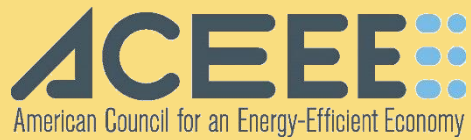


PREPARED FOR



FINANCE FORUM

DISPATCH FROM THE NORTH: FINANCING INITIATIVES IN CANADA

May 2016



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DUNSKY: OVERVIEW

CLIENTS (partial list)



EXPERTISE

- ▶ Energy Efficiency and Demand-Side Management
- ▶ Renewable Energy and Emerging Technologies
- ▶ Greenhouse Gas Reductions

SERVICES

- ▶ Design and evaluation of programs, plans and policies
- ▶ Strategic and regulatory support
- ▶ Technical support and analysis

CLIENTELE

- ▶ Utilities
- ▶ Governments
- ▶ Solution Providers
- ▶ Large consumers
- ▶ Non-profits

CONTENTS

CONTEXT: THE CANADIAN OPPORTUNITY

KEY INITIATIVES: UPDATES FROM SELECT JURISDICTIONS

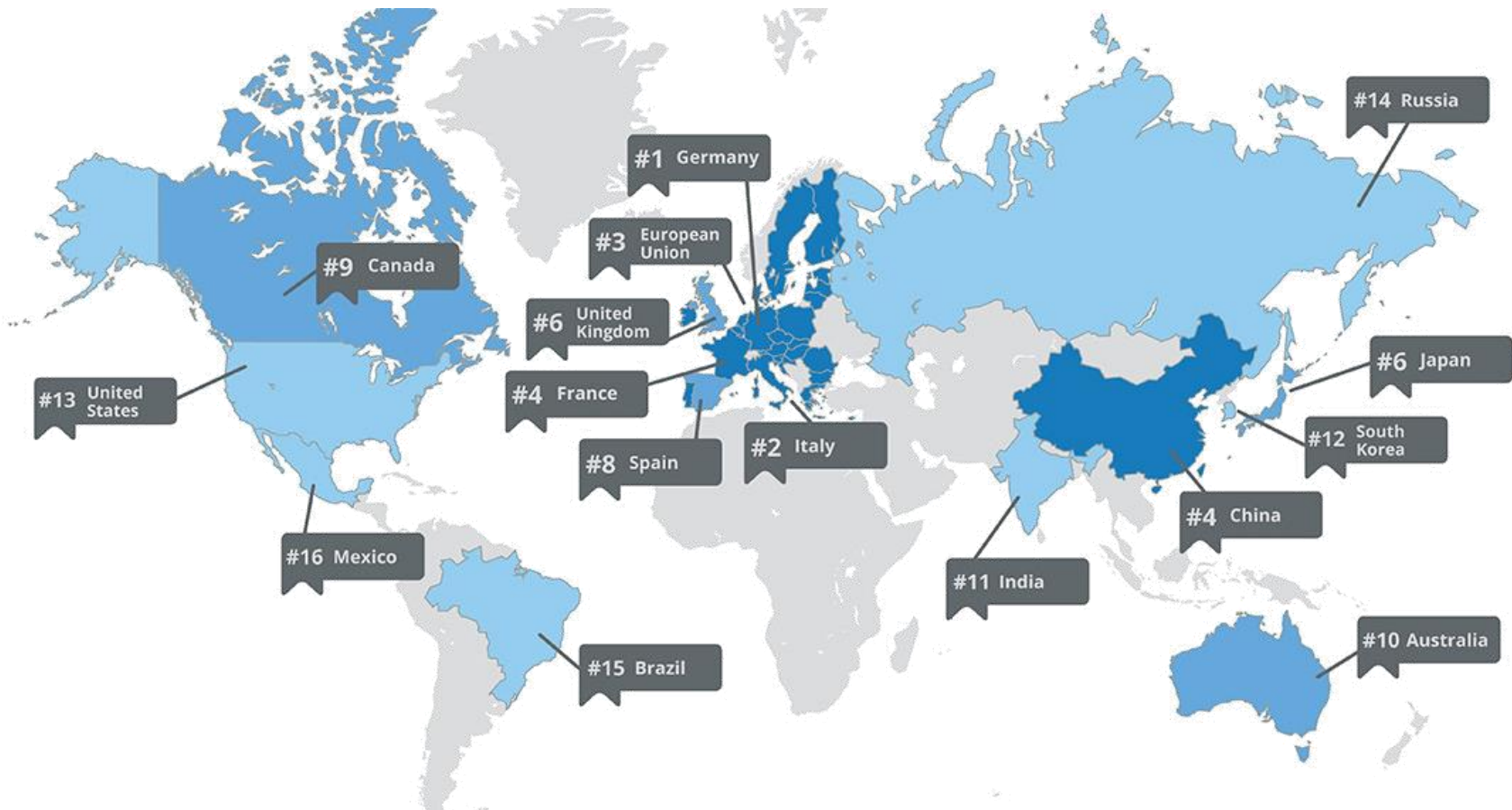
CASE STUDY: ICP CANADA

CONTACT: FOR MORE INFORMATION

CONTEXT

THE CANADIAN OPPORTUNITY

CANADA IN THE WORLD





Canada is still in the early days of EE financing:

0 Green Banks at the provincial or federal level (yet)

1 province issuing green bonds
(+ federal via EDC)

75% of Canadians have never used EE rebate programs
or had an audit done

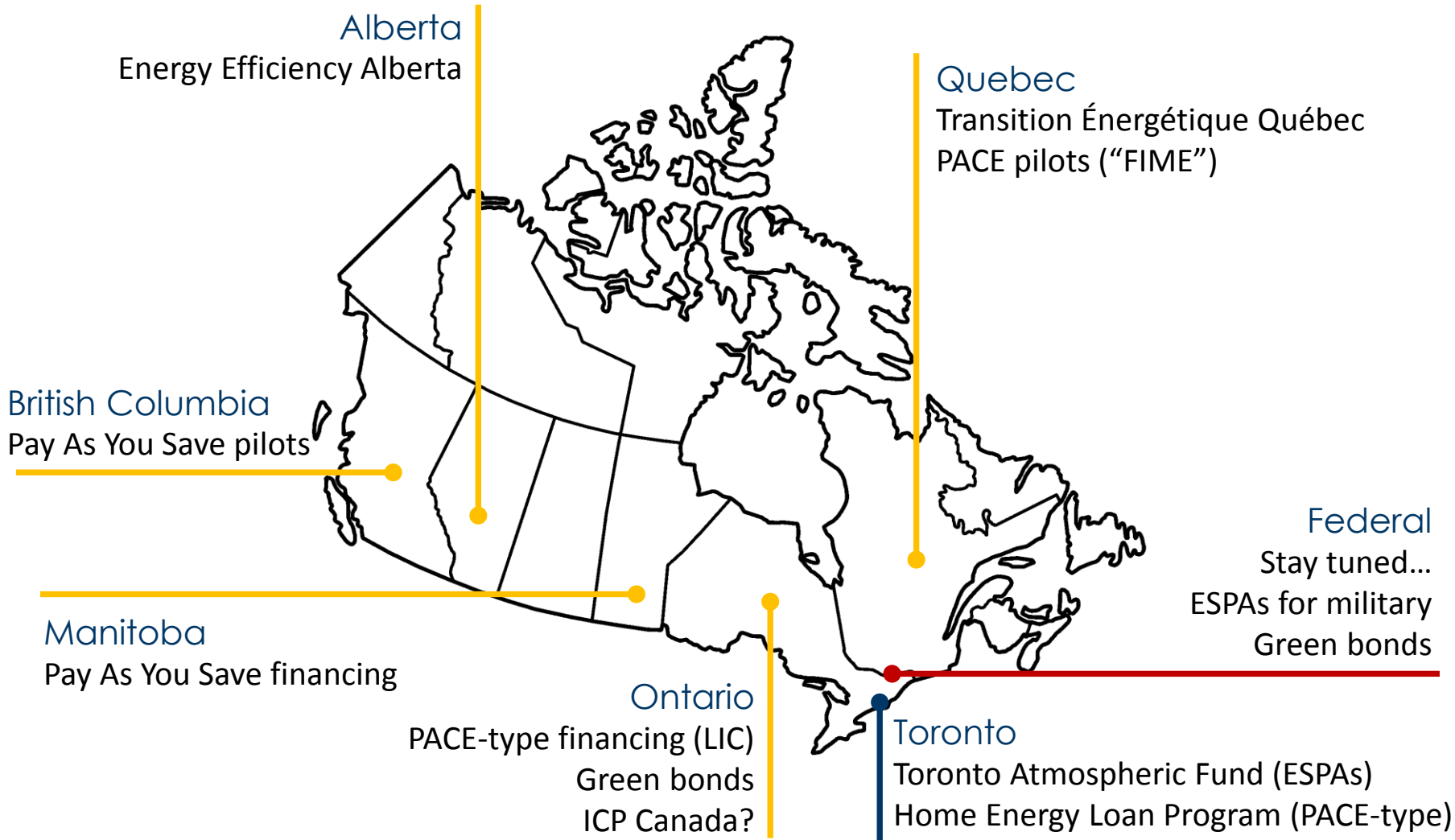
62% of Canadian businesses have never used EE rebate
or financing programs

But there is significant movement—**let's take a look.**

KEY INITIATIVES

UPDATES FROM SELECT JURISDICTIONS

POLITICAL MOMENTUM



CASE STUDY

ICP CANADA



OVERVIEW



ICP reduces transaction costs by assembling **existing standards** and **practices** into a consistent and transparent process that promotes efficient markets by increasing confidence in energy efficiency as a demand-side resource.

ENERGY PERFORMANCE PROTOCOLS

- Creates **standardized projects** with reliable returns
- Leverages existing standards (e.g. ASTM-BEPA, ASHRAE Guideline 14, EVO-IPMVP)
- ICP Project Development Specification
- Large, standard, or targeted commercial or multi-family buildings

CREDENTIALING SYSTEM

- Uses credentialed Project Developers (originator), Software Providers, and **third-party** credentialed Quality Assurance providers

QUALITY ASSURANCE SYSTEM

- Implemented by credentialed QA providers, with standard ICP QA tools

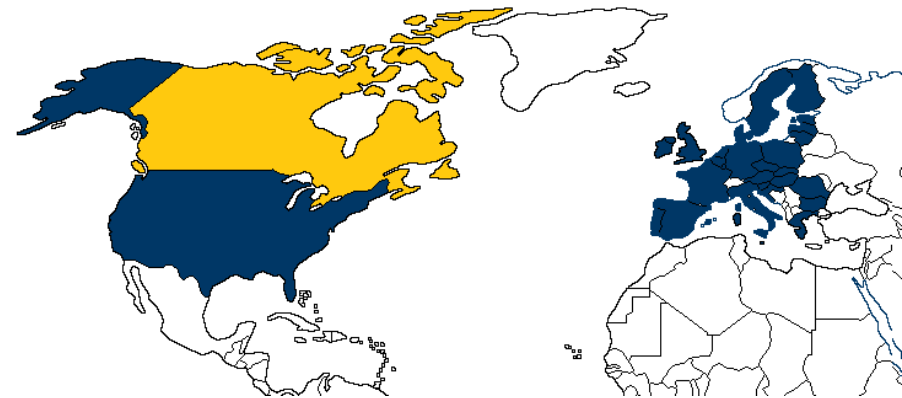




In partnership with MaRS Discovery District, we explored key elements of a potential ICP Canada:

1. Market need
2. Technical fit
3. Administrative model

We also consulted the retrofit industry, in a bid to gather feedback and gauge interest.



MARKET NEED: CLEARING BARRIERS



BARRIERS	INVESTOR CONFIDENCE PROJECT	Project Financing (e.g. OBR)	Affordable Capital / De-Risk	Valuing Retrofits in Market
Building owners' knowledge/desire		●		✓
Budget priorities or competition		✓	●	●
Each building is uniquely complex	✓			●
Savings/energy prices uncertainty	✓	●		
Access to capital	●	✓	●	●
Return on capital/extended payback	●	●	✓	
Transaction size and cost	✓	●		
Poor audit and retrofit quality	✓			●
Split incentive (leases, MURBs)	●	✓		●
	✓	Addresses head on	●	Contributes



Overall, ICP tools can be adapted to Canada:

- The ICP Protocols are built on guidelines and credentials that are commonly used in the Canadian building industry
- The Canadian and US construction industries are largely integrated

There are some differences to keep in mind:

- Building codes
- Financial institution risk tolerances and standards
- Government incentives





Canada is no stranger to joint Canada-US certifications:



Establishing ICP Canada would require the following bodies:

- **Steering Committee**
- **Administration**
- **ICP Certification Provider / Credentialing**
- **Technical Committee**



MARKET NEED



TECHNICAL FIT



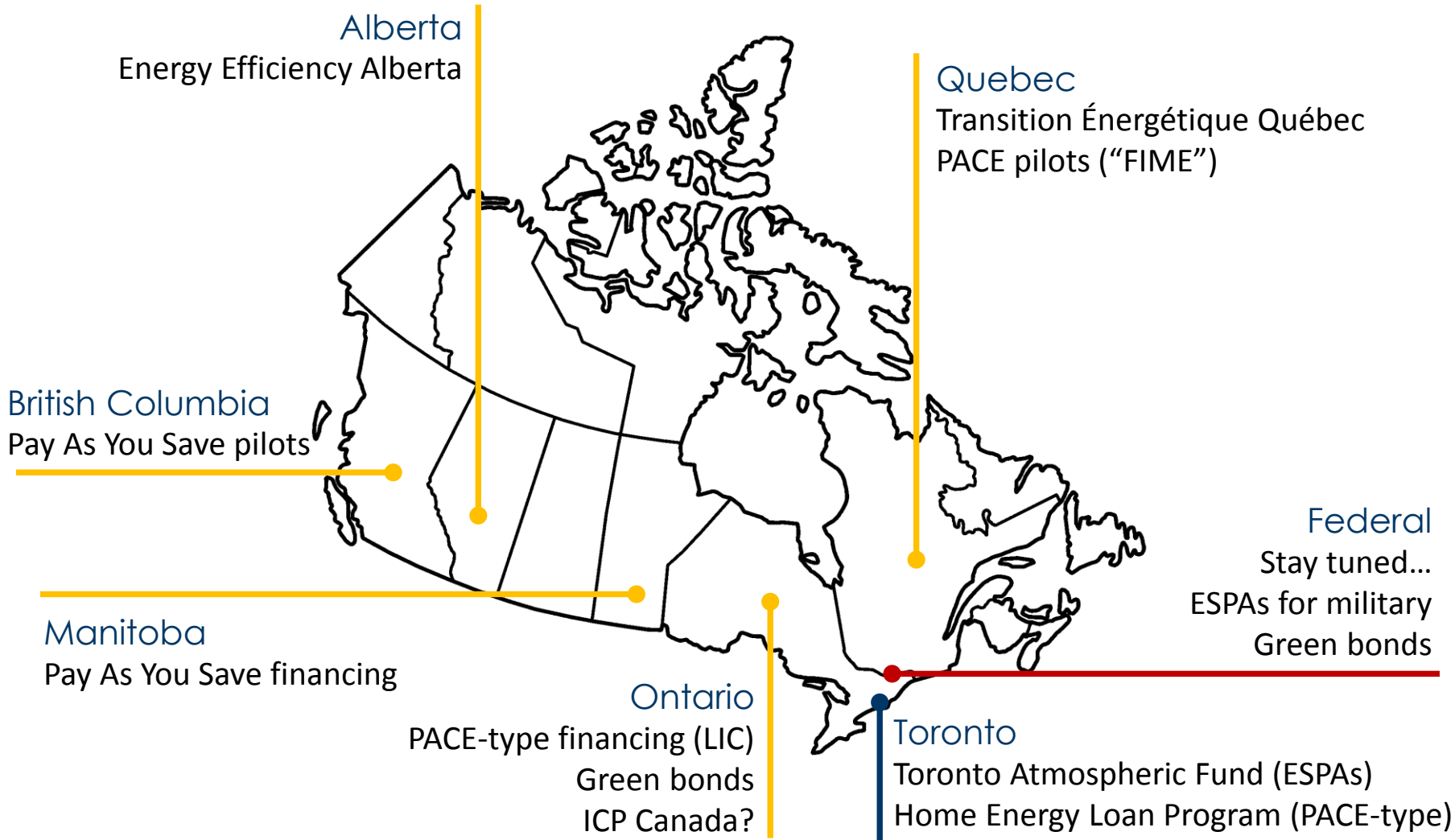
ADMINISTRATIVE FIT



Next steps include: 1) stakeholder specific messaging; 2) identifying champions; 3) pilot program; 4) national roll-out.

RECAP

POLITICAL MOMENTUM



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APPENDIX



MARKET NEED

- Can ICP help access untapped EE retrofit potential?
- Will ICP support a transformation of Canada's EE market?
- How does ICP provide value to investors?

TECHNICAL FIT

- Do certifications and guidelines fit the Canadian retrofit industry?
- What additional Canadian tools or guidelines are available?
- Is a full Canadian version needed or just an addendum to the US version?

ADMINISTRATION

- Who can act as the champions to bring ICP to Canada and generate support?
- How can ICP Canada best be administered in cooperation with ICP US?



ICP Canada would **complement** other market transformation activities currently under development in Canada:

MARKET TRANSFORMATION INITIATIVE	ICP SUPPORT
Preferential tax treatment	Provide eligibility criteria
Mandatory upgrades & performance reporting	Build confidence on performance reporting underpinning mandatory upgrade
QA for project financing (e.g. MEETS, OBF)	Solid, standardized QA protocol
De-risking tools	Reduce cost of energy savings insurance



Canadian industries saw the benefit in ICP Canada:

INDUSTRY	FEATURE	ICP SUPPORT
Utilities	May offer innovative finance and incentives	Supports project financing (off balance sheet)
Small commercial	Need support to develop EE retrofits	May increase investor confidence in SMB retrofits
Large property holders	Own QA/QC for retrofits	Standardizes RFP process
MUSH / Government	Need to get beyond capital projects	Supports EE retrofits on operating budgets
EE service providers	Hold key credentials	Values industry credentials



MARKET NEED

- ICP Canada will need to demonstrate its value to financial industry
- **Likely the make-or-break factor**

TECHNICAL FIT

- Standards and credentials are applied commonly in Canada and US
- A Canadian addendum to current ICP Protocols should suffice

ADMINISTRATION

- Examples of shared US-Canada standards are abundant
- Canadian based credentialing and certification likely needed
- Canadian Technical committee can adapt US version

Next steps include: 1) stakeholder specific messaging; 2) identifying champions; 3) pilot in Ontario; 4) national roll-out.