From: "Levitt, Karen" <karen.levitt@vancouver.ca>
To: "Direct to Mayor and Council - DL"
Date: 7/28/2025 3:17:31 PM
Subject: Memo to Mayor and Council: CleanBC Review
Attachments: Memo to Mayor and Council - CleanBC Review.pdf

Dear Mayor and Council,

This memo provides an update on the City's input into the provincial government's review of CleanBC (the provincial government's plan to transition to clean energy)

- The CleanBC Review is examining the targets, policies, programs, and accountability mechanisms in CleanBC, and providing recommendations to Minister Dix and the Green Party Caucus by October 15.
- City staff provided input on July 17, emphasizing that CleanBC provides a strong foundation with areas for improvement. Staff provided specific recommendations as to how CleanBC could be enhanced –particularly for transportation and buildings-- while supporting housing, affordability and economic development.
- Examples of City staff input include: continuing with provincial implementation of the Zero Carbon Step Code for new construction, providing sustainable, long-term investment to expand transit service, and extending the Local Government Climate Action Program to 2030 or beyond.

Any questions can be directed to josh.white@vancouver.ca

Thanks,

Karen

Karen Levitt, Acting City Manager
karen.levitt@vancouver.ca

CITY OF VANCOUVER

PLANNING, URBAN DESIGN & SUSTAINABILITY
Sustainability

MEMORANDUM

July 28, 2025

TO: Mayor and Council

CC: Karen Levitt, Acting City Manager
Armin Amrolia, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Lon LaClaire, General Manager Engineering Services
Corrie Okell, General Manager Development Building and Licensing
Katrina Leckovic, City Clerk
Maria Pontikis, Chief Communications Officer, CEC
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office
Colin Knight, General Manager, Finance

FROM: Josh White, General Manager, Planning, Urban Design and Sustainability

SUBJECT: City of Vancouver input into the CleanBC Review

This memo provides Council with an update on the City's input to the CleanBC Review.

CleanBC Review Overview
On May 7, the provincial government announced it was reviewing CleanBC, which is the provincial plan to transition to clean energy. The CleanBC Review (the Review) is being led independently by Merran Smith and Dan Woynillowicz, who are recognized climate experts in B.C. They are reviewing the targets, policies, programs, and accountability mechanisms in CleanBC, and providing recommendations to Minister Dix and the Green Party Caucus by October 15. The provincial government will be releasing the Review's recommendations 45 days after that. City of Vancouver staff provided input into the Review on July 17. A number of other local governments, as well as stakeholders and the public, are providing input as well.

City of Vancouver Staff Input
Staff input focused on transportation and buildings, where CleanBC overlaps with the City's Climate Emergency Action Plan. Staff emphasized opportunities to link CleanBC with economic, affordability, and housing objectives. At a high-level, City staff's perspective is that CleanBC still provides a strong foundation for BC's transition to clean energy and our recommendations are intended to build on that foundation, while supporting housing, affordability and economic development objectives.

Examples of staff's input include:

- Continuing to move forward with provincial implementation of the Zero Carbon Step Code, recognizing that Vancouver and numerous other cities have already moved to higher steps, while considering some parts of the province (outside of the Lower Mainland) might be more suited to a slower pace of adoption.
- Continuing to move forward with provincial implementation of the Highest Efficiency Equipment Standards, recognizing that Vancouver has aligned its policy expectations for replacement domestic water heaters in low-rise residential with those provincial standards.
- Continuing to rely on the Zero Emissions Vehicle Act to accelerate the transition to electric vehicles, and make modest changes to the act to be responsive to the short-term slow down in EV sales in BC.
- Providing sustainable, long-term investment to expand transit service and the active travel network through funding partnerships and grants to municipalities.
- Extending the Local Government Climate Action Program at similar levels of investment to 2030 or beyond to continue supporting local government capacity in climate action.

The City's full input is attached.

Please feel free to contact me at josh.white@vancouver.ca if you have any questions.

Sincerely,

Josh White
General Manager of Planning, Urban Design and Sustainability
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City of Vancouver Input to the CleanBC Review

July 17, 2025

1&2 With respect to CleanBC's programs and policies—inclusive of legislation, regulation and government direction—that directly reduces or enables emission reductions:

a. *What is working well?*
b. *What are the challenges and/or areas for improvement?*
c. *What gaps exist, and how could they best be filled?*

We have answered a, b, and c for questions 1 and 2 below with sub-sections for buildings, transportation, and local government capacity.

Buildings

Aspects of CleanBC that have been working well for buildings include:

- The establishment of the Zero Carbon Step Code, which has seen early adoption by many local governments across the province including the City of Vancouver. The Zero Carbon Step Code has provided local governments with a framework to reduce emissions in new construction and ensure consistency and alignment for builders and developers.
- The provincial and utility incentives to grow the market for highest efficiency equipment standards for new space and water heating equipment, which have resulted in heat pumps outselling gas furnaces.

If B.C. can successfully transform these markets away from inefficient gas-only equipment, it will help lower energy bills for British Columbians and put the province on track for deep cuts in emissions from the buildings sector.

There are two clear next steps for the provincial government to build on those initial strengths that are unfinished commitments from the CleanBC Roadmap:

1. **We recommend implementing the 2nd highest step of zero carbon step code for at least the Lower Mainland and Vancouver Island by 2027** on the path to the top step province-wide by 2030. Many local governments in these regions, including the City of Vancouver, are already at these levels, so this is a good opportunity to increase alignment across local governments, which will support housing objectives.
2. **We recommend enacting the point-of-sale highest efficiency equipment standards for space and water heating in low-rise buildings, and for roof-top units in larger buildings** – especially in the markets where the supply chains and economics are strongest. This could be accomplished with provincially established requirements for the Lower Mainland and Vancouver Island, or building permit opt-in provisions for local governments that are ready to move.

Beyond roof top units, the City's experience with large buildings demonstrates that carbon and energy efficiency benchmarking and performance standards are a more effective emissions reduction approach than equipment standards and better supported by building owners and managers. Performance standards provide building owners and managers with more flexibility to deal with the complex space and water heating systems in larger buildings. Vancouver's success to date has been in part because the initial focus has been on the largest commercial buildings (over

100,000 square feet). Similar approaches are used in large cities across North America and could be a natural extension of the provincial government's expertise in regulating large industrial facilities. For these reasons**, we recommend considering a BC-wide benchmarking and building performance standard for large buildings**. Such a program could include opt-in provisions for local governments, much like the step codes.

For any requirements for highest efficiency equipment standards, and for any carbon performance limits for large buildings, **we recommend providing building owners with incentives through a transition period**. Phasing out incentives too early for less familiar technologies will make it challenging to maintain support from impacted building owners. See response to question 3 for ideas on how to maintain those incentives.

A significant gap in CleanBC has been the decision to not implement the promised emissions cap for natural gas utilities. The 2022 Climate Change Accountability Report indicated it would be done by early 2024, but by the 2024 Accountability Report, the commitment was not mentioned. If the commitment isn't going to be resuscitated, the provincial government should develop an alternate plan for those emissions. Therefore, **we recommend exploring the addition of stationary natural gas use to the Low Carbon Fuel Standard.** Doing so could help decarbonize gas supply in B.C., improve the business case for electrification and energy efficiency, and provide a new revenue stream for incentives (see Question 3).

While much of the focus in buildings is rightly on operational carbon, there are also significant opportunities to reduce embodied carbon, which are the emissions from building materials and construction. The City of Vancouver has moved forward with embodied carbon reporting requirements for large, new buildings and has a roadmap in place to reduce these emissions, and the federal government is intending to include embodied carbon in the 2030 National Model Code.

CleanBC commits to developing a Low Carbon Building Materials Strategy. **We recommend that the Low Carbon Building Materials Strategy include reducing embodied carbon in public buildings and infrastructure, and exploring options to require low embodied carbon in new private buildings.** The federal government's "Buy Clean: Low-carbon Construction" policy from the Greening Government Strategy could be the basis for a provincial procurement commitment, and a provincial code (or step code) could be informed by the City of Vancouver and the federal government's work. Simply starting with reporting requirements for public buildings and infrastructure can shift the market and prepare industry for future carbon limits.

Transportation

The provincial government has made significant strides following through on key transportation policy commitments in the CleanBC Roadmap – particularly the strengthened Zero Emissions Vehicle (ZEV) Act and Low Carbon Fuel Standard. These policies are bringing more electric vehicles, EV charging, and renewable fuels to BC, and they give reason for optimism about what can be achieved with consistent, meaningful, sustained policy. For the City of Vancouver, these policies have supported and accelerated our work to advance EV charging infrastructure and electrifying our corporate fleet.

1. For the ZEV Act, the City has provided more detailed input to the Ministry of Energy and Climate Solutions for their consideration. At a high level, **we recommend modest changes**

to the ZEV Act to adjust to short-term market uptake challenges, but caution against an overreaction to those challenges that would unnecessarily slow the transition to electric vehicles and create uncertainty for planning EV charging infrastructure.

2. For the Low Carbon Fuel Standard, **we recommend establishing post-2030 carbon intensity targets for the LCFS**. Doing so will ensure that the LCFS continues to encourage more investment in EV charging and renewable fuels in BC, and maintain the incentive it provides to reduce emissions from the transportation sector. These investments are particularly important for medium- and heavy-duty vehicles, which have been a key driver of increasing transportation emissions. Post 2030 targets have already been established for the Clean Fuel Standards in Washington, Oregon, and California. As part of the process to establish post-2030 targets, **we recommend assessing the latest science on renewable fuels to ensure impacts from land-use changes are being reflected accurately in the LCFS**.

To further support the transition to EVs and increase alignment in requirements for new housing **we recommend standardizing EV-readiness requirements for new residential construction**. In many local governments, including the City of Vancouver, which already have requirements, they are benefiting from the cost-effective provision of home charging and increased alignment would reduce the variation in rules that developers navigate. In the local governments that haven't introduced requirements, a standardized provincial approach would dovetail with housing objectives and take pressure off more expensive investments in public charging and future retrofits.

An important opportunity that should be more consistently linked with CleanBC is the provincial government's investment in transit and active transportation. These investments make British Columbians safer and more connected, they reduce energy costs, and they reduce carbon emissions. In Vancouver, more than half of all trips are by walk, bike or transit—a testament to significant improvements in the safety and priority of those modes in Vancouver. **We recommend providing sustainable, long-term investment to expand transit service** (see TransLink's Access for Everyone 10-year plan for regional priorities). Further, **we recommend expanding the active travel network through funding partnerships and grants to municipalities, and by considering active transportation and safety improvements in all provincial transportation projects**.

Finally, the provincial government could also be doing more to reduce driving speeds in urban areas. Slower driving speeds improves safety and reduces health care costs, and makes a switch to active transportation a more attractive option. To support this, **we recommend enabling blanket speed limit changes and significantly expanding the intersection safety camera program** (including allowing local governments to install additional cameras at their own expense).

Local Government Capacity

The Local Government Climate Action Program (LGCAP), and the Climate Action Revenue Incentive Program that predated it back to 2010, have been effective provincial programs to grow local government capacity in climate action. Work funded by the programs at the City of Vancouver, and other local governments, has included Zero Carbon Step Code adoption, development of local climate action plans, planning for public EV charging infrastructure, and assessments to prepare

for the local impacts of climate change. Local governments play a critical role in helping the provincial government achieve its CleanBC goals and the LGCAP is vital for continuing that work. **We recommend extending the LGCAP program at similar levels of investment to 2030 or beyond.**

3 Are there different ways to fund CleanBC programs beyond government grants, rebates, and incentives? Are there examples from other jurisdictions that could be applied in B.C.?

As market mature, regulations such as the Zero Emissions Vehicle Act and Zero Carbon Step Code can be used to reduce, and eventually eliminate, the need for program funding. When program funding is needed, the following three ideas could be a source of funding without relying on direct provincial budget contributions:

1. **We recommend considering the use of revenue that BC Hydro generates from the sale of Low Carbon Fuel Standard credits to finance utility electrification programs** (e.g. incentives for EV charging or heat pumps). These credits are currently generated because BC Hydro customers are choosing to switch to EVs, and could also be generated from the switch to heat pumps if natural gas was added to the Low Carbon Fuel Standard. There's an intuitive link between the source of revenue and electrification programs, and it has served the City of Vancouver well to link the revenue we've generated from Low Carbon Fuel Standard credits with our efforts to decarbonize transportation.
2. **We recommend considering a carbon offset protocol for large building retrofits, low embodied carbon new buildings, and medium/heavy duty zero emission vehicles**. These types of projects would be well suited to offsets because they are important categories of projects in CleanBC, the emissions reductions can be estimated with a high degree of confidence, and they typically aren't yet cost-effective. If developed, these would provide more options for B.C.'s large industrial facilities to meet their low carbon obligations and help diversify BC's carbon offset approach away from forest offsets.
3. **We recommend considering enabling utilities to continue providing incentives for highest efficiency equipment such as heat pumps for a transition period** (e.g. five years) after local and/or provincial regulations are in place for that equipment. This would help the province move forward with the Highest Efficiency Equipment Standards because households making those upgrades would be supported through the transition period as the supply chains fully establish locally.

4 With respect to the role of B.C.'s electricity and gas utilities in CleanBC and the B.C. Utilities Commission as their regulator:

a. What is working well?

The City of Vancouver, like many local governments, is transitioning to electric space and hot water heating in buildings and supporting the growth of EVs—these shifts require sufficient electricity supply and distribution. The BC Hydro 2024 Call for Power was a significant success, bringing on more renewable power at lower cost with higher levels of First Nations equity ownership than

anticipated. The 2025 Call for Power is welcomed as a next step and we support the commitment to continue with regular power calls.

Similarly, the 2025 Requests for Expressions of Interest in capacity and energy efficiency are positive steps that will help surface new resource opportunities to keep electricity rates low and complement intermittent energy resources as required. It will be important to keep an open mind as BC Hydro transitions to an eventual call for capacity and efficiency – in particular for opportunities that BC Hydro doesn't have as much experience with such as Virtual Power Plants and Thermal Energy Networks that can help reduce peak loads.

b. What are the challenges and/or areas for improvement?

Two areas for improvement are as follows:

1. While BC Hydro's planning for generation and transmission has considered the transition to heat pumps, EVs, and other new electric loads, there continues to be a gap at the distribution scale of planning. For local governments like the City of Vancouver, effective distribution planning by BC Hydro is critical to ensuring new housing can be connected to the electricity grid in a cost-effective, timely manner. **We recommend that distribution level planning consider the same pace of electrification and that it explore local options to meet demand** that could help reduce costs for rate payers.
2. While BC Hydro's recent update to their Distribution Extension Policy was a welcome improvement, new gas connections are still financed with an outdated approach that doesn't account for expected declines in gas consumption over time. To address this concern, **we recommend that the BC Utilities Commission modernize the Utility System Extension Test Guidelines to better reflect B.C.'s economic, housing, and climate objectives**.

7 How could CleanBC's policies and programs be better aligned or integrated with other provincial priorities, including (but not limited to) improving affordability, enhancing economic competitiveness, protecting health, and ensuring energy security?

We recommend linking the provincial affordability, housing, and economic objectives more effectively with CleanBC.

1. Affordability – Households can reduce their energy costs by choosing to take transit or active transportation, and by switching to heat pumps and electric vehicles. In the City of Vancouver, for example, residents saved an estimated $16.5M in energy costs in 2023 compared to 2007, thanks to energy efficiency upgrades and infrastructure improvements to support walking, cycling and transit.
2. Housing – The Zero Carbon Step Code and Energy Step Code have already created a common framework for all local governments to advance energy efficiency and climate objectives in new construction. As the provincial government raises the province-wide requirements in those frameworks, one source of variation from local government to local

government will ultimately be eliminated, which will make it easier to plan and build new homes.

3. Economic Development and Employment – Core CleanBC policies such as the Low Carbon Fuel Standard and Zero Emissions Vehicle Act will strengthen local supply chains and increase employment opportunities in development and deployment of EV charging solutions and the production of renewable fuels. Continuing the market transformation to Highest Efficiency Equipment Standards will support heat pump installers. Following through on the commitment to develop a low embodied carbon strategy can lead to the utilization of more BC wood products, modular construction, and low carbon concrete in new construction.