

January 21, 2019

Expert Panel on Sustainable Finance
Environment and Climate Change Canada
Public Inquiries Centre
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Re: Expert Panel on Sustainable Finance Interim Report

Dear Expert Panel Members,

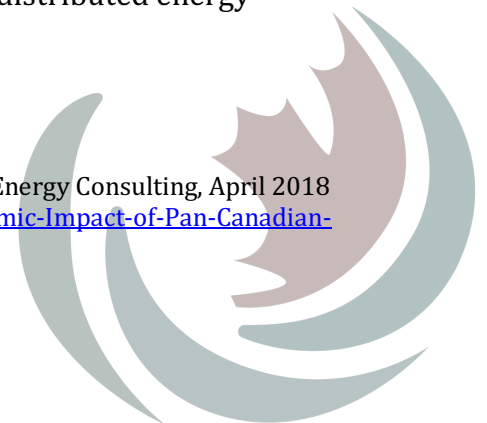
Efficiency Canada is the national voice for an energy efficient economy, based out of Carleton University's Sustainable Energy Research Centre. Efficiency Canada focuses on advocacy and research on policy changes that will make our country a global leader, convening people from across the country to strengthen the energy efficiency sector, and communicating the multiple benefits of reducing energy demand.

We strongly support the Expert Panel's prioritization of "Energy Efficiency and Resiliency Retrofits" in its Interim Report. As noted by the Panel, energy efficiency provides a large investment opportunity in the hundreds of billions of dollars.

We further note that improving energy efficiency can have a significant positive economic impact, from both the initial economic activity resulting from building upgrades and because homeowners and businesses will save money that can be more productively invested within Canada. A macroeconomic modeling study conducted for Efficiency Canada estimated that implementing the energy efficiency elements in the Pan-Canadian Framework would provide a 1% boost to GDP and create 118,000 annual jobs, on average, between now and 2030.¹

To realize these opportunities there is a need for federal government leadership in overcoming a number of barriers. These barriers include the financial sector's lack of familiarity with the financial returns from energy efficiency investments. Efficiency is currently not recognized as a "asset class" with known rates of return and common standards. The small scale of individual energy efficiency and distributed energy projects can also dissuade investors.

¹ The Economic Impact of Improved Energy Efficiency in Canada, Dunsky Energy Consulting, April 2018
<https://www.energycanada.org/wp-content/uploads/2018/04/Economic-Impact-of-Pan-Canadian-Framework-Energy-Efficiency.pdf>



We strongly support the Interim Report's suggestion for "centralized platform for facilitation of public/private partnerships", similar to "Green Banks" created in other jurisdictions. An institution dedicated to promoting energy efficiency and distributed energy finance would work towards creating the basic building blocks of a well-functioning market. These include:

- 1) **Building confidence** in energy efficiency through co-investment and credit enhancement strategies. By taking on some of the initial risks, public funds can leverage private capital, while giving financiers experience and financially relevant information on investment opportunities.
- 2) **Diffusing common standards** and protocols for measurement, verification, and reporting of energy savings by making them a criteria within public/private partnerships. This will help promote initiatives such as the Investor Confidence Project.
- 3) **Building scale** by warehousing, aggregating and securitizing efficiency projects into larger portfolios that attract private investors.

Other jurisdictions are showing that public sector leadership attracts private sector capital into markets that also promote sustainability. For example, the Connecticut Green bank moved from a private/public leverage ratio of 3:1 to 8:1 over six years.²

We wish to further emphasize that a robust energy efficiency service delivery infrastructure and ongoing federal and provincial policy initiatives provide "foundational elements" for sustainable finance. Policies that improve codes and standards for new and existing buildings and home energy labeling help create the market demands needed to attract private finance. In addition, a robust efficiency program delivery infrastructure encompassing organizations such as utilities, agencies, and training institutions provides the technical and market expertise needed to complement financing initiatives.

We look forward to the final report. Please be in contact if we can provide further support.

Sincerely Yours,



Brendan Haley
Policy Director

² BlumShapiro 2017, Comprehensive Annual Financial Report of the Connecticut Green Bank.

