

2009: B5

**MEMORANDUM TO:** Directors of Education

**FROM:** Nancy Naylor  
Assistant Deputy Minister

**DATE:** April 24, 2009

**SUBJECT:** Energy Efficient Schools Funding

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I am pleased to write today to provide more details on the April 21, 2009, announcement of a \$550 million investment to improve the energy efficiency of Ontario schools.

This new funding is intended to be used by boards to create environmentally friendly learning spaces, to reduce energy use, and to reduce greenhouse gas emissions. The initiative is also intended to support school boards in spending the investment in the next two years to provide stimulus to local economies in Ontario.

The purpose of this memo is to outline the major components of the program and the two-year allocations for school boards. Funding will begin to flow this spring and an SB-memo will follow in the coming weeks with details regarding how and when the payments to boards will be made and reporting requirements.

### Overview

Many school boards have made progress in reducing energy use in their facilities and have multi-year energy management plans to support this work. It is expected that these plans are being strengthened as boards review the leading practices identified through the Operational Reviews, including the purchase of energy efficient products; the centralized management of energy use; and the tracking of energy consumption at the school level. Boards have been upgrading key building components through renewal and Good Places to Learn funding. Many boards have also been addressing under-utilized schools through accommodation reviews.

### Energy Initiatives Underway

The Ministry has recently created a new Energy Conservation Officer position to work collaboratively with school boards to assist in meeting the requirements of the Green Energy Act; to identify and promote leading practices; to investigate the costs and benefits of renewable energy; and to provide technical support to school boards. The Ministry has also created, in collaboration with the Ontario Power Authority, an Incentive Programs Advisor position to help boards access energy incentive programs.

The Ministry is facilitating the creation of a utility consumption database which will collect data on every electricity and natural gas account for every school and administrative site. The database will provide the Ministry and the sector with the data required to support comprehensive energy management plans, including informed benchmarks and targets.

The Ministry recently announced the Green Schools Pilot Initiative, which will support pilot projects for boards to purchase, demonstrate and test green products and technologies to incorporate into school capital construction projects (Memorandum 2009 SB:14).

These initiatives will provide support to boards as they plan and carry out new capital investments in energy efficiency. In turn, the capital investments will assist boards in implementing their energy management plans.

### **Program Components and Allocations**

The Energy Efficient Schools investment is divided into four components that address a range of actions that boards can take to reduce their energy use.

#### **1. \$25 million - Investments in Operational Efficiency – Operating**

This funding will support the procurement of energy audits and studies and the installation of some non-depreciable energy efficient equipment.

Boards may use the funding to conduct intensive energy audits of high energy consumption schools or to procure other studies that would assist the board in reducing energy consumption. This research is intended to support boards in identifying capital projects that will produce significant energy savings.

Boards may also use the funding to purchase technology that reduces energy use, such as:

- energy controls for vending machines;
- energy controls for computer terminals;
- occupancy sensors;
- thermostats; and
- LED exit lights.

Eligible technology purchases are those that do not meet the Tangible Capital Asset Guideline (<http://tpfr.edu.gov.on.ca/CAImplementation.htm>) for capitalization and are items that generally cost less than \$5,000. Boards are asked to make these investments by August 31, 2009 in order to meet the program's timelines. Timely completion of these projects will also prepare boards to begin making the other investments of this program in the summer and fall of 2009.

Funding is allocated based on the number of schools in a board. (Based on schools identified by the School Foundation Grant that are open with enrolment in 2008-09, excluding schools that have been funded under the Prohibitive-to-Repair program.) Boards can use this funding on any school or to support board-wide initiatives. Please see the board-by-board allocation in Appendix A.

#### **2. \$75 million - Investments in Operational Efficiency – Small Equipment**

This funding will support the installation of small equipment designed to improve a board's ability to monitor, control and reduce energy use in schools and strengthen multi-year energy management plans.

Qualifying equipment are assets that can be depreciated consistent with the Tangible Capital Asset Guideline. Examples include:

- interval meters;
- new lighting systems – T-8 and electronic ballasts, new fixtures, LED exit lights, sodium or fluorescent tubes, reflectors;
- automation systems;
- portable controls – heating and lighting;
- kitchen hood demand ventilation system;
- energy management systems;
- ultrasonic humidifiers; and
- variable frequency drive mechanical control systems.

These types of investments can bring energy savings to all kinds of schools. The projects undertaken with funding for this component should have a depreciable life typically between 5 and 15 years.

Funding is allocated based on the number of schools in a board, as above. Boards can use this funding on any school or to support board-wide initiatives and it is expected that some work will begin prior to August 31, 2009. Please see the attached board-by-board allocation in Appendix A.

### 3. \$300 million – Renewal of Major Building Components

This funding will support the replacement, renewal and installation of energy efficient building components such as HVAC systems, boilers and windows.

The Ministry has identified the eligible building components in more detail based on the building component list used in ReCAPP, which is familiar to all boards. The eligible components are those that can have a significant impact on energy use. The list is attached as Appendix B.

Boards are expected to use this funding in schools that are among the boards' above-average energy users and are anticipated to be open and operating for at least ten years. It is expected that some work will begin prior to August 31, 2009.

Funding is allocated based on the number of schools in a board, as above, but schools built on or after 2005 are excluded since their major building components should not yet require replacement or renewal. The Geographic Adjustment Factor is applied to this component. Please see the board-by-board allocation in Appendix A.

### 4. \$150 million – Renovations and Retrofits of Existing Schools

This funding supports the renovation of existing schools to accommodate students currently learning in portables and under-utilized schools, and to provide funding to right-size schools to better meet their long-term enrolment needs. This will enable boards to reduce their energy use by moving students into more energy efficient space and by shedding underutilized space.

Eligible projects will be selected from among the existing Capital Priorities that school

boards submitted for funding consideration, as per Memorandum 2008 B:12. This will enable the funds to be allocated as quickly as possible, while ensuring that energy projects are also priority projects for boards.

Eligible projects may include:

- An addition to a school that results in the elimination of portable classrooms and results in a decrease in energy use; or,
- An addition/renovation to a school that results in a net reduction in permanent space.

Projects are being considered for funding only if they can be completed by the fall of 2011. Boards with eligible projects will be contacted directly by the Ministry prior to the approval of funding. Projects will be expected to be built to Ministry benchmarks, which include the 7 percent increase in 2008 to reflect higher costs and green building standards.

Allocations will be based on Ministry benchmarks, including the Geographic Adjustment Factor, and will be announced this spring. Further information will be provided to boards on the key project milestones that will need to be reported to support the flow of funding for these projects.

Please note that boards are still eligible for the approval of projects through the Capital Priorities program, which will be announced this spring.

### **Payments and Reporting**

Funding will be flowed to boards as capital grants through a transfer payment (TP) agreement as part of the new master TP agreement between the Ministry and school boards. The bulk of funding is being allocated over two government fiscal years, 2009-10 and 2010-11, and boards will be expected to begin working on projects in the spring and summer of 2009.

As part of the TP agreement, boards will be expected to report on the use of this funding. More information will be provided in the coming weeks regarding reporting and how and when the funding will flow.

### **Measuring Energy Savings**

School boards will be expected to report to the Ministry on the impact on energy use of the projects supported by this investment. Because many boards do not currently have the ability to measure the energy use of individual schools, the Ministry will work with boards to determine how to provide the best measure of energy consumption before and after the completion of projects.

In the meantime, boards should ensure that they have baseline data on the energy consumption of their schools, particularly those where they anticipate making significant investments, by working with local utilities and by installing an interval meter (which can be purchased as part of this investment).

## Ministry Contact

We will be communicating with boards in the coming weeks with more information regarding payment and reporting. If you have any questions regarding the information in this memo, please contact:

Nancy Whynot, Director, Capital Programs Branch, at 416-325-4030 or at [nancy.whynot@ontario.ca](mailto:nancy.whynot@ontario.ca)

Sincerely,



Nancy Naylor  
Assistant Deputy Minister

Copy: Superintendents of Business and Finance