

**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 7, 2018**

SUBJECT 2017 CRD Energy Step Code Program Update

ISSUE

To provide an update on the 2017 Capital Regional District (CRD) Energy Step Code program.

BACKGROUND

The BC Energy Step Code came into effect April 11, 2017. This technical regulation is a voluntary compliance path within the BC Building Code (Subsections 9.36.6. and 10.2.3. of Division B). It establishes progressive performance steps for new construction projects to take toward the target of net-zero-energy-ready buildings by 2032 from the current energy-efficiency requirements in the BC Building Code.

Building owners may voluntarily build to the requirements in the BC Energy Step Code. As of December 15, 2017, local governments can choose to require or encourage builders to meet one or more steps of the BC Energy Step Code as an alternative to the BC Building Code's prescriptive requirements. Local governments choosing to establish the BC Energy Step Code in their communities may select from a broad spectrum of policy tools that raise awareness, provide incentives, institute bylaw requirements, remove barriers to energy efficient building or demonstrate leadership. Each jurisdiction can select the tools most suitable to its community.

The BC Energy Step Code only applies to new construction of the following building types:

- Residential buildings (Part 9) – province-wide.
- Multi-unit residential and commercial buildings (Part 3) – only in climate zone 4 (e.g. lower Mainland, southern Vancouver Island and southern Okanagan).

The BC Energy Step Code Council (ESCC), comprised of builders, developers, governments, utilities and professional associations, and chaired by the provincial Building and Safety Standards Branch, developed the Step Code and is overseeing its implementation. Several publicly available education and research resources have been made available to support local governments, including a best practices guide.

The CRD Climate Action Program supports regional climate action efforts, in part, through research, education, capacity building and regional coordination activities. Aligning with actions identified in the CRD Regional Climate Action Strategy, the CRD received supportive funding from the BC Hydro Sustainable Communities Program to educate and engage local governments in the capital region on the BC Energy Step Code, to initially collect building industry feedback, and to collaborate with other local governments on the delivery of consistent industry (e.g. builder, realtor) education over the fall of 2017. Utilizing ESCC resources, staff worked with the CRD Climate Action Inter-Municipal Working Group (IMWG) to plan and execute the program.

A list of 2017 program activities and a summary of key program findings is attached as Appendix A. Appendix B includes the detailed building industry feedback and Appendix C provides the outcomes and regional opportunities identified during the municipal and realtor workshops. The CRD Board recently received letters from local builders' associations regarding implementation of the BC Energy Step Code. These letters can be found in Appendix D.

ALTERNATIVES

Alternative 1

That the Environmental Services Committee recommend to the CRD Board:

That this report be forwarded to municipal councils, the Electoral Area Services Committee and the Planning and Protective Services Committee for information.

Alternative 2

That this report be referred back to staff for further information.

ENVIRONMENTAL IMPLICATIONS

Buildings account for more than a third of regional greenhouse gas emissions. In conjunction with retrofit programs for existing buildings, the BC Energy Step Code supports regional and local government energy conservation and greenhouse gas reduction goals, especially in new homes that are likely to be heated with natural gas.

INTERGOVERNMENTAL IMPLICATIONS

The BC Energy Step Code applies to the same jurisdictions as the BC Building Code and does not apply to construction on First Nations or federal land.

Authority to implement the BC Energy Step Code for CRD Electoral Areas (Southern Gulf Islands, Salt Spring Island and Juan de Fuca) falls within the jurisdiction of the Electoral Areas Services Committee.

In January 2018, the City of Victoria and the District of Saanich endorsed a plan to further co-engage industry on a proposed Energy Step Code implementation approach for their communities. Beginning in February 2018, engagement will focus on a potential community-wide adoption of Step 1 for late 2018, then to Step 2 or 3 (depending on building type) in early 2020, and associated rebate program(s).

FINANCIAL IMPLICATIONS

The ESCC commissioned the BC Energy Step Code 2017 Metrics Research Study—also known as the “costing study” - based on a comprehensive analysis of data generated by energy modellers and builders from all across BC. The research shows that in most situations, builders can achieve the lower steps for less than a two percent premium above that of a home built to the

requirements of the BC Building Code. Some construction premiums mentioned in the media and other sources are much higher than those reported in this costing study. Further analysis is underway to understand the discrepancy between these values. In addition, new building users and owners would likely see a reduction in their operating and energy costs.

CONCLUSIONS

The BC Energy Step Code is currently a set of voluntary standards that local governments can choose to require or encourage builders to meet one or more steps as an alternative to the BC Building Code's prescriptive requirements. The CRD recently undertook a program to educate and engage local governments in the capital region on the BC Energy Step Code, to collect industry feedback and collaborate with other local governments on the delivery of consistent education. Local governments within the region may use this information to inform their own programming and policies.

RECOMMENDATION

That the Environmental Services Committee recommend to the Capital Regional District Board:

That this report be forwarded to municipal councils, the Electoral Area Services Committee and the Planning and Protective Services Committee for information.

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Attachments: Appendix A – 2017 CRD Energy Step Code Program Activities and Key Findings
Appendix B – Fall 2017 Capital Region Building Industry Engagement Summary
Appendix C – Project Report: CRD BC Energy Step Code Education Program
Appendix D – Correspondence (2)