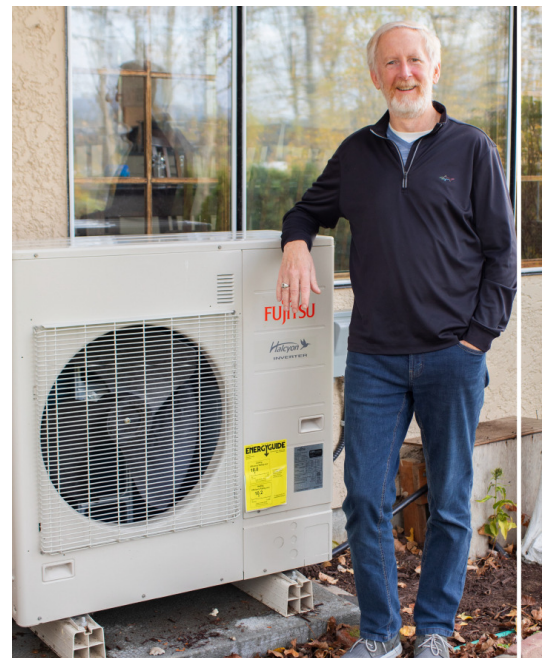


# Central Saanich Heat Pump Financing Pilot

## Program Review

January 2026



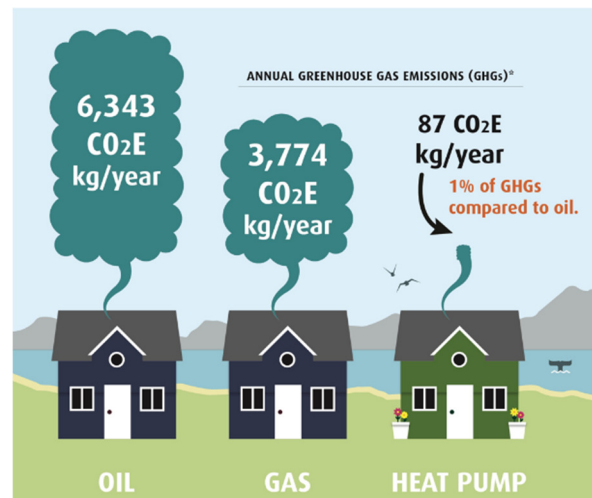
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## Introduction

In 2019, the District of Central Saanich secured a grant of \$500,000 from the Federation of Canadian Municipalities' (FCM) Green Municipal Fund (GMF) to implement a two-year financing or PACE (Property Assessed Clean Energy) pilot program to make the upfront cost of converting existing oil (fossil fuel) heating to electric heat pump systems more attainable for homeowners. The program provided up to a \$12,000 zero-interest loan that is paid back on the homeowner's property taxes over 10 years.

The Heat Pump Financing pilot program (formally known as the Oil to Heat Pump Program) was designed to support key action pathways identified in the District's Climate Leadership Plan of converting 100% of oil-heated homes to electric air source heat pumps by 2030, and have 3% of existing buildings renovated per year to use 50% less energy and install zero emissions home heating. The pilot would result in decreased energy use and greenhouse gases (GHGs) in the community by providing financing support for homeowners to help them switch to a heat pump, which is a more energy efficient and renewable fuel source of air space heating.



Graphic courtesy of CRD

The pilot's target was to support 50 homeowners in the transition to heat pumps and was anticipated to run until the end of 2023. This project is also complementary to the District of Saanich heat pump financing program which was also approved for GMF funding in 2019 to help homeowners. This report presents key highlights from the pilot program – from key design details, to promotions, quantifiable results, feedback received and lessons learned.

## Purpose

The purpose of the Heat Pump Financing program was primarily to accelerate the adoption of heat pumps, in order to:

- reduce green house gases which contributes towards our climate action targets;
- reduce the up-front financial/capital barriers for homeowners; address inequities for those who may not be able to access traditional financing options;
- reduce the environmental and economic risks associated with oil spills;
- improve heating affordability (by reducing homeowner energy costs);
- improve the liveability of homes (i.e., providing heating, cooling, air filtration and humidity control).

Senior citizens (43% of households in Central Saanich) are particularly vulnerable to air quality and can also benefit from the cooling aspect that heat pumps provide in summertime – a critical consideration as climate impacts result in increased hazards such as wildfire smoke and extreme heat.

The pilot also provides a case study from a smaller, more rural community, as smaller municipalities often face hurdles to implement PACE programs because of minimal staff capacity and smaller tax bases.

## Program Overview

The pilot program officially launched in March 2022, with residents on a waitlist eager to participate. The District of Central Saanich acquired a third-party administrator, City Green Solutions, to help facilitate program design and provide administrative assistance throughout the pilot in collaboration with municipal staff.

The program provided homeowners with up-front support, including some assistance with contractor deposits (if needed) so homeowners would not have to pay some or all of cost of a heat pump out-of-pocket. The FCM sponsored program allowed the District to offer a 0% interest loan with no administrative fees.

As part of the program, homeowners were required to undertake Natural Resources Home EnerGuide evaluations. Pre- and post retrofit EnerGuide evaluations provide information about energy use and emissions released from participating homes and could be used to assess reductions achieved as part of the program. At the time of project launch, the federal Greener Homes Grant program offered rebates to homeowners who completed EnerGuide assessments (up until early 2024 when it closed).

In January 2023, about a year later after launch, the District expanded the program to offer the financing benefit to a wider range of homeowners wanting to switch from any fossil fuel (oil, propane or natural gas) to heat pump. The expansion would help boost the participation rate and with that, increase the level of home energy efficiency and GHG reductions attained and help reach the 50 participant target. The formal name of the pilot was then changed from “Oil to Heat Pump Program” to “Heat Pump Financing Program”.

The District’s Heat Pump Financing program was also approved (by FCM) for extension into 2025 which allowed more time for the District to achieve program goals<sup>1</sup>.

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<sup>1</sup> External programs such as the more generous federal Greener Homes loan program (up to \$40,000) beginning mid-2022 may have attracted Central Saanich homeowners to this loan instead. The loss of the federal grant (rebate) program with substantial heat pump rebates (open to all homeowners) ended early 2024.

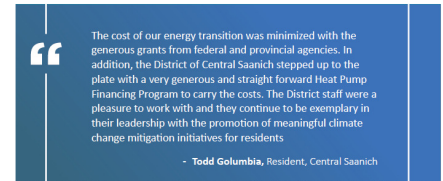
## Outreach and Promotion

Before program launch, the District hosted a heat pump information webinar with CleanBC in 2021 (during the pandemic). After launch, the District continued to partner with Clean BC to deliver two local in-person workshops in order to provide education to residents about heat pumps by an energy specialist, promote the financing program (to boost participation) and answer specific questions.



A webpage for the pilot program was developed which included information about the program and a link to a simple, on-line registration form. Promotional materials developed for the program included a press release, social media posts, and information boards displayed at community events and key intersections in the community, for example. Promotions were also included in several newsletters that are mailed out to all homeowners quarterly (utility bill inserts).

A presentation was developed and delivered virtually to contractors which outlined the process of the District’s financing program. Once completed, the contractor was then added to a program-registered contractor list and placed on the website – which provided a suite of approved contractors that homeowners could use to reach out to for quotes.



In 2024, a set of testimonials were produced highlighting the experiences of three separate Central Saanich homeowners that participated in the program. These testimonials were used in social media posts and on presentation boards and other materials for community events. This initiative brought a more personal touch to program promotions to attract more homeowners to the program.



## Program Results

### Homeowner Participation

Table 1. Central Saanich homeowner participation in Heat Pump Financing Program

# Homeowners Registered and approved to participate	<b>73</b>
# Participants Completed Installations	<b>45</b>
<ul style="list-style-type: none"> <li># Participants switched from Oil</li> </ul>	29
<ul style="list-style-type: none"> <li># Participants switched from Propane</li> </ul>	1
<ul style="list-style-type: none"> <li># Participants switched from Natural Gas</li> </ul>	15

A total of 73 participants registered and were approved for the District’s Heat Pump Financing Program; however (like many initiatives) a number of them withdrew from the program. Reasons for withdrawal included, changes in priorities and timing, financial challenges (e.g. time and expense of electrical service upgrade) or not needing the capital in the end. Of those 73 participants, 45 completed their heat pump installations and received financing from the District (See Table 1).

## Total Energy Consumption & GHG Reductions

An analysis<sup>2</sup> of energy performance of each home was conducted using data from the participating homeowners’ pre-retrofit energy and post-retrofit evaluations.

Results related to total home energy consumption reductions before and after the retrofit showed an average reduction of 49 GJ/year (or approx. 41% average reduction in energy use)(Figure 1). For all participating homes, total energy consumption reduction amounted to 2,164 GJ/yr (i.e., a drop from 5,282GJ to 3,118 GJ).

Results related to greenhouse gas reduced, showed an average heat pump-related reduction of about 4.7 tCO<sub>2</sub>e per home. Average household GHG emissions before retrofit was about 5.1 tonnes tCO<sub>2</sub>e/yr and after it dropped to 0.5 tCO<sub>2</sub>e/yr (which represents a significant 90% reduction)(Figure 2).

Total emissions reduction of all participating homes contributed to an amount of on average 204 tCO<sub>2</sub>e/yr (range: 224-201 tCO<sub>2</sub>e/yr). This translates to an estimated reduction of 4,080 tonnes of carbon emitted over 20 years or the operating lifetime of heating equipment.

## Heat Pump Installation & Energy Costs

Average cost spent by the homeowner for the heat pump installation a part of the program was approximately \$19,462 (range: \$11,786 – \$41,987).

Energy cost savings, show an average annual savings for participating homeowners in the order of around \$1,000 a year. Specifically, homeowners that were originally on oil showed greater energy

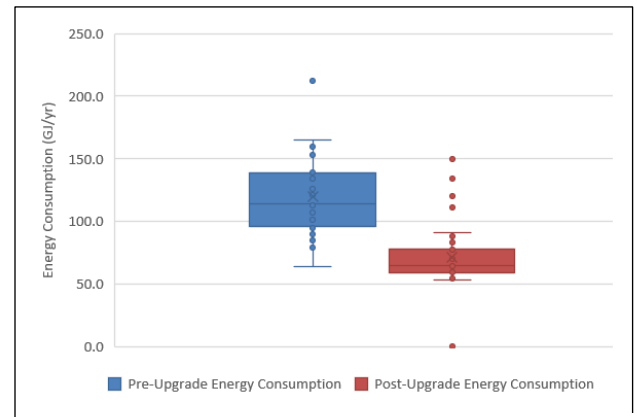


Figure 1. Comparison of average home energy use before and after retrofit, for participants of program.

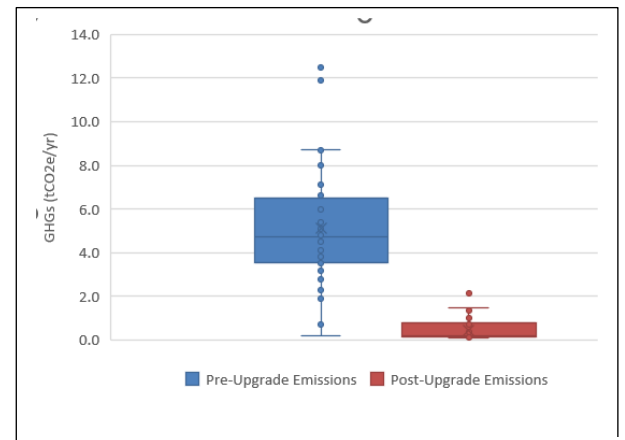


Figure 2. Comparison of avg. greenhouse gas emissions before and after retrofit, for participants of program.

<sup>2</sup> A total of 44 data points were captured (instead of 45), as one homeowner was unable to provide pre-retrofit information.

cost savings (estimate average = \$1,900/yr). If this cost savings was attained by the homeowner, it would surpass the annual financing repayments of \$1,200/yr for a \$12,000 loan.

## Financial Results

The average loan amount awarded to the 45 homeowners was \$11,741, with the majority (41 participants) receiving the full amount of \$12,000. The total amount financed for all 45 participating homeowner properties was in total: \$528,367. By the end of December 31, 2025, six homeowners completed the full payback of their loan. This amount along with the annual incremental payback of the loan of each property (through the District's Parcel Tax process) helps to support additional funding for future participants of the program.

## Satisfaction Survey – Homeowner Feedback

Each homeowner was asked to participate in a survey upon completion of the program, to gain an understanding about their experience in the program and motivations to complete other home energy retrofits in the future. In total, 29 responses<sup>3</sup> were received.

Key highlights from the responses are provided below:

- 96% of the participants were very satisfied or satisfied with the District's Heat Pump Financing program;
- 92% felt the 0% financing with no additional fees was a deciding factor to participate and undertake the upgrade
- 58% agreed or strongly agreed that the program addressed a financial barrier in the market that would otherwise have prevented them from upgrading to a heat pump system.
- 46% shared that after completing the EnerGuide Home evaluation, pursuing an upgrade became a higher priority than before the evaluation.
- 75% felt that it would have been unlikely to pursue home energy upgrades if rebates were not available.
- All participants expressed that they would recommend the financing program to a friend or family member or neighbour.
- Almost all of them (96%) said they took advantage of Federal Greener Home Grant program.
- 75% of the participants took advantage of the provincial CleanBC Better Homes Program with 14% taking advantage of specifically the Income Qualified rebate stream.

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<sup>3</sup> Represents a survey completion rate of 62%

## Lessons Learned

The results outlined above and feedback received from participants demonstrate that the Central Saanich Heat Pump Financing Program was indeed a success. In order to achieve success, the District learned that it was necessary to monitor outcomes and pivot or adapt the program along the way to meet program goals.

Some key challenges and lessons learned are provided below:

- Average cost spent by participating homeowners for the heat pump installation was on average \$19,462, which is more than anticipated before the program began. This may suggest that inflation, high interest/rush to take advantage of substantial heat pump rebates, and industry capacity limitations, may have drove costs up. An unexpected increase in heat pump cost may have influenced participation.
- The federal Greener Homes Loan Program was launched a few months after the launch of the District's PACE program (mid-2022). This loan provided a larger loan (up to a \$40,000) with zero % interest whereby homeowners could complete more comprehensive energy retrofits with that loan program (e.g., envelope upgrades, solar installation). Although this federal financing offer was available, homeowners continued to participate in the District's loan program<sup>4</sup>.
- The District's program required each homeowners' property to be brought to Council as part of a Local Area Service (LAS) bylaw adoption, of which takes at least a month (after registration) for the homeowner to receive approval by Council. When an intake period was specified, this wait would be even longer. To provide better and quicker service, the District decided to eliminate the intake period for homeowners and bring properties more directly to Council after registration.
- To better maximize the funding provided by FCM, the District was kindly granted expansion of the program in order to allow more homeowners to participate (i.e., switch to heat pump from all fossil fuels, extra time to complete the pilot program). We feel that if it wasn't for the ability to adapt our program, we would have not be able to achieve our favorable result of 45 participants.
- The closure of the federal Greener Homes Grant program also came with a loss in rebates for the completion of EnerGuide evaluations. EnerGuide assessments are a requirement for the District's Heat Pump Financing program and this rebate was a nice perk to incent homeowners to undergo one. In response, in June 2025, the District launched an EnerGuide subsidy program<sup>5</sup> which appeared to attract a few additional participants during the last two quarters of the final pilot year.

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<sup>4</sup> Benefits to the District's program include more personalized, in-person service (if needed). Credit check is not required and the loan is attached to the property and not the individual. Review process is often quicker and less complex.

<sup>5</sup> The EnerGuide subsidy program offers homeowners a \$99 pre-retrofit assessment and \$50 post-retrofit assessment.

- The program in its early stages was challenging to undertake, especially for our small municipality with limited staffing resources. The 3rd party administrator (i.e., City Green Solutions) and their knowledge of PACE programs was instrumental, especially initially to help the District plan and develop the program. Even though the program matured and became more integrated into day-to-day business, having 3rd party administrator contribution<sup>6</sup> was important for the decision of program expansion and continuation.

## Next Steps

The District will continue to implement the Parcel Tax process each spring for the current pilot properties (currently 41) and set aside loan payback amounts (collected from pilot program participants) to support climate action projects, such as the PACE program, each year.

The District plans to continue its successful PACE pilot through the implementation of a formal program in 2026. Given the estimated participation rate of about 4 homeowners/yr, the District has set aside a loan payback amount of \$48,000 to support four additional participants this year. Dedicated staffing and external consultant resources to support the program will also continue. The District will monitor levels of participation by homeowners in the continued program and the influence of any external factors (e.g., new governmental incentives) which, as observed, may result in the need to pivot the program accordingly.

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<sup>6</sup> Extra resources are required to help implement the somewhat onerous loan arrangement process. Unlike other provinces, BC legislation does not enable municipalities to effectively implement climate-related improvements through local government financing programs.