

January 12, 2012

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Dear Honourable Ministers and Commissioner Miller:

We are requesting a review of the Environmental Bill of Rights as per the attached application and material in the application's Appendix A. This request for review is in relation to using Local Improvement Charges for energy retrofits to private homes.

We also are requesting the following policy and legal reforms to current energy conservation programs in Ontario as follows:

1. A review of existing policies, legislation, regulation and/or technical guidance relating to the use of Local Improvement Charges (LICs) to enable their use for energy improvements on private properties - in particular, single family dwellings - on a cost-neutral (or slightly revenue-positive) basis to municipalities.

The arguments and underlying rationales for our proposed reforms stem in major part from three 2011 reports by Sonja Persram of Sustainable Alternatives Consulting Inc. for the David Suzuki Foundation in a project funded by the Ontario Trillium Foundation:

- 1) *Property Assessed Payments for Energy Retrofits: Recommendations for Regulatory Change and Optimal Program Features*
- 2) *Property Assessed Payments for Energy Retrofits and Other Financing Options,*
- 3) *Strategic Recommendations for an Optimal "PAPER" Program*

These reports together provided an analysis of the barriers to energy retrofits, a comparison of LICs and other financing mechanisms regarding their appropriateness in funding energy improvements on private properties, rationales for municipal engagement in this activity, the roles of higher level governments and other stakeholders, regulatory changes that would be required, and strategic implementation recommendations for an optimal program. This use of LICs is called *Property Assessed Payments for Energy Retrofits*, or "PAPER."

Additional prior and subsequent Canadian and US validation for the PAPER concept is also noted in the support material of the request for review.

2. Support from the Province of Ontario for a PAPER program for:
 - a. A collaboration to develop PAPER programs including providing appropriate technical assistance to enable optimal energy savings per dollar spent
 - b. Low interest financial loans guarantees/loan loss reserves and for addressing the scalability of energy savings guarantees for the residential sector
 - c. The development of a blended product like the Canada and Mortgage Housing Corporation's Mortgage Loan Insurance for PAPER to decrease default risk further
 - d. Providing incentives like energy efficiency income tax credits
3. A review of a possible link between federal gas tax disbursements to support PAPER and other energy conservation programs undertaken by municipalities, communities and other organizations.
4. A review of a possible link between the provincial gas tax disbursements to support PAPER and other energy conservation programs undertaken by municipalities, communities and other organizations.

We believe that the provincial Ministries, in collaboration with the federal government, the Federation of Canadian Municipalities, the Association of Municipalities of Ontario, Non-government Organizations and other stakeholders should undertake policy work and legal reforms related to the use of Local Improvement Charges because:

- Local Improvement Charges are a key method by which municipalities – and the provincial and federal governments – could leverage substantial public benefit by facilitating the financing of energy retrofits. Using a simplified, amended instrument, municipal governments could contribute to achieving their targets for reductions in energy use and greenhouse gas emissions while enhancing local economic development.
- Since municipalities will be required to set targets for energy conservation (if not already in place) and develop plans for achieving them, having this mechanism would be an enabling factor.
- Given anticipated real estate value differentiation for green and energy efficient homes and buildings over conventional older (i.e. and under-insulated) ones (esp. as energy prices continue to rise), municipalities could also protect their property tax base as well as homeowners' property values and vulnerability to these rising and volatile energy prices.
- This initiative could also benefit current and future generations by protecting the environment and reducing energy use and greenhouse gas emissions on a mass scale.
- The province could obtain savings in energy infrastructure, environmental remediation, as well as via reduced unemployment and health care costs (see the Canadian Medical Association's *No Breathing Room: National Illness Costs of Air Pollution*, 2008, and the three reports noted above). The federal government would benefit through savings on unemployment insurance costs, and both federal and provincial Consolidated Revenue Funds also would benefit from increased income tax revenues arising from the economic stimulus, as well as in achieving targets for reductions in energy use and greenhouse gas emissions. All of the above would comprise public benefits.
- There is an urgent need for a local, provincial and federal economic stimulus.
- The recent federal government announcement regarding future reductions in health care transfers to provinces is an opportunity to mitigate the impacts on health care costs of non-green energy sources. The result would be less reliance on non-green energy sources because of enhanced energy efficiency.

We further believe a comprehensive review of the application and expansion of Local Improvement Charges represents a singular and vital opportunity for all levels of government in Canada, and would be consistent with the Ontario government's stated policies of supporting energy conservation and environmental protection. Thus, we look forward to responses from your ministries to this application and welcome the opportunity to make Powerpoint presentations to you and your staff on the tremendous benefits that a fully developed LIC program could provide to Ontarians.

We also would be honoured to participate in any consultations that your ministries might undertake on the issues described in this review application should Cabinet decide to move forward on the initiatives described in this review application.

Sincerely,

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