

## B.C. Climate Solutions Council

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June 23, 2021

Dear Minister Heyman,

This letter is a follow-up to our discussion at the May 25 Climate Solutions Council meeting where you indicated that you and Minister Osborne would be interested in discussing an improved replacement program for the Climate Action Revenue Incentive Program (CARIP) for local governments. We would appreciate the opportunity to have that conversation soon and we are providing our initial ideas in this letter.

As you know, local governments want to partner with the provincial government to help achieve the CleanBC targets, and they want to build on the climate action they have demonstrated. Created in 2010, the Climate Action Revenue Incentive Program (CARIP) has been an important enabler of that local government leadership because it provides them with predictable and flexible funding that has predominantly been used to advance climate action. A May 2021 Community Energy Association report provides a snapshot of the types of climate action projects that CARIP has supported throughout the province.<sup>1</sup>

We encourage you to develop the new program with urgency. Local governments depend on CARIP to help develop and deliver their climate action programs. If the replacement program isn't developed quickly, these programs will be negatively impacted in 2022 because planning for that work is already underway. We recommend that government communicate the details of the replacement program as part of the 2030 roadmap later this year, and make replacement funding available in 2022 to avoid a gap when CARIP funding lapses.

The CARIP has three strengths that should be preserved in the replacement program:

1. *Flexibility* – There is a high degree of flexibility in how local governments can use CARIP, which allows them to direct it to the needs of highest priority in their communities. For example, CARIP funds can be used to support climate action positions on staff, to pay for preliminary studies of projects, and to match other funding sources for capital projects. Because of that flexibility, CARIP funds often allow for more impactful local government policy changes and capital projects.

2. *Predictability* – CARIP is not a competitive program, so local governments can plan their work around a reasonable estimate of the

<sup>1</sup> Community Energy Association report available here: [CARIP-Use-and-Impact-Assessment.pdf](https://communityenergy.ca/CARIP-Use-and-Impact-Assessment.pdf) ([communityenergy.ca](https://communityenergy.ca))

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amount and timing of funding, without the uncertainty that is common in most application-based grant programs.

3. *Dependability* – CARIP has been in place for over 10 years, which has allowed local governments to plan around the funding and build their climate programs accordingly.

The Climate Solutions Council identifies four opportunities where the replacement program could improve upon CARIP:

1. *Linking to CleanBC* – While CARIP funds have predominantly been used to support local government climate action, there's an opportunity to strengthen the link with CleanBC implementation. Without undermining the benefits of flexibility noted above, the replacement program could be improved by designating the funding be used by local governments to develop and/or implement their respective climate action plans.
2. *Rewarding success* – The CARIP grants are equivalent to the amount of carbon tax local governments pay for their corporate emissions. This means that local governments that are very successful reducing their corporate carbon pollution would see their CARIP grants decline, while they would still have a need to advance their community-wide climate action plans. This issue could be addressed by decoupling the grants in the replacement program from local governments' corporate emissions so that they continue to support climate action in different sized local governments, even after those local governments have significantly reduced their corporate emissions.
3. *Simplifying Reporting* – Some smaller local governments have suggested that the reporting requirements of CARIP could be simplified to be more commensurate with the small amount of carbon emissions they are responsible for and the small-sized grants they receive. In designing the replacement program, simplified reporting requirements should be considered to see if there are opportunities that allow provincial and local government staff to reduce their compliance costs and use that time to help implement their respective climate plans.
4. *Increasing the Scale of Funding Available* – For CleanBC targets to be met, local governments will need to increase their climate action efforts. To reflect this need, the funds available for the replacement program could increase relative to what was available under CARIP.

Thank you again for your willingness to work on a replacement program to CARIP and your interest in discussing our ideas to help the replacement program increase local government climate action. We think a replacement program can preserve and build upon the strengths of CARIP, be an important part of the 2030 roadmap, and help achieve the CleanBC targets for 2030 and beyond.

Sincerely,



Merran Smith  
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Clean Energy Canada  
Co-Chair, B.C. Climate Solutions Council



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Vice President, Corporate Relations  
Innergex Renewable Energy  
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