

Status update and PACE financing report

City of Guelph Committee of the Whole
January 13, 2019



Coming up...

- Meet the Board of Our Energy Guelph
- Governance and general operations
- Guelph Energy Managers
- Education, Communications, Outreach, and Awareness
- PACE

Meet the Board of Our Energy Guelph

Jonathan Knowles (President), Energy efficiency entrepreneur	Kirby Calvert (Chair), University of Guelph Dept. of Geography	Mark Colvin (Treasurer), eMerge Guelph Sustainability
Kristen Tilley (Secretary), Chamber of Commerce	Alex Ciccone , Attorney	Mike Darmon , Guelph Coalition for Active Transportation
Ceana Fan , Guelph Youth Council	Vicki Gagnon , Independent Electricity System Operator	Sara Ganowski , Alectra GRE&T Centre
Mike Kazmaier , Sub-metering entrepreneur	Indigo Kim , Guelph Youth Council	[Vacant] , City of Guelph Business Development & Enterprise
Anne Toner Fung , Innovation Guelph	Brandon Raco , University of Guelph Sustainability Office	Dave Sabola , Energy manager

Guelph Energy Managers

- Community of practice of energy and environment managers with Guelph's largest employers
- Each quarterly meeting is hosted by a member
- Owens Corning hosted in December
- Prior hosts include UofG, Polycon, Wastewater Treatment Plant, and (at the time) Guelph Hydro
- Member survey in September provided helpful guidance to improve the program
- In discussions to create a Green Economy Canada hub



Education, Communication, Outreach and Awareness

Youth Action on Climate Change

- Led survey and participatory mapping on active transportation to align with Transportation Master Plan

Random Acts of Green

- Mobile device app that uses rewards to encourage sustainable behaviours
- Working on revenue sharing model

My World, My Choice

- UofG students mentoring high school students on sustainability
- Alectra has provided funding support

Planet Protector Academy

- Superhero-themed multimedia program with “missions” for students to complete



OEG's first order of business:

PACE (Property Assessed Clean
Energy)



PACE (Property Assessed Clean Energy)

- Innovative financing method for energy efficiency retrofits
- Based on successful PACE program in the US, which has over \$6.7B in aggregate investment to date
- Attaches the “loan” to the property, rather than the property owner
- Principal and interest paid via the tax roll
- On sale of the property, the “loan” transfers to the new owner unless paid out
 - 50% transfer, 50% liquidate
- Energy bill savings offset repayment
- Effectively, the municipality acts as the billing and collections provider
 - Similar to the role that our electric utility plays for Water Services
- Removes initial capital outlay as the primary barrier to projects
- Enabler for eight of the 25 technical actions in the Pathway to Net Zero Carbon (and 67.5% of emissions reductions)

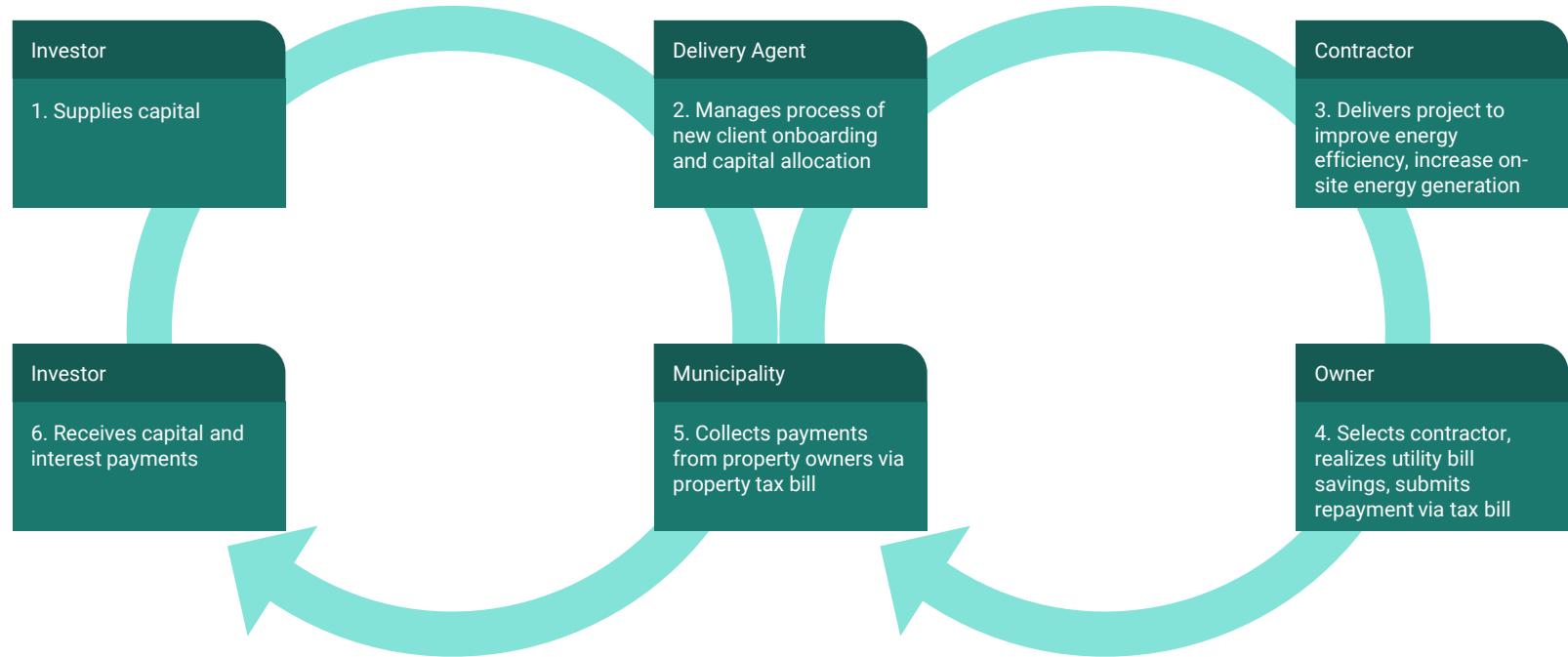
Initial focus of
PACE:

Multi-Unit
Residential
Buildings (MURBS)

Addresses four key needs:

1. More likely to have lower-income residents vulnerable to energy poverty (Wellington County Social Housing is a prime candidate)
1. Shorter sales cycle, driven by business motivations rather than the owner-occupier debate of aesthetics vs. economics
1. Smaller number of transactions to mobilize the same amount of capital
1. Large dollar value better able to absorb “growing pains” of new City LIC administration process

PACE business process



Why PACE?

- **It works.** \$6.7B has been invested to date in the US. Other options (Home Equity Line of Credit, On-Bill Financing, EcoEnergy for Homes grant program) failed to achieve scale.
- **We are ready; other options aren't.** The IESO OBF proposal in 2014 Long-Term Energy Plan shows that we shouldn't depend on "vapourware".
- **Lower default, higher resale.** PACE homes fetch a premium above the loan value and default less frequently than the average.
- **Others are watching.** Toronto is not a realistic model to most municipalities; Guelph is.
- **To delay is to store up trouble.** The number of buildings to retrofit is fixed, but delay means less time and more expense to attain the 2050 target date.
- **We cannot move forward without it.** PACE enables eight of the 25 actions in the Pathway to Net Zero Carbon.
- **We've made it simple.** The role of the City is just billing and collections.

Next steps for OEG

- Summit: Capital finance for the Pathway to Net Zero Carbon
- Develop detailed PACE program design and approach for staged implementation
- Make “build vs. buy” decision for PACE delivery agent
- Identify suitable MURB owner(s) for initial tranche of PACE projects

The ask:

Please direct staff to proceed with developing the processes to administer the City component of a PACE program (disbursement, billing, and collections)

The Pathway to Net Zero Carbon

Building a clean, healthy,
prosperous, and resilient
city for everyone

