

PRE-BUDGET SUBMISSION TO THE HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE

www.questcanada.org

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Executive Summary

Communities – the places where we live, work, move, and play – account for 60 percent of energy use in Canada, as well as over half of all greenhouse gas emissions (GHGs). Communities are essential for achieving federal, provincial, and territorial government energy and GHG objectives, and Smart Energy Communities offer a solution to how they get there. Smart Energy Communities prioritize energy efficiency, integrate conventional energy networks, make smart land use decisions, and harness local energy opportunities.

Through the advancement of Smart Energy Communities, QUEST is helping Canadian communities and community stakeholders improve energy efficiency, enhance reliability, cut costs, and reduce greenhouse gas emissions at the local and regional levels. Our research shows that in the last four years there was an 80 percent increase in the development and completion of community energy plans, covering nearly 60 percent of the Canadian population, and all of the plans focus on implementing Smart Energy Solutions.

In Budget 2018, QUEST proposes that the Government of Canada create a dedicated fund offering significant financial support for Canadian communities, organizations, and businesses to positively engage in the development of Smart Energy Communities. Designed to support specific projects, policies, and programs that help to improve energy efficiency and reduce GHG emissions, this fund would bring together community and business leaders to find innovative climate solutions, and share knowledge between sectors and across provincial and territorial boundaries.

In addition, QUEST proposes that the Government of Canada create dedicated funding program for communities to develop and implement Community Energy Plans. This fund would work directly with provincial programs, such as Ontario's Municipal Energy Plan program, to support underserved communities in developing Community Energy Plans (CEPs), and supporting communities that have Community Energy Plans in overcoming some of their implementation challenges.

About QUEST

QUEST is the leader advancing Smart Energy Communities that reduce GHG emissions, lower energy use, drive the adoption of clean technologies, and foster local economic development in Canada. Established in 2007, QUEST has a national grassroots network including over 10,000 contacts in organizations across Canada from local, provincial and territorial governments, utilities, energy service providers, building and land owners and operators, and clean technology companies working at the community level to advance Smart Energy Communities.

QUEST was created because industry, governments, business, and the ENGO community needed a place to come together and advance energy end-use solutions at the community level that could balance environmental and economic considerations. QUEST has eight provincial and regional caucuses from coast to coast to coast in Canada. These caucuses bring community stakeholders to the table to work on initiatives - policies, plans and projects - that prioritize the efficient use of energy, are economical and reliable, and thereby reduce GHG emissions.

QUEST is Helping Canadian Communities and Businesses

Through the advancement of Smart Energy Communities, QUEST is helping Canadian communities and community stakeholders to improve energy efficiency, enhance reliability, cut costs, and reduce greenhouse gas emissions at the local and regional levels. QUEST accomplishes this by conducting research, engaging stakeholders, partnering with likeminded organizations, and advocating for the advancement Smart Energy Communities.

Partnering to Help Canadian Communities

Community Energy Planning: Getting to Implementation in Canada! (GTI), is a national initiative that was led by the leading community energy planning experts in Canada, the Community Energy Association, QUEST, and Sustainable Prosperity, with an aim to accelerate the implementation of Community Energy Plans across Canada.

Today more than 60 percent of Canadians live in communities with a CEP. These communities recognize the importance of defining and addressing their energy priorities. CEPs can be targeted to address a range of local issues, such as stimulating local economic development, reducing greenhouse gas emissions, and improving energy security and community resiliency.

The national work of GTI has validated that communities and their stakeholders are key to managing Canada's energy use and GHGs, and that CEPs provide a practical solution to support communities in addressing their energy and GHG objectives. But while CEPs often present solutions to complex problems requiring multi-stakeholder approaches to implementation, they also require a new way of doing things for every stakeholder involved, including municipal and provincial staff members, utilities, developers and real estate agents, and other community energy practitioners. Since 2014, GTI has delivered research, engagement, and program delivery activities to identify challenges, success factors, and solutions to accelerate CEP development and implementation across Canada.

Addressing Climate Change and Stimulating the Economy with Smart Energy Communities

Communities – the places where we live, work, move, and play – account for 60 percent of energy use in Canada, as well as over half of all GHGs. Communities are essential for achieving federal, provincial, and territorial government energy and GHG objectives and Smart Energy Communities offer a solution to how they get there.

Smart Energy Communities prioritize energy efficiency, integrate conventional energy networks, make smart land use decisions, and harnesses local energy opportunities. From building automation to street lights, Smart Energy Communities take advantage of the full potential of energy efficiency and capitalize on lower energy costs, cutting emissions, and improving operating performance.

Smart Energy Communities integrate conventional electricity networks. Electricity, natural gas, district energy, and transportation fuel networks in a community are better coordinated to match energy needs with the most efficient energy source. When conventional energy networks are

integrated, it opens the door to innovations like alternative fuel vehicles, energy storage, waste heat capture, and combined heat and power applications.

Smart Energy Communities harness local energy opportunities. These can be stock opportunities like solar, wind, and geothermal, or they can be opportunities that are tailored to a community like water source cooling, sewage heat capture, biomass for heating, and capturing biogases for electricity and transportation fuel. Lastly, Smart Energy Communities integrate land use, recognizing that poor land use decisions can equal a whole lot of energy waste.

Smart Energy Communities tap into opportunities to strengthen local economies, reduce current and future energy costs and GHGs, and create jobs by investing in smarter and more integrated approaches to energy use at the local level. Communities that have analyzed these opportunities have consistently identified a strong value proposition for these approaches, with solid economic returns on investments, environmental gains, health benefits, and an improved quality of life for local residents.

Energy is a significant cost in Canadian communities. Each year, millions and in some cases billions of dollars are spent on energy, much of which leaves the local economy. This cost plays a significant role in the financial well-being of Canadian communities, and to the businesses and households in these communities.

Decisions made within communities regarding land use and urban form, buildings, transportation, waste, and distributed energy resources can reduce these energy costs and present an opportunity to recirculate dollars back into the local economy. The initiatives of communities to reduce energy costs will also reduce operating costs for businesses, making a community attractive to investors. These decisions can also make communities more futureproof to the risks of changes in rising energy costs, potential carbon emissions pricing and regulation, and to disruptions in energy supply.

Community-level decisions can consequently drive significant emissions reductions and are critical to nation-wide efforts to address climate change. Equally, these decisions can support social priorities at the community level.

QUEST Recommendations for Budget 2018

QUEST offers the following recommendations to the Government of Canada for consideration to meet its objectives of addressing climate change, stimulating a competitive economy, and encouraging productivity and innovation.

1. The Smart Energy Communities concept promotes a community development model that places efficiency first, encourages local job creation, and maximizes the benefit of every dollar spent on new infrastructure - key tenets for a productive economy.

A fund supporting Smart Energy Communities should support specific projects, policies, and programs that help to improve productivity and competitiveness through energy efficiency, GHG emissions reductions, and bring together community and business leaders to find innovative climate and energy solutions.

For our role in helping Canadians become more productive, QUEST envisions being able to tap into Smart Energy Community funding, allowing us to continue to build and leverage our national grassroots network with the following deliverables,:

- Facilitate topic specific **Working Groups** to address policy and regulatory barriers to the advancement of Smart Energy Communities. (See existing Working Groups at <http://www.questcanada.org/our-network/caucus>)
 - **Advisory Services** to respond to the needs of community energy practitioners to make more accessible the impactful ideas, solutions, and innovations that are helping to make Smart Energy Communities a reality. Examples include: Interactive energy mapping charrettes that use the Natural Resources Canada’s *Putting Energy and Emissions on the Map* workshop model, focused on envisioning the future of energy production, delivery and end use in communities.
2. Energy is an increasing cost and barrier for both productivity and competitiveness for many Canadian businesses and communities. As the leader developing Smart Energy Communities, QUEST has created a marketplace providing opportunities to turn these challenges into new partnerships, policies, and projects. QUEST supports a fund dedicated to promoting competitiveness and productivity among Canadian businesses.

QUEST, in our role, will continue to grow the Smart Energy Marketplace in the following ways:

- Delivering the **Smart Energy Communities Scorecard**: The Scorecard will evaluate the collaborative and integrated pathways that communities are undertaking across Canada to transition to Smart Energy Communities. It will provide communities with the information they need to understand where they lie on the pathway to becoming a Smart Energy Community, and will provide businesses with a roadmap for advancing communities along this pathway. The Smart Energy Communities Scorecard would be the first tool of its kind to evaluate the policies and processes in place to support the transition to Smart Energy Communities.
- Continue to deliver research and programming to Canadian businesses through QUEST’s regional & provincial **Caucuses**. QUEST provides free and accessible thematic workshops to businesses and communities in the realm of energy. “Capital & Financing” is an example of a workshop that explores the costs of energy projects that extend beyond an organization’s or an individual’s available capital. In some cases, a project proponent may not be aware of the financing tools available to them; in other cases, a project may have difficulty finding suitable investors or lenders that match its risk/return profile. QUEST connects investors with buyers, and educates businesses and communities on how they can increase their productivity and reduce energy costs through investing in smart energy projects.

The Government of Canada should consider supporting the uptake of investment in these types of projects by backing innovative finance mechanisms or providing credit enhancement tools that encourage lenders to invest in projects with lower returns or lower interest rates. Funding to

support the Smart Energy Marketplace is the first step towards a more efficient, productive, and competitive energy economy in Canada.

Conclusion

Through support for Smart Energy Communities, the Government of Canada can tap into opportunities to strengthen competitive local economies, reduce current and future energy costs and GHGs emissions, and create productive jobs by investing in smarter and more integrated approaches to energy use. Communities have consistently identified a strong value proposition for this approach, with solid economic returns on investments, environmental gains, health benefits, and improved quality of life for local residents.

Encouraging the development of Smart Energy Communities across Canada through dedicated funding programs, offering support to specific projects, policies, and programs that help to improve energy efficiency, reduce GHGs, bring together community and business leaders, find innovative climate solutions, share knowledge between sectors and across provincial and territorial boundaries, will enable the Government of Canada to meet its objectives of addressing climate change, stimulating the economy, and encouraging competition. QUEST welcomes the opportunity to appear before the House of Commons Standing Committee on Finance to provide more details on this submission.