OTTAWA CLIMATE ACTION FUND

Carbon down. Community up.

Ministry of Municipal Affairs and Housing

Municipal Finance Policy Branch

777 Bay St

Toronto, Ontario

M7A 2J3

July 31, 2026

Re: Exploring Commercial Property Assessed Clean Energy (C-PACE) Financing in Ontario — ERO 026-0700

The Ottawa Climate Action Fund (OCAF) is a non-profit organization dedicated to accelerating emissions reductions and community benefit in Ottawa. We work closely with public and private partners to advance practical, locally grounded climate solutions that support affordability, equity, and resilience. Through our involvement in various building retrofit and decarbonization undertakings, OCAF has seen firsthand how access to capital remains one of the most significant barriers to building decarbonization.

OCAF commends the Ontario government's efforts to enable new financing mechanisms for clean energy projects. Commercial Property Assessed Clean Energy (C-PACE) financing is a proven tool for mobilizing private capital for building retrofits, improving energy affordability, enhancing asset value, and accelerating decarbonization. This is particularly important in Ottawa where buildings make up 41% of community emissions, driven primarily by natural gas used for heating and, in some building types, water heating and other end uses. Well-designed C-PACE financing can help scale emissions reductions, improve building performance, lower operating costs, and enhance energy resilience. It also has the potential to strengthen Ontario's retrofit and clean construction sector by creating new opportunities for contractors, engineers, suppliers, and other skilled professionals — including here in Ottawa.

Recommendation 1: Expand eligible project categories to support comprehensive building decarbonization and long-term resilience

Expanding eligible project categories

OCAF supports the Province's proposal to make energy efficiency, renewable energy, and water conservation projects eligible for C-PACE financing. Additional clarity should be provided to ensure the inclusion of projects that are essential enablers of deep retrofits and comprehensive building decarbonization.

Many building retrofit projects require investments in supporting infrastructure before energy-saving technologies can be deployed. For example, building electrification measures such as heat pumps often require electrical service upgrades, while renewable energy systems may be paired with battery storage to improve performance and resilience. Similarly, electric vehicle charging infrastructure is becoming an increasingly important part of low-carbon building investments.

OCAF recommends that the province explicitly include energy storage systems, electric vehicle charging infrastructure, electrical capacity, and service upgrades among eligible project categories. These investments are often critical to achieving meaningful reductions in energy consumption and greenhouse gas emissions yet may fall outside a narrow interpretation of the proposed eligibility criteria.

In addition, the Province should consider including climate adaptation and resilience measures such as cooling systems and flood resilience upgrades that improve building performance and occupant wellbeing. This is particularly pronounced in Ottawa. There is a long list of extreme weather in recent years - Canada Day 2026 flooding, the 2022 Derecho, repeated tornadoes (2018, 2019, 2023) and riverine flooding (2017, 2019, 2023) to name a few – alongside more frequent extreme heat events and other climate-related extreme weather impacts. Investments that enhance building resilience can help reduce future risks while protecting occupant health and safety. This is consistent with findings from the Financial Accountability Office of Ontario, which estimates that climate hazards will significantly increase infrastructure costs across the province and that proactive adaptation measures can meaningfully reduce these costs while lowering the risk of service disruptions and infrastructure failure. Enabling adaptation investments through C-PACE financing would similarly help property owners manage climate risks before they result in higher costs and more significant impacts to building occupants and community infrastructure.

Expanding eligible project categories will help ensure C-PACE financing supports integrated, future-ready building improvements rather than isolated upgrades. Building owners should be encouraged to take a whole-building approach to project planning, recognizing that energy efficiency, electrification, renewable energy, resilience, and conservation measures often work together to maximize performance. Designing and financing these investments as part of a comprehensive strategy can reduce overall project costs, avoid the need for future retrofits or equipment replacement, and improve long-term asset value. This approach would better position C-PACE financing to deliver lower lifecycle costs, deeper emissions reductions, and buildings that are better prepared for rising energy costs, evolving regulations, and increasing climate-related risks, while improving occupant comfort, safety, and long-term resilience.

Clarifying eligible building types

OCAF supports the proposed list of eligible building types, as the scope targets building classes with significant opportunities for energy savings, emissions reductions, and operational cost improvements. **OCAF encourages the Province to clarify that all eligible building types may access C-PACE financing for both retrofit and new construction projects.** Incorporating energy efficiency, electrification, renewable energy, and resilience measures during construction is often significantly more cost-effective than undertaking similar upgrades after a building is completed. Enabling C-PACE financing for new construction would support the development of higher-performing buildings from the outset, reduce future retrofit costs, and ensure Ontario's growing building stock — including new development across Ottawa — is built to last.

Recommendation 2: Enable centralized program administration through qualified third-party administrators

OCAF recommends that Ontario establish a framework to enable the administration of C-PACE financing through qualified third-party program administrators. Experience from successful C-PACE jurisdictions demonstrates that effective program administration is critical to ensuring market integrity, reducing administrative burden, and facilitating participation by municipalities, lenders, mortgage holders, and property owners.

Program administrators play an important role in many established C-PACE markets by providing specialized expertise and supporting consistent program delivery. Their responsibilities often include developing and applying lender qualification requirements, creating and maintaining standardized documentation, reviewing projects and transactions for compliance with program requirements, coordinating mortgage-holder consent processes, and supporting ongoing program administration.

Municipalities should not be expected to develop and administer these functions independently. Requiring this would create unnecessary administrative burdens, duplicate effort across municipalities, and could discourage participation, particularly among smaller or capacity-constrained municipalities — a consideration relevant to Ottawa as it weighs participation alongside other Ontario municipalities. It would also create challenges for lenders operating across multiple jurisdictions by introducing differing documentation requirements, qualification processes, and transaction procedures.

Ontario's framework should adopt one of two approaches:

- Designate a centralized provincial administrator responsible for administering C-PACE programs across participating municipalities; or
- Explicitly authorize municipalities, either individually or collectively, to engage qualified third-party administrators to perform these functions on their behalf.

OCAF supports the latter approach, as it allows for competition among experienced program administrators while ensuring municipalities have access to the expertise needed to deliver C-PACE programs effectively. This approach would also allow municipalities — including Ottawa — to share administrative resources and benefit from established best practices and standardized processes.

Recommendation 3: Establish a streamlined municipal administration model

While Ontario should establish a consistent provincial framework for C-PACE financing, participating municipalities should retain flexibility to shape local program requirements through the by-laws that enable C-PACE participation.

Municipalities are best positioned to understand local building stock characteristics, housing needs, market conditions, and local priorities. **The Province should enable municipalities to establish additional program criteria or requirements that align with local objectives, provided they remain consistent with the broader provincial framework.** Examples include priority project types, building performance requirements, and affordable housing considerations. The City of Ottawa has experience operating a residential PACE/LIC program which responds to local needs and market conditions, and would be well positioned to expand this knowledge to the commercial sector.

Recommendation 4: Clarify repayment and default enforcement provisions

A key feature of C-PACE financing is that repayment is secured through a property-based charge collected alongside municipal property taxes. This repayment mechanism provides certainty to lenders, supports access to longer-term financing, and helps attract private capital to clean energy projects. OCAF supports the use of existing municipal collection and enforcement mechanisms for unpaid C-PACE charges. Aligning repayment enforcement with established property collection practices will provide certainty to lenders while minimizing administrative complexity for municipalities.

OCAF recommends that the Province ensure that unpaid C-PACE charges are treated similarly to property tax arrears for collection and enforcement purposes and that C-PACE obligations remain non-accelerable in the event of default. Under this approach, only the overdue payment would become due, rather than the entire outstanding balance of the financing. This is a common approach in established C-PACE markets and helps preserve the long-term, property-based nature of the financing, while supporting lender and mortgage-holder confidence.

OCAF appreciates the opportunity to provide comments on this proposal and supports the Province's efforts to establish a C-PACE framework in Ontario. With expanded project eligibility, standardized oversight, municipal flexibility, and clear repayment provisions, C-PACE financing can be a key tool to accelerate building decarbonization, improve climate resilience, and mobilize private capital to support Ontario's economic objectives — and to support Ottawa's own climate and housing goals. We look forward to continued engagement as the Province advances the development of this framework.

Sincerely,

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About the Ottawa Climate Action Fund

The Ottawa Climate Action Fund (OCAF) is a non-profit organization dedicated to accelerating the reduction of greenhouse gas emissions in Ottawa. OCAF works across clean energy planning, housing and land-use initiatives, and fund development to advance practical, locally grounded climate solutions. We collaborate with stakeholders in the private, public, and non-profit sectors who have ideas and opportunities for reducing carbon emissions, and we are particularly interested in ideas that offer benefits beyond carbon reduction, such as improving affordability, creating local jobs, boosting resilience, and contributing to a fair, healthy community.