

Item No. 10.1.8
Halifax Regional Council
March 20, 2012
April 17, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: February 15, 2012

SUBJECT: By-Law S-500, Respecting Charges for Solar City Program

ORIGIN

- October 25, 2010, Energy and Underground Services Committee: Community Solar Project
- November 2, 2010, Regional Council Recommendation: Community Solar Project
- February 8, 2011, Regional Council Recommendation Report: Community Solar Project
- September 8, 2011, Environment and Sustainability Committee Info Report: Contractual Update
- December 13, 2011, Regional Council: Solar City
- November 2010 Provincial Legislation Amendment to Halifax Charter enabling Solar City Financing
- February 6, 2012 Environment and Sustainability Committee motion on bylaw development

RECOMMENDATION

It is recommended that Halifax Regional Council give first reading to proposed By-Law S-500 Respecting Charges for Solar City Program as per Attachment One and schedule a public hearing.

BACKGROUND

During the sitting of Assembly 61, Session 2 of the Legislature, the Province of Nova Scotia passed an amendment to the Halifax Regional Municipality Charter “that authorizes Halifax Regional Municipality to install solar panels and other energy-efficiency equipment on private property with the consent of the owner and to pass a by-law respecting the recovery of the cost from the owner.”

This proposed By-Law S-500 will put that enabled authority into effect and is required to secure any loans against the property similar to HRM Local Improvement Charges.

DISCUSSION

In December 2011, Regional Council approved the issuance of the solicitation for the Solar City project to enable the completion of the final financial model and risk analysis. On February 14, 2012 the Request for Proposals for the supply and installation of solar collectors closed. The RFP is essential for staff to complete the financial model and risk analysis required prior to preparing a final recommendation to Regional Council. It will provide the outstanding project costs and identify the contract and risk management issues that staff must investigate. It is anticipated that staff will return to Regional Council with a recommendation report in April 2012.

Principles adopted in February 2011 for developing a viable HRM Financial and Business Model:

- User pay;
- No costs borne by general taxpayer;
- Financially self-sustaining;
- Priced such that there is a reasonable contribution to either the Energy Efficiency or Sustainable Communities Reserve to act as seed money for future projects and act as a risk reserve;
- Priced such that the energy savings justify the homeowner's annual payment over a reasonable and acceptable term;
- That overhead/administrative costs are fully recaptured;
- That HRM is successful in an application to the FCM Green Municipal Fund (GMF) for a \$5 million low interest loan and an additional grant, or comparable from another funding agency;
- That HRM is successful in securing minimum grants and rebates required to provide a viable business model; and
- The supply price received from vendors is within the range needed to make the program financially viable.

The current anticipated timeline for the project is:

Items Completed

- November 2010: Regional Council directed staff to look at the Solar City concept;
- December 2010: Consultation, Province of Nova Scotia Adopted Enabling Legislation;
- February 2011: Staff presented results of Consultation, initial Business Model and Regional Council approves guiding principle;
- May 2011: An Industry Expression of Interest was issued, and over the summer staff held several joint collaborative industry meetings; and
- September 2011: E&S Committee updates on Solar City developments (financing, industry).
- November 2011: Launch RFP procurement for Industry partners (suppliers/installers/ 3rd party quality control);

Items to be Completed

- Secure financing partner commitments (imminent for completion);
- April 2012: HRM Regional Council award of contracts to vendors and approves updated Business Model;
- May 2012: Industry and HRM ramp up of program and initiates screening criteria;
- June 2012: Suitable installations commence and homeowners sign agreements;
- Summer 2013: Pilot program assessment reported to HRM Regional Council; and
- Fall 2013: Pilot program installations completed.

The process to put a bylaw into effect takes several months. Staff is recommending this process commence now. This will ensure, should HRM Council decide to proceed with Solar City initiative, that there will not be a delay in the program due to the formal process of adopting a bylaw.

By-Law S-500 would enable the municipality to:

1. levy the related cost, including financing costs, for an installed solar domestic hot water system on the property owner; and
2. secure that levy with a lien similar to local improvement charges.

It should be noted that moving forward with By-Law S-500 does not commit Regional Council to the implementation of the Solar City Program. There is no risk in initiating this By-Law.

BUDGET IMPLICATIONS

There are no budget implications to the 2011/12 or 2012/13 Operating or Project Budgets of Halifax Regional Municipality arising from the adoption of the bylaw. The staff time and minimal costs (ie public notifications) to complete the enacting of By-Law S-500 will be covered from Energy and Environment Cost Centre D935.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

Prior to the development of the Solar City Project, staff completed a community engagement process which resulted in excess of 1,600 people signing up for the project. The overview of the Community Engagement is available in previous reports.

ALTERNATIVES

Regional Council may wish to defer this recommendation to the final recommendation on Solar City. This is not recommended as the delay would impede a potential 2012 start for installations.

ATTACHMENTS

Attachment One: Draft By-Law S-500, Respecting Charges for Solar City Program

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Approved by: Original Signed by Director
M.E. Donovan, Q.C., Director, Legal Services, 490-4226

Halifax Regional Municipality

By-Law Number S-500

Respecting Charges for Solar City Program

Be It Enacted by the Council of the Halifax Regional Municipality as follows:

Short Title

1. This by-law shall be known as By-Law S-500 and may be cited as the Solar City by-law.

Definitions

2. "Solar Collector" means any device to convert solar energy to useful thermal air energy, thermal water energy or electric energy.

Charge Imposed

3. Where a solar collector system has been constructed, installed, improved, operated or maintained on a property the owner of which signed a Solar City Customer Agreement, a solar collector improvement tax is hereby levied upon the property.

Amount of Charge

4. The amount of tax levied pursuant to section 3 shall be determined in accordance with the provisions of this by-law and shall be calculated based on:
 - (a) the size of the system installed with a uniform rate being applied for each size; and
 - (b) the system options chosen by the Solar City customer.

Solar City Program Charges

5.
 - (1) The Engineer shall submit to the Treasurer a copy of the signed Solar City Customer Agreement and certification of the completion of the solar collector system installation.
 - (2) The solar collector improvement tax shall be calculated on the basis of the total cost of the project less any federal, provincial

or other funding.

- (3) Payment of solar collector improvement tax shall commence at substantial project completion.
 - (4) Where in any assessment list prepared pursuant to this section, a property has been omitted by error or has been assessed in error or has been assessed for a solar improvement tax for a greater amount or a lesser amount than the property should have been assessed, the Engineer may at any time amend the assessment list to correct the error and adjust the assessment.
6. The Treasurer shall keep a separate account of all monies due for solar collector improvement tax levied pursuant to this by-law and the account shall contain:
- (a) the names of the owners of properties liable for a solar collector improvement tax;
 - (b) the amount due with respect to each property; and
 - (c) the amount paid with respect to each property.

Lien

7. (1) A charge imposed pursuant to this by-law constitutes a lien upon the property with respect to which the solar collector improvement tax has been levied in the same manner and with the same effect as rates and taxes under the Assessment Act.
- (2) A charge imposed pursuant to this by-law is collectable in the same manner as rates and taxes under the Assessment Act and at the option of the Treasurer is collectable at the same time and by the same proceedings as are rates and taxes.
- (3) The lien provided for in this by-law shall become effective on the date on which the Engineer files with the Treasurer a certificate that the improvement has been completed.
- (4) The lien provided for in this by-law shall remain in effect until the charge plus interest has been paid in full.

Interest

8. Interest shall accrue on charges outstanding from the date of billing at a rate equal to the project's financing cost, as

indicated on the Solar City customer agreement, on the date that notification of the solar collector improvement is issued by the Treasurer.

Installments

9. The amount payable may, at the option of the owner of the Property, be paid in equal annual installments over a period not exceeding ten years and the balance becomes due and payable in case of default of payment of an installment.

Done and passed by Council this xx day of XXX, A.D., 2012.

Mayor Peter J. Kelly

Municipal Clerk Cathy Mellet

I, Cathy Mellet, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above-noted by-law was passed at a meeting of the Halifax Regional Council held on xxx, 2012.

Cathy Mellet
Cathy Mellet, Municipal Clerk

Notice of Motion:

February xx, 2012

First Reading:

"Notice of Intent" Publication:

Second Reading:

Third Reading:

Approval of Minister of Housing & Municipal Affairs

Effective Date:
