

Accelerating Property Assessed Clean Energy (PACE) financing in Alberta through the Clean Energy Improvement Program

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What is the issue?

A new way to finance energy-efficient upgrades

The Clean Energy Improvement Program (CEIP) provides residential and commercial property owners with access to competitive, long-term financing to cover up to 100% of their project costs with no down payment required.

Accessing affordable financing is one of the largest barriers that property owners face when deciding to invest in energy efficiency and renewable energy upgrades. Individuals may not have the money up front or are worried about selling the property before getting their investment back. The Clean Energy Improvement Program (CEIP), a made-in-Alberta approach to Property Assessed Clean Energy (PACE), will make it easier for property owners to overcome these barriers.

Property owners will be able to enjoy the advantages of energy efficiency upgrades or renewable energy installations immediately, and pay for them over time through an assessment added to their property tax bill (similar to a local improvement charge). In some jurisdictions, this program is called PACE (Property Assessed Clean Energy) financing.

Energy Efficiency Alberta is supporting local governments to design and implement CEIP in their communities. With Energy Efficiency Alberta as the centralized, province-wide administrator, program participants have a single point of access from project inception to completion.

Legislation to enable a Clean Energy Improvement Program came into effect on January 1, 2019 and a Clean Energy Improvement Program guide for municipalities will be available in Spring 2020. This document will outline what is included in the program as well as provide clear guidelines and processes to implement a municipal Clean Energy Improvement Program

Source: <https://efficiencyalberta.ca/financing/clean-energy-improvement-program>

What is the initiative?

There exists significant interest from Alberta municipalities to engage in the CEIP program, though, to-date, only a few Alberta communities have gone through the necessary steps to adopt CEIP. There is a tremendous opportunity to not only accelerate the adoption of the CEIP program in Alberta, but to do so well by building on existing resources and examples of successful programs in other jurisdictions. This includes **building more awareness** of the tool (i.e. PACE), **Alberta's interpretation of it** (i.e. CEIP and process to implement) and the **implications for municipalities to implement it well**. This includes building more awareness with Councils and municipal staff, assessing readiness (e.g. by way of human and financial resources), preparing for important startup work before CEIP is formally adopted (e.g. scouting for early projects, scanning for local contractors, etc.) and learning from other successful and unsuccessful implementations across North America.

The key question ripe for exploration at the EFL Community Resilience Accelerator is **“How might we inform and mobilize communities to meaningfully accelerate CEIP implementation across Alberta?”**

Why is this initiative important?

Historically there have been few ways for municipalities to finance and accelerate energy efficiency retrofits and renewable energy adoption, including as an effort to address local sustainability strategies and goals. PACE offers an intriguing way for municipalities to do so with citizens voluntarily enrolling into an increase of property taxes rather than a forced increase in tax. Accessing existing municipal taxation infrastructure makes CEIP an accessible tool for supporting constituents to achieving their energy efficiency goals.

Given the change in Alberta legislation and the Act, the time is right to help interested communities and stakeholders in the adoption of CEIP. There is, however, a capacity gap in the province within industry groups. It is key for the success of such a program that industry groups are well informed about the benefits of CEIP, and how they can participate. The introduction of CEIP within any community must involve the local industry so that they can fully support the initiative and build capacity as needed to respond to the potential increase in demand. In addition, there exists capacity gaps within some municipal administration teams in order to fully implement CEIP and continue to support it. This may be addressed through a centralized support team (e.g. EEA staff) and the provision of accessible materials, tools and resources.

All of the ways to set the program up for success may seem daunting. It's easier than it seems and by working together with other municipalities, better understanding the program, engaging with partners (e.g. Energy Efficiency Alberta) and planning for implementation, the wider adoption of CEIP could be faster AND better.

What is the ambition for this initiative?

A clear roadmap for rolling out CEIP across Alberta communities that balances the need for regional and local differences yet is clear and easily understandable.

What are the challenges to achieve this ambition?

- Balancing the uniqueness of regional & municipal challenges WHILE the program is administered
- Allocating time to better understand the opportunity and how to set CEIP up for success
- Building a local group of champions that includes Councillors
- Lack of resources and capacity from municipalities to address the above point and also to triage the administration that the program generates and/or accessing funding sources to address this
- Preparing to act when the time is right (i.e. when the “stars align”) with respect to local political windows, local political contexts, community interest, etc.

What constraints must be respected?

The delivery of the CEIP program is through Energy Efficiency Alberta. The program itself has been rigorously scrutinized to fit within *Alberta’s Clean Energy Improvements Regulation* in the *Act to Enable Clean Energy Improvements*. These conditions are prescribed so proposed amendments would need to be carefully reviewed as such.

As well, the implementation of the program will include the release of a CEIP guide, planned for release in Spring 2020.