



## STAFF REPORT ACTION REQUIRED

### Additional Funding for the Better Buildings New Construction Program (BBNCP)

<b>Date:</b>	March 19, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	All Wards
<b>Reference Number:</b>	P:\2007\Internal Services\F&re\Gm07020F&re – (AFS 4147)

#### SUMMARY

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The purpose of this report is to request funding in the amount of \$250,000.00 (net zero) for the Better Buildings New Construction Program (BBNCP) to provide interim financial support for the design of energy efficient buildings.

Existing arrangements with Toronto Hydro and Natural Resources Canada (NRCan) to fund this program will expire shortly. The City has submitted program proposals to the Ontario Power Authority (OPA) to save 90 megawatts of electricity across Toronto. Once agreements currently under negotiation with the OPA are signed, financial incentives will be available to eligible City and community projects. City funds advanced to eligible BBNCP participants for building design will be recovered from the OPA by December, 2010.

#### RECOMMENDATIONS

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**The Chief Corporate Officer recommends that:**

1. Upon completion of negotiations with the OPA for the City's 90 megawatt program, Facilities and Real Estate Division's 2007 Approved Operating Budget be increased by \$250,000.00 gross, zero net (\$250,000.00 in recoveries from the Better Buildings Partnership Loan Repayment Reserve Fund) and that these funds be deposited into FA2462 – BBNCP.

2. Recoveries from the OPA and outstanding recoveries from NRCan and Toronto Hydro be deposited to the Better Buildings Partnership Loan Reserve Repayment Fund when received.

## **FINANCIAL IMPACT**

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Additional funding in the amount of \$250,000.00 will be required to provide grants for the design of energy efficient buildings. Funding is available in the Better Buildings Partnership Loan Repayment Reserve Fund (BBP-LRRF). Once the buildings are completed, the funds will be recovered from the OPA by December 2010 and deposited into the Better Buildings Partnership Loan Reserve Repayment Fund.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

“Participation in the Ontario Ministry of Energy Renewable Energy, Clean Generation and Demand-Side Initiatives” – P&F March 31/05 - link  
<http://www.toronto.ca/legdocs/2005/agendas/committees/pof/pof050331/it051.pdf>

“Better Buildings New Construction Program Budget, Toronto Hydro Conservation and Demand Management Program” - P&F June 16/06 - link  
<http://www.toronto.ca/legdocs/2006/agendas/committees/bud/bud060616/it005.pdf>

These reports were considered by the Budget Advisory Committee, Policy and Finance, and/or City Council.

## **ISSUE BACKGROUND**

The City of Toronto has established goals and objectives to reduce greenhouse gas emissions, improve air quality and achieve a sustainable level of energy consumption.

The BBNCP provides support for improving the design and construction of new buildings. This program was designed by the City of Toronto’s Energy Efficiency Office in co-operation with Toronto Hydro to support NRCan’s Commercial Building Incentive Program. The goal is to have new buildings designed to be at least 25 per cent more energy efficient than the minimum requirements of the Model National Energy Code for Buildings.

One way in which the BBNCP achieves the construction of more energy efficient buildings is by providing funding for energy modeling at their design phase. To this end, City Council, at its meeting of June 27, 28 and 29, 2006, authorized that the Facilities and Real Estate Division’s 2006 Approved Operating Budget be increased by \$100,000.00

gross, zero net. Until now, funds have been recovered from Toronto Hydro and NRCan. These funding arrangements will expire shortly.

In February 2006, the province's Minister of Energy issued a directive to the OPA to achieve 300 megawatts of peak electricity savings in Toronto by 2010. On July 17, 2006, the City of Toronto and the OPA signed a Memorandum of Understanding outlining a program to save 90 megawatts of electricity in Toronto by 2010. The program was announced by the Mayor and the Minister of Energy on September 27, 2006.

The OPA will provide financial support to help realize the targeted savings, effectively replacing the Toronto Hydro and NRCan funding. The \$250,000.00 for up-front design support will be recovered from the OPA by December, 2010.

## **COMMENTS**

The City's support for energy modelling in building design has been financed through agreements with NRCan and Toronto Hydro. These agreements have proven extremely successful; however, they will expire shortly. Over 30 building energy modelling reports have been undertaken under these agreements. An additional 30 building developers have indicated an intention to undertake this design mechanism to achieve eventual energy savings in the as-constructed building. It is anticipated that approximately 50 more buildings will participate in the program each year until 2010.

In order to continue the momentum of the program, \$250,000.00 in interim funding is required. Based on an imminent contractual arrangement with the OPA that will include support for this market development activity, funding to support this aspect of the BBNCP is being sought. Once funding from the OPA is received, the Loan Repayment Reserve Fund will be replenished.

## **CONTACT**

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## **SIGNATURE**

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