Grey County Logo Committee Report

# Report FR-CW-21-17

**To**: Warden Barfoot and Members of Grey County Council

**From**: Kevin Weppler, Director of Finance

**Meeting Date:** October 26, 2017

**Subject: Greenhouse Gas Challenge Fund**

**Status**:

## Recommendation

**That Report FR-CW-21-17 be received and that Grey County submit a GHG Challenge Fund application for the following energy-efficiency retrofits and upgrades to the County’s Administration Building, for 25% of the costs of the construction, renovation and modernization of these components of the County’s Administration Building project:**

* **Upgrading lighting with LED lighting,**
* **Installing building automation control equipment to optimize demand,**
* **Replacing roofing system and adding insulation to improve energy efficiency,**
* **Converting domestic hot water system from electric to a natural gas system, and,**
* **Upgrading existing roof top Heating, Ventilation and Air Conditioning (HVAC) units with high efficiency models.**

## Background

Ontario’s Climate Change Action Plan (CCAP), released in June 2016, identifies more than 90 measures, funded through proceeds from the province’s cap and trade program to reduce greenhouse gas (GHG) emissions. The Action Plan recognizes that municipalities can play a key role in helping Ontario meet its targets.

The Ontario government on August 14th, 2017, announced that it was investing $100 million from its carbon market into a new fund, called the Municipal GHG Challenge Fund, that will fund local initiatives to fight climate change.

The competitive, application-based program will fund up to 100% of eligible costs for GHG emissions reduction projects proposed by municipalities. The money, which is to be the first of a three-year plan, will be available for municipalities to fund programs designed to reduce greenhouse gas emissions in their communities and are eligible to receive up to $10 million in 2018.

### Municipal Eligibility

Applicants must be incorporated Ontario municipalities. Municipalities are encouraged to partner with other municipalities and community organizations to implement their projects.

Any Ontario municipality with a council-approved community-wide GHG emissions inventory, emissions reduction targets, and a strategy/plan to reduce GHG emissions is eligible to apply.

The County of Grey currently does not have a council-approved community-wide greenhouse gas inventory, emission reduction targets and a strategy/plan to reduce emissions, and therefore believed it was not eligible to apply to this program.

On October 6, 2017, the County received notification from the Municipal GHG Challenge Fund Team, that they had heard back from many municipalities that, although they do not have a complete community-wide inventory of GHG emissions, GHG reduction targets and/or a plan to achieve them, that they were eager to participate in the Municipal GHG Challenge Fund.

Given the amount of interest generated by the Challenge Fund so far, the eligibility requirements for the first round of funding will be opened to allow all municipalities to apply, so long as applicants demonstrate a commitment to completing their community-wide GHG inventory, targets and plan within 18 months, through a council resolution. If approved for funding, the council resolution must occur before the transfer payment agreement is completed.

All applications will be scored using the criteria outlined in the Program Guide. If applicants do not have an inventory, targets, and/or a GHG reduction plan, this will impact the municipalities score in the section entitled “Alignment with Municipal GHG Planning”.

The Municipal GHG Challenge Fund program guide and this update on eligibility was provided to Council on October 12th, 2017, and staff was directed to bring forward a recommended project to apply to the Municipal GHG Challenge Fund

### Project Eligibility

Any kind of municipal project that reduces GHG emissions could be eligible for funding in the buildings, energy supply, transportation, water, waste and organic sectors. Projects must commence by March 2019. Projects that are already currently underway are only eligible if they were initiated after June 1, 2016. In these cases, municipalities are limited to requesting funding for up to 25% of eligible costs.

County staff proposes that energy efficiency retrofits to the County’s Administration Building, as part of the building expansion and renovation project, would be a good project to submit an application for funding under the GHG Challenge Fund.

These Administration Building retrofits and upgrades include:

* Upgrading lighting with LED lighting
* Installing building automation control equipment to optimize demand
* Replacing roofing system and adding insulation to improve energy efficiency
* Converting domestic hot water system from electric to a natural gas system
* Upgrading existing roof top Heating, Ventilation and Air Conditioning (HVAC) units with high efficiency models

### Community-wide GHG Inventory, Targets and Plan

As stated previously, the GHG Challenge Fund eligibility requirements for the first round of funding have been opened up to all municipalities to apply, so long as applicants demonstrate a commitment to completing their community-wide GHG inventory, targets and plan within 18 months.

If successful in the GHG Challenge Fund application, the commitment to complete a community-wide GHG inventories, targets and plan could be accomplished by the County submitting a grant request under the Federation of Canadian Municipalities (FCM) Climate Innovation Program, specifically the Greenhouse gas emission reduction and community energy plans funding program or possibly the forthcoming Municipal Action Plan Program (MAPP) that is to be launched later this year. MAPP is still being developed, and additional information on this program is to be made available later this year.

## Financial/Staffing/Legal/Information Technology Considerations

The funding of the Administration Building Expansion and Renovation project has been previously approved by County Council. This approved funding for the building components that are being recommended to be submitted for funding under the GHG Challenge Fund would leverage funds for up to 25% of the eligible costs of construction, renovation and modernization of the County’s Administration Building project components.

If the GHG Challenge Fund application was approved, the commitment to complete a community-wide GHG inventories, targets and plan could be accomplished by the County submitting a grant request under the Federation of Canadian Municipalities’ (FCM) Climate Innovation Program, specifically the Greenhouse gas emission reduction and community energy plans funding program.

This FCM grant is for GHG emissions reduction and community energy plans that identify opportunities to reduce GHG emissions for municipal operations or for the community. Funding of up to $175,000 or 80% of the eligible costs is available through this program. This funding could be utilized to fund the fees for professional or technical consultants to assist the County in completing its GHG inventory, targets and plan.

If FCM funding was not approved, the County may be able to apply for funding under the forthcoming MAPP program that is to be launched later this year. MAPP is still being developed, and additional information on this program is to be made available later this year.

County Council could also consider utilizing the Energy Audit Reserve that was established for energy audit and conservation expenditures. This reserve has a current balance of $220,058.

## Link to Strategic Goals/Priorities

Goal 3: Deliver Excellence in Governance and Service

## Attachments

Municipal GHG Challenge Fund Program Guide

FCM Greenhouse Gas Emission Reduction and Community Energy Plans Funding

Respectfully submitted by,

Kevin Weppler  
Director of Finance