

Home Energy Loan Program – Bylaw Amendments

ISSUE

The City of Saskatoon (City) has been operating the Home Energy Loan Program (HELP) since 2021. This report provides a recommendation for amendments to HELP Bylaw No.9762.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council that:

1. The City Solicitor be directed to draft the bylaw amendments to the Home Energy Loan Program Bylaw, 2021, Bylaw No. 9762 outlined in this report.

BACKGROUND

On March 27, 2024, City Council received the Home Energy Loan Program 2024 Annual Status Update Report, and approved an updated rebate package that came into effect on April 1, 2024.

The HELP full history and background related to the establishment of HELP can be found in [Appendix 1 from the Home Energy Loan Program 2024 Annual Status Update Report](#) and the [HELP Bylaw](#).

CURRENT STATUS

HELP is a property assessed clean energy (PACE) program that has been supporting residents in home energy retrofit projects since September 1, 2021. The program is in its third year of operation. On June 1, 2022, the City and the Federation of Canadian Municipalities (FCM) entered the Green Municipal Fund Loan and Grant Agreement GFM 17928 to perform HELP. The agreement term ends in June 2026, with an option to extend until June 2027. Administration intends to request this extension when submitting the midterm report in June 2024.

At the end of March 2024, HELP had 238 participants approved to participate. 108 of these projects are complete, 48 are active applications where participants were working through their home retrofit projects, and 82 have been approved but have not submitted funding requests or signed a Deferral Agreement with the City. To date, \$3,194,779 has been paid to contractors on the behalf of participants, with \$6,638,421 or 68%, of loan capital remaining. On average for the 108 homes with completed projects, each home retrofit reduced GHGs by 2.5 tonnes per household. The total green house gas (GHG) emissions reduced through the program to date is about 260 tonnes CO₂e which is equivalent to removing about 50 passenger vehicles from the road for one year.

On May 1, 2024, the program re-opened to new applicants. 76 applicants were permitted into the program and the remaining applicants have been waitlisted.

The Bylaw was last updated on April 26, 2023. An Annual Status update report is expected in March 2025 for an update on the program and will contain any further bylaw amendments to be requested.

DISCUSSION/ANALYSIS

Five bylaw amendments are being recommended to improve HELP. The first two amendments are updates to the eligible project list to align with best practises in energy efficiency in our climate. These two amendments are:

- Replace air source heat pumps (ASHPs) with cold climate air source heat pumps (CCASHPs); and
- Add Energy Recovery Ventilators (ERVs) as an eligible project.

Two additional recommended amendments reduce the amount of time participants have to complete their application and projects. The City has a contract with FCM which currently ends in June 2026. While we expect to have this extended until June 2027, moving participants through in a timely manner is important if the full loan provided by FCM is to be utilized. Thus, the following amendments are recommended:

- Reduce the allowable time to sign the deferral agreement; and
- Reduce the allowable time to complete the entire home retrofit project.

A final amendment, to increase the amount of time to submit the final completion form after the final home evaluation has been completed, is also being recommended, as the current timeline is not feasible.

The next sections walk through each of the recommended amendments.

Air Source Heat Pumps

Currently, the Bylaw defines ASHPs under Schedule A, section 2 as a renewable energy project that must be ENERGY STAR certified for the local climate zone. However, ENERGY STAR does not certify ASHPs for Saskatoon's local climate zone (Zone 5). Instead, CCASHPs are most suitable for use in Saskatoon.

The Canada Greener Homes program allows CCASHPs within their program. Canada Greener Homes representatives have met with manufacturers, engineers, and consultants to determine stringent specifications that must be met for the Zone 5 climate region which encompasses most of Canada. Canada Greener Homes contracts a third-party organization to determine if submitted CCASHPs meet specification regulations determined by the consultants for a Zone 5 climate. If the equipment meets the specification regulations, the product is added to their [Eligible Cold Climate Air Source Heat Pump List](#).

Administration is recommending using Canada Greener Homes' Eligible Cold Climate Air Source Heat Pump List to determine eligibility through the following amendments to Schedule A:

- Remove ASHPs from section 2, subsection (1)(a);
- Add CCASHPs to section 1, subsection (1)(i); and
- Add a section 1, subsection (3) that states "*The project identified in clause (1)(i) must meet Canada Greener Homes requirements and be found on their Eligible Cold Climate Air Source Heat Pump List*".

Adding Energy Recovery Ventilators

The Bylaw currently has heat recovery ventilation (HRV) systems outlined as an eligible project under Schedule A, section 1 but does not specify that ERVs, a type of HRV that exchanges heat and moisture instead of just heat, are also eligible. To remove confusion about whether ERVs are eligible, Administration is recommending amending section 1(g) of Schedule A to state to “heat or energy recovery ventilation systems” instead of “heat recovery ventilation systems”. This will eliminate confusion for participants when they are considering which product qualifies as an eligible project.

Reduce Allowable Time to Sign Deferral Agreements

The Bylaw currently requires approved participants to submit their funding request and project plan and enter into a deferral agreement with the City within six months of their approval date or they will be removed from the program. However, with the program now into its third year of operation, and halfway through its funding agreement with FCM, non-responsive participants increase the risk that the City cannot use the full FCM loan funding prior to the program end date. Many non-responsive participants are holding up spots that could be given to the newly waitlisted applicants.

Four months should be a sufficient timeline for participants to schedule and complete their home energy evaluation, collect quotes from contractors, fill out the online webform, and sign their deferral agreement. This has been demonstrated in Edmonton’s Residential Clean Energy Improvement Program which only allows participants three months to submit their required documentation before removing them from the program.

To reduce the above-mentioned risk, Administration is recommending an amendment to section 7.1 - Deadline to Enter into Agreement with City by updating the wording in subsection (1)(a) to change the allowable timeframe to four months and add that extensions to this timeframe will only be considered under extenuating circumstances. Exact wording will be identified by the Solicitors Office when drafting the bylaw changes.

Reduce the Total Time to Complete Home Retrofit Projects

The Bylaw states that eligible projects must be completed, and results of final energy efficiency home evaluations be received by the City within 24 months of the effective date of a deferral agreement. However, allowing 2 years for projects is unnecessary and is also increasing the risk that the City will not be able to use the full FCM loan funding.

Based on the 108 projects already completed, on average, projects are being completed in seven months. Less than 10% have taken longer than twelve months from start to finish. Therefore, a one-year time frame should be sufficient for most participants to complete their home retrofit projects, their final energy efficiency home evaluations, and submit their required project completion documentation. Edmonton’s Residential Clean Energy Improvement Program mandates that all upgrades must be installed within six months of the Commencement Date.

Administration is recommending an amendment to section 11 - Time to Complete Project. It is suggested that subsection (1) be re-worded to decrease the allowable time to complete projects to twelve months and that extensions only be considered under

extenuating circumstances. Exact wording will be identified by Solicitors when drafting the bylaw changes.

Extend Final Project Completion Form Submission Deadlines

Currently, the Bylaw specifies that participants have 30 days from the date of their final home evaluation to submit their project completion webform. Participants are often unable to meet this deadline as the Energy Auditor’s reporting process to Natural Resources Canada, which occurs prior to the homeowner receiving the results of their evaluation, typically takes longer than 30 days to complete.

To solve this, Administration is recommending an amendment to section 10 – Energy Efficiency Home Evaluations, to re-word subsection (3)(b) to give Administration discretion to accept project completion forms submitted after the 30 days. Exact wording will be identified by Solicitors when drafting the bylaw changes.

FINANCIAL IMPLICATIONS

No financial implications have been identified as a result of the suggested bylaw amendments.

OTHER IMPLICATIONS

Legal Implications

Amendments to the *Home Energy Loan Program Bylaw, 2021, Bylaw No. 9762* will be drafted and brought forward by the City Solicitor.

NEXT STEPS

If approval to proceed with Bylaw changes is obtained, the City Solicitor’s Office will draft the proposed amendments which will be presented to City Council for final review and approval before they go into effect.

An Annual Status update report is planned for March 2025 for an update on the program and will contain any further Bylaw Amendments to be requested.

Report Approval

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