

# DECISION/DIRECTION NOTE

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**Title:** FCM Community Energy Financing Program Design Application

**Date Prepared:** August 11, 2020

**Report To:** Committee of the Whole

**Councilor and Role:** Ian Froude, Environment & Sustainability Experts Panel

**Ward:** Ward 4

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## **Decision/Direction Required:**

That Council supports the collaborative approach presented to be the lead municipality applying for funds to FCM's to develop a study that will Design a Community Efficiency Financing program.

## **Discussion – Background and Current Status:**

The City of St. John's strives to be sustainable today and for future generations. This is a vision expressed in the City of St. John's Strategic Plan. Through various commitments, the City of St. John's Council has re-enforced its ongoing commitment to act and reduce the greenhouse gas emissions, while preparing the City to deal with the challenges and capitalize on opportunities that climate change is presenting. This includes:

- Joining the Federation of Canadian Municipalities Partners for Climate Protection program
- Declared a Climate Emergency on November 4, 2019
- The Mayor of the City of St. John's joined the Global Covenant of Mayors for Climate and Energy on December 18, 2019
- Development and ongoing implementation of a Planning Framework to scope the transition towards a more sustainable low-carbon resilient St. John's.

The City of St. John's 2018 Energy Use and Greenhouse Gas (GHG) Inventory estimated that up to 15% of the GHG emissions from the community come from the residential sector. Meanwhile, energy-economic data shows that the median energy expenditure in St. John's is \$2,404 per year, and 34% of the households in St. John's have a high home energy cost burden (i.e. > 6% of after-tax income spent on home energy). A recent cross-Canada study placed St. John's at the top of this metric across all Canadian Urban Sustainability Practitioners (CUSP) and Big City Mayors Caucus (BCMC) members. With residents concerned about electricity costs, a struggling provincial economy, and COVID-19 economic impacts, the amount of people facing higher energy cost burden may increase without interventions.

# ST. JOHN'S

The Community Efficiency Financing (CEF) initiative by the Federation of Canadian Municipalities (FCM) Green Municipal Fund (GMF) supports municipalities and partner organizations to design, implement, and/or scale financing programs for home energy upgrades. This is achieved through a mix of low-interest loans, loan guarantees, grants, and capacity building. This is all with an effort to encourage a bottom-up approach to local program design and delivery to residents.

The CEF program currently is composed of a two-step process:

- 1) Program Design: up to \$175,000 (GMF funds 80% of eligible costs)
- 2) Capital for Program Implementation: up to \$10M (GMF loans 80% of eligible costs and provides a grant of up to 50% of the loaned GMF funds.)

Council is being presented with the opportunity to partner with NetZero, the Newfoundland and Labrador Environmental Industry Association (NEIA), and Newfoundland Power, with support from the Provincial Government of Newfoundland and Labrador, to apply to the CEF initiative to fund a study that would look to scope the design of a program to deliver energy efficiency financing in Newfoundland (Step 1). Two modes of implementation may be studied 1) on-bill financing 2) direct financing through financial institutions.

This GMF opportunity would fund a study of up to \$175,000 (GMF funds 80% of eligible costs) to assess how this program could be structured and delivered effectively in Newfoundland's municipalities. The leadership and support from municipalities and their partners is key for Newfoundland partnerships to be able to access this funding, as provincial governments, and provincial corporations (e.g., NLHydro) are not eligible.

If funding is awarded, the City of St. John's would participate in the design study as the lead municipal partner, and other municipalities across NL will be invited to the partnership and/or consulted in the study. St. John's staff would engage in the program development process by supporting the application development, participating in the steering committee and workshops, and supporting the project team with information gathering to ensure that the program details are aligned to the needs of the residents of St. John's.

This Program Design study is an essential first step to enable the partners to test and develop a clear and beneficial program that can then be proposed to GMF for capital support as soon as January 2021 (when the capital program [Step 2] applications will open). At this time GMF could capitalize a program with up to \$10M (GMF funds 80% of eligible costs and provides a grant of up to 50%) for the program to be delivered to residents. Discussions about the scale of the capital program, needed matching funds, and other implementation considerations would be had as part of the development of a Step 2 proposal. This will take place throughout the implementation of the study in Step 1. An ask may be brought forward once the program is designed and the intention to submit a proposal for Step 2 is confirmed by partner organizations.

The ability to empower residents by making financing available for energy efficiency and other enabling retrofits (such as heat pump installations, building envelope improvements, other energy efficiency retrofits) in a more holistic way than what is currently available, would give

residents in St. John's the opportunity to improve their own financial well-being, reduce household stress, lower greenhouse gas emissions and increase resilience. Furthermore, this type of financing has the potential to unlock additional private capital for building retrofits, resulting in energy and emissions reductions, more resilient buildings, economic development, and job creation.

**Key Considerations/Implications:**

1. Budget/Financial Implications: up to \$5,000 from the approved \$100,000 Sustainability Momentum initiatives funds to support the application and enable the partnership to obtain a grant of up to \$80,000.
2. Partners or Other Stakeholders:
  - NetZeroNL is a not-for-profit organization that aims to further clean growth initiatives in Newfoundland and Labrador. The organization develops, facilitates, and delivers activities that contribute to the advancement of the climate change mitigation, energy efficiency, waste management, and carbon offset priorities in the province, its regions, and its municipalities.
  - Supported by the Newfoundland and Labrador Environmental Industry Association (NEIA), NetZeroNL builds customized project teams to scope, manage, and support its individual activities.
  - Other confirmed partners for this project include Newfoundland Power, Provincial Government of Newfoundland and Labrador. Other municipalities in NL will be invited to participate in the study.
3. Alignment with Strategic Directions/Adopted Plans:
  - A Sustainable City
  - A Connected City
  - An Effective City
  - Declaration of Climate Emergency
  - Global Covenant of Mayors for Climate and Energy
4. Legal or Policy Implications: N/A
5. Privacy Implications: N/A
6. Engagement and Communications Considerations: N/A
7. Human Resource Implications: The Sustainability Coordinator will engage with the partners in the proposal and provide the support from the City of St. John's to the implementation of the study.
8. Procurement Implications: N/A
9. Information Technology Implications: N/A
10. Other Implications: N/A

**Recommendation/s:**

That Council support the application to GMF's Community Energy Financing Program Design initiative and further;

That Council provide up to \$5,000 from the approved \$100,000 Sustainability momentum initiatives funds to the CEF Program Design application to enable the partnership to access up to \$80,000 in matching funds from FCM.

**Prepared by: Edmundo Fausto, Sustainability Coordinator**

**Report Approval Details**

Document Title:	FCM Community Energy Financing Program Design Application.docx
Attachments:	
Final Approval Date:	Aug 12, 2020

This report and all of its attachments were approved and signed as outlined below:

**Brian Head - Aug 12, 2020 - 11:59 AM**

**Lynnann Winsor - Aug 12, 2020 - 12:11 PM**

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