

What is the UBC Sustainability Revolving Fund?

The UBC Sustainability Revolving Fund is a green revolving fund that enables environmental sustainability projects on campus access to capital, with the purpose of reducing consumption of resources including electricity, water, heating, and materials. UBC has committed to participate in the Billion Dollar Green Challenge, an initiative of the Sustainable Endowments Institute that has challenged educational and non-profit institutions around the world to commit \$1 billion collectively in green revolving funds.

Typical projects could include building energy efficiency retrofits such as HVAC upgrades or lighting, and water conservation projects such as retrofitting old, inefficient fixtures or equipment – however other types of projects that meet the fund evaluation criteria are possible.

The funding mechanism has two key elements: first, the mobilization of grass-roots ideas from staff and faculty for projects that will improve efficiencies in their corner of the university; and second, the capital committed by the fund for a given project is repaid through the resource savings resulting from project implementation. After repayment, cost savings can continue to accrue, resulting in a net cost benefit to the party that is realizing the cost savings. It must be emphasized that it is a lending, rather than granting program - the lending interest rate being defined by UBC Treasury.

A Sustainability (or Green) Revolving Fund provides financing for implementing energy efficiency and other sustainability projects that result in ongoing cost savings. These savings are tracked and used to replenish the fund for the next round of investments.

Benefitting UBC and Supporting Research

The fund helps create new project opportunities by facilitating access to project funding, and providing advisory services to applicants to support and review their project proposals. Successfully completed projects create longer term operating cost savings, and contribute to UBC's sustainability goals.

The fund also supports UBC research by enabling projects initiated by faculties and researchers, helping UBC's research laboratories achieve cutting-edge performance, and building on UBC's "green research" capabilities. The UBC SEEDS program, which includes faculty research components, can also achieve synergies with the funding program via pre-feasibility and post-project evaluation studies.

Complements Existing Funding

UBC departments already have access to project funding through other mechanisms. Particularly for large building or infrastructure projects, investment decisions consider criteria including not just financial performance (including paybacks), but also broader criteria such as sustainability and academic objectives. The Revolving Fund is intended to fill a specific gap that complements existing funding: smaller resource conservation projects that can produce reasonable paybacks, but that otherwise would not have ready access to financing. The paybacks enable the revolving fund model to be used, which is relatively simple to administer.

Approval of Projects

Who Can Apply

Funding applications may be submitted by any UBC department, including ancillaries. Project sites may be on the Point Grey campus, or at UBC facilities off-campus in Vancouver. However, the program will be initially targeted to the research community.

If the principal applicant is not a faculty or staff member, the application must be supported and signed by a co-applicant who is a faculty or staff member.

Funding Approval Criteria

Key criteria for approval of project funding are:

- Contribution toward achieving UBC's sustainability goals
- Will result in savings that achieve a payback period of approximately two to five years
- Loan principal of \$10,000 to \$200,000

- Acceptable risk (technical risk and achievement of savings)
- Verifiable savings
- Additionality (i.e., the project would not proceed without the loan)

Note that funding and the number of new projects is limited each year, therefore projects that meet all criteria may have to wait for a future year for funding.

Funding Partners

Wherever possible, applicants are requested to seek alliances and additional project funding to complement the UBC Revolving Fund – for example, BC Hydro, Fortis BC, Natural Resources Canada, the Government of BC and other industry partners. This is particularly useful for project technologies with paybacks longer than five years.

Project Execution

The Recipient executes or arranges for execution of project, including securing all remaining funding (if applicable), managing construction contracts, legal issues, and other project details. If external funding is required, but it is not in place prior to the start of the project, the Recipient must notify the Review Committee who may recommend the project be placed on hold until the external funding is secured. Project implementation and success is the responsibility of the Recipient.

Repaying the Loan

At the time of proposal review and approval, a repayment schedule is determined and agreed upon, based on projected cost savings and payback. Regular payments are made to repay the loan following project execution. Cost savings, payments and other information is tracked using the online GRITS system, which is used by the fund administrators.

During the project execution phase, up to twelve months after loan approval, no repayments are made, however interest is calculated monthly and is added to the loan principal amount. The interest rate will be slightly below the Treasury posted rate to provide credit for the execution phase when savings are not yet realized.

To reduce risk of project failure, unexpected cost overruns or reduced cost savings, the application review process will assess the technical and financial risks based on available information. However, the repaying party (i.e., the party realizing the savings) must guarantee the loan repayment by signing a loan agreement. After the specified repayment period, all further savings accrue to the repaying party.

If cost savings are achieved but lower than projected, the repayment schedule may potentially be extended (to a limited extent), subject to approval by the review committee and UBC Treasury.

Localized vs. Centralized Utility Budget

In some cases, such as for most core academic building projects, utility savings (energy or water) will be realized by UBC's centralized utility, Energy & Water Services. In these cases, the loan agreement will need to specify a loan recipient distinct from the repaying department.

Verifying Savings

Ongoing savings are verified according to the measurement & verification (M&V) plan developed and approved as part of the proposal. The loan recipient is responsible to submit annual reports confirming savings achieved, which will be reviewed by the Review Committee.

Fund Administration

The fund is administered by Campus & Community Planning, Sustainability and Engineering unit. A Fund Review Committee will review applications for suitability to funding criteria. The Review Committee is

supported by graduate student teams in the assessment of financial performance and technical feasibility. An Assurance Panel, staffed by Directors from UBC’s new Energy and Water Services department and Campus and Community Planning, reviews the applications and recommend them for approval to the Working Group made up of the UBC Treasurer, Associate Vice President of Campus & Community Planning, and Managing Director of Energy and Water.

Process

Stage Timeline	Steps
1 Proposal	<ul style="list-style-type: none"> • Pre-screening (optional): submit project Executive summary for preliminary feedback <ul style="list-style-type: none"> • Fund administrator will arrange for preliminary review and comment on potential eligibility • Submit full proposal <ul style="list-style-type: none"> • Proposals collected and reviews started at the beginning of each quarter
2 Review & approval Under 3 months	<ul style="list-style-type: none"> • Technical & Financial review by specialized teams, recommend project to Assurance Panel • Assurance panel review confirms alignment with fund objectives, recommends to Working Group • Working Group Final Approval
3 Project Execution 12 months or less	<ul style="list-style-type: none"> • Confirm repayment schedule and execute loan agreement • Transfer funds to loan recipient • Loan Recipient Executes Project
4 Repayment & Reporting 5 years or less	<ul style="list-style-type: none"> • Loan Recipient Submits monitoring reports <ul style="list-style-type: none"> • Savings are verified via submission and review of monitoring reports, as per the M&V plan. If necessary, adjustments may be made in the repayment schedule, as appropriate. • Repaying Party makes loan repayments <ul style="list-style-type: none"> • Repayments are made by the client, unless utility savings are realized by UBC Energy & Water Services – e.g., in core academic buildings
5 Completion	<ul style="list-style-type: none"> • Complete repayments • Close revolving fund project • Savings may continue to be realised.

