

Home Energy Loan Program Annual Status Update 2024

ISSUE

The Home Energy Loan Program (HELP) was launched in September 2021. A status update was reported to City Council on the first year of the program in February 2023 and included proposed updates to the program. This report provides a second annual status update on the program operations and the educational enhancements.

The program received grant funding from the Federation of Canadian Municipalities (FCM), including \$952,000 for rebates; using existing rebate values, these funds will be underspent. Changing the rebate values will allow these rebates to be distributed to participants, thus this report also recommends changes to program rebates.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council that the “Proposed HELP Rebate Values” provided in Table 2 be approved. If approved, the new rebate values will come into effect on April 1, 2024.

BACKGROUND

History

On February 22, 2021, City Council approved the current program elements and financing for HELP. Further background related to the establishment of HELP can be found in Appendix 1.

Current Status

Program Update

HELP has been running since September 2021; application intake for the program was closed in February 2023 and is expected to reopen in Q2 2024; however, it is currently unknown how many spaces will be available for new applicants. As of December 2023:

- 275 applicants had been approved to participate in HELP:
 - 100 participants have fully completed their projects with an average energy reduction of 35 GJ's per household and average greenhouse gas (GHG) reduction per household of 2.5 tonnes CO₂e.
 - 34 participants had projects in progress, 14 were working on providing their requests for funding, meaning they have not signed an agreement with the City of Saskatoon (City) yet but are in the process.
 - 127 participants had not yet submitted any project documentation and did not have an agreement signed. Most of these participants have until June 2024 to sign an agreement with the City or be removed from the program.
- 20% of the participants in the program were income qualified.

Home Energy Loan Program Annual Status Update 2024

- The City paid out \$3,004,730 in participant loans and has \$6,828,470 of loan capital remaining. The remaining loan capital is earmarked and fully allocated to approved participants of the program.
- The City paid out \$121,000 in rebates to participants using FCM funds.

Funding was provided through an internal City loan and a one-time grant and loan from FCM, with no opportunity for the funding to be revolved into a new loan. All projects should be completed by the end of 2025 and the close-out report to FCM will be wrapped up in 2026.

Interest Rate Changes for 2024

The HELP interest rate is updated annually and is derived from calculating what the City would receive if the principal were instead invested in the market for the same period. These changes only impact HELP participants that have not signed a deferral agreement which locks in the interest rate for the loan term. The interest rate decreased between 2023 and 2024 as shown in table 1.

Table 1: HELP Interest Rates for 2021, 2022, 2023, and 2024

Loan Term	2021	2022	2023	2024
5 Years	1.45%	1.68%	4.32%	3.63%
10 years	2.31%	2.23%	4.20%	3.94%
20 Years	3.14%	2.72%	4.86%	4.42%

Updates to Project Equipment and Insulation Specifications

Administration reviews each HELP retrofit project against a set of requirements, most of these are set out in the *HELP Bylaw (No. 9827)*. Updates have recently been made to align with Energy Star and the new building code. These equipment and insulation specification changes only impact participants that have not yet signed a deferral agreement with the City. Updating these specifications does not require a change to the *HELP Bylaw*.

Energy Star Equipment Specifications

The *HELP Bylaw* specifies that most energy efficiency and renewable energy retrofits should align with Energy Star requirements. Energy Star updated its specification for heat pumps and air conditioning units in January 2022 and water heaters in April 2023. The HELP website and program materials were recently updated to align with the new requirements and have been communicated to effected participants. See Appendix 2 for further details on the changes to Energy Star.

Exterior Wall Insulation Requirements

Insulation R-values are not specified in the *HELP Bylaw*. Instead, Administration follows what is required in the building code. In 2021 when the program started, a minimum wall R-value of 17.5 was required by the building code. On January 1, 2024,

the Province of Saskatchewan adopted the *National Building Code 2020* (NBC 2020), which requires a residential building to be built to an energy efficiency standard which is 10% more energy efficient than the previous building code. HELP will require R-19.5 for exterior wall insulation to align with NBC 2020.

However, no changes have been made for basement insulation R-value requirements as increasing this may create additional costs and barriers for participants such as reframing to gain space for more insulation which could deter participants from insulating their basements. Attic insulation requirements are also not recommended because the HELP program has higher requirements than other energy efficiency programs.

Insulation Rebate Changes

Currently there is no minimum requirement of wall space to be insulated to receive HELP rebates for insulation. Administration is recommending that, starting April 1, 2024, a minimum percentage of 50% of wall space insulated be required to access rebates for insulation. This is recommended to encourage impactful insulation projects and to align with other rebate programming such as Canada Greener Homes and SaskEnergy's Home Energy Efficiency Rebates. This change is shown in Table 2. See Appendix 2 for further details on the recommended changes for insulation.

Educational Efficiency Tools/Services

A suite of education tools and services referred to as the HELP Enhancements have been developed and implemented using funding from FCM. The FCM funds are sufficient to cover the costs of these programs until the end of 2025. They include:

- Residential Solar Potential Map
- Energy Coaching Service
- Home Energy Map
- Real Estate Agent Training Program
- Renovation Education Events Team
- Communications Campaign
- Canadian Home Builders Association (CHBA) Partnership

See Appendix 3 for a summary of the performance of the HELP enhancements to the end of 2023, including progress on key performance indicators that have been set for each enhancement and suggestions on mitigating any performance issues.

Program Impact

Environmental

On average for the 100 homes with completed projects, each home retrofit reduced GHGs by 2.5 tonnes per household. At the end of 2023, the total GHGs reduced through the program was 251 tonnes CO₂e which is equivalent to removing 50 passenger vehicles from the road for one year. By the end of the program, the total GHGs reduced are estimated at 688 tonnes CO₂e.

Social

Twenty per cent of program participants are income-qualified households who receive waived administration fees and access to a variety of rebates for home upgrades including furnace replacement, smart thermostats, window and door replacement, insulation, heat pumps, and water conservation measures.

Economic

According to a [study completed by Saskatoon Regional Economic Development Authority \(SREDA\)](#), in its first year, HELP was estimated to have generated \$3.52M in total economic impact, added \$280,000 in taxes on production (GST, PST, excise taxes, etc.), and created 14 new jobs. At the end of 2025, an additional \$10.33M in total economic output is estimated, with \$810,000 in new taxes, and 43 new jobs attributed to the program.

Feedback from Participant Surveys

After a participant completes a project through the program, they are sent a survey and the results are compiled by FCM. By the end of January 2024, approximately 58% of the participants who completed projects had filled out the survey, providing the following insights on the program:

- Eighty-nine per cent were satisfied with the financing made available to them through HELP (56% were very satisfied and 33% were satisfied).
- When asked to rank the factors that had the greatest impact on the successful completion of their project, 35% of participants ranked “financing made available to me through my municipality” as number one, 31% ranked “customer care provided by the program staff” as number two, and 26% ranked “assistance with understanding and applying for available incentives/rebates” as number three.
- When asked if they had not received the financing from this local program to cover the cost of energy efficiency or renewable energy upgrades, would you have still completed this work, 74% of respondents said they would not have done any upgrades if they had not received the financing from their local program. Twenty-two per cent said they would have completed fewer or less costly upgrades.
- Seventy-one per cent of participants said they are likely to recommend the program to a friend, neighbour, or colleague.

DISCUSSION/ANALYSIS

Proposed Program Adjustments - Rebate Package Changes

On February 28, 2022, City Council approved a rebate package with a budget of \$1,317,000 using FCM grant funding. Details on the [current rebate package are available here](#). In May 2023, due to low uptake of rebates, a change was made to re-allocate \$365,000 of the rebate budget to support and provide further educational tools for the program, leaving total funding earmarked for rebates at \$952,000.

At the end of 2023, with almost a third of HELP participants having completed their projects, only \$120,960 of the funds for rebates have been spent and the average

rebate per household is \$1,260. Assuming this average remains to the end of the program, the program is expected to be \$506,000 underspent on rebates, which means the grant allocation from FCM will be reduced to match actual expenditures.

Also, the original rebate package was designed with the assumption that the [Canada Greener Homes Grant Program](#) would exist until 2028. However, Natural Resources Canada has announced it will stop accepting new applications for the grants by late February 2024. A new program targeting low to moderate income households is expected but it is unknown who will be eligible for this program or when it will launch. With the Canada Greener Homes Grants ending, there will be no rebates for EnerGuide Home Assessments, and less rebates available for solar installations, heat pumps, insulation, window replacements, etc.

Therefore, to increase rebates for HELP and address the recent changes with federal rebates, Administration recommends adjusting the HELP rebate package as shown in Table 2. Proposed changes include:

- Allow standard rebates to be accessible to all participants instead of only homes built prior to 1990;
- Rebate amounts be increased to cover approximately 30% of the cost of each home upgrade to encourage the most impactful or innovative home upgrades;
- Rebates for EnerGuide assessments be added since they may no longer be available from Canada Greener Homes; and
- Maintain existing low-income only rebates for items like low-flow toilets, furnace replacement and windows and doors.

Table 2 - Proposed changes for HELP rebates

Rebated Item	Original HELP Rebate Value	Proposed HELP Rebate Value	Additional Projected FCM Grant Spend
EnerGuide Home Assessments	\$0	Up to \$900 per household	\$135,000
Air Sealing	Low Income - \$900 Standard - \$200	Up to \$900 for all participating households	\$5,900
Rooftop Solar PV	Low Income - \$3,500 Standard - \$0	Up to \$6,000 for all participating households	\$169,000
Energy Recovery Ventilators. ¹	Low Income - \$400 (for HRVs) Standard - \$0	Up to \$1,500 for ERVs only for all participating households	\$24,000

¹ Previous rebate was for heat recovery ventilators (HRVs). Energy Recovery Ventilators (ERVs) bring clean fresh air into a home and recover energy like a heat recovery ventilator, but they also balance the home's humidity in addition to filtering the air quality. Incentivizing ERVs encourages participants to install a better product that balances both air quality and humidity.

Home Energy Loan Program Annual Status Update 2024

Air source Heat pumps	Low Income - \$4,000 Standard - \$4,000	Up to \$5,000 for all participating households	\$18,000
Wall Insulation	Low Income - \$1,000 Standard - \$1,000	Up to \$5,000 for all participating households. Require minimum of 50% of wall space to be insulated to receive rebate.	\$45,000
Basement Insulation	Low Income - \$1,000 Standard - \$1,000	Up to \$3,000 for all participating households. Require minimum of 50% of wall space to be insulated to receive rebate.	\$47,000
Drain water heat recovery system	Low Income - \$300 Standard - \$0	Up to \$600 for all participating households	\$800
Heat pump water heater (replace tankless water heater incentive)	Low Income - \$450 (for tankless water heater) Standard - \$0	Up to \$1,000 for all participating households	\$45,000
		Total additional projected grant spend	\$490,000

The new additional rebate spend leaves \$16,000 of contingency; in the event the rebates promote more uptake for some home upgrades than projected. Rebates will be provided until the total funding earmarked for rebates is spent.

Administration recommends launching the new rebate package on April 1, 2024, to align with the end of Canada Greener Homes Grants and provide a month of buffer in the event the federal grant program is available to more households than expected. New rebates will be available to participants with projects in progress, but participants that have already completed their home upgrades will not have access to new rebates retroactively as they previously had access to Canada Greener Homes Grants.

FINANCIAL IMPLICATIONS

The City has paid out \$3,004,730 in participant loans and has \$6,828,470 of loan capital remaining. The remaining loan capital is earmarked and fully allocated to approved participants of the program.

The grant funding for participant rebates is estimated to be underspent by \$506,000 if rebates are not increased as recommended. If the new rebate values are approved,

Administration estimates the rebate funding will be almost fully spent with \$16,000 of contingency leftover.

Per discussion with FCM, grant funding for rebates can not be used for additional participant loans.

OTHER IMPLICATIONS

Adjustments to the rebate package have some risks and benefits. Risks of changing the rebates include:

- Participants with completed projects may be frustrated they were not provided the same rebates. However, this group of participants had access to Canada Greener Homes which provided similar incentives up to \$5,600 for the rebated items listed in Table 2.
- If the rebates are popular, the program may run out of rebate funding earlier than expected. The estimates for uptake of the rebates are based on two years of historical uptake for the home upgrades listed in Table 2. Also rebate expenses are monitored closely, so changes or removal of rebates would be reported on and communicated to participants well in advance.
- Canada Greener Homes Grants could be extended to households beyond low to moderate income. Administration will be closely monitoring any announcements related to this program when the federal budget is released in March 2024. Delaying the launch of the new rebate package to April 2024, provides some buffer to postpone or further adjust rebates for HELP, if needed.

Benefits of changing the rebates include:

- Larger rebates for more expensive home upgrades such as insulation projects, heat pumps and rooftop solar may encourage more impactful energy and GHG reductions from the participants that have not yet completed their home upgrades.
- Rebates targeted to innovative technologies such as heat pumps instead of conventional air conditioners could create more demand for these products amongst local suppliers and contractors.
- Final rebate amounts are based on the participant quotes and invoices received for the cost of the home upgrades and reduce the participant's loan balance at the end of their project. Also, the new rebate amounts are based on approximately 30% of the cost of the home upgrades. Therefore, there is minimal risk of residents profiting from rebates if their home upgrade costs less than initially quoted.

Legal Implications

The changes to program rebates do not require a change to the *HELP Bylaw*.

NEXT STEPS

If approved, Administration will update all communication materials related to rebates and notify participants with projects in progress of the upcoming change.

A Decision Report called *Community Energy Loan Program Options* will be presented to the Standing Policy Committee on Environment, Utilities and Corporate Services and the report will discuss program options for a new Commercial PACE loan program and an extension of HELP.

Educational programming is expected to wrap up in Q1 2026. In 2025, a review of these programs will be conducted, and recommendations made to the 2026/2027 budget to continue, scale up or down, or discontinue.

APPENDICES

1. HELP Resolution Summary
2. HELP Project Equipment and Insulation Specifications Updates
3. Measuring Success of HELP Enhancements

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