



## **BYLAW 29-23 – CLEAN ENERGY IMPROVEMENT PROGRAM TAX BYLAW**

### **Purpose**

The purpose of Bylaw 29-23 is to authorize the Town of Okotoks to offer a clean energy improvement program and collect a clean energy improvement tax.

### **Readings**

This Bylaw is ready for first reading only.

Pursuant to sections 390.3(5), 216.4, and 606 of the *Municipal Government Act (MGA)* a public hearing must be held prior to consideration of second reading of this Bylaw.

### **Report, Analysis and Financial Implications**

In December of 2018, the Province amended Bill 10, enabling municipalities to offer clean energy improvement programs. The Alberta program is referred to as the Clean Energy Improvement Program (CEIP) and allows property owners to obtain financing 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.

The Clean Energy Improvement Program is a financing program that makes energy efficiency and renewable energy improvements more financially accessible to residential property owners. CEIP is administered by the Alberta Municipal Services Corporation (operating as Alberta Municipalities, or AM) and the Town. CEIP allows property owners to access financing through their municipality only when installing eligible upgrades on their property. Eligible upgrades are listed on the program administrator's website: [myceip.ca](http://myceip.ca). Repayment is facilitated through an added charge to the property owner's regular property tax bill and remains with the property, not the owner, in the event of a sale.

CEIP will run as a 4-year pilot program. During the duration of the pilot, administration will explore the feasibility of continuing the program long-term and including commercial buildings in the financing model. The pilot program will allow for financing of residential projects amounting to no less than \$3,000 and no more than \$50,000. The project costs that can be financed through the Town include the capital costs, incidental costs that need to take place for the project to go forward, and the costs for professional services such as the pre and post EnerGuide Home Evaluation. The annual Clean Energy Improvement Tax (excluding interest, professional services costs, and incidental costs) cannot exceed the property's annual property tax levy.

The maximum term for financing an improvement will be the lesser of 20 years or the effective useful life (EUL) of the improvement as indicated on the program administrator's website. Financing terms for multiple improvements will be calculated for each improvement separately.

For a property to be eligible it must:

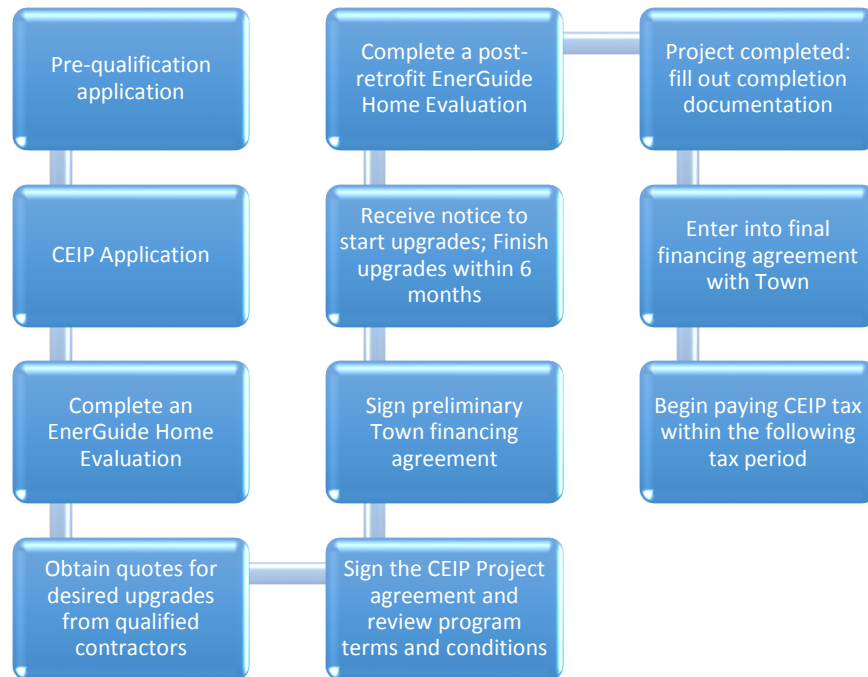
1. be located within the boundaries of the Town.
2. be insured.
3. be classified as a low-rise residential property, i.e., detached or semi-detached home; row housing or town house; or multi-unit residential buildings with three stories or fewer, and not more than 600m<sup>2</sup> in building area.
4. be lawfully occupied as a residence at the time of Pre-Qualification Form submission.
5. not be in foreclosure.
6. Not be a newly constructed home (no more than 6 months old from occupancy).
7. Not be a commercial, industrial, government owned or manufactured home (mobile or modular) building.

A market study was completed by the Municipal Climate Change Action Centre (MCCAC) to identify financing and grant opportunities for a Clean Energy Improvement Program in Okotoks and to outline administrative processes and opportunities within the program. Based on Okotoks' historic residential participation in the Energy Efficiency Alberta program and the current national uptake of the Federal Greener Homes program, the study anticipates that approximately 82 homes will participate in the program over the four-year pilot with anticipated financing of \$17,964 per project during the first year and up to \$20,795 per project during the fourth year.

The program will be launched by Alberta Municipalities (AM) once Town administration has everything in place for the program to begin. The program is expected to be launched in early 2024 allowing the application process to begin on the program administrator's website. While the program administrator, AM, will be overseeing the application process from start to finish, Town administration will be in charge of approving each application based on tax payment history, and general good standing with the Town and entering into finance agreements with successful applicants. Property owners must be able to provide tax payment history for the five years prior to the application, which can include history from a different municipality.

Once the home owner visits [Myceip.ca](https://myceip.ca) and decides on which eligible energy efficiency improvements they will have done, the property owner must get a EnerGuide Home Evaluation done on their home before the project begins and after the improvement has been installed. If the property owner already had Evaluations done through the Greener Homes program, valid data may be used for the program. Local contractors will be able to apply with AM to be a qualified contractor for the program. Once the program received municipal approval, AM launches a marketing campaign to contractors to encourage registration as a qualified contractor. Any approved improvement must be completed by a qualified contractor as listed on [myceip.ca](https://myceip.ca).

Figure 1.0 Property Owner CEIP Process:



The Clean Energy Improvement Program contributes to the Town's goal of reaching net zero carbon emissions by 2050 and aligns with the Municipal Development Plan (Section 4.5.1. a) by providing incentives to encourage the generation and use of renewable energy in existing development. The Program also aligns with the Strategic Plan, the Environmental Master Plan, and is one of the identified actions in the Climate Action Plan. In 2021, Okotoks Town Council voted in favor of Bylaw 11-21 which created a legislative framework to apply for financing for a Clean Energy Improvement Program.

The Town of Okotoks applied for and was approved for both a loan and a grant from the Federation of Canadian Municipalities in spring 2023. The principal amount of the loan is \$1,144,880. FCM will charge the Town 2% in interest over the 25-year term of the loan. The amount of the grant is equal to the lesser of \$572,400 or 50% of the loan. For the first 4 years of the pilot, the administrative costs of Alberta Municipalities and the Town of Okotoks will be covered by the grant funds. As part of the financing agreement with FCM, the Town will provide internal financing for the required 20% of the Clean Energy Improvement Program pilot. The 20% amount is equal to \$429,405.

Approved applicants to the program will apply for financing of Clean Energy Improvements from a minimum of \$3,000 and to a maximum of \$50,000. The Clean Energy Improvement Tax will charge owners 3% interest on each improvement's financing for all applications approved within the 4-year pilot. The program will allow Clean Energy Improvement financing of up to a maximum of \$1,574,200 over 4 years.

As part of the FCM financing agreement, municipalities had to propose implementing several innovative aspects of the program tailored to the municipality. As an incentive, \$19,500 has been allocated within the program funding to provide rebates of \$500 per approved application on a first-come, first-served basis. The program will also reserve 20% of the available financing for homes built in or prior to 1996 and for rental units and multi-unit residential buildings. Finally, rebates will be offered within the Water Conservation Rebate program for any eligible items that reduce both water and energy consumption.

While the financing from FCM only applies to residential applicants, Bylaw 29-23 could be amended in future to include non-residential properties. Administration recommends piloting the residential program over the next four years and assess whether or not financing will be pursued to continue the program for both residential and non-residential building owners beyond the pilot.

The passing of Bylaw 29-23 would mean that the Town of Okotoks will officially implement a Clean Energy Improvement Program and accept the available financing and grant from the Federation of Canadian Municipalities and work with Alberta Municipalities to implement a program that will allow residents to install clean energy improvements to their homes. According to a market study written for Okotoks by Alberta Municipalities, it is expected that for a total financing amount of \$1,574,200, the anticipated GHG emissions reduced over the lifetime of the upgrades installed is estimated to be 7,937 tCO<sub>2</sub>(e). This corresponds to an estimate of annual electric and natural gas savings of 366,390 kWh and 2,455 GJ for approximately 22 years. These projects are expected to create \$1.1 million in lifetime bill savings. Residential property owners can expect an annual electricity and natural gas savings of up to \$559 on their combined electricity and gas bill. Once the pilot program is underway, administration will provide annual reports on the GHG savings of the improvements made on Okotoks properties that have participated in the program.

Currently there are 12 municipalities currently taking applications for the Clean Energy Improvement programs in Alberta. Canada-wide, Toronto has a Home Energy Loan Program in place, and Halifax has a Property Assessed Clean Energy program for solar panels (Solar City). Moving forward with the CEIP bylaw, and subsequent program implementation, will support Okotoks' being environmental stewards in Alberta and Canada.

### Strategic Plan Goals

<input type="checkbox"/> Responsibly Managed Growth	<input checked="" type="checkbox"/> Demonstrated Environmental Leadership
<input type="checkbox"/> Strong Local Economy	<input type="checkbox"/> Enhanced Culture & Community Health
<input type="checkbox"/> Organizational Excellence	

**Public Hearing / Participation Strategy**

Pursuant to sections 390.3(5), 216.4, and 606 of the *MGA* a public hearing must be held prior to consideration of second reading of this Bylaw.

A public hearing has been tentatively scheduled for Monday, October 23, 2023. This public hearing will be advertised in accordance to section 606 of the *MGA* and will appear in the Western Wheel and on the Town's website for two consecutive weeks prior to the public hearing.

**Alternatives for Consideration**

n/a

**CAO Comments**

This program has been complex and difficult to work through. I am pleased that Administration has been able to advance this and hope that the program can actually achieve the uptake from residents to achieve the desired results.

**Attachment(s)**

1. Draft Bylaw 29-23 Clean Energy Improvement Program Bylaw

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