



TO **Committee of the Whole, City of Guelph**

SUBJECT **Quarterly progress report to Guelph City Council**

DATE November 30, 2020

Per the Service Agreement between Our Energy Guelph and the City of Guelph, this document provides a progress report on activities we have been working on since the previous update.

OEG has made meaningful progress on key items, despite the challenges of the pandemic. More details are provided below.

Governance and General Operations

Strategic plan. We developed a strategic plan document, which the Board approved unanimously on September 2. This plan, and an infographic summary, are attached.

Board member updates. Kristen Visser (née Tilley) transitioned into the role of Vice Chair. All other board roles remain as they were in the last update.

Office space. The ED continues to work from the sub-leased space at 111 Farquhar Street, and from home as indicated by pandemic-related guidance from public health authorities.

Information technology. No changes since the last update.

Nonprofit partnerships. OEG has contracted with the national nonprofit Quality Urban Energy Systems of Tomorrow on a program entitled Accelerating the Implementation of Renewable Energy. The contract will also leverage faculty and graduate student resources from the University of Guelph, and will provide helpful exposure for OEG on a national stage, as well as a modest amount of revenue.

Capital funding. OEG submitted an application to FCM for funding a PACE program via the Community Efficiency Financing (CEF) program. It has also been developing a financing approach called a Local Climate Bank. In parallel with this, OEG has been building a relationship with an institutional investor for financing the proposed PACE program. More on this below.

Guelph Energy Managers (GEMS)

The Summer 2020 meeting was held online, and focused on a presentation by staff from the local delivery agent of the Independent Electricity System Operator's SaveONEnergy program.

Education, Communication, Outreach and Awareness (ECO A)

The group shifted from regular, in-person meetings to ad hoc one-on-one meetings.

Youth Action on Climate Change (<https://youthactiononclimate.com/>) was incorporated as a nonprofit and created an advisory board to assist with governance. The organization joined OEG in supporting the Downtown Dining District through a series of social media posts. In addition, their Links2Learn program, which ran from May to August, provided online opportunities for members to learn about sustainability, adjusting to pandemic-related restrictions on in-person gatherings.

Random Acts of Green (<https://raog.ca/>) continued to drive uptake of the mobile device app through the HallowGreen promotion, with OEG providing local social media support. Progress with signing up business partners has been hampered by the challenges arising from the pandemic, given that retail businesses (especially food service) are the target market.

My World, My Choice (<http://myworldmychoice.org/>) launched its "Canada's Next Top Sustainability Leader" competition, with accomplishments including the launch of the [contest website](#), and print-based promotional materials.

Planet Protector Academy (<https://planetprotectoracademy.com/>). The City ended its relationship with PPA for water conservation programming. We are evaluating how OEG could facilitate a program targeted at elementary school children.

Newsletters. OEG has maintained consistent delivery of its monthly newsletter. We have established a standard format, including:

1. Teaser/intro to the blog post for that month
2. A miscellaneous article, ideally on a theme related to the blog
3. A spotlight on a member of the Board or leader working with a partner organization
4. A spotlight on a partner program/organization
5. A collection of six links to news articles on specific topics (Policy Corner, Energy Innovation, Eye on the Climate, Trends, Yes in My Backyard, and Research Frontier)

Blog posts. Articles posted to the OEG website and promoted through the newsletter and social media mentions were as follows:

- *The Downtown Dining District: An open letter to the City*, September 15, 2020
- *Adding up the COVID pros and cons*, August 24, 2020 (Bad news and good news regarding the impact of the pandemic on climate change)
- *Pedalling toward a yummy, sunny future*, July 16, 2020 (Introducing Unicorn Scoops, a bicycle-based, solar-powered ice cream retailing business)
- *Let's set the PACE for a clean recovery*, June 18, 2020 (Using Property-Assessed Clean Energy to finance energy and water efficiency improvements on private property, and the benefits for a pandemic recovery)

Property-Assessed Clean Energy (PACE)

Building on the PACE program proposal that OEG presented to Council in January, OEG prepared and submitted an application to the Federation of Canadian Municipalities' Community Efficiency Financing program. This application incorporated several unique approaches, which we expect will make it particularly compelling to FCM:

- **3rd party delivery.** Most CEF applicants are municipalities, and will directly deliver their proposed program (which in most cases will be a PACE program, although some applicants are proposing an alternative financing approach). By contrast, OEG has partnered with PACE Atlantic Community Interest Corporation¹ to serve as a 3rd party delivery agent. PACE Atlantic CIC has experience delivering PACE programming on behalf of a municipality, and is the only entity in Canada that has done so. Note that PACE Atlantic CIC also partnered with a consortium of three Maritime municipalities on a CEF funding application, resulting in considerable savings in effort between the two applications. In a similar vein, the proposed Guelph PACE program will be able to leverage the experience and approaches that PACE Atlantic CIC developed for its established PACE program delivery service, rather than starting from scratch as most other applicants will be doing.
- **Private capital.** FCM rules require that the applicant supply a minimum of 20% of the capital for the proposed program. Most CEF applicants plan to obtain this funding from a municipal budgetary allocation. However, the OEG proposal includes no direct municipal financial participation other than already budgeted funds from the City of Guelph Water Services conservation and efficiency programming, to be applied to the capital cost of eligible measures (such as rainwater harvesting) as they are implemented in the context of a PACE project. The OEG application has included financing from Vancity Bank in the form of a loan and a line of credit; FCM has recognized that all PACE programs will need to have a strategy for eventual transition to private financing, so our strategy already anticipates this transition. In addition, the application includes in-kind contributions from the entities listed below:
 - Alectra Utilities
 - Bluewater Energy

¹ A Community Interest Corporation is a legal entity that exists only in Nova Scotia and British Columbia, occupying a middle ground between for-profit and not-for-profit enterprises.

- Enbridge Gas
- Guelph Solar
- Independent Electricity System Operator
- NEEB Engineering
- **Ability to grow beyond the initial target community.** Because most CEF applicants are municipalities, their mandate and scope is limited to the local community; they have neither the mandate nor the means to expand a successful program beyond that geographic area. OEG is based in Guelph, and is focused here, but it has the ability to implement successful approaches in other communities. This will dramatically increase the leverage of the FCM investment should the application be successful.

The difficulty with large-scale investment in the energy efficiency sector is fragmentation. Even a PACE program on the scale of the City of Toronto Home Energy Loan Program does not have a large enough capital requirement that would make it a good fit for an institutional investor. This has hampered the transition from public to private sector financing.

In August, OEG was approached by an investor expressing interest in financing the PACE program, and indeed the entire Pathway. We are now discussing with them the possibility of aggregating several communities into a single pool of capital to finance either the launch of new PACE programs, or the augmentation of existing ones. If successful, this approach could remove the upper limit on PACE program investment. The presence of private capital, committed for the long term, will also go a long way toward inspiring confidence among contractors, suppliers, and program participants.

As mentioned in the PACE program proposal to Council in January of this year, the program will support eight of the 25 actions in the Pathway to Net Zero Carbon. However, these eight represent a disproportionate share (61.5%) of the total reduction in greenhouse gas emissions, and a disproportionate share (67.3%) of the aggregate required investment. The PACE program will therefore play an indispensable role in the implementation of the Pathway, and the achievement of the goal of net zero carbon by 2050.

PACE Canada. In collaboration with the Canadian Home Builders' Association Net Zero Council, PACE Canada and OEG have assisted with development of a PACE primer for provincial and federal government officials. We anticipate that this will help greatly in promoting policy changes at other orders of government, to support and encourage PACE program adoption.

Regards,

Alex Chapman, Executive Director
Our Energy Guelph