

Blatchford Renewable Energy

Edmonton

2022 Rate Filing and Fall 2021 Supplemental Budget Adjustment

Utility Committee
December 9, 2021

WHY WE ARE HERE TODAY

Utility Committee Recommend to Council

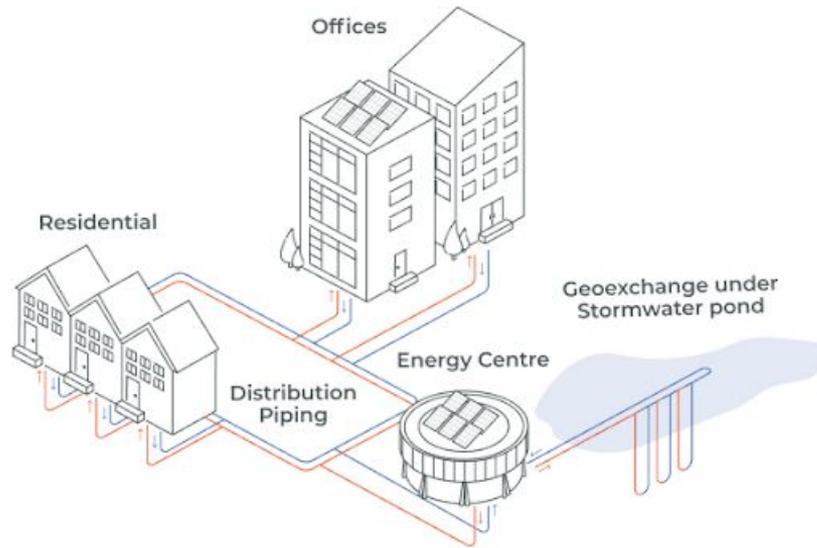
- 1. Adjustments to Operating Budget for 2022 (FCS00807)**
 - to reflect pace of development and utility connections
- 2. New Utility Rates for 2022 (FCS00807)**
 - continued stable and consistent rate increases
- 3. Amendments to Blatchford Renewable Energy Utility Bylaw 17943 (FCS00808)**
 - to reflect the new utility rates effective January 1, 2022

THE BLATCHFORD VISION

*Blatchford will be home to up to 30,000 Edmontonians living, working and learning in a sustainable community that **uses 100 percent renewable energy, is carbon neutral**, significantly reduces its ecological footprint, and empowers residents to pursue a range of sustainable lifestyle choices.*



BLATCHFORD'S ENERGY STRATEGY



TIMELINE

2014



2016



2018



2019



2020



2022-2025 BUSINESS PLAN (Utility Committee August/21)

Key Updates:

- Utility operational for over a full year
- Continued focus remains on the operational growth of the first Energy Center
- Planning and design activities to follow development
 - Sewer Heat Exchange Energy Center
 - Extension of distribution piping
- Aligning activities with key stakeholders (LRT, NAIT etc.)
- Update of Utility Master Plan

2022 OPERATING BUDGET ADJUSTMENT (FCS00807)

- **Proposed 2022 Supplemental Budget Adjustment**
 - decrease 2022 revenues by \$0.574M and expenses by \$0.517M
 - pace of development and number of utility customers

\$ millions	2019 Actual	2020 Actual	2021 Forecast	2022 Approved Budget	2022 Proposed Budget
Revenues (\$M)	\$0.007	\$0.030	\$0.072	\$0.747	\$0.173
Expenditures (\$M)	\$1.409	\$1.415	\$2.239	\$2.822	\$2.305
Net Operating Requirement (\$M)	(\$1.402)	(\$1.385)	(\$2.167)	(\$2.075)	(\$2.132)

2019-2022 cumulative projected operating results = \$1.0M favorable to budget

REGULATORY METHODOLOGY

Key Elements (Business Case - Council Mar/16)

1. Customer rates based on ***full cost of providing service***
2. Customers pay ***at most comparable fee*** to elsewhere in Edmonton
3. Utility ***financially sustainable*** without ongoing subsidies
 - require non-refundable cash infusions (e.g. grants)
4. ***Levelized approach*** to setting customer rates
 - few customers in initial stages of development
 - under-recover costs early years; over-recover later years
 - stable, consistent rate increases over long-term (*approx.3%*)

FISCAL POLICY C597A (Council Apr/18; Report CR_5452)

Overarching Financial & Regulatory Framework

- **\$660M Utility Infrastructure Investment over 50 Years**
 - paid by utility customer rates & fees = \$420M
 - contributed by builders = \$147M
 - non-refundable cash infusions = \$93M (fund initial stages)
- **Key Indicators of Financial Sustainability (\$93M)**
 1. positive net income - achieve in 2025 (\$4M)
 2. positive cash position - achieve in 2025 (\$2M)
 3. debt financing of capital - achieve in 2049 (70%)

2022 ANNUAL RATE FILING (FCS00807)

- **2019 Initial Customer Rates (2019 Rate Filing)**
 - based on comparable total utility costs elsewhere in Edmonton
 - includes both energy utility bills and annual maintenance costs
- **Beginning in 2020 (2020 & 2021 Rate Filings)**
 - rates escalated by 2.7% annually
- **Rationale for 2.7% Escalation in 2022 (2022 Rate Filing)**
 - ✓ comparable to rates and levelized approach in business case
 - ✓ stable/consistent increases; simple to understand & implement
 - ✓ comparable to total utility costs elsewhere in Edmonton
 - *townhouse utility costs = \$1,808 vs \$1,924 for COE*

BYLAW 19899 TO AMEND BYLAW 17943 (FCS00808)

Fee or Charge (Bylaw 17943 Schedule B)	Units	Effective Jan. 1, 2021	Effective Jan. 1, 2022
Variable Rate (All customers)	\$/kwh	\$0.0262	\$0.0269
Fixed Monthly Charge (Townhouses)	\$ per unit per day	\$1.51	\$1.55
Fixed Monthly Charge (Apartments)	\$ per unit per day	\$1.18	\$1.21
Infrastructure Fee (Residential)	\$ per unit	\$1,797.25	\$1,845.78
Infrastructure Fee (Commercial)	\$ per sq. meter	\$20.54	\$21.09

BLATCHFORD RENEWABLE ENERGY - NEXT STEPS

- **City Council Approval - December 2021**
 - Fall 2021 supplemental operating budget adjustment
 - 2022 customer rates (Bylaw 19899)
- **Updated Long-Term Financial Model - Mid 2022**
 - Master plan for development of Utility
 - Financial assumptions (e.g. carbon tax, energy costs, interest rates)
- **2023-2026 Budget / 2023 Annual Rate Filing - Fall 2022**
 - Capital profiles & operating budget for next stages
 - Proposed rate design & customer rates effective Jan 1/23
 - updated escalation rate (vs 2.7%)

Thank you.

Questions?

