

**ECOLOGY
OTTAWA**



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October 31, 2013

Dear Mayor Jim Watson and Ottawa City Councillors,

In May 2012, Ecology Ottawa and 16 other community groups, businesses and local energy retrofit contractors sent a letter to you asking the City of Ottawa to implement a pilot financing program for energy retrofits using the Local Improvement Charges system (also known as Property Assessment Payments for Energy Retrofit or PAPER). This approach provides interested residential and commercial property owners with a voluntary mechanism to enable increased investments in energy efficiency and conservation. PAPER programs typically require the annual energy savings to be greater than the annual repayments. Payments are billed and collected on either the property tax or utility bill.

Later in 2012, Council approved the [2012 Green Buildings Promotion Program](#) which included a commitment to conduct a feasibility study on such a LIC/PAPER program. To the best of our knowledge, this research is nearing completion.

In the past year there have been several new developments that make it much easier for Ottawa to move forward with a pilot PAPER program:

1. The Government of Ontario amended LIC regulations to allow municipalities to use the LIC process to voluntarily finance energy efficiency, water efficiency and renewable energy projects on individual buildings.
2. Collaboration on Home Energy Efficiency Retrofits in Ontario (CHEERIO) - a collaborative of municipalities and other stakeholders across the Province and partially funded by governments and utilities has developed an LIC financing [pilot program design](#) for small residential properties, as well as other tools, guidelines, model program templates, and monitoring. Ottawa is an observer member of CHEERIO. For more information on these tools, visit <http://www.cleanairpartnership.org/cheerio>.
3. In July 2013, the City of Toronto approved a \$20 million pilot energy and water and efficiency retrofit program for the residential sector that utilizes the LIC financing mechanism. City staff will be finalizing the program design over the next several months. The program is expected to launch late in 2013. See <http://www.toronto.ca/teo/residential-energy-retrofit.htm> for more information. The key features of the Toronto program are attached.

Ottawa stakeholders including Ecology Ottawa, EnviroCentre, energy retrofit contractors, and green building and green housing developers are interested in working with the City to implement an Ottawa pilot program. We recommend the following program features:

- One-stop easy to access program with a clear list of eligible energy efficiency measures
- Project savings should be greater than loan payments if used for energy efficiency
- Project installers should be certified (may require training)

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- Audit/analysis showing savings is either prepared by or confirmed by a third party (i.e. not the installer)
- Program is coordinated with any available rebates
- Allow for ramp-up time. It could take 18-24 months for a pilot to prove itself
- Clear minimum and maximum amounts; Too small = too much hassle; too large = too much risk
- Once established, educate the mortgage/ realtor communities as well as potential users and installers
- Can be combined with energy labeling and other incentives to encourage energy efficiency
- Consider on-bill repayment collection in coordination with Hydro Ottawa

We stand ready to assist the City of Ottawa with the design and implementation of a pilot in Ottawa using the tools and materials provided by CHEERIO.

Benefits to the City and its taxpayers include:

1. Access to a voluntary financing program that will provide savings for Ottawa homeowners and businesses through lower energy bills at no cost to the city;
2. Creating local jobs;
3. Promoting Ottawa as a leader on green buildings and homes;
4. Allow financing obligations and benefits to be shared with new owners; and
5. Be City administered—lower risks and provides credibility.

Energy retrofit financing using the LIC approach will be a game changer in making Canadian housing and building stock more efficient, comfortable, cheaper to own, and environmentally friendly. It is the natural successor to the retrofit grant and other incentive programs used until 2011 and can be implemented at no cost to the City, as Toronto has recently demonstrated. It would help position Ottawa as a leader in Canada along in taking action to fight climate change.

We urge Council to begin consultations on an Ottawa pilot as soon as possible with the expectation of a launch of the program in early 2014.

We look forward to your reply.

Yours sincerely,

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Dianne Urquhart, Executive Director
Social Planning Council of Ottawa

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Sustainable Living Ottawa West

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James McLaren
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Christopher Collmorgen, President
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Mari Wellman, Chair
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Local Eco-Action Families (LEAF)

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Toronto Pilot Program Overview

Phase I Program Overview		
	Key Features	Additional Details
Term	3 year pilot period	2013 – Q4 launch
Resource Conservation	Single-Family Stream: Focus on 25-50% reduction in overall energy use	Natural gas, electricity and water efficiency and conservation measures
	Multi-Residential Stream: Target projects with simple paybacks of over 3 years	
Target Markets/Program Streams	Single-Family Homes	Neighbourhood-based marketing approaches will be tested in four pilot neighbourhoods
	Multi-Residential Buildings	Focused on apartment buildings of 5 or more storeys, city-wide, constructed prior to 1984
Participation Targets	Approximately 1,000 single-family homes	Completing energy assessments, installing energy efficiency measures, and accessing the City financing
	Approximately 10 multi-residential buildings (representing 1,000 housing units)	
Average Project Value (estimate) (less rebates)	\$10,000 – Single-family home	Up to \$2,000 in utility company incentives may also be available
	\$1 million - Multi-unit residential building	Up to \$100,000 in utility company incentives may also be available.
Eligible Retrofit Measures	Building envelope improvements, mechanical systems and water efficiency upgrades	Examples include: <ul style="list-style-type: none"> • Furnace/boiler replacement • Insulation upgrades • Window replacement • Low-flow toilets
Funding Envelope	\$20 million in retrofit funding – evenly allocated between single family and multi-residential streams	Funding to be sourced from the City's Working Capital Reserve with no reliance on general property tax revenues.