Energy Efficiency Retrofit Program

Funding Guide

March 2015

BC Housing
INTRODUCTION

In 2011, BC Housing, BC Non-Profit Housing Association (BCNPHA) and BC Hydro formed a partnership to increase the energy efficiency of social housing developments and return some of the resulting savings to participating non-profit housing providers. In 2014, this partnership was extended to include FortisBC incentive programs for gas-fired items.

The Energy Efficiency Retrofit Program (EERP) is intended to help non-profit housing providers make a variety of energy saving upgrades to enhance tenant comfort and safety, realize ongoing energy savings, and take action to reduce greenhouse gas emissions. The EERP builds on existing utility incentive programs (such as BC Hydro Power Smart Express and FortisBC Efficient Boiler programs) by providing further funding to enable providers to complete small-scale energy saving retrofits of items such as light fixtures and boilers. Together, the incentives are intended to encourage providers to undertake small-scale energy retrofit projects and retain a portion of the energy savings.

Additional incentives may be available through utility providers for larger retrofit projects. Providers should contact BCNPHA for more information.

This Funding Guide outlines the key elements, standards and guidelines of the program, and defines the roles and responsibilities of BC Housing and its partners in the delivery and management of the program. For further details, providers should contact BC Housing's Smart Buildings & Energy Management team, BCNPHA's Strategic Energy Management Department and their BC Housing Non-Profit Portfolio Manager.

PRINCIPLES

1. Only retrofits that promise to clearly and directly translate into improved energy efficiency and/or operational savings will be supported.
   The program is intended to leverage existing utility incentive programs, as recognized from time to time, and promote the completion of projects that suggest greater returns in energy savings.

2. Assistance will help providers complete retrofits that may otherwise be cost-prohibitive.

3. Incentives are intended to favour smaller scale projects with short-term payoff.

4. Funds are allocated in a transparent manner.

5. BC Housing staff will respond promptly by phone or email to inquiries and applications.

GOAL, OUTCOMES, OUTPUTS

Goal
The EERP encourages non-profit housing providers to capitalize on existing utility incentives by providing additional funding to improve the energy efficiency of affordable housing developments.

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1 As of 2014, incentive programs recognized under this program include BC Hydro Power Smart Express and FortisBC incentive programs.
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Outcomes and Measures
Where retrofits have been completed:

Outcomes:
1. Housing developments realize ongoing energy savings.
2. Greenhouse gas emissions are reduced.

Measures:
1. Estimated energy savings.
2. Imputed reduction in Greenhouse gas emissions in tonnes of CO\textsubscript{2} (equivalent).

Outputs
1. Number of approved and rejected applications.
2. Type and number of retrofits completed by community and region.
3. Number of grants / rebates provided by community and region.
4. Average grant / rebate amount.
5. Number of households benefitting from retrofits within a development.
6. Number of Aboriginal providers assisted.

ELIGIBILITY
The following eligibility requirements must be met:
1. The provider is a non-profit housing society, housing co-operative or municipal housing authority.
2. The retrofits are eligible for an applicable Fortis BC or BC Hydro incentive program, and projects are completed in accordance with all requirements of the applicable utility provider.
3. The provider is in Good Standing with the BC Corporate Registry.
4. The development is owned or leased by the provider and is under a current eligible operating agreement with BC Housing.
5. There are no existing breaches or major unresolved issues identified through BC Housing's regular review process and no material debts outstanding under any agreement with BC Housing.
6. For FortisBC retrofit projects:
   a. The development is eligible to receive an EERP rebate (grants do not apply for gas-fired items); and
   b. Projects are small scale, energy retrofits of ageing gas-fired items (for example, boilers that are at least 10 years old).

Ineligible
The following are not eligible for the EERP:
1. Emergency Shelters.
2. Transition Housing (2\textsuperscript{nd} Stage Housing may be eligible).

\textsuperscript{2} As measured by BC Hydro for Power Smart Express projects. For FortisBC gas projects, the consultant retained by the housing provider is required to estimate the energy savings resulting from the retrofit.
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3. Housing developments:
   a. Under construction.
   b. Where the provider is not responsible for capital repairs, including developments owned by the Provincial Rental Housing Corporation and under an operator agreement.
   c. Where rent supplement agreements only apply.
   d. Where support services agreements only apply.
   e. Where major capital repair projects are either planned or underway and are likely to interfere with or be negatively impacted by retrofit activity.
   f. Projects scheduled for re-development or major renovation where funding has already been committed.

4. Retrofit projects deemed ineligible for a utility incentive program, or not directly related to the work identified in the utility incentive program application.

5. Retrofits funded by BC Housing through other means (i.e. Modernization and Improvement).

ROLES AND RESPONSIBILITIES

The EERP involves a number of project partners who coordinate work to ensure successful delivery.

BC Hydro Projects:

1. The provider contacts BC Housing or BCNPHA to determine if their development is eligible for EERP funding.
2. If the development is eligible, the provider applies to BC Hydro’s Power Smart Express program.
3. BC Hydro reviews all Power Smart Express applications and forwards a list of pre-approved applications to BCNPHA.
4. BCNPHA confirms eligibility and forwards all pre-approved Power Smart Express applications to BC Housing.
5. BC Housing reviews all pre-approved Power Smart Express applications to determine EERP eligibility.

Completed applications will be reviewed in order of the date they were approved by BC Hydro. As annual funding is made available starting each April, applications will be processed until funding is exhausted for each year. Once funding is exhausted for the year, any remaining applications will be placed on ‘hold’ and applicants will be notified. Applications on ‘hold’ will be reviewed if funding becomes available, in order of the date they were approved by BC Hydro.

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3 Where a development is located in FortisBC’s Power Sense territory, it will be considered equally eligible for BC Housing funding provided the FortisBC incentive program eligibility criteria are met.
4 BC Hydro is regulated by the BC Utilities Commission (BCUC) and its incentive programs are verified by the BCUC to ensure that the savings estimates are valid. In addition, BC Hydro has existing infrastructure in place to provide validation that the products eligible under the Power Smart Express program are likely to achieve the estimated savings. BC Hydro’s Power Smart contractors have also met eligibility requirements.
6. **Upon approval by BC Housing, the provider begins retrofits.**

   Approved BC Hydro Power Smart Alliance contractors and distributors must complete the work, and competition for the work is recommended. All proposed retrofits are solely the responsibility of the housing provider.

   The provider is responsible for:
   
   a. Providing estimates for the retrofits at the time of application and submitting contractor-signed invoices upon the completion of work.
   
   b. Organizing and coordinating the work.
   
   c. Ensuring all work is completed in accordance with BC Hydro’s requirements as well as applicable legislation, bylaws, building codes and WorkSafeBC requirements.
   
   d. Reporting all project revenues and expenditures as required by BC Housing.
   
   e. Advising BC Housing, in a timely manner, of any changes that may impact eligibility and/or funding, such as a change in scope of work or cost estimates.

7. **Upon completion of the work, the provider submits the required paperwork to BC Hydro.**

8. **BC Hydro reviews the completed work and advises BC Housing that the work is declared complete and ready for payment.**

9. **BC Housing issues payment to the provider within 10 days of notification from BC Hydro that the project has been satisfactorily completed.**

   BC Housing reserves the right to withhold funding if a project fails to meet the requirements of the BC Hydro Power Smart Express program upon completion. BC Hydro will inspect a portion of completed projects.

**FortisBC Projects**

1. **The provider contacts BC Housing or BCNPHA to determine if the development is eligible for EERP funding.**

2. **To ensure proper sizing and efficiencies of equipment are validated, the provider must retain an engineering consultant to complete a mini-engineering study (MES) and help secure competitive bids through a request for proposal (RFP). BC Housing and BCNPHA will assist with this process.**

3. **The provider confirms they have sufficient funding to complete the project and completes the EERP Application and Consent form with input from the engineering consultant.**

4. **BC Housing reviews the completed EERP application and provides final approval with the EERP GAS Funding Agreement.**

   Projects will be placed in date order of expected replacement of the component. To ensure funding is spread equally within the sector, a restriction may be placed limiting one replacement per provider per fiscal year. Annual funding is made available starting each April, and applications will be processed until funding is exhausted for each year. Once funding is
exhausted for the year, any remaining applications will be placed on 'hold' and applicants will be notified. Applications on 'hold' will be reviewed if funding becomes available.

5. **Upon receipt of the EERP GAS Funding Approval Agreement, the provider begins approved retrofits.**

   The provider must tender the RFP package to three mechanical contractors to obtain competitive bids, with the assistance of their engineering consultant. All proposed retrofits are solely the responsibility of the provider. The provider is also responsible for:
   a. Organizing and coordinating the work with their engineering consultant.
   b. Ensuring all work is completed in accordance with FortisBC requirements as well as applicable legislation, bylaws, building codes and WorkSafeBC requirements.
   c. Reporting all project revenues and expenditures as required by BC Housing.
   d. Advising BC Housing, in a timely manner, of any changes that may impact eligibility and/or funding, such as a change in scope of work or cost estimates.

6. **Upon completion of the work, the provider submits the required paperwork to BC Housing and FortisBC with assistance from BCNPHA.**

7. **BC Housing issues payment to the provider within 10 days of receiving:**
   a. Confirmation from FortisBC that retrofits were completed in accordance with the incentive program; and
   b. All required EERP program documentation.

BC Housing reserves the right to withhold funding if a project fails to meet the requirements of the FortisBC program upon completion.

**FINANCIAL ASSISTANCE**

To help fund eligible retrofits, providers may be eligible for either a rebate or a grant depending on the type of retrofit, funding program and operating agreement. Generally, developments that receive a subsidy from BC Housing based on an approved operating budget are eligible for rebates. Developments that do not receive an operating subsidy, or that have a fixed subsidy, are eligible for grants (for electrical retrofits only; grants are not available for gas-fired items).

<table>
<thead>
<tr>
<th>BC Hydro Power Smart Express Projects</th>
<th>Fortis BC Projects</th>
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<tbody>
<tr>
<td><strong>Rebate:</strong> Rebates are equal to the net present value of the projected energy savings, up to 100% of the project cost for the projected measure life as determined by BC Hydro.</td>
<td>Rebates are equal to the incremental(^5) project costs up to a maximum of the net present value of projected energy savings that the project is expected to deliver over the life of the measure (e.g. 20 years for boilers).</td>
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<tr>
<td><strong>Grant:</strong> Grant amounts are equal to 50% of the project cost, based upon the actual project cost confirmed by BC Hydro.</td>
<td>Not available.</td>
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\(^5\) Incremental costs are those over and above the costs for a like-for-like replacement and will result in increased utility savings over the life of the project.
1. Housing providers are responsible for all project costs, and must have sufficient funds to carry full project costs; EERP funding and utility incentives are provided only after project completion. Where retrofit costs exceed the combined funding amounts approved by the applicable utility provider and BC Housing, applicants will be required to identify other sources of funding. Providers considering using accumulated surplus or Replacement Reserves should obtain pre-approval from their BC Housing Non-Profit Portfolio Manager prior to completing their application.

2. Neither the energy retrofit grant/rebate nor the utility incentive will be treated as revenue for the purpose of subsidy calculation. To ensure funds are treated appropriately during BC Housing’s regular financial review process, all related revenues and expenditures should be reported as outlined by BC Housing in the program documentation. There is no restriction on how surplus funds can be used if the total funds received exceed total project costs.

3. Repayment of funds may be required for gross failure to comply with program requirements.

4. Applicants may appeal BC Housing’s decision with respect to EERP funding. The applicant must advise BC Housing of the appeal within 30 business days of the date BC Housing notified the applicant of the decision.

SIGN-OFF

The Funding Guide requires sign-off by BC Housing’s Vice Presidents of Asset Strategies and Corporate Services.

Vice President, Development and Asset Strategies
BC Housing

Vice President, Corporate Services
BC Housing