



## Retrofit Rebate Program

<b>Date</b>	May 25, 2022
<b>To</b>	Executive Committee
<b>From</b>	Transformation Office
<b>Service Area</b>	Innovation, Energy & Technology
<b>Item No.</b>	EX22-65

### RECOMMENDATION

---

The Executive Committee recommends that City Council:

1. Approve the creation and implementation of the Retrofit Rebate Program as outlined in this report which has the goal of reducing energy consumption, reducing greenhouse gas emissions and providing some financial assistance to residential property owners.
2. Approve the elements of the Retrofit Rebate Program that includes, at minimum, the following key elements as identified in this report and Appendix C of the report:
  - (a) participants in the City's Retrofit Rebate Program must already have an Application ID for the Federal Government's Greener Homes Grant Program;
  - (b) the portion of grant funds recipients of the City's Retrofit Rebate Program will receive will be contingent on the category of retrofit and the money received through the Federal Government's program;
  - (c) the maximum grant any recipient of the City's Retrofit Rebate Program will receive is \$5000;
  - (d) there is a potential that the number of applicants for the City's Retrofit Rebate Program will exceed 80 persons and/or their requested funds will exceed the total money the City has allocated for the Retrofit Rebate Program, and in such case the

City will use a draw methodology to allocate the available funds to qualifying applicants; and

- (e) the Retrofit Rebate Program will require verification of receiving the Greener Homes Grant to confirm that the retrofit(s) occurred.
- 3. Authorize Technology Champion, or designate, to create and implement the Retrofit Rebate Program, and to thereafter, approve application forms, negotiate, award, enter into an agreement, amend such agreements and to authorize any ancillary agreements or documents required to give effect to the Retrofit Rebate Program so long as such decisions and direction do not substantially change what is described in this report.
- 4. Approve these recommendations at its meeting on June 1, 2022.

## ISSUE

---

The Energy and Sustainability Framework (ESF) identifies retrofitting buildings as a significant opportunity to achieve reductions in energy consumption and greenhouse gas (GHG) emissions while also creating local jobs. As of 2022, approximately 61,000 residential homes will require retrofits for Regina to reach its goals of becoming 100 per cent renewable and net-zero by 2050. The speed and intensity of those retrofits are important due to the compounding and lasting effects of greenhouse gas (GHG) emissions.

Cities across Canada are facing the same challenge in terms of needing to complete retrofits at scale. To assist homeowners improve their home energy efficiency, the federal government created the Greener Homes Grant. The Grant provides funds for home evaluations and retrofits, to a total of \$5,600. To encourage retrofits in Regina, Administration recommends launching a residential retrofit rebate program (Retrofit Rebate Program) that matches the funding for work covered and rebated by the federal Greener Homes Grant. Funding approved in the 2022 Budget will enable the initial implementation of the Program, with funding for subsequent years requested through the 2023-2024 budget process.

Not only do more efficient homes support long-term climate objectives but retrofit investments also create economic and financial benefits. Encouraging and accelerating action on home retrofits will create new demand for jobs — for energy auditors, retrofit contractors, and the next-generation of skilled workers — and an increased demand for energy efficient equipment and low-carbon materials will grow the green building product supply chain in Canada.

## IMPACTS

---

### Community-wide Action

The three main principles of the Energy & Sustainability Framework are to *reduce* energy consumption, *improve* energy efficiency and *switch* to renewable energy sources. The proposed Retrofit Rebate Program will help achieve Regina's renewable by 2050 goals through reduced residential energy consumption, improve residential energy efficiency and increased use of renewable energy sources.

Residential homes currently make up 16 per cent of Regina's GHG emissions and roughly 15 per cent of Regina's energy consumption. Most homes that exist today will still exist in 2050 which makes retrofits an important action for achieving the goals of becoming renewable by 2050. Building code improvements typically happen incrementally making it common to target builds based on their age. Regina has approximately 63,000 detached residential homes. However, the Energy & Sustainability Framework targets homes built pre-1981 (40,000) and homes built between 1981 and 2016 (21,000). This leaves 2000 residential homes that were built after 2016 and not included in the targets.

To be successful in achieving the defined targets while meeting the needs of all residents, multiple implementation mechanisms will need to be developed. The recommended Retrofit Rebate Program is one implementation mechanism that works towards achieving multiple Big Moves (and subsequent actions) from the Energy & Sustainability Framework.

*Big Move 1: Building Retrofits:* Energy use in buildings accounts for 69 per cent GHG emissions in Regina. Retrofitting buildings presents a significant opportunity to achieve reductions in both energy consumption and GHG emissions. Retrofitting buildings also creates local jobs and generates cost savings for households and businesses.

#### **Actions:**

- 1.1 Deep Retrofits – residential, pre-1981 construction
- 1.2 Deep Retrofits – residential, 1981-2016 construction

*Big Move 2: Clean Heating:* Most of the emissions from buildings in Regina currently come from natural gas used for space and water heating. In the future, new and retrofitted buildings will need to use more efficient and cleaner space and water heating systems.

#### **Actions:**

- 2.1 Switch to clean fuels in existing buildings – residential

*Big Move 4: Renewable Energy Generation:* One of the most significant low-carbon transition opportunities the community can pursue is to increase renewable energy generation. This maximizes the emissions reduction benefits of building retrofits and fuel-switching.

***Actions:***

4.1 Maximize rooftop solar PV on existing buildings

Federal Government Legislation and Funding

The *Canadian Net-Zero Emissions Accountability Act*, which became law on June 29, 2021, legislates Canada's commitment to achieve net-zero emissions by 2050. In 2021, the Government of Canada also released a strengthened climate plan: "A Healthy Environment and a Healthy Economy." The plan enhances Canada's Paris Agreement target to reduce emissions by 40-45% from 2005 levels by 2030.

To assist households, the federal plan is providing \$2.6 billion over seven years, starting in 2020-21, to help homeowners improve their home energy efficiency by providing up to \$600 for the cost of pre- and post-retrofit home energy evaluations and up to \$5,000 for the implementation of eligible retrofits. The program operates on the principle of putting money directly into the hands of citizens, so they are incentivized to make consumer choices. To encourage greater participation and uptake of retrofits, the recommended Retrofit Rebate Program would match federal funding for eligible retrofits.

An overview of rebate, incentive and financing programs across Canada is available in Appendix A.

Financial

In the City of Regina's 2022 budget, approximately \$6 million was invested in anticipation of the Seven Big Moves. This included \$200,000 to launch a residential retrofit rebate program. It is estimated that this initial investment will provide between 40 and 80 rebates.

Administration recognizes this is a small but important first step in taking action towards the Big Moves identified in the Energy & Sustainability Framework. This Retrofit Rebate Program will serve as an opportunity to educate, build awareness and increase interest around home retrofits. A wholesome program that includes several implementation mechanisms will be required to meet the needs of all residents. The funding for a broader and comprehensive program is being requested through the 2023-2024 budget process to activate new programs.

## OTHER OPTIONS

---

### **Option 1 – Do not incentivize residential energy retrofits**

Administration considered the impact of not providing financial incentives for residential retrofits. It is understood that residential homes have a long life relative to many other assets and are not demolished and replaced frequently. In Canada, roughly sixty per cent of all buildings in use today will still be in use by 2050 and buildings, including homes, account for 18 per cent of Canada's greenhouse gas emissions.

Home retrofits are one of the best ways to see an immediate reduction in energy consumption and in turn, cost savings for the homeowner. By matching retrofit rebates from the federal government, the City can make retrofits even more affordable.

### **Option 2 – Create a Property Assessed Clean Energy (PACE) Program**

PACE programs allow property owners to borrow money for building retrofits and repay the loan through their property tax bills. These loans are tied to the property instead of the homeowner and typically offer longer payback periods than traditional loans.

*The Cities Act* was amended in July 2020 with one of the amendments enables cities to implement PACE programs. The City is using this authority for the lead service connection equalized payment for lead service replacements. The City of Saskatoon spent much of 2020 and 2021 developing its own retrofit program, named the Home Energy Loan Program (HELP), which launched in September 2021. These programs are slowly gaining uptake across Canada as provinces pass similar enabling legislation. They currently exist in Alberta and Nova Scotia where they are run through province-wide organizations rather than municipal governments.

As an alternative to PACE programs, the federal government's recently released "Healthy Environment, Healthy Economy Plan", has an upcoming low-cost or interest-free loan program that integrates and builds on available energy audits and grants, to help up homeowners' complete major home retrofits. This federal program will be targeted at homeowners, landlords and low-income individuals.

A PACE program is not recommended for the following reasons:

1. Affordability can still be a challenge for homeowners. While PACE programs provide a way for homeowners to access funding, these programs do not typically address the affordability of repayment.
2. The federal government's upcoming low-cost loan program. The federal government is able to provide loans interest free or at a lower cost, than municipalities.
3. There are potential challenges with securing mortgage insurance for properties that have

municipally provided PACE loans.

4. Based on other municipalities, it would take roughly 12-18 months to create and implement a PACE program.

### **Option 3 – Targeted Intake Retrofit Rebate Program**

Two actions under *Big Move 1: Building Retrofits* are focused on residential retrofits. Action 1.1 targets homes built pre-1981 to be retrofitted by 2030 and Action 1.2 targets homes built between 1981 and 2016 to be retrofitted by 2035.

Administration considered creating the Retrofit Rebate Program to have a staged intake process whereby the first intake would be for homes built before 1981 followed by a second intake for homes built between 1981-2016. This is not recommended because the federal Greener Homes Grant does not have a staged intake process. To make the program easy for residents to access, the City is recommending a streamlined and simple process that mirrors, as much as possible, the federal Greener Homes Grant.

Any changes to the Retrofit Rebate Program including whether to change the intake process or whether to create different targeted programs will be part of an update provided in the second quarter of 2023.

## **COMMUNICATIONS**

---

A communication strategy will be implemented to raise awareness of the Retrofit Rebate Program and provide broader education to residents about the benefits and impacts of retrofitting buildings, including reducing energy costs and consumption.

Components of the education campaign will include hosting community workshops and leveraging stakeholder partnerships to share information and resources to help residents plan, procure and maximize the benefits of their retrofits. This includes providing information on all programs available from the federal government.

## **DISCUSSION**

---

Retrofitting buildings presents a significant opportunity to achieve reductions in energy consumption and GHG emissions while also investing in the local economy. The Energy & Sustainability Framework indicates that all residential homes need to be retrofitted to be 50 per cent more efficient by 2030 and 2035 (for homes constructed pre-1981 and post-1981, respectively.) Retrofitting buildings is a common action in climate plans across Canada. Along with the federal government's Greener Homes Grant, municipal governments, provincial governments, and utility companies are offering incentives to encourage home energy retrofits. To continue the momentum of launching

Regina's Energy and Sustainability Framework, Administration investigated options for incentivizing building retrofits.

#### Rationale for Incentivizing Retrofits

**High-efficiency retrofits are expensive.** According to engagement done through development of the Energy and Sustainability Framework, residents are looking for financial support to help make energy-efficient upgrades in their homes, switch to cleaner fuel sources and add renewables. Research has shown that incentives are an important component to assisting residents through the actions required for climate change. Financial incentives can increase the uptake of both interest and action taken for retrofits.

**Retrofits create employment opportunities.** Retrofits are among the most effective types of 'green' spending for creating jobs and local economic activity. Research shows that investing to improve buildings' energy efficiency and prioritize electrification delivers clear climate benefits and employment benefits across Canada. It is estimated that the retrofit industry can support and rapidly create an estimated 1.7 million jobs nationally. According to Efficiency Canada, the energy efficiency sector accounted for more than 436,000 direct jobs in 2018, with an annual projected growth of 8 per cent. Between 2017 and 2030, energy efficiency measures will increase Saskatchewan's GDP by \$0.8 billion and create an average of 3,400 jobs.

**Retrofits create economic opportunities.** Energy retrofits can reduce energy costs on residential properties by up to 80 per cent. Typically, the initial savings is required to pay down or offset the costs of the retrofit. However, retrofitted houses are also shielded from future increases in fossil fuel and electricity prices, along with increases in the carbon tax. The carbon tax is \$50 in 2022 and increasing by \$15 annually until it reaches \$170 in 2030. When energy bills go down, individuals have more disposable income that can be re-invested in the local economy – restaurants, the arts, home renovations, etc.

#### Create a City Retrofit Rebate Program that Matches Federal Greener Homes Grant

The recommended option is to implement a rebate program that matches funds provided through the federal Greener Homes Grant. To encourage uptake, it is common for organizations to allow grant 'stacking' whereby a single applicant or project can use multiple streams of funding to offset a greater portion of project expenses. Administration identified that building on an existing program has many advantages including:

- Homeowners benefit from increased financial incentives and the local economy benefits from increased spending on goods and services.
- The community benefits as the program leads directly to reduced GHG emissions and energy, reduced energy consumption, as per the goals of the Energy & Sustainability Framework.

- A rebate program does not jeopardize homeowner's ability to get Canadian Mortgage and Housing Corporation insured mortgages, which is not always the case for a PACE program.
- The process is streamlined by leveraging the federal program that has already been created, including the processes, guidelines, and criteria.

The federal Greener Homes Grant provides funds for home evaluations and for retrofits, to a total of \$5,600. Homeowners are eligible for up to \$600 for the cost of pre- and post-retrofit EnerGuide evaluations and for up to \$5,000 for the implementation of eligible retrofits. An overview of the federal Greener Homes Grant is provided in Appendix B.

If approved at the June 1, 2022 City Council meeting, Administration would begin promoting the Program early June and plan for participation intake by end of June. Due to funding availability, acceptance into Residential Rebate Program will be determined through a draw of 80 applicants. Participating in the Residential Rebate Program requires participation in the Greener Homes Grant Program. Residential homeowners would be eligible to apply for the draw using their Applicant ID number from federal Greener Homes Grant Program. The City's Retrofit Rebate Program would match the amount rebated by the federal government for home retrofits, up to \$5000 per residential property. Additional details are in Appendix C.

As per the federal Greener Homes Grant, homeowners would then complete at least one home retrofit. After completing the retrofit(s), the homeowner must schedule a post-retrofit evaluation and then submit the required documents online or by mail. The City would issue rebates after participants received their federal rebates.

The recommended Retrofit Rebate Program is one implementation mechanism that moves Regina towards achieving action-related targets. To be successful in achieving the defined targets while meeting the needs of all residents, other implementation mechanisms will continue to be developed and recommended.

#### Program Evaluation

An important element of the Retrofit Rebate Program is to implement a set of indicators to provide a platform for strong evaluation for program performance and future changes. Participation will require homeowners to provide documentation used for the federal Greener Homes Grant as well as pre- and post- utility information to assist in program evaluation.

Several key indicators will be tracked and reported throughout the program including energy consumption and GHG emissions. Other program indicators will include:

- per cent of homes retrofitted (in pre-1981 and post-1981 construction categories)
- average # of retrofits per home
- per cent of retrofits by type
- average cost of retrofit by type



- average cost of rebate

As part of Administration's commitment to report annually on the Energy & Sustainability Framework, a program update will be provided in the second quarter of 2023 that includes program analysis, trends and program adjustment recommendations (if applicable).

#### Future Work

The proposed Retrofit Rebate Program is a first step towards a broader building retrofit approach. The information gathered and lessons learned from this Retrofit Rebate Program will provide valuable insights to inform how the City of Regina can help encourage building retrofits in the community. Administration will use these insights as it continues investigating building retrofit opportunities and programs, including but not limited to:

- Municipally administered property assessed clean energy programs
- Direct lending provided by partnering financial institutions
- Opportunities to advance bulk retrofit programs
- Partnering with utilities for on-bill financing incentive programs
- Federal and FCM funding related to large scale retrofit programs

#### **DECISION HISTORY**

---

On March 30, 2022, City Council approved the Energy & Sustainability Framework and authorized the use of the Framework as a guide for future energy, emissions, and sustainability-related decisions and actions.

Respectfully submitted,



Greg Kuntz  
Manager, Energy & Sustainability Solutions

Respectfully submitted,



Cara Simpson  
Acting Chief Transformation Officer

#### **ATTACHMENTS**

Appendix A – Rebate, Incentive and Financing Programs Across Canada  
Appendix B - Federal Greener Homes Grant Program Overview  
Appendix C - City of Regina Retrofit Rebate Program Overview