

ALBERTA CAPITAL BORROWING REGULATION UNDER THE SCHOOL ACT: A BEST PRACTICE EXAMPLE FOR REST OF CANADA

Presentation by Peter Love
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TOPICS TO BE COVERED

1. Introduction to ESAC and ESPCs
2. Importance of Energy Efficiency in Existing Public Buildings
3. Alberta's Capital Borrowing Act; Example of Best Practice
4. Opportunities to Extend to Other Types of Buildings
5. Questions/Discussion



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ENERGY SERVICES ASSOCIATION OF CANADA

- Incorporated August 2010
- 6 founding independent energy service companies



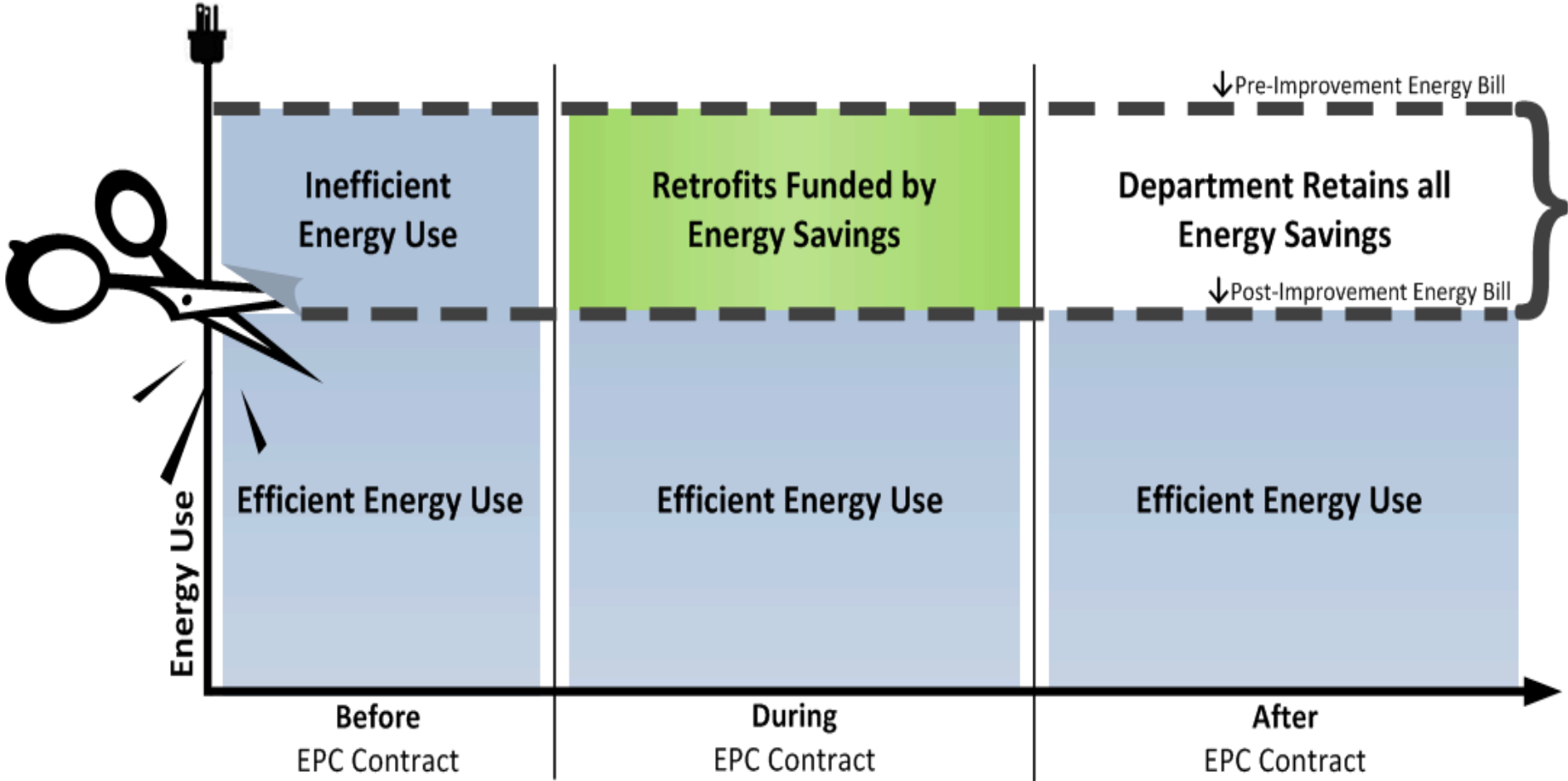
SIEMENS









Honeywell

- Represent >90% \$300 mil/year market for guaranteed Energy Service Performance Contracts (ESPC)

ILLUSTRATION OF HOW AN ESPC WORKS



EPC NOT MORE EXPENSIVE THAN TRADITIONAL PROCESS

EPC Procurement	Traditional "Piecemeal" Procurement
<p> Performance Guarantee Fee</p> <p> Financing Charges</p>	<p> Additional Procurement Processes</p> <p> Additional Human Resources</p> <p> Opportunity costs for differed projects</p> <p> Less Energy Savings resulting from:</p> <ul style="list-style-type: none">• Lost time• Fragmented Approach• No Monitoring and Verification• No Savings Guarantee

IMPORTANCE OF ENERGY EFFICIENCY IN EXISTING PUBLIC BUILDINGS

- Potential GHG & \$ Savings
 - Represents 1-2% total GHG emissions
(2.4% in Ontario where all public entities report)
 - 80% of buildings in 2030 exist today
- Community Profile
 - Most public buildings are actively used by general public
- Leadership
 - Critical that government be a leader



ALBERTA'S CAPITAL BORROWING REGULATION UNDER THE SCHOOL ACT

- Initially introduced in 1998
- Amended in 2003 to extend period of guarantee from 10 to 20 years
- Requires a school board that wants to borrow funds for an energy efficiency retrofit to have a written guarantee that the costs can be recovered from savings in not more than 20 years



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EXAMPLE OF BEST PRACTICE

- ESAC actively encouraging other provinces to follow Alberta's leadership
- About 150 public buildings in Alberta used ESPCs in 90s-early 2000s
- No climate levy incentives necessary but could encourage deeper savings
- Improving school infrastructure 1 of 4 key recommendations from students – supported by 80% of students



SCHOOL BOARDS WHO HAVE USED RSPCS

- Edmonton Public School
- Calgary Board of Education
- Elk Island Public Schools
- Elk Island Catholic Schools
- Parkland School Division



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SUPPORT FOR USE OF ESPCs

- Alberta School Boards Association, College of Alberta School Superintendents & Association of School Board Officials of Alberta October 13, 2017 letter to Board Chairs, Superintendents & Secretary-Treasurers
 - Encourages investigation of using ESPCs
 - Distributed “Common Questions About EPCs for Alberta School Boards”



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OPPORTUNITIES TO EXTEND TO OTHER TYPES OF PUBLIC BUILDINGS

- ESAC has recommended that the borrowing provisions for schools be extended to other public buildings (municipalities, universities/colleges, and hospitals)
- Alberta Health Services recently commissioned ESPCs for the Alberta Hospital Edmonton and Royal Alexandra Hospital



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RELEVANT DEVELOPMENTS

- \$120 bil for infrastructure over next 10 years
 - \$40 bil for green infrastructure (incl buildings)
 - Most will require matching contribution from provinces/municipalities
 - Understanding that ESPCs can be used to provide matching funds



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THANK YOU

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