

The 2022 Prince Edward Island Policy Hackathon: A Report On My Experience

By: Caitlin Audas

IST6210

Every year, the Government of Prince Edward Island hosts a Policy Hackathon for members of the civil service and a few University of Prince Edward Island students. Through this experience, participants take part in Professional Development classes and are divided into teams to resolve unique policy issues. This year, I was part of a team where we were tasked with resolving the issue of equitable decarbonization between landlords and tenants. As a team, we had to come up with recommendations for how to tackle this problem and write an Executive Cabinet Memo (ECM). We then had to pitch our ideas to a panel of judges who would decide which team was the ultimate winner of the Hackathon.

As a team, we researched our topic and learned about what other jurisdictions were doing, both in Canada and around the world. We came up with a few solutions, but ultimately concluded that the most effective solution for PEI would be a progressive ban on home heating with fossil fuels. To make this equitable for landlords and tenants, we decided that in addition to the ban it would be necessary to make changes to current incentive programs to benefit landlords and create a tax credit to benefit tenants. The team also decided to focus on the finances of this plan because we all knew that it would likely be incredibly expensive.

We began with doing research around our topic and focused in pretty immediately on trying to discern what was being done in other jurisdictions in terms of regulations on multi-unit residential buildings (MURBs), the use of renewable energy sources and incentives for landlords and tenants to use clean energy. We decided to divide the work geographically with one member working on the United States and Europe and another member focused on Asia and Australia. Myself and one team member split looking into the Canadian provinces. I researched the Territories, British Columbia, Alberta, Saskatchewan, Manitoba and Quebec as well as any initiatives from the Federal Government.

We were trying to find any initiatives proposed by government that would make decarbonization something that both landlords and tenants were involved in. We dove deeper into the incentives offered on PEI, since those would be the incentives we would have to eliminate or amend in our proposal. Many of the sources for this were from the Government of PEI website directly. We focused primarily on amending the Energy Efficient Equipment Rebate so this webpage became frequently visited.

In terms of my specific research I found that the Government of Canada has a program designed to financially support renewable energy and grid modernization projects which aim to replace the use of fossil fuels with the use of renewable sources of electricity. The *Smart Renewables and Electrification Pathways Program* helps communities to acquire knowledge and tools to develop renewable energy and to modernize their grids, both of which are things that PEI needs in order to support decarbonization.

In terms of research into British Columbia, I found a report by LandlordBC, *Electrification of Multi-Unit Residential Buildings*, which discussed precisely the topic of our policy recommendations. This report found that many landlords were interested in transferring utility costs to tenants once their buildings are no longer powered by fossil fuels, however there are systemic barriers in place in B.C. which limit their ability to do so (p.13, 2021). The report noted that there are a few different way to transition these utility costs to tenants, either through retrofitting units only on tenant turnover or through revising rental agreements in a fair and equitable way (p.13, 2021).

Similarly, in Alberta, the government recommends that landlords install sub-metres in their buildings to allow tenants to pay for their own utilities. They suggest that having sub-metres allows tenants to pay for the energy they actually use and to benefit from their own energy conservation efforts (Sub-meters for rental units, 2022).

In Quebec, the installation of heating equipment which uses oil and gas was prohibited as of December 31st 2021 (Boily, 2021). By December 31st 2023 it will also be prohibited to replace or install a new oil or gas furnace in all existing residential buildings (*ibid*). This legislation drove our own confidence in our recommendation since

it is already being done in a province that appears to be leading in terms of decarbonization initiatives.

What was personally frustrating for me in terms of research was the lack of accessible information about this topic from different governments. I mention the Federal Government, the Albertan Government, the Quebec Government and the British Columbian Government primarily because those were the three with the most accessible, logical websites and information. In terms of Saskatchewan and Manitoba, their websites were either not as accessible, or were just lacking the information. In this competition we did not have months to conduct research, so if information was difficult to find we just moved on to the next topic. It is possible that these governments do have initiatives in place for MURBs or have policies or suggestions that could have been useful, they were just too difficult to find in a timely manner.

In terms of the Territories, their focus appeared to be more on having enough affordable housing to begin with, rather than decarbonization. Of note is the role that Indigenous governance plays, especially in the territories. They are primarily self-governed by different Indigenous groups who have their own housing goals and initiatives, meaning there may not be government legislation on these matters in the same way there would be in other provinces.

Our research made it apparent to us that eliminating the option to use fossil fuels as a source of energy was the best way to approach decarbonization efforts. Seeing as other Canadian jurisdictions have already taken this route it seemed to be a logical policy choice. The only struggle we had was making it truly equitable for landlords and tenants. I think we had to remember that 'equitable' didn't necessarily mean 'less expensive' because we struggled with the idea of increasing costs for tenants. Through our research it seemed as though putting the cost of electricity onto the tenants and having them pay for their energy use separate from their rent costs was the best way to create equity between landlords and tenants. This way, once the landlord has paid for the units to be converted to electricity, they no longer have the responsibility of paying for the amount of electricity tenants are using. Tenants will then be responsible for their

own energy conservation efforts which encourages their involvement in emissions reductions. We also discovered that many of the incentive programs in PEI are offering rebates for installing or replacing fossil fuel furnaces and heaters. In particular for our recommendation we focused on the Energy Efficient Equipment Rebate which offers rebates for heat pumps and water heaters which run on both fossil fuels and electricity.

We ultimately made three recommendations within the ECM. The recommendation which we presented as the best option involved four different aspects. First, was the creation of legislation to ban fossil fuel heating in three different milestones. Initially, only installing fossil fuel heating in new construction would be banned by April 1st 2024. The second milestone would see a ban on replacing fossil fuel heating in residential buildings by April 1st 2025. This would be logical because the oil tank for buildings with fossil fuel heating need to be replaced at least every 10 years, so removing the option to replace the tank would force property owners to turn to alternative sources of energy. The final milestone would be a full ban on fossil fuel heating in all residential properties by April 1st 2030.

The second aspect of this plan would be to amend the Energy Efficient Equipment Rebate to remove the rebates for fossil fuel furnaces and heaters and to increase the rebates for electric boilers and heaters for multi-unit residential buildings. There is currently no distinction between rebates for people who own their homes and people who own a MURB so we would create this distinction to create a higher rebate for these property owners. The rebate would be tiered to provide 75% of the total cost per unit from the beginning of the program on April 1st 2024 until March 31st 2026. This would drop to 50% for the next two years and then only 25% of the total cost for the final two years of the program. The goal is to encourage property owners to act sooner rather than later to change over their buildings and apply for the rebate since we know that labour and materials are limited on the island and realize it could take a few years for the renovations to be completed. In applying for this rebate, property owners would have to agree that they would not increase their rent and that if tenants choose to pay their own utilities, which were once included in their rent, then the rent must be reduced to reflect this.

The third aspect is to mandate the installation of metres in every rental unit. This would give tenants the option to pay for their own utilities but would also allow them to see how much electricity they are actually using. If utilities are included in a tenant's rent, then they will likely never see how much energy they consume. This could be lower or higher than what they pay through their rent every month, but they would never know. Installing metres would allow tenants to monitor their own electricity usage and ultimately see if it would be worth it to pay their own utilities. The fourth and final aspect of this plan would be to amend the *Income Tax Act* to include a rebate for tenants who decide, after seeing their electricity usage on their own metres, to pay for their own utilities. Opening an account with Maritime Electric has a deposit fee of up to \$300, so this rebate would reimburse tenants for opening this account.

The other two recommendations we proposed were to only ban the installation of fossil fuel heating furnaces in new residential construction by April 1st 2025 or to only amend the Energy Efficient Equipment Rebate. These recommendations were just different aspects of our best option broken down into smaller policy packages. I think that realistically, one of these two options is more likely to be implemented because it is easier and more feasible for the government to do. Our best option would require a lot of money and a lot of political will to implement. Many people will feel they are being negatively impacted by the best option, and maybe they will be in the short term, but ultimately climate change impacts PEI regardless of how people feel about it or not. Limiting the amount of GHG emissions from the island is the best way to limit these impacts in the future.

I found this experience to be very interesting. I've been learning about policy for a long time now and I really enjoyed being able to put that knowledge into practice. I think this event is one where you will get out what you put in and I think I put in a lot of effort personally. I think this paid off seeing as my team had the winning solution. Of course I wish this could have been in person since it would have been really cool to be able to connect with people from other teams and network. This was one of the things I had hoped to get out of this experience and I think it was the only one where I felt I didn't

succeed. Overall I think my other learning goals were achieved; I learned about the process for policy development and explored what a career in the government could be like while working alongside other professionals in this field. I think ultimately that this was a beneficial experience, one that I will reflect on fondly and remember the learning experiences that I have had.

References

- LandlordBC. (2021). *Electrification of Multi-Unit Residential Buildings*. Retrieved from https://landlordbc.ca/wp-content/uploads/2021/10/FRESCo_Electrification-of-Multi-Unit-Residential-Buildings_final-v3.pdf
- Boily, L. (2021, November 26). New Residential Fuel Oil Ban Regulation in Quebec. *Heating, Plumbing and Air Conditioning*. Retrieved from <https://www.hpacmag.com/construction/new-residential-fuel-oil-ban-regulation-in-quebec/1004133504/>
- Government of Alberta. (2022). Sub-meters for rental units. Retrieved from <https://www.alberta.ca/sub-meters-rental-units.aspx>
- Government of Prince Edward Island. (2022). Energy Efficient Equipment Rebates. Retrieved from <https://www.princeedwardisland.ca/en/information/environment-energy-and-climate-action/energy-efficient-equipment-rebates>