<input type="checkbox"/>	Manage Community Growth
<input type="checkbox"/>	Provide Quality Community Infrastructure
<input type="checkbox"/>	Enhance Organizational Excellence

<input type="checkbox"/>	Provide Strong Governance
<input type="checkbox"/>	Healthy and Safe Community
<input checked="" type="checkbox"/>	Foster Economic Vitality
<input checked="" type="checkbox"/>	Promote Environmental Excellence

Public Participation Strategy

n/a

Alternatives for Consideration

n/a

CAO Comments

I support second and third readings of Bylaw 11-21 dependent upon the outcome of the Public Hearing.

Attachment(s)

1. Bylaw 11-21 First Reading Version

Prepared by:
Sheri Young
Climate Change and Energy Specialise
May 03, 2021