



Committee of the Whole Report

For the Meeting of April 9, 2020

To: Committee of the Whole **Date:** March 31, 2020
From: Philip Bellefontaine, Acting Director of Engineering and Public Works
Subject: Agreement Amendment for the CleanBC Better Homes and Home Renovation Rebate Program

RECOMMENDATION

That Council forward the following motion to the April 9, 2020 Council meeting to authorize:

- a) the City to amend the existing contribution agreement for a term of two years until March 31, 2022 with the Province of British Columbia, the BC Hydro and Power Authority, and FortisBC Energy Inc to provide additional funds towards the CleanBC Better Homes and Home Renovation Rebate Program, on behalf of the City; and
- b) any future amendments to the agreement that are substantially in accordance with the terms and conditions of the agreement, provided that the form and contents are satisfactory to the City Solicitor and the Acting Director of Engineering and Public Works; and
- c) the City to renew the contribution agreement for further successive periods, if required.

EXECUTIVE SUMMARY

The City established renewable energy targets in its Climate Leadership Plan (CLP) that include a transition of all buildings, including single family homes, to 100% renewable energy by 2050. A key action to meeting this target is to completely phase out oil heating by 2030. In the November 2019 report to Council titled "2019 Climate Action Strategy – Proposed Programs and Initiatives" Council adopted a recommendation to allocate \$400,000 to "Oil to Heat Pump Incentive Program".

These funds were set aside in recognition of a number of factors:

- The City is experiencing growing rates of households switching from oil heating to another fossil fuel, natural gas.
- Switching from oil heating to an air source heat pump can typically save 40-75% on annual heating bills.

- Many oil heated households in Victoria are owned or inhabited by elderly residents on lower or fixed incomes. Insufficient incentives and limited outreach make it difficult to reach these households.
- By also providing cooling, households are able to cope more effectively with the expected increase in heatwaves where daytime temperatures reach above 25°C.
- Home heating oil tanks can fail, leading to oil spills into soil, ground water or nearby ecosystems, causing potential health and environmental risks that are costly to remediate.

In 2018, recognizing the need to support fuel switching to air source heat pumps in single family homes, the Province launched the *EfficiencyBC Program*, which was later rebranded as the *CleanBC Better Homes* initiative (the Program). The Program provides up to \$3,000 for a heat pump rebate, \$500 for an electrical panel upgrade (if needed), and up to \$500 for a group purchase rebate. Currently, this program is topped up \$350 by the CRD and another \$350 by the City of Victoria.

The Program allows municipalities two options for topping-up heat pump incentives, either \$350 or \$2000. With the additional funds approved, the City plans to expand the existing offer to increase the City's top-up contribution to \$2,000 and add an additional \$500 top-up for electrical panel upgrades. This will improve the business case for heat pumps against gas furnaces. For reference, the average cost for a heat pump is \$10,000 and a homeowner will now be able to get up to \$6,850 if they qualify for all the rebates. As the new incentive will cover close to 70% of total costs, it will have a better business case compared to a gas furnace which typically costs around \$5,000.

Topping up the Clean BC Better Homes Program requires the amendment of the existing contribution agreement with the Government of British Columbia, the BC Hydro and Power Authority, and FortisBC Energy Inc. Through an amendment to the agreement, the City intends to commit \$100,000 to provide top-ups of \$2,000 per heat pump rebate and \$500 per electrical panel upgrade for applicable households. In providing this contribution, Victoria homeowners will be able to receive up to \$6,850 if they qualify for all the offers.

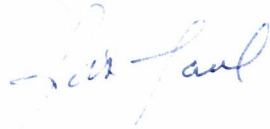
The Province has indicated that it plans to expand this program later in 2020 by offering an equity incentive for income-qualified households that is expected to cover 60-80% of the cost of a total heat pump installation. There will be an opportunity for the City to use allocated funds to support this future offering by topping it up even further to potentially cover 100% of the costs.

By only committing \$100,000 of the \$400,000 that was approved by Council in November 2019 at this time, the City retains the flexibility to either add to this program in future, support the upcoming equity version of the program instead, and/or defer some funding in anticipation of a potential slow-down in the retrofit industry due to the current pandemic situation.

CONCLUSIONS

In providing authorization to amend the contribution agreement, Council will enable an action in the Council report "2019 Climate Action Strategy – Proposed Programs and Initiatives". The agreement amendment will provide City residents who lack financial access to heat pumps with a better opportunity to enjoy their benefits, while attracting additional provincial investment to the City and supporting implementation of the City's Climate Leadership Plan.

Respectfully submitted,

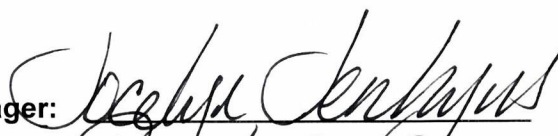


for Laura Berndt
Manager, Energy and Climate Action



Philip Bellefontaine
Acting Director, Engineering and Public Works

Report accepted and recommended by the City Manager:


Date: April 7, 2020

List of Attachments

Appendix A – Existing Municipal Contribution Agreement and Proposed Agreement Amendment