

NEER Stakeholder Advisory Group Meeting Notes

Customer: Town of Newmarket

Project: Home Efficiency Business Plan

Date / Time: March 19, 2019 – 18:30 to 21:00 EDT

Topic: Stakeholder Advisory Group Meeting #3

Prepared for: Meghan White – Town of Newmarket, Project Manager

Copied to: Stakeholder Advisory Group (SAG), Project Working Team, Public

1. Background

These Meeting Notes summarize the Stakeholder Advisory Group (SAG) held at the Newmarket Town Hall on 19th of March 2019 between 6:30 and 9:00 pm.

The meeting agenda and participants are included in Annexes 1 and 2. These Notes were prepared by Karen Farbridge and Rob Kerr (PWT) and Adir Glikson and Justin Campsall (Town of Newmarket).

2. Agenda Review and Introductions

Joshua Campbell as Chair. All SAG members introduced themselves.

The meeting kicked off with a review of the agenda (see Annex 1). No changes.

3. SAG Business

SAG Composition

The SAG welcomed four new members

- Catherine Ethier, Community Member
- Vicky Gagnon, Business Manager, Public Sector Conservation, Independent Electricity System Operator (IESO)
- Cheryl Green, Chair, Condominium Board
- Cindy McPhee, First Step Design Ltd.

By consensus, it was determined that the SAG now had a reasonable stakeholder representation from across the community and there would be no further recruitment of additional SAG member.

SAG #2 Minutes

Minutes from the last SAG meeting, February 17, 2019 were reviewed and approved. No revisions.

Business Arising

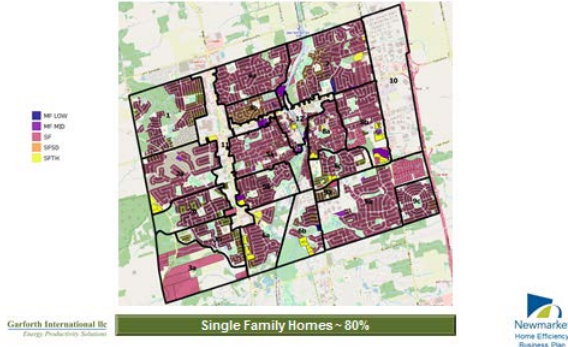
No business arising.

4. Analytical Process

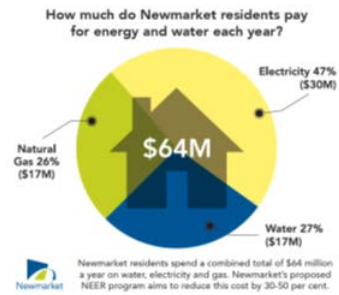
Peter Garforth, representing the Project Working Team, provided a summary of the results of the Analytical Process specific to the description of the proposed retrofit business models, as follows.

Review of Baseline and Framing Goals

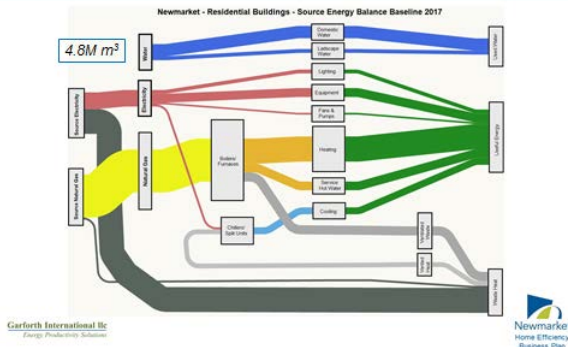
Newmarket Residential Sector 2017
Homes By Type – 29,000 / 4.8M m²



R-NEER Baseline
Cost (\$)



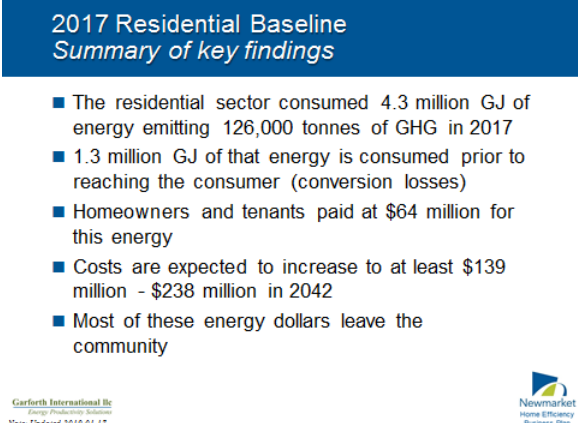
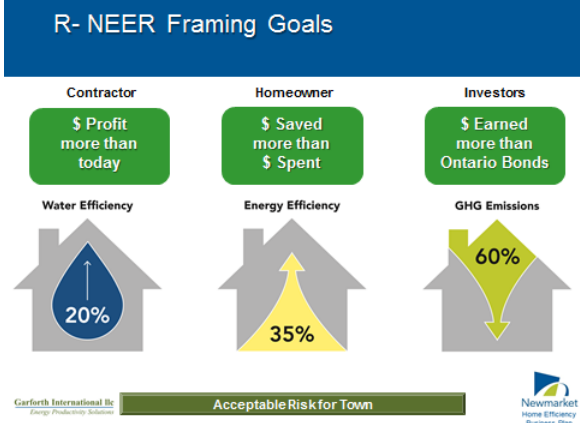
2017 Residential Baseline
Energy & Water Balance - Total 4.3M GJ



R-NEER Programme Goals
Contribution to CEP Targets

- Existing homes will meet or exceed energy and climates performance levels necessary to support Community Energy Plan Targets
- By 2042 existing homes in Newmarket will be:
 - 35% more source energy efficient
 - 60% less carbon intensive
 - 20% more water efficient
- Homeowners energy costs will be less that retrofit cost
- R-NEER Programme will deliver attractive investor returns
- Town Corporation will be exposed to no unacceptable financial risks

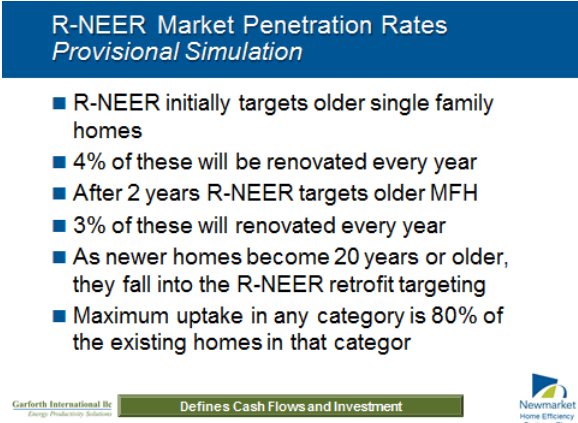
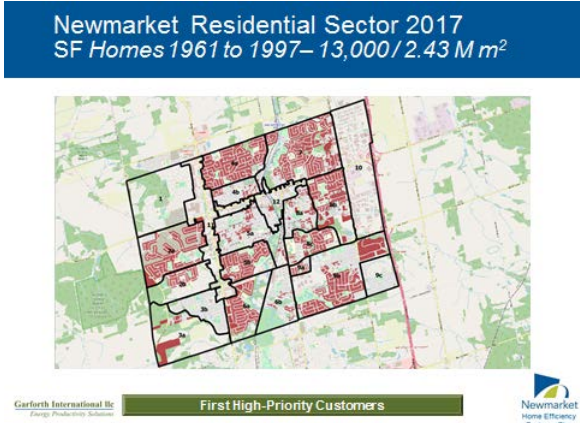
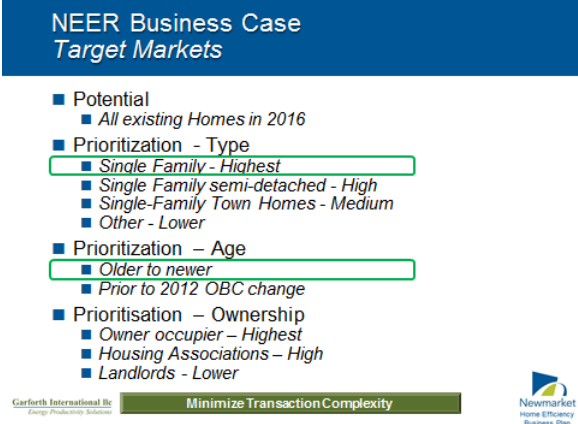
Provisionally Aligned 19-01-17



A summary was provided of the Town of Newmarket's residential baseline and the Framing Goals for the R-NEER project, as originally presented in second Strategic Advisory Group meeting. Additional graphics were presented as shown in the slides above – mapping, Sankey Diagrams and infographics.

Retrofit Clarification & Impact of Scale

Peter Garforth, representing the Project Working Team, provided a summary of the anticipated retrofit packages that would be offered to homes by type and age, the rate of retrofits and impact of reaching the renovation targets.



R-NEER Market Penetration Rates

- Market targets can be simulated by property type and age
 - Year retrofit starts
 - Percentage of home renovated every year
 - Target final share
- Initial setting to be aligned with PWT & SAG

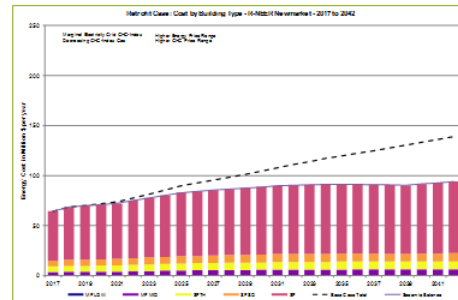
Home Category	Start Year	Yearly Rate	End Rate
Rie-1975_MF_LOW_FT.AC	2024	3.0%	30%
Rie-1975_MF_MID_FT.AC	2024	3.0%	30%
Rie-1975_SFTH_FT.AC	2020	4.0%	30%
Rie-1975_SFSD_FT.AC	2020	4.0%	30%
Rie-1975_SF_FT.AC	2020	4.0%	30%
Rie-1975-1997_MF_LOW_FT.AC	2024	3.0%	30%
Rie-1975-1997_MF_MID_FT.AC	2024	3.0%	30%
Rie-1975-1997_SFTH_FT.AC	2020	4.0%	30%
Rie-1975-1997_SFSD_FT.AC	2020	4.0%	30%
Rie-1975-1997_SF_FT.AC	2020	4.0%	30%
Rie-1998-2011_MF_LOW_FT.AC	2026	3.0%	30%
Rie-1998-2011_MF_MID_FT.AC	2026	3.0%	30%
Rie-1998-2011_SFTH_FT.AC	2024	4.0%	30%
Rie-1998-2011_SFSD_FT.AC	2024	4.0%	30%
Rie-1998-2011_SF_FT.AC	2024	4.0%	30%
DOBST-2012_MF_LOW_FT.AC	2024	3.0%	30%
DOBST-2012_MF_MID_FT.AC	2024	3.0%	30%
DOBST-2012_SFTH_FT.AC	2022	4.0%	30%
DOBST-2012_SFSD_FT.AC	2022	4.0%	30%
DOBST-2012_SF_FT.AC	2022	4.0%	30%

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Includes Today's NewerHomes in Future



2017-2042 Residential Retrofit Case Cost Outlook – Home Type - Lower Price

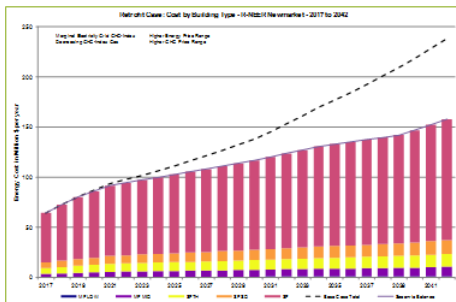


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Cumulative Savings \$470M by 2042



2017-2042 Residential Retrofit Case Cost Outlook – Home Type - Higher Price

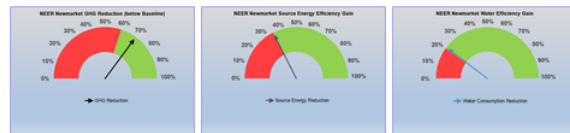


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Cumulative Savings \$740M by 2042



R-NEER Goals Simulation Performance



- Meets or exceeds programme goals that align with overall CEP targets
- Cumulative cost saving at least between \$470M and \$740M between 2020 and 2041

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Starting Point to Develop Business Case



The analysis shows that Single Family Homes (SFH), the vast majority of homes in the community, will be the first targets for retrofits working from oldest to newest. The analytical simulation has made initial assumptions to the rate of retrofits (penetration rate) and the initiation years for various residential types and age. Cumulative impacts (savings) were analyzed using high and low future energy price projections. The initial simulation assumptions indicate that all NEER goals will be met or exceeded.

The SAG discussed the assumptions and generally agreed that they were appropriate to act as a starting point for the development of the Business Case, to be drafted for delivery at the next SAG meeting on June 25, 2019.

Several SAG members had questions the eligibility of a homeowner who had already completed some elements of the standards retrofit package. Various members of the PWT replied that the business plan will address various methods of approaching these homeowners while maintaining their eligibility for deeper retrofits.

Business Model Options

Initial elements of the Business Model that will be utilized in the development of the Business Plan we presented.

Initially, Peter Garforth, representing the PWT, presented the elements of the current, business-as-usual home retrofit market.

Current Market – Typical Home Retrofit Business Model

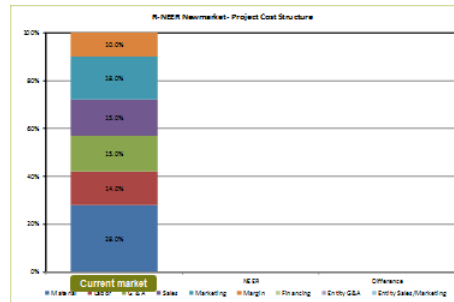
- Homeowner
 - Requests proposal
 - Provides/sources financing
 - Personally responsible for financing
- Contractor
 - Custom proposal – high “no-sale” rate
 - Low-volume material costs
 - Manages necessary permits
 - Significant sub-contracting
 - Possible pre- and post- energy audits
 - Limited performance guarantees or tracking
 - Change orders / scope creep common
 - Low unpredictable project volumes
- General
 - Disruptive and slow

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About \$40,000 for Typical SFH



Current Market for Contractor Typical Home Retrofit Cost Structure



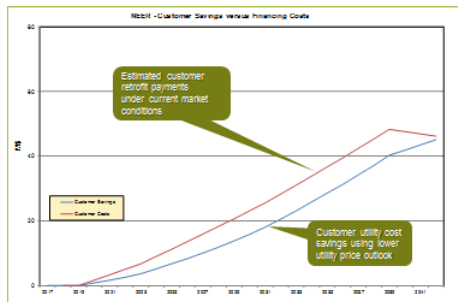
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About \$40,000 for 175m² SFH

Source: Industry estimate-GEER - Excludes any financing costs



NEER Customer Savings & Costs Simulation Result – Lower Prices & Interest



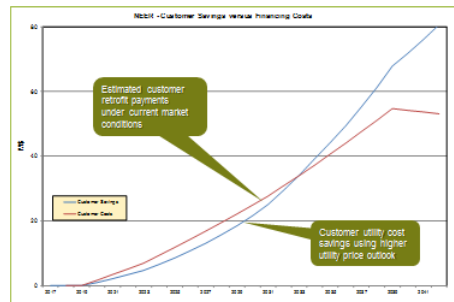
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Business Case Must Address Productivity

Note: Interest rate 3%



NEER Customer Savings & Financing Simulation Result – Higher Prices & Interest



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Business Case Must Market Price Risk Avoidance

Note: Interest rate 4.5%



The initial stage of the business model articulates the current barriers in the home retrofit market. Based on market research, it is estimated that a home retrofit based on the proposed retrofit package costs approximately \$40,000 for a Single Family Home (SFH). Also based on research, the typical costs breakdown of a typical SFH retrofit was presented (see slide above). Under current market retrofit pricing and under the lower energy cost forecasts, the anticipated avoided utility costs do not exceed the total anticipated retrofit payments. At the higher energy cost forecasts, avoided utility costs exceed retrofit payments approximately 15 years in the future.

Program success will largely rely on the cost efficiencies as a result of scale represented by the initial goal of retrofitting 80% of Newmarket’s homes by 2042.

NEER Market –Home Retrofits *Mature Scale Indicators*

- **Initial Market**
 - 13,000 Older single-family homes
 - 44% of total homes
 - More 50% of energy impacts
 - After 2024 start on older multi-family and newer single family homes
 - After 2032 start on newest homes as they get to 20 years old
- **Target Volumes**
 - Older single family homes ~ 10 / week
 - Programme Average ~ 22 / week

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About \$??? for Typical SFH



NEER Market – Typical Home Retrofit *Business Model*

- **Homeowner**
 - Request standard retrofit proposal from NEER
 - Pays via property tax increment
- **NEER**
 - Confirms standard price based on age & type
 - Accepts order and passes to Contractor
 - Pays contractor and investors
 - Negotiates volume material contracts
 - Quality controls and tracks performance
- **Contractor**
 - Installs retrofit
 - High predictable project volumes
- **Town**
 - Transfers property tax increment to NEER
- **Investor**
 - Lends to NEER

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About \$??? for Typical SFH



Verification of these cost efficiencies will be explored and verified through engagements with the local contractor market as well more broad research in the regional retrofit market.

5. Engagement Process and Next Steps

The SAG received a number of verbal reports from various members of the PWT on the project's Engagement Plan and activities underway or anticipated in the engagement channel categories of Public, Municipal Departments and Major Stakeholders.

Home Show/Community Open House (Pubic - Major Stakeholder Group)

Two opportunities for public engagement are upcoming:

Newmarket Chamber of Commerce Home (March 29-31). NEER will be presented within the Town's booth at the homeshow. The Home Show will also offer the opportunity to solicit public survey responses and recruit candidates for the Homeowner Focus Group (see below). On April 3, the Town will host a community Open House at the Town Hall. Similar to the Home Show, this will provide an opportunity to solicit public survey responses and recruit candidates for the Homeowner Focus Group (see below).

Homeowner Focus Group (Major Stakeholder Group)

The Homeowner Focus Group will be designed to work closely with a small, representative sample of Newmarket Homeowners to walk them through a facilitated focus group to gauge their interest and likelihood of participating in a home retrofit program. This Focus Group meeting will take place prior to SAG#4 on June 25.

Contractor Focus Group (Major Stakeholder Group)

Engaging local contractors will be key to verifying the barriers to large scale retrofits as described in the notes above. With the assistance of some of the SAG members, local and regional contractors will be identified for the purposes of facilitated one-on-one interviews. These interviews are anticipated to take place prior to SAG#4 on June 25.

Investor Funding (Major Stakeholder Group)

The Engagement Plan calls for discussions with potential investors to the NEER business case. The SAG discussed, at a high level, various potential investor groups who may be interested in investing in the NEER model. Discussions with investors will not take place until after the draft Business Case is delivered to the SAG on June 25.

LIC Risk Assessment Workshop (Municipal Departments)

Several members of the PWT and Town staff are expected to attend a workshop hosted by the City of Vaughan and the Toronto Region Conversation Authority (TRCA). The workshop will be focused on a risk assessment of municipalities using the Local Improvement Charge (LIC) mechanism to facilitate local home retrofits.

“Coffee with the CAO” (Municipal Departments)

Adir Glikson, a member of the PWT, attended a regular internal information sharing event called “Coffee with the CAO” where he had the opportunity to provide information to his fellow Town staff colleagues about the NEER program.

LIC Mechanism History (Municipal Departments)

SAG member Scott Vokey was scheduled to discuss some of his personal experiences in observing the evolution of the legislation that enables Local Improvement Charges (LIC) under the Municipal Act. Mr. Vokey was unable to attend the meeting. His report will be tabled at a future date.

6. Communications

Community Communiqué

A communiqué was reviewed by the SAG and approved, by consensus, to be used in future communication. The communiqué is attached to these notes as Annex 3.

Animation

Currently, Sheridan College, as a member of the PWT is taking the lead in developing an animation that illustrates the elements of a typical home retrofit. The members of the SAG were shown an early version of the animation under development.

7. Next Meeting

Next meeting will be held June 25, 2019 from 6:30pm – 9:00pm in room Cane A & B.

8. Adjourn

The meeting was adjourned at 9:00 PM.

9. Follow-up Activities

1. Distribute document package in advance of next SAG meeting
2. Issue a communiqué describing the third SAG meeting and its purpose

Annex 1 Agenda
Newmarket Energy Efficiency Retrofit (NEER)
Home Efficiency Business Plan:
Stakeholder Advisory Group Meeting #3

Date: March 19, 2019

Time: 6:30 pm to 9:00pm

Location: Municipal Offices (395 Mulock Drive) – Cane A and B Room

Agenda

Time	Topic
6:30 p.m.	Welcome and Introductions <ul style="list-style-type: none"> a) Bring the meeting to order and welcome new members: <ul style="list-style-type: none"> - Catherine Ethier - Vicki Gagnon - Cheryl Green - Cindy McPhee
6:35 p.m.	Agenda Review
6:40 p.m.	SAG Business <ul style="list-style-type: none"> a) Review Final composition of the SAG b) Approve SAG #2 minutes c) Review any business arising out of the last minutes
6:45 p.m.	Analytical Process <ul style="list-style-type: none"> a) Review of baseline and framing goals b) Retrofit clarification & impact of scale c) Business model options
7:45 p.m.	Break
7:55 p.m.	Engagement Update and Next Steps <ul style="list-style-type: none"> a) Home Show/ Community Open House (major stakeholder group) b) Homeowner focus group (major stakeholder group) c) Contractor focus group (major stakeholder group) d) Investor funding (major stakeholder group) e) LIC risk assessment workshop (municipal departments) f) Coffee with the CAO (municipal departments) g) LIC mechanism history (municipal departments)
8:40 p.m.	Communications <ul style="list-style-type: none"> a) Community Communique b) Animation
8:55 p.m.	Next Meeting
9:00 p.m.	Adjourn

Annex 2 – Participants

Invitees

Name	Title	Sector
John Birchall		Community
Joshua Campbell (Chair)	Founder, Knowledge Broker	Economic Development
Teresa Cline	Senior Planner, York Region	Municipal & Regional Planning
Catherine Ethier		Energy
Vicki Gagnon	IESO	Energy
Ken Gray	Conservation Program Coordinator, Tay Power Distribution Ltd.	Utilities
Cheryl Green	Chair, Condominium Board	Property Owner
Dave Kempton		Community
Gabriella Kalapos	Executive Director, Clean Air Partnership	Environmental Organization
Brent Kopperson	Executive Director, Windfall Ecology Centre	Environmental Organization
Erika Lontoc	Manager, DSM Partnership, Enbridge	Utilities
Cindy McPhee	First Step Design Limited	Economic Development
Dave Potter	Chief Building Official, Town of Newmarket	Building & Renovation Industry
Jeff Ranson	GTA Regional Director, Canada Green Building Council	Building & Renovation Industry
Jane Twinney	Town Council (Ward 3)	
Scott Vokey	Director, Solutions Development Canadian Municipal Sector, Ameresco	Energy
Steve Whitfield		Building & Renovation Industry

Annex 3 – Community Communique

Newmarket Energy Efficiency Retrofit (NEER) Home Efficiency Business Plan:

Stakeholder Advisory Group Meeting #3 Community Communiqué

In total, homeowners and tenants paid about \$64 million for the energy and water they needed in 2017. In the next two decades, these energy and water costs are expected to more than double or triple.

A Home Efficiency Business Plan is being developed to help residents lower their energy and water bills. It will also reduce the impact of rising energy costs while making a significant contribution to fighting climate change.

The Business Plan is expected to offer standard “easy-to-buy” retrofit packages for homeowners.

By targeting 80 percent of Newmarket homes over 25 years, a retrofit program can be designed that delivers deeper energy savings for residents. By offering a standard retrofit package, the program will mean less hassle for local contractors. The scale of the program will be attractive to investors. The increase in construction jobs and keeping energy dollars local will bring significant economic benefits to the community.

The Home Efficiency Business Plan is one of several initiatives being considered to ensure a healthy, affordable, resilient and prosperous Newmarket through localized, integrated and efficient energy systems.