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Community Efficiency Financing

APPLICATION
GUIDE



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WELCOME AND INTRODUCTION

The FCM Green Municipal Fund's (GMF) Community Efficiency Financing (CEF) initiative supports municipalities and partner organizations throughout the life cycle of planning, implementing and expanding local programs for home energy upgrades. Specifically, it unlocks new approaches by utilizing innovative financing models, like property assessed clean energy (PACE), utility on-bill financing and third-party lending.

Through a mix of grants, low-interest loans and credit enhancements, CEF encourages innovation through a tailored approach to local programming to address stakeholder needs and community priorities.

Whatever stage you're at, we can help you reach your environmental goals, bring jobs to your community and improve quality of life. Our new funding and learning resources can help your municipality achieve the following:

- Create, launch and expand innovative financing programs for energy projects in low-rise residential buildings.
- Generate triple bottom line benefits:
 - Reduce GHG emissions, create energy savings and contribute to climate adaptation, water conservation and health and safety outcomes.
 - Accelerate energy cost savings, improve housing affordability and keep the local economy moving.
 - Increase home comfort, health and quality of life for residents

CEF is made possible through a federal government contribution of \$300 million in Budget 2019, which will be allocated by GMF to eligible initiatives through to 2026. Annually, approximately \$50 million will be made available for eligible initiatives.

How to use this guide

This guide outlines everything you need to know about CEF funding. It contains instructions on how to apply, including tips for completing a great application.

More information on the program is [available on our website](#). If you have questions about how to apply, please contact an FCM representative at gmfinfo@fcm.ca or 1-877-417-0550.

What is Community Efficiency Financing?

At its core, CEF is about creating a new financial offering and services to help more homeowners upgrade the energy performance of their homes, through energy-efficiency measures, renewable energy installations, or both.

While some homeowners can undertake these energy upgrades on their own, significant barriers exist that prevent widespread adoption. Some homeowners may not have the savings or access to a conventional loan from their financial institution. There is also a lot of uncertainty about the value of undertaking this work, especially if a homeowner decides to sell their home within a few years, before reaping the full benefits. These barriers can be addressed in part

by a financing program that is tailored to the local context and takes into account the benefits of energy upgrades to the homeowner and the broader community.

Financing programs are different from rebates or incentives. While a rebate covers a portion of the upfront cost of a home energy audit or specific energy-efficiency equipment, a financing program covers the full upfront cost of the upgrade, and participants pay back the loan over time, often using the energy cost savings resulting from the improvement. Rebates can still be included within a financing program to increase the cost-effectiveness of specific measures and overall attractiveness of the offering.

Financing is only one part of a well-designed program. Other elements include a simplified homeowner experience that includes access to qualified renovation contractors and energy advisors, stacking of available incentives, and other supports for the homeowner throughout the home upgrade process.

Foundational to a local program for home energy upgrades is the financing model being offered to the community. CEF seeks to catalyze two main models, namely:

- **Property assessed clean energy (PACE) financing:** This is a form of programming led or supported by a municipality and enabled by provincial/territorial legislation. It extends financing to qualified homeowners who wish to undertake energy upgrades on private property. The financing is assessed as a

special charge on the benefitting property, and repaid over time via the municipal property tax bill. In some Canadian jurisdictions, this model is also referred to as local improvement charge financing.

Toronto's Home Energy Loan Program (HELP) and Halifax Solar City are examples of property assessed financing for energy-efficiency upgrades and renewable energy installations, respectively.

- **Third-party lending:** This involves a municipality working in partnership with a third-party lender (e.g. a financial institution, impact investor or utility company) who is responsible for qualifying homeowners and underwriting loans, while utilizing an on-bill or unsecured repayment mechanism. In jurisdictions where PACE legislation is not enacted, municipalities can work with a third party that has experience with originating and servicing residential sector financial products. This can be a viable alternative to PACE financing, especially for municipalities that wish to play a more limited role or lack the internal capacity to administer a PACE model. The EcoSave program in the City of Nelson, BC, is an example of a municipally supported utility on-bill financing program.

Visit CEF's [resource library](#) for useful information and tools for designing and implementing a local financing program for home energy upgrades.



12 stages of program development

The goal of the CEF initiative is to support municipalities and their partners through all stages of program design and implementation as depicted in the diagrams below. The diagrams include a high-level description of the key milestones associated with each stage of a program. By assessing which stages you've already completed, you can determine which CEF funding stream can help advance your local program.

In addition to funding, GMF offers capacity-building activities and resources to help individuals and teams develop the knowledge and skills to undertake these stages of program development successfully. These activities and resources are described further in the next section of this guide.




The first six stages represent key milestones in assessing the opportunity and designing a local program. These activities are supported by funding for feasibility studies and program design studies.

Opportunity assessment and program design (stages 1-6)

1	2	3	4	5	6
Landscape Assessment	Stakeholder engagement	Goal setting	Program approach	Implementation planning	Performance impacts
Take inventory of community assets, barriers for improving energy performance of housing stock, and opportunities to mitigate barriers	Identify and engage key program stakeholders based on assessment stage	Establish municipal goals and aim to ensure that goals are aligned	Consider the outputs, services or products that could address goals, and are possible within the existing legislation and market	Identify who is best positioned to deliver program components based on organizational competencies and capabilities	Establish how the program is going to hold key actors accountable and drive toward measurable performance
<div> <div>CEF support</div> <div>  Studies Grants  Capacity building </div> </div>					

The next stages of development include program launch, implementation and scaling up. CEF offers funding for initial program start-up, ongoing operations, and capitalization (stages 7-9), for studies to evaluate the impact of an existing program and how that program can be improved (stage 10), and to recapitalize programs that are poised for greater impact (stage 11).

Program launch, implementation and scaling up (stages 7-12)

7	8	9	10	11	12
Internal start-up	External launch	Ongoing operations	Scaling programs	Recapitalization	Exit strategy
Put in place the staffing, business systems, and service delivery partnerships required to support launch	Engage limited number of homeowners and contractors in completing projects to test operations and systems	Drive demand broadly and streamline operations with investments in supply chain capacity	Focus on ability of delivery partners to increase volume and identify/invest in any economies of scale	Closely aligned and related to scale, secure funds to continue program operations at increased volumes	With a transformed market, reduce the reliance and involvement of municipal government in supporting the local financing program
<div> <div>CEF support</div> <div>  Capital Grants  Loans and credit enhancements  Capacity building </div> </div>					

Capacity building

In addition to funding, the CEF initiative offers capacity-building activities to support municipalities and their partners in designing and delivering effective programs that are built on best practices and are tailored to their local context. This includes sharing tools and resources, offering training, and convening networks so that participants can connect and exchange with others who are engaged in community efficiency financing.

Some of the activities you can benefit from include:

- An online community of practice and in-person events to connect and exchange with other municipalities and program partners at various stages of program design and implementation. CEF grant funding can be used to pay for staff time and travel costs to participate in these peer learning activities.
- Accessible and on-demand online materials, courses and training that guide interested communities through steps and tools to develop, implement and evaluate a local efficiency financing program.
- Mentorship and coaching from subject matter experts in community efficiency financing.

As a CEF funding recipient, you will also receive national recognition as a leader in community efficiency financing. FCM will share the results and lessons learned from your program with other municipalities and stakeholders to help build on and scale up successful models of local efficiency financing programs across Canada. You may be invited to share your experiences with other communities through online meetings, case studies or other activities.

For information about the latest resources and activities, visit the [CEF landing page](#) and sign up for our e-newsletter at fcm.ca/fcmconnect.



ABOUT THE FUNDING OFFER

Applicant eligibility

The following entities are eligible for CEF funding:

- Canadian municipal governments (e.g. towns, cities, regions, districts, and local boards thereof)
- Organizations applying in partnership with a municipal government, such as:
 - private sector entities
 - Indigenous communities
 - municipally owned corporations
 - a regional, provincial or territorial organization delivering municipal services (e.g. a municipal association)
 - non-governmental organizations
 - not-for-profit organizations

The following entities are not eligible to receive funds directly:

- homeowners
- federal government entities and any organizations established those entities
- provincial and territorial government entities and any corporation that they own or control

While entities owned and controlled by provincial, territorial or federal government are ineligible to receive funding directly from FCM, this does not preclude them from collaborating with municipalities in the design and implementation of a local program.

Program eligibility

Table 1 outlines the key eligibility criteria for local CEF programs.

Table 1: CEF Program eligibility criteria

Eligibility Criteria	Description
Finance models	Property assessed clean energy (PACE), local improvement charge (LIC), utility on-bill financing or direct lending via financial institution, or a combination thereof
Building types	Existing, low-rise residential properties (e.g. detached, semi-detached, row housing and similar)
Categories of qualifying energy improvements	<ul style="list-style-type: none"> • GMF does not specify particular types of measures to be utilized by a local program. Rather, the applicant is to define an “eligible measures” list pursuant to the following categories: <ul style="list-style-type: none"> • energy efficiency (such as insulation, heating and cooling systems, windows and doors) • renewable energy installations (such as solar rooftop photovoltaics) • fuel switching • Refer to Appendix C, “List of Sample Eligible Measures in Local Financing Initiatives”
Categories of qualifying non-energy improvements	<p>GMF capital funding can also address, in a limited capacity, other home improvements. This funding is designed to enable multiple improvements to be undertaken as part of an overall home upgrade project and provide convenience to participating homeowners, while also advancing other municipal policy priorities.</p> <p>Categories of qualifying non-energy improvements include:</p> <ul style="list-style-type: none"> • health and safety measures such as environmental remediation electrical wiring improvements and service upgrades that are required undertakings to permit energy improvements • water efficiency improvements such as low-flow fixtures • climate adaptation improvements such as back-flow prevention valves, sump pumps and basement waterproofing • alternative energy improvement such as electric vehicle charging stations and battery storage systems <p>Non-energy improvements are subject to a cap of 30 percent of the total cost of an individual home upgrade project.</p>

Eligibility Criteria	Description
Home energy rating system	<ul style="list-style-type: none"> • Homes undergoing energy improvements that are funded by the local program are subject to pre- and post-renovation assessments, using the EnerGuide rating system for homes • These assessments are to be undertaken by an energy advisor (EA) registered with Natural Resources Canada • GMF will consider, on a case-by-case basis, alternative assessments or pathways to completing EnerGuide assessments for jurisdictions that can demonstrate limitations, such as a lack of available EAs
Performance thresholds	<ul style="list-style-type: none"> • There is no minimum threshold for energy or GHG emissions reductions • Municipalities should refer to their community energy and climate action plans (or similar) for stated performance targets • FCM's evaluation will favour programs that offer the greatest potential for energy savings and GHG emissions reductions through energy-efficiency improvements, renewable energy generation, or both
Exclusions	<p>Be advised that programs with any of the following characteristics are deemed ineligible:</p> <ul style="list-style-type: none"> • programs geared to new construction • programs that do not involve municipal participation and buy-in • programs that do not have a financing component (e.g. incentive-only programs) • programs exclusively targeted at financing for non-residential buildings (e.g. commercial, industrial)



FUNDING OFFER: STUDIES, PILOTS AND CAPITAL PROGRAMS

CEF funding provides grants, loans and credit enhancements to support local programs at all stages of development, specifically: grants for studies and pilots;

loans and grants for capital programs; and credit enhancements and grants for capital programs.

Table 2: CEF Funding Offer overview

CEF funding	Details
Study grant	<ul style="list-style-type: none">• Feasibility, program design and program evaluation studies• Grant for up to 80 percent of eligible costs• Up to a maximum of \$175,000
Pilot grant	<ul style="list-style-type: none">• Grant for up to 50 percent of eligible costs• Up to a maximum of \$500,000 <p>Note: Limited funding is available for exceptional proposals that demonstrate clear market transformation potential, and are otherwise ineligible under the capital program stream</p>

CEF funding	Details
Capital program: Loan and grant	<ul style="list-style-type: none"> • Funding for up to 80 percent of eligible costs • Loan up to a maximum of \$10 million • Grant up to a maximum of 50 percent of the loan amount (not to exceed the total start-up and operating costs)
Capital program: Credit enhancement and grant	<ul style="list-style-type: none"> • Funding for up to 80 percent of eligible costs • Up to a maximum of \$2 million in a credit enhancement pledged by GMF to support third-party financing • Applicants must demonstrate a minimum leverage ratio of 5:1 (third-party capital to credit enhancement) • Grant of up to \$5 million (not to exceed total start-up and operating costs)

For a list of costs eligible for funding, please refer to Appendix A, “Eligible Costs Table.”

Study grant

Feasibility studies



- Grant for up to 80 percent of eligible costs
- Up to a maximum of \$175,000

Feasibility studies explore and assess options for a financing program for home energy upgrades that can achieve triple bottom line benefits within a community. Multiple municipalities and partners are encouraged to collaborate on regional opportunities, where appropriate. Your study should aim to advance or support decision-making and should include one or more of the following elements, based on the needs of the applicant:

- A baseline assessment of a community’s housing stock and energy upgrade potential, including:

- assessing building types, energy use profiles and opportunities for energy upgrades to support GHG emissions reductions
- assessing the potential uptake for energy-efficiency and renewable energy upgrades in terms of the number of anticipated projects and the level of investment required
- projecting the local benefits that could be achieved through energy upgrades (e.g. energy cost savings for residents, energy and GHG reductions, water savings, etc.)
- An analysis of how financing may address:
 - homeowner barriers to energy-efficiency and renewable energy upgrades (e.g. high upfront cost, split incentives, information gaps, low uptake among specific demographics, etc.)

- homeowner barriers to participation in existing efficiency programs, such as those offered by a utility company or regional efficiency agency
- An evaluation of available financing models within the context of municipal law, including the feasibility of establishing PACE-enabling legislation, or another innovative financing instrument, in a given province or territory.
- Engagement with key municipal and external stakeholders on shared goals for a local program.

Note: A feasibility study, or equivalent, is a prerequisite to applying for a program design study. It can be in the form of a memo prepared by municipal staff that draws information from previously completed work, like a climate action strategy or community energy plan. At a minimum, it should describe the local context (including opportunities, regulatory context and homeowner barriers) and consider one or more financing models.

A feasibility study should ultimately lead to a recommendation to senior management or municipal government on whether to proceed with the program design stage for a local efficiency program for home energy upgrades, as well as identify a recommended financing model.

Program design studies



- Grant for up to 80 percent of eligible costs
- Up to a maximum of \$175,000

Program design studies build upon market intelligence and research, including feasibility studies, by advancing a program design to meet stakeholder needs and municipal priorities. They lay the foundation for a financing program for home energy upgrades by documenting the program parameters to obtain approval by a municipal government. Based on the needs of the applicant, a program design study may address the following design considerations:

- target audience
 - participant eligibility criteria
 - eligible measures list
- funding sources and budgets
 - sources of capital funding and administration funding (both start-up and operations)
 - capital and operating budgets
- recommended financing model (PACE, utility on-bill or third-party lender)
 - financing terms and conditions
 - de-risking strategies (e.g. credit assessment, municipal loan loss reserve and partial loan guarantee for third-party lenders)
- program activities
 - program delivery model(s) to be employed
 - a program theory logic model outlining how the program will intervene to address local barriers, generate energy savings, and support market transformation
 - application of the EnerGuide rating system and relevant requirements for program participants

- integration with other relevant incentive programs
- consumer protection measures
- marketing and communications strategies
- workforce training needs
- program setup and administration
 - program implementation plan
 - stakeholder roles and responsibilities
 - client journey and application process
 - program process flow diagrams
 - program monitoring and evaluation
- legal and risk issues
 - risk identification and management strategies
 - contracting and procurement

Note: A completed program design study or equivalent is a prerequisite when applying for capital program funding.

Program evaluation studies



- Grant for up to 80 percent of eligible costs
- Up to a maximum of \$175,000

Program evaluation studies aim to help municipalities with existing financing programs assess the historical performance of those programs and identify opportunities to improve them. These studies are often undertaken at an interim stage or at the conclusion of a program.

The findings from these studies help to determine if the local program should be continued, expanded or discontinued. These studies provide the details needed to justify recommendations to stakeholders and municipal decision-makers.

A program evaluation study should aim to determine the overall effectiveness of, and market receptivity to, an existing or completed financing program for home energy upgrades, and will point to ways that the program can be improved to better meet market needs.

Program evaluations include a consideration of the program impacts, as well as the program implementation processes, including the following elements:

- **An evaluation of program processes** to indicate if the program is being delivered as intended and recommend adjustments to improve effectiveness.
 - A review of the program logic model and comparison to the actual program delivered.
 - A review of marketing and outreach strategy and materials.
 - A review of the internal management process and the application process.
 - Information-gathering from relevant program stakeholders, including program staff, participants, non-participants, partners and trade allies (i.e. registered contractors).

- **An evaluation of program impacts** to provide insight on program performance to all stakeholders by comparing stated goals against actual performance (i.e. environmental, energy and economic impacts).
- Quantification of the program's key performance indicators, such as energy savings, GHG emissions reductions, number of participants, and type and sizes of upgrades supported.
- **Recommended strategies** for for scaling environmental and energy performance impacts by increasing uptake and investment.

Pilot grant

- Grant for up to 50 percent of eligible costs
- Up to a maximum of \$500,000

Pilot project funding is available, on a limited basis, for exceptional project proposals with strong potential for market transformation. Additionally, eligible initiatives must be able to demonstrate why they are unable to access funding through the capital program stream.

Interested applicants must contact FCM to undergo an eligibility assessment. While there is no minimum loan amount under the capital program stream(s), small-scale program capitalization does not automatically constitute eligibility for pilot funding.

Capital programs: Loan and grant



- Funding for up to 80 percent of eligible costs
- Loan up to a maximum of \$10 million
- Grant up to a maximum of 50 percent of the loan amount (not to exceed the total start-up and operating costs)

Capital program funding comes in the form of a loan in combination with a grant to implement a local financing program for home energy upgrades. FCM aims to provide loans with competitive interest rates, extended payment terms, and flexibility in accessing capital as needed based on program demands and expected uptake. The loan is paired with a substantial grant to support start-up and operating costs for up to four years. During this period, a local program is expected to launch, undertake financings for home upgrade projects, periodically report to FCM on uptake and complete a program evaluation, amongst other activities.

In all instances, the capital program grant is to be paired with a loan or credit enhancement.

Loan capital: Up to \$10 million is provided to capitalize a local program. In turn, the applicant will on-lend this capital within the community to finance home energy upgrades (and related costs) on private property. Up to 30 percent of the approved loan amount can be used for approved non-energy improvements (e.g. water conservation, climate adaptation, alternative energy) at the individual participating home.

Grant: Up to 50 percent of the GMF loan amount is provided to cover program setup costs (e.g. legal services, procurement of IT tools, website development) and multi-year operating costs (e.g. staffing, marketing and promotion). This amount is not to exceed the planned start-up and operating costs identified in the Application Workbook.

A unique feature of CEF's capital program funding is a municipal loss provision to mitigate the default risk of participating homeowner loans. A dedicated loss reserve is established for each program and five percent of the loan capital disbursed is committed as a backstop to cover any arrears that might be realized. Amounts committed to the loss reserve are considered an eligible cost and funded by the grant allocation.

Refer to [Appendix D](#) for more information about the terms and conditions of CEF Capital Program—Loan and Grant.

Capital programs: Credit enhancement and grant

- Funding for up to 80 percent of eligible costs
- Up to a maximum of \$2 million in a credit enhancement pledged by GMF to support third-party financing

- Applicants must demonstrate a minimum leverage ratio of 5:1 (third-party capital to credit enhancement)
- Grant of up to \$5 million (not to exceed the total start-up and operating costs)

The scale of investment required to improve the energy performance of residential housing in Canada is massive. In an effort to incentivize private investment into local financing programs and stimulate more home upgrade projects, CEF offers another option to capitalize a local financing program—its credit enhancement stream.

Participating lenders (PLs) are financial institutions or investors that have partnered with municipalities by providing or arranging capital for the financing of home energy upgrades. The objective of CEF's credit enhancement is to offset a PL's risk by providing partial coverage for losses that may arise, while also unlocking preferential financing products for homeowners (e.g. below-market interest rate, extended repayment terms, or expanded underwriting criteria) that would otherwise not be made available in the absence of the credit enhancement.

To be eligible, a municipality or partner organization must demonstrate that it has secured capital commitments from PLs to satisfy a minimum 5:1 leverage ratio (i.e. ratio of loan capital to credit enhancement). For example, a \$1 million loss reserve pledged by FCM must mobilize at least \$5 million in third-party loan capital.

Features of CEF's credit enhancement include:

- Maximum contribution of up to \$2 million pledged by GMF for the benefit of PLs

- Partial coverage of 80 percent for unrecovered individual loan losses
- Each participating PL will have a loss reserve account established with an amount (not to exceed \$2 million) commensurate to the value of its loan portfolio (i.e. no risk pooling across separate PLs).

While applicants have the flexibility to design a local program that meets stakeholder needs and is tailored to the local context, below is a description of potential roles and responsibilities provided as guidance.

Expected role of funding recipient

(Canadian municipalities or partner organizations)

- Establish eligible energy measures and permitted uses for financing.
- Demonstrate capital commitments needed to meet or exceed leverage ratio.
- Recruit PLs and enter into any necessary agreements.
- Enter into a funding agreement with GMF.
- Periodically report to GMF on program-level lending activity, including loan defaults.

Expected role of participating lenders

(financial institutions, credit unions, impact investors, utility companies)

- Provide or arrange for capital for direct lending.
- Administer homeowner financing applications.
- Originate loans in amounts appropriate to support the objectives and eligible energy measures supported by the local program.
- Offer preferred rates, terms and underwriting criteria compared to conventional financing products in consideration of the availability of the credit enhancement.
- Ensure prudent lending practices consistent with prevailing regulations and standard practices.
- Exhaust standard default loan remedies prior to making claims against the loss reserve.
- Report to the local program on new loan originations and defaults, in a manner prescribed by GMF.



EVALUATION OF APPLICATIONS

GMF will evaluate applications for funding consideration according to the following three criteria:

- **Impact:** The program has the potential to generate measurable environmental, economic and social benefits for one or more municipalities.
- **Implementation:** The program is designed holistically by carefully taking into consideration the variables impacting program implementation, such as internal and external stakeholder engagement, planning, risk management, and appropriate resourcing.

- **Transformative potential:** The program exemplifies transformative potential through demonstrations or adoption of new and better solutions, with a high likelihood of encouraging replication.

The three key criteria described above are further broken down in Table 3.

Table 3: Evaluation criteria for CEF applications

Impact	Implementation	Transformative potential
<ul style="list-style-type: none"> • Environmental benefits • Financial benefits • Community benefits • Relative impact (considers program benefits relative to size of community) 	<ul style="list-style-type: none"> • Stakeholder engagement • Linkages to existing plans and policies • Team and partners • Work plan and budget • Risk management • Financing • Measurement and monitoring 	<ul style="list-style-type: none"> • Innovation • Audacity • Capacity building • Replication



APPLICATION PROCESS

The application process begins with the screening of an initial proposal to validate eligibility. This is followed by a full application including a Word application form, an Excel project workbook and required supporting documentation. A GMF project officer will be your point of contact

throughout the process, will review your file and provide feedback, and may invite you to revisit steps to ensure the completeness and quality of your application.

This section provides an overview of the application and review process.



Funding and review process

Step 1: Initial proposal form

The applicant fills out the [initial proposal form](#) found online. This is a high-level summary of the applicant's proposal for GMF review.

Step 2: Eligibility determination

GMF staff review initial proposals to determine applicant and initiative eligibility before applicants move to the full application stage. Applicants will receive a response within 15 business days of receipt of the initial proposal.

For municipal applicants from Quebec, please note that the internal GMF timeline of 15 business days starts at the receipt of the *avis favorable* from the Ministère des Affaires municipales et de l'Habitation (MAMH). For more details, please see the section below, "How to Submit Your Application."

Step 3: Full application

GMF will invite the applicant to complete the full application form and project workbook after confirming applicant and initiative eligibility.

Step 4: Verify and submit

The applicant verifies all information in the application form and project workbook before submitting to Box.com (see the section below, "How to Submit Your Application," for procedures). GMF representatives are available to assist applicants with any questions they have in filling out the full application package.

Step 5: Project officer review

The GMF project officer reviews the full application for accuracy and completeness, working with applicants to resolve any outstanding or incomplete questions.

Step 6: Peer review and internal review

GMF relies on an external expert peer review panel to provide analysis of the full application based on the evaluation criteria outlined in the above section. Peer review is coupled with internal analysis to provide a funding recommendation to GMF's managing director, the GMF Council and the FCM Board of Directors.

Step 7: FCM funding decision

Applications will be processed on a rolling basis subject to availability of GMF funds in a given year.

- **Studies:** Funding decisions are made directly by the GMF managing director. The time between submission of a full application and delivery of a funding decision is three to four months, assuming that complete documentation is received and additional information is provided without undue delay.
- **Pilots and capital programs:** GMF Council will evaluate peer review results and make funding recommendations to the FCM Board of Directors. The time between submission of a full application and delivery of a funding decision is five to six months, assuming that complete documentation is received and additional information is provided without undue delay.

Application forms

The following GMF forms are required in order to apply:

- [Initial proposal form: available online](#)
- Full application form: provided once eligibility of applicant and initiative is confirmed
- Project workbook: provided once eligibility of applicant and initiative is confirmed

Initial proposal

In order to determine the eligibility of your initiative, please fill out the [initial proposal form](#) available on our website.

Full application

Using the instructions in this guide, answer each question with adequate detail such that someone who is not familiar with the program or community would fully understand your proposal. Please follow the instructions provided in the section below, “Application Instructions: Studies and Capital Programs.”

Project workbook

GMF staff will provide you with an Excel workbook. It contains tabs that provide relevant details around budget, work plan and benefits. Instructions for completion are included within the workbook itself. It is a mandatory submission, and supports Part B of the full application form.

Supporting documents required for all applications

Throughout the application form, we ask you to attach documents supporting your initiative. These documents provide important information about the applicant organization, the relationship with the municipality, and the details of the proposed initiative. Items mentioned in the supporting document list are mandatory, but you can provide further evidence as needed and available.

The prerequisites and supporting documents are determined based on whether your organization is a municipal government or a partner of a municipal government. The following table outlines these requirements, as well as the requirements and conditions that your organization must fulfill before you submit an application. **Please note that additional documentation may be requested.**

Table 4: Supporting documents

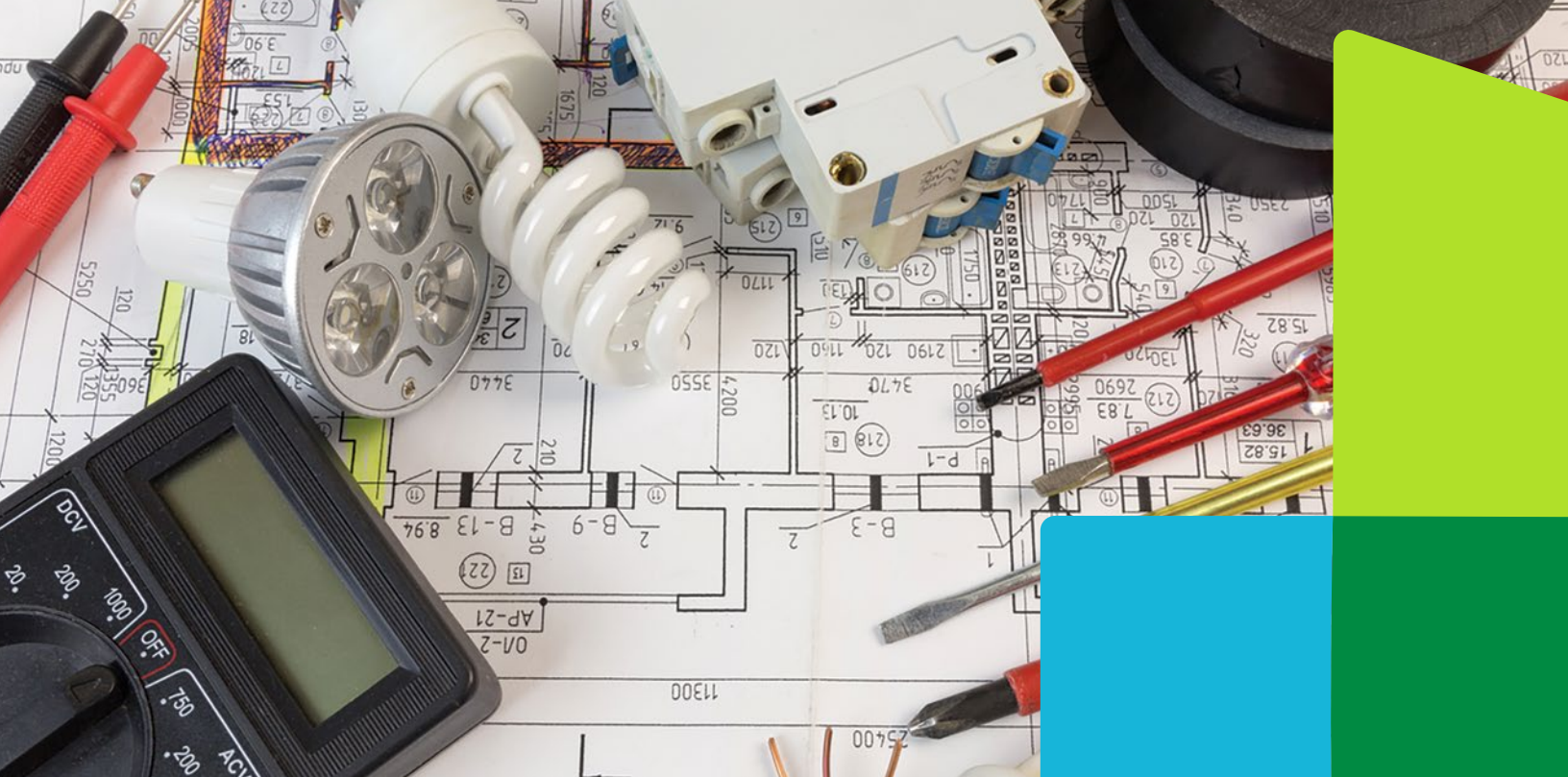
Application category	Documents
All applications	<ul style="list-style-type: none"> • Completed application form • Project workbook • A community energy, sustainability or climate action plan, or similar, that identifies energy efficiency and renewable energy in the residential sector as a priority area for action • Project team organizational chart and resumes • Evidence of municipal support: resolution from council or letter of support from city manager describing the municipality's commitment to this application • A letter from each confirmed program funding source indicating the amount of cash contributed and/or the value of any in-kind contributions to the project (see Appendix B in this application guide) • Letter of confirmation of consultation with your provincial or territorial government¹
Additional information required for program design studies	<ul style="list-style-type: none"> • A completed feasibility study, or equivalent, that recommends one or more financing options for detailed program design
Additional information required for program evaluation studies	<ul style="list-style-type: none"> • Documented results from at least one year of implementation of an existing program

¹ Consultation with the provincial or territorial government is a requirement of FCM's funding agreement with the federal government. A template consultation letter is provided in Appendix B. For municipal applicants in Quebec, the consultation with MAMH prior to the submission of the initial proposal is sufficient to meet the provincial consultation requirement. However, third-party applicants working in collaboration with a Quebec municipality must submit this consultation letter to the relevant provincial ministry.

Application category	Documents
Additional information required for capital programs	<ul style="list-style-type: none"> • Evidence of having completed detailed program design work • Proof that you have legal authority to pursue the proposed initiative² • For PACE and on-bill financing, a municipal program by-law, report or similar resolution that authorizes the use of the specified financing mechanism in accordance with relevant provincial/territorial legislation • Executive summary of your initiative's environmental assessment, if required under federal or provincial/territorial laws • Audited financial statements for the last three years • New Brunswick municipalities (other than the City of Saint John): evidence that you have obtained the New Brunswick Municipal Capital Borrowing Board's authorization to borrow funds • Nova Scotia municipalities: evidence that you have obtained the Minister of Service Nova Scotia and Municipal Relations' authorization to borrow funds • Quebec municipalities: evidence that you have obtained the <i>règlement d'emprunt</i> issued by the Ministère des Affaires municipales et de l'Habitation (MAMH) • British Columbia municipalities: evidence of consultation with the Municipal Finance Authority of BC
Additional information required for municipal partner applicants	<ul style="list-style-type: none"> • Constatting documents³ • A signed agreement between the partner organization and the participating municipality or municipalities highlighting the contractual obligations of all parties • Signed letter from your organization's chief executive officer confirming your level of commitment, and giving evidence of your board of directors' support for the proposed initiative and GMF funding application • A complete wire diagram of the corporate structure (including sponsors, shareholders, borrowers, guarantors, and their material subsidiaries)

2 If this proof of legal authority is a letter from your province or territory, you may also use this letter to satisfy the provincial/territorial consultation letter requirement.

3 Founding articles of incorporation of the Lead Applicant, in order to ensure eligibility.



APPLICATION INSTRUCTIONS: STUDIES AND CAPITAL PROGRAMS

Follow the directions below as you complete your CEF funding application. This guide includes all the information you will need to complete the initial proposal and full application for a study or capital program. When appropriate, this section of the guide will provide specific instructions, depending on whether you are applying for a study or a capital program.⁴ There are four sections to all GMF funding application forms:

- Part A: Applicant information
- Part B: Study or program information

At the full application stage, you will also be required to complete the project workbook.

- Part C: Required document checklist
- Part D: Declaration and signature

⁴ To complete a pilot application you must contact a GMF representative first to determine eligibility. If your initiative is deemed eligible for pilot funding, you will then be provided detailed pilot application instructions.

PART A: APPLICANT INFORMATION

Tell us who you are, where you are from, and a bit about your municipality or organization.

A1. Lead Applicant organization type and contact information

The Lead Applicant is the organization that signs the contract with FCM, oversees the initiative (even if it has a third party undertake the work), incurs the costs of the initiative, and submits the required reporting to FCM. There are two Lead Applicant categories:

- Municipal governments
- Municipal government partners: These organizations must apply in partnership with a municipal government and demonstrate the government's commitment to the initiative.

Please provide the contact information for the individual authorized to act on behalf of the Lead Applicant. This contact will receive ongoing correspondence from FCM and does not need to be the authorized signatory of the applicant.

A2. Partnership information (for municipal government partners ONLY)

If your organization is **not** a municipal government, your project must be supported by one. Provide the name and contact information for the main contact at your partner municipality. If you have questions, email gmfinfo@fcm.ca or call 1-877-417-0550.

If the project will be undertaken in **partnership** with a third party and one or more municipal governments, please include evidence of the municipal council's support, financial contributions, and any other relevant documentation. For **capital programs**, please also include a copy of the partnership agreement.

PART B: STUDY OR PROGRAM INFORMATION

Tell us about your initiative, the anticipated benefits, why this project is important, and how you intend to implement it. Please note that this section discusses how to complete the application form and fill in the project workbook. Guidance is provided throughout as to where information should be completed.

Tip: Please be as concise, specific and quantitative (i.e. measurable) as possible when you answer the questions in the initial proposal form and full application form. You can answer each question or refer us to specific sections/pages in attached documents.

B1. Study or program details

B1a. Study or program working title	<p>The title should:</p> <ul style="list-style-type: none">• describe the initiative• mention the name of the applicant
B1b. Financing model	<p>Please specify which financing model(s) your initiative will examine or use:</p> <ul style="list-style-type: none"><input type="radio"/> Property assessed clean energy (PACE) / local improvement charge (LIC)<input type="radio"/> Utility on-bill financing<input type="radio"/> Third-party lending<input type="radio"/> Other <p>Note: For program design study and capital program applications, please be sure to select the recommended financing model, based on your feasibility analysis. At this stage, you may select more than one model only if you are proposing a program that integrates more than one financing mechanism.</p>

<p>B1c. What are you applying for? (select one option only)</p>	<p>Are you requesting funding for a:</p> <p>Study:</p> <ul style="list-style-type: none"> <input type="radio"/> Feasibility study <input type="radio"/> Program design study <input type="radio"/> Program evaluation study <p>Pilot:</p> <ul style="list-style-type: none"> <input type="radio"/> Pilot <p>Capital program:</p> <ul style="list-style-type: none"> <input type="radio"/> Loan and grant <input type="radio"/> Credit enhancement and grant
<p>The questions below are only included in the initial proposal form. At the full application stage you will be provided with a workbook template where you will be asked to provide more details about timing and costs</p>	
<p>B1d. Project timing</p>	<p>Indicate the start and end dates for your proposed initiative (for example, if you are applying for a study grant, indicate your study start and completion dates).</p>
<p>B1e. Funding request</p>	<p>Indicate the total cost and GMF funding request for your proposed initiative (for example, if you are applying for a study grant, indicate the total cost of conducting the study and the amount you are requesting from GMF).</p>

B2. Objectives and rationale

Tell us about your project's objectives and rationale, focusing on the following:

- Why is this initiative a priority for your municipality or organization?
- How does your initiative align with existing plans, policies or strategies (municipal, regional, provincial/territorial or national)?
- What barriers will your study, or your new or enhanced program, address to improve homeowner access to energy-efficiency and/or renewable energy upgrades (e.g. high upfront cost of improvements, split incentives, information gaps, low uptake among specific demographics or underserved segments)?

B3. Program features and impact

B3a. Key program features

Skip this question if applying for a feasibility study and proceed to Section B4.

Tell us about your new or existing program's key features. If additional details are included in your supporting documents, please specify the relevant document name(s) and page number(s).

Make sure to complete the correct table. **If you are applying for a program design study or launching a new program**, make sure to complete the New Program table. **If you are applying for a program evaluation study or recapitalizing an existing program**, make sure to complete the Existing Program table.

B3b. Program impact

Skip this question if applying for a feasibility study, a design study, or to capitalize a new program. Proceed to Section B4.

GMF seeks to support existing programs that have the potential to scale up their environmental, financial and community impact.

For program evaluation studies:

Describe how you plan to assess the impact of your existing program, and what new approaches or enhancements you will be considering to improve program access or equity, or to increase the number, degree or types of benefits that will be achieved.

For capital program funding for existing programs: Describe the new approaches or enhancements you will be implementing to improve program access, equity or uptake, or to increase the types of benefits that will be achieved. Describe how additional funding and support from GMF can facilitate this scaling of impact.

Note: At the “initial proposal” phase, skip the following Part B questions and proceed to Part C and Part D. The remaining Part B questions will only need to be completed if you are invited to submit a full application.

B4. Project management and team

B4a. Project management

For studies: Tell us about your approach for managing the execution of your study and how it will help you achieve the study's objectives.

For capital programs: Tell us about your program's management approach and demonstrate how it is appropriate given your program's stage of development and risk profile. Describe the project team (including the structure, roles, expertise, gaps and how you will address these gaps).

B4b. Project team

In the table provided, identify key members of your project team and attach their resumés, or documents that list their professional qualifications and experiences. The table should include at least one member of the Lead Applicant's project management team. If your project is sponsored or championed by a municipal elected official, include them as well.

If some of your team's members haven't been identified yet, describe the positions you'll have on your team, including the roles, required qualifications and past experiences.

In addition, also attach an organizational chart that illustrates the team structure. Please be sure to include all key internal and external team members.

B5. Key stakeholders

Describe the key municipal and external stakeholders involved in program planning, design and implementation, as relevant (i.e. those who will be or were involved in the work or affected by the outcomes), and describe their role(s) or potential role(s) in ensuring broad municipal and community support and uptake, as well as their role(s) or potential role(s) in delivery and operation.

Key stakeholders may include provincial or territorial agencies, regulators, utilities, building contractors and suppliers, citizen groups, energy advisors, non-profit organizations, financial institutions, municipal council and staff from various departments (e.g. senior leadership, finance, legal) and others. Consider providing a diagram as a supporting document to illustrate stakeholder relationships (e.g. a stakeholder map).

B6. Capacity building

For studies: Please consider how your study can help build the awareness and skills of key members of your project team or potential program delivery partners, and how you could share lessons learned with other communities. For example,

consider dedicating time for learning and knowledge-sharing activities, developing public tools or resources, involving other municipalities that are interested in replicating your initiative, or partnering with organizations that can help share the results of your initiative. These activities are not mandatory, but many of the costs associated with these types of activities are eligible for funding under this study grant. If you are including any of these activities in your study proposal, please describe them below.

For capital programs: Please describe how you will ensure that your project team and key program delivery partners (e.g. municipal staff, elected officials, local trades, community-based partners, contractors, financial institutions, energy advisors) have the necessary knowledge, capacity and skills to successfully implement the program and achieve the expected uptake and results. If you have identified any gaps during your market research or program design, please describe how will you work to address those gaps. Note: Costs for staff training and market-building activities, such as workforce skills development, including training for renovation contractors and energy advisors, are eligible for CEF funding.

Note: GMF will be offering successful applicants capacity-building support to help them achieve the best possible results from their study, pilot or capital program and to support replication in other communities. Please budget appropriate time and travel costs to participate in community of practice meetings with other funding recipients, as necessary.

B7. Adoption and replication

Skip this question, unless you are applying for a capital program, and proceed to Section B8.

Describe any activities or materials that will be developed as part of your program and which could encourage other municipalities or organizations to implement a similar program elsewhere (e.g. toolkits, business cases, open data), as well as any approaches you will take to share your program's results and lessons learned beyond those that may be facilitated directly by GMF (e.g. conference presentations, coalitions of interested municipalities, partnerships with public or private sector organizations).

B8. Financing terms and other features of the proposed program

For feasibility studies: Describe the financing model(s) and program features you will be analyzing as part of your study to make home energy upgrades more attractive, and the key considerations to determine whether they are appropriate for your local context.

For program design studies and program evaluation studies: Describe the financing features you are considering offering to homeowners, and how you will evaluate these during your study (e.g. minimum and maximum funding amount per project, interest rate, term, participant costs, loan underwriting criteria, repayment mechanism, etc.).

Where relevant, describe the specific barriers you expect to address and the design features you will consider to make energy upgrades more equitable, accessible and attractive to homeowners (e.g. streamlined approval process, lower interest rates, stacking with incentive programs, flexible underwriting criteria, etc.). Please ensure that you also provide a description of the consumer protection measures that will be evaluated as part of your study.

For capital programs: Explain how each of the points below will be addressed in the financing offer you will make available to participating homeowners. Where relevant, please highlight any preferred lending terms that improve the affordability and general attractiveness of home improvements for residents of the community (e.g. lower interest rates, stacking with utility incentive programs to reduce cost, etc.).

- Loan underwriting criteria to be used to evaluate homeowner eligibility (e.g. loan-to-value ratio, property tax billing history)
- Maximum and minimum funding available per energy upgrade project (e.g. \$40,000 or 10 percent of assessed property value)
- Interest rates and amortization periods
- Administrative charges assessed to participants, if applicable
- Consumer protection measures (e.g. price control and quality assurance oversight mechanisms)
- Other attractive or innovative features

B9. Financing program process flow

Skip this question if applying for a feasibility study and proceed to Section B13.

For program design studies and program evaluation studies: Your program design study or program evaluation study will need to determine an appropriate governance framework for the new or expanded financing program, including the roles and responsibilities of the municipality, program administrator and delivery partners, and how program capital will flow into home energy upgrades and be repaid. As best as possible, describe what options you are considering and how these will be assessed as part of the study.

For capital programs: Describe how the funds flow through the program addressing the following:

- What sources of capital will be used for home upgrade projects?
- How will the funds flow between the program administrator, municipality, delivery agents (e.g. contractors, energy advisors) and homeowners?
- What repayment vehicles will be utilized by the program?

We encourage you to add a process diagram as a supporting document.

B10. Program delivery and performance monitoring

Skip this question if applying for a feasibility study and proceed to Section B11.

For program design studies and program evaluation studies: Where possible, tell us how your study will address the following questions:

- How might you monitor program delivery and make adjustments as needed throughout program implementation to address challenges as they arise?
- How might you hold key actors accountable?
- How will you establish quantifiable outcomes associated with completing projects?
- How will you establish clear expectations from service delivery partners/vendors?
- How will the program implement business systems to serve homeowners and support contractors?
- How will you approach using the EnerGuide home rating system as a platform for data collection and the reporting of energy and environmental benefits?

If you have copies of your requests for proposals or a consultant's reports/proposals, attach them in this section.

For capital programs: Tell us about the key steps and interventions that will occur during the start-up phase and implementation of your program by addressing:

- What are the key milestones you are planning to achieve over the implementation of your program (as reflected in the Program Workbook, Tab B13, “Capital Budget”)?
- What is your approach to marketing and promotions to achieve this level of uptake?
- How will you monitor program delivery and make adjustments as needed throughout program implementation to address challenges as they arise?
- How will you utilize the EnerGuide home rating system as a platform for data collection and the reporting of energy and environmental benefits?

B11. Program benefits

As best as possible, tell us about the actual or potential environmental, economic and social benefits that you expect will or could be realized by your financing program for home energy upgrades.

B11a. Environmental benefits

Describe the direct energy and environment benefits you expect to achieve with the implementation of your program (e.g. energy consumption savings, renewable energy generation and GHG emissions reduction). Notwithstanding the energy-efficiency focus of the program, initiatives that also generate

significant GHF-reduction impacts will be evaluated more favourably. Also discuss any other environmental benefits that may be realized (e.g. air quality, water conservation).

For feasibility studies: Do NOT complete the “Environmental Benefits” tab in the project workbook and instead use the text box in the application form to describe the types of environmental benefits you expect to achieve from a fully implemented program. At this stage, it is understood that your expected benefits may be a preliminary estimate.

For program design studies: Please make sure to complete the “Environmental Benefits” tab within the project workbook to help you quantify the forecasted environmental benefits that will result directly from your fully implemented program, such as the energy and GHG emissions reduction expected. For those environmental benefits that are not easily quantifiable, please describe them in the text box in the application form.

For program evaluation studies: Please make sure to complete the “Environmental Benefits” tab within the project workbook. The program uptake numbers in Step 2 of the “Environmental Benefits” tab should reflect the total number of homes that have participated in your program since inception. In the text box in the application form, explain how your actual program uptake numbers and environmental performance compares to the planned uptake and environmental performance at the start of your program. For those environmental benefits that are not easily quantifiable, please describe them in the text box in the application form.

For capital programs: You do not need to fill out the “Environmental Benefits” tab at the time of application. Upon receipt of your full application, your assigned project officer will schedule a meeting to complete the “Environmental Benefits” tab together. Please ensure that any relevant backup data, including but not limited to energy models, program uptake benchmarking, GHG reduction calculations, etc., are included as supporting documents in Section B11a.

B11b. Social and economic benefits

Describe the social and economic benefits you expect to achieve with the implementation of your program. Benefits could include job creation, skills training, improved housing affordability, equitable access to the program via outreach to diverse populations, improvements to the local building stock, improved health and quality of life of participating households and improved ability to adapt to climate change.

In the box provided in the application form, please list the individual social and economic indicators that will be tracked or measured.

B12. Program implementation risks

Skip this question if applying for a feasibility study and move to Section B13. However, we suggest that you keep these broad categories of risk in mind while completing your feasibility study as they will likely inform your approach.

Describe the biggest risks and challenges you expect to face during the implementation of your financing program, and how you will manage/mitigate them.

For program design studies and program evaluation studies: Describe how your study will investigate these risks and develop risk management approaches.

For capital programs: Describe how your program will address these risks.

B13. Budget and work plan

Note that you must use the workbook template provided by FCM. Refer to the “Instructions” tab for further instructions and consult the “Eligible and Ineligible Costs” tab or Appendix A in this guide to determine eligible costs.

For all studies: Please answer the questions for B13 within the project workbook. Complete the following tabs in the workbook:

- Budget—Work Plan
- Sources of Funding

For capital programs: Please answer the questions for B13 within the project workbook: Complete the following tabs in the workbook. Complete the following tabs:

- Operating Budget
- Capital Budget
- Sources of Funding

PART C: REQUIRED DOCUMENT CHECKLIST

Please provide the appropriate documentation for each required document type. You may attach more than one document for each document type. Some of the documents that you must attach may have already been referenced

in response to previous questions. You may refer back to these documents in the appropriate fields below.

FCM reserves the right to request additional information at any time.



PART D: DECLARATION AND SIGNATURE

Type out the information of the person with signing authority from the Lead Applicant organization (see *Part A: Applicant Information*) that will sign

the application. Note that the person may differ from the Lead Applicant primary contact.



HOW TO SUBMIT YOUR APPLICATION

Before submitting, please check the list of required supporting documents in the application form. These documents confirm the information provided in the application. Ensuring that your submission is complete with all supporting documents will reduce your processing time.

Tip: Please ensure that the titles of supporting documents are clear and match what is in your application form. Please also specify the relevant sections/pages of your supporting documentation as prompted in the application form. This will help staff and peer reviewers find the appropriate files more quickly.

Finally, please add the word “CEF” to the titles of each document. Example:

“CEF_InitialProposal_
ProjectTitle_DocumentType”
and
“CEF_FullApplication_
ProjectTitle_DocumentType”

Ready to submit?

- Make sure you answered all the questions in the application form and project workbook.
- Double-check that you have all required supporting documents.
- You are ready to upload your files!

Upload your files

To upload your files:

1. Click on [this link to upload to the GMF inbox at Box.com](#).
2. Follow the simple on-screen instructions.
 - a. You can upload multiple documents at the same time or individually.
 - b. Once you select all your documents, enter your municipality/organization's name in the "Description" field and provide your email address. If you choose to upload files individually, ensure that for each upload you enter the same information in the "Description" field and provide the same email address.

You will receive an official email acknowledging your submission within two business days.

Quebec municipal applicants

Quebec municipal applicants should note that the initial proposal form must first be submitted to the Ministère des Affaires municipales et de l'Habitation (MAMH) before submission to GMF. The ministry will determine if your proposed project is in compliance with Quebec policies before issuing an *avis favorable*. GMF may not contact the applicant until MAMH provides its compliance decision. Please visit <https://www.mamh.gouv.gc.ca/> for more information. GMF may provide some assistance if needed.

Municipally owned corporations must follow a different procedure: they must obtain authorization from the Quebec government to secure an agreement with FCM, in accordance with the *Ministère du Conseil exécutif*. Private non-profit organizations can submit to GMF directly.

Need help, or have suggestions to improve this guide?

If you are having trouble completing the application or uploading files, or simply have questions, give us a call at 1-877-417-0550 or email us at gmfinfo@fcm.ca. We are also open to hearing from you on how to improve this guide.

APPENDIX A: ELIGIBLE COSTS TABLE

This table outlines the costs that can and cannot be funded by FCM.

Please pay particular attention to any costs that may be ineligible.

Table 5: Eligible and ineligible costs

Section A: Costs incurred prior to date application received by FCM

Cost category	Eligible costs	Ineligible costs
Pre-application	Costs to prepare the GMF application, including inserting information into the project workbook, incurred up to 90 days prior to the full application receipt date	All other costs incurred prior to the full application receipt date, including any stakeholder engagement or research that took place to support the writing of the full application or insertion of information into the project workbook

Section B: Costs incurred after date full application received by FCM

Cost category	Eligible costs	Ineligible costs
Administrative	<p>Administrative costs that are directly linked to and have been incurred for the project, such as:</p> <ul style="list-style-type: none"> • communication costs (e.g. long-distance calls or faxes) • permits or certifications required for the project • printing or photocopying by outside suppliers • acquisition of documents used exclusively for the project • document translation • For capital programs only: business systems and tools, such as information technology products (software and hardware) needed to support communications, application intake, renovation contractor management and oversight, accounting, and reporting 	<p>Office space, supplies and general overhead costs incurred in the ordinary course of business</p>
Advertising	<p>Advertising costs essential to communicating the project to the public, such as:</p> <ul style="list-style-type: none"> • advertising development • media distribution • website development 	<p>Advertising costs for general education or publicity that is a result of ongoing or other business activity and not a specific requirement of the project, such as:</p> <ul style="list-style-type: none"> • promotional items
Audit (capital programs only)	The cost of a financial audit for the program if required by FCM	N/A

Cost category	Eligible costs	Ineligible costs
Capital (capital programs only)	<p>Capital costs as defined and determined in accordance with generally accepted accounting principles (GAAP)</p> <p>Any costs associated with a qualifying home upgrade project, including:</p> <ul style="list-style-type: none"> costs for acquiring, developing, constructing, modernizing or leasing systems (equipment, hardware, software, etc.). costs of construction, renovation or modernization of facilities and structures such as materials and installation costs costs directly related to upgrading the energy performance of an existing residential building such as equipment, materials and labour costs the Provincial/Harmonized Sales Tax and the Goods and Services Tax which the homeowner must pay cost of performing pre- and post- home energy assessments <p>Note: Up to 30 percent of GMF funding is eligible for other home improvements such as water conservation, climate resilience and health and safety improvements prioritized by a municipality. This 30 percent non-energy improvement cap is applied to the individual home upgrade project.</p>	<ul style="list-style-type: none"> purchase or lease of real property home upgrades that are not permanently affixed to the property debt service costs paid by homeowners
Equipment rental	Rental of tools or equipment related to the project	Rental of tools or equipment related to ongoing or other business activities

Cost category	Eligible costs	Ineligible costs
Meetings and public gatherings	<p>Costs related to meetings and public gatherings that communicate the project to the public and that collect feedback, such as:</p> <ul style="list-style-type: none"> • facility rental • audiovisual equipment rental • public surveys 	<p>Any hospitality expenses such as:</p> <ul style="list-style-type: none"> • food and drink • alcohol • door prizes • entertainment • music • decorations, flowers, center-pieces, etc.
Services	Fees for professional or technical consultants and contractors	<p>Costs for engineering studies, audit studies or feasibility studies for which grants or contributions are provided by or committed to be provided by any program of the Government of Canada</p>

Cost category	Eligible costs	Ineligible costs
Staff remuneration	<p>Daily rates actually paid by the Eligible Recipient (Lead Applicant) to its employees (including permanent and contract employees) in Canada for time actually worked on the implementation of the project (including staff time to participate in FCM-led capacity-building activities related to community financing programs for home energy upgrades). The daily rate per employee shall include the following costs:</p> <ul style="list-style-type: none"> • direct salaries: actual and justifiable sums paid by the Eligible Recipient to employees in accordance with the Eligible Recipient's pay scales as regular salary excluding overtime pay and bonuses • fringe benefits: in accordance with the Eligible Recipient's policies and as detailed in this column under "Time-off Benefits" and "Paid Benefits" <p><u>Time-off benefits:</u></p> <ul style="list-style-type: none"> • prorated to the annual percentage (%) of time actually worked on the implementation of the project: allowable number of days to be paid by the Eligible Recipient for the following payable absences: statutory holidays, annual vacation <p><u>Paid benefits:</u></p> <ul style="list-style-type: none"> • actual sums paid by the Eligible Recipient for paid benefits (prorated to the annual percentage (%) of time actually worked on the implementation of the Project): the Eligible Recipient's contribution to employment insurance and workers' compensation plans (where applicable), health and medical insurance, group life insurance or other mandatory government benefits <p>Note: For private (for-profit) entities only, as determined by FCM, the value of total staff remuneration cannot exceed 10 percent of the program's eligible costs.</p>	<ul style="list-style-type: none"> • overtime pay • bonuses/ performance pay • fringe benefits such as sick days, maternity leave, parental leave, pension plan and any other fringe benefits not listed as eligible • costs related to ongoing or other regular business activities and not specifically required for the project • staff wages while receiving training or attending learning events • professional membership fees or dues • staff remuneration for which a grant or contribution are provided by or committed to be provided by FCM—this includes funding provided or committed through Climate Change Staff Grants from FCM's Municipalities for Climate Innovation Program

Cost category	Eligible costs	Ineligible costs
Supplies and materials	Supplies and materials that are specifically needed to undertake the project	Costs related to ongoing or other business activities that are not a specific requirement of the project
Transportation, shipping and courier charges	Transportation costs for delivery of materials and services essential for the project	Any transportation expense related to ongoing or other business activities
Travel and accommodation	Travel and project-associated expenses for staff and consultants, to the extent that the travel and accommodation rates comply with Treasury Board of Canada guidelines and to the extent the travel is necessary to complete the project—including travel and accommodation costs to attend CEF capacity-building activities organized by FCM	<ul style="list-style-type: none"> travel, accommodation and fees to attend conferences, missions, trade shows, etc. travel and associated expenses of a partner in the project
Taxes	The portion of taxes for which your organization is not otherwise eligible for rebate	The portion of taxes for which your organization is eligible for rebate (provincial, territorial or federal)
In-kind	N/A (Please note that Lead Applicants can include staff time costs for time actually worked on the implementation of the project and list this as “Staff Remuneration.” See “Staff Remuneration” category above.)	Any goods and services that are received through donation or in-kind
Training	<ul style="list-style-type: none"> staff training necessary for the successful design and implementation of the program. costs associated with market-building activities such as renovation contractor training, workforce skills development and energy advisor training 	N/A
Loan loss provision (capital programs only)	A portion of costs related to default or delinquent payment as approved by FCM	N/A
Rebates and incentives (capital programs only)	Direct rebates and incentives for equipment and materials for home upgrade projects that qualify under the program	Interest rate buy downs

APPENDIX B: SAMPLE LETTERS

Sample letter confirming consultation with provincial/territorial government

[Date]

[Municipal Affairs contact]

[Municipal Affairs department address]

Re: [Consultation with provincial/territorial government for GMF application]:
[initiative title], [name of lead municipality]

Dear [name of contact],

[Lead applicant organization name] is submitting an application to the Federation of Canadian Municipalities' (FCM) Green Municipal Fund for the above-mentioned [project type].

As part of the application process, FCM requires the Lead Applicant to supply evidence of consultation with the provincial/territorial government about the initiative **[STUDIES:** to avoid potential conflicts with other provincial/territorial funding sources or policies. Regulatory issues do not need to be addressed at this time, as they are addressed through compliance clauses in the funding agreement of approved applications.] **[IMPLEMENTATION PROJECTS:** to demonstrate that the applicant has the legal authority to pursue [the PACE financing or third-party lending model] described in the overview of this application package.]

[STUDIES: We are sending this letter to initiate the required consultation. Please review the attached application and advise us if there is any potential conflict with provincial/territorial funding or policy.]

[CAPITAL PROGRAMS: We are sending this letter to provide proof that as the applicant to GMF, we have the legal authority to pursue the [PACE financing or third-party lending model].]

[STUDIES: If we do not receive correspondence from you within 90 days, we will assume that no such conflicts exist.]

Yours sincerely,

[Lead applicant contact]

Encl.

Sample letter from confirmed funding sources for GMF

[Date]

Green Municipal Fund
Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

**Re: Confirmation of financial contribution for GMF application: [initiative title],
[name of lead municipality]**

To whom it may concern,

This letter is to confirm that [name of organization] will make a cash contribution of [\$XXX] and/or a staff remuneration contribution of [\$XXX]⁵ to undertake the financing initiative mentioned above and for which funding is requested from the Green Municipal Fund.

Yours sincerely,

[Authorized person and title]
[Name of contributing organization]

5 Please note that only the Lead Applicant can claim staff remuneration as an eligible cost.

APPENDIX C: LIST OF SAMPLE ELIGIBLE MEASURES IN LOCAL FINANCING INITIATIVES

To support those planning local programs in creating the list of measures that will be eligible under their program, CEF offers a sample list as a guideline.

Table 6: Sample energy-efficiency and renewable energy measures that could be eligible under a local program

Measure category	Measure type
Building envelope	<ul style="list-style-type: none"> • air sealing* • attic insulation* • basement insulation* • exterior wall insulation*
Heating, ventilation and air conditioning (HVAC)	<ul style="list-style-type: none"> • air-source heat pump* • attic fan • biomass/wood stove • boiler* • ceiling fan* • central air conditioner* • duct replacement • duct sealing • evaporative cooler • furnace* • geothermal heat pump* • heat/energy recovery ventilator • hydronic radiant heating system • mini-split air conditioner* • mini-split heat pump* • programmable thermostat* • ventilation fan* • whole-house fan • wi-Fi thermostat*

Measure category	Measure type
Lighting	<ul style="list-style-type: none"> lighting control lighting fixture*
Pool equipment	<ul style="list-style-type: none"> automatic pool cover electric heat pump pool heater gas pool heater pool pump*
Water heating	<ul style="list-style-type: none"> drain water heat recovery electric heat pump storage water heater* gas storage water heater* gas tankless water heater* hot water delivery system
Windows, doors and skylights	<ul style="list-style-type: none"> exterior door* exterior window shading device skylights and tubular daylight device* window* window film
Solar electric	<ul style="list-style-type: none"> solar inverter solar panel
Solar thermal	<ul style="list-style-type: none"> solar pool heater solar water heater*
Other	<ul style="list-style-type: none"> energy storage system electric vehicle charging station*

*Denotes products that are evaluated by ENERGY STAR®.

APPENDIX D: CAPITAL PROGRAM TERMS – LOAN AND GRANT

This document contains terms that may be included in a contract between the Federation of Canadian Municipalities (FCM) and Community Efficiency Financing (CEF) funding recipients. The terms are subject to change, at the sole discretion of FCM, and are provided for informational purposes only. FCM is the administrator of the Green Municipal Fund (GMF).

Eligible Funding Recipient(s)	Canadian municipalities and partner organizations
Eligible Costs	Maximum funding of up to 80% of eligible costs <i>Refer to Appendix A: Eligible Costs Table for a list of eligible costs</i>
Program Implementation Period	Period in which the Recipient can request loan disbursements, with the period beginning the date of FCM Board Approval and ending the earlier of: <ul style="list-style-type: none"> • a date the borrower elects OR • four years from the date of FCM Board Approval.
Deadline to Request Entire Loan Amount	The final loan disbursement must occur no later than 4 years after FCM Board Approval.
Deadline to Request Entire Grant Amount	Final grant disbursement must occur no later than one year after the final loan disbursement. The final grant disbursement is provided once the Recipient has satisfied FCM's conditions of disbursement, including submittal of program impact reports.
Initial Grant Disbursement	Recipient is eligible to receive an initial grant disbursement at time of contract execution. The amount is the lesser of: <ul style="list-style-type: none"> • 20% of total eligible grant amount, or • 80% of the sum of total start-up costs and total year 1 operating costs (as reported in the Operating budget submitted as part of your GMF funding application) Initial grant disbursement is capped at \$500,000

Eligible Funding Recipient(s)	Canadian municipalities and partner organizations
Disbursement Frequency	<p>The Recipient is eligible for up to 10 disbursements:</p> <ul style="list-style-type: none"> • The initial grant disbursement • Up to 2 combined loan and grant disbursements per year (for a total of 8 disbursements) • The final grant disbursement
Disbursement Ratio	<p>After the Initial Grant Disbursement, the combined loan and grant disbursements must maintain a 2:1 dollar ratio (loan:grant).</p>
Interest Rates	<p>Interest rates are influenced by Recipient type (i.e. municipal government, non-municipal entity), credit profile and prevailing market conditions.</p> <p>Interest rates are calculated at each loan disbursement, using a dollar-weighted cost averaging formula, and fixed for the term of the loan.</p>
Interest-Only Period	<p>During the Program Implementation Period, interest will be payable semi-annually on any principal balance outstanding, starting from the day of the first loan disbursement.</p>
Loan Amortization Period	<p>At the end of the Project Implementation Period, the principal balance outstanding will amortize according to the agreed upon terms between FCM and the Recipient</p> <p>Loan amortization can be up to 25 years and customized based on the terms offered to homeowners. For example, if a program is offering 15 year loan terms to homeowners then 15 years would be the minimum loan term offered by FCM.</p>
Early Loan Repayment	<p>At contract signature, Recipients will have the option of choosing FCM's standard early repayment fee structure (Option 1) or choosing to waive any early repayment fees in exchange for a Loan Access Fee (Option 2). In either scenario, any prepayments must be equal to or greater than 5% of the outstanding loan balance. No maximum dollar limit is placed on early repayments.</p>

Eligible Funding Recipient(s)	Canadian municipalities and partner organizations
Early Loan Repayment (Option 1): FCM's Standard Early Repayment Fee Structure	<p>Prepayment rate is determined at time of prepayment and calculated as the higher of:</p> <ul style="list-style-type: none"> • Interest Rate at time of disbursement + 2.50%, OR • Interest Rate recalculated at time of prepayment + 2.50% <p>Prepayment is not permitted for the first half of the term.</p> <p>Between half to three quarters of the loan term prepayment is permitted provided the Borrower pays 18 months of interest at using the above calculation.</p> <p>After three quarters of the term, prepayment is permitted provided the Borrower pays 12 months of interest using the above calculation.</p>
Early Loan Repayment (Option 2): Loan Access Fee	Assessed at a rate of 1% of the total loan amount disbursed by FCM to the Recipient.
Municipal Loan Loss Reserve	An amount equal to 5% of the loan amount is to be provided to Recipients as a dedicated loss reserve for PACE/LIC arrears from the grant budget. Claims made against this reserve are subject to GMF Municipal Loss Reserve Policy.