

BLATCHFORD RENEWABLE ENERGY UTILITY BUSINESS PLAN - ANNUAL UPDATE

RECOMMENDATION

That the November 4, 2022, Integrated Infrastructure Services report, IIS01397, be received for information.

Requested Council Action	Information only		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Climate Resilience		
City Plan Values	THRIVE		
City Plan Big City Move(s)	Greener as we grow	Relationship to Council's Strategic Priorities	Climate adaptation and energy transition
Corporate Business Plan	Transforming for the future		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Blatchford Vision Energy Transition Strategy District Energy Strategy 		
Related Council Discussions	<ul style="list-style-type: none"> IIS00715 Blatchford Renewable Energy Business Plan - Annual Update, Utility Committee, August 27, 2021 		

Executive Summary

- The Blatchford Renewable Energy utility business plan annual update report provides an overview of the development of the utility, including key activities and strategy, operational, financial and regulatory updates, with a focus on the next four years of operation.
- Blatchford Renewable Energy's goals align with City Council's ConnectEdmonton strategic goal of climate resilience. Blatchford Renewable Energy supports key actions on district energy development outlined in Edmonton's Energy Transition Strategy.

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- Since the presentation of the last business plan in 2021, the development of the utility has progressed in several ways, including over two years of operating the thermal energy services for the first residents in Blatchford, planning and designing future utility infrastructure, updating the utility's Master Plan and advancing its rate structure and design.
- The utility's focus areas for the next four year business plan include continuing its operational reliability and planning and constructing its growth in parallel with the Blatchford Redevelopment Office and builder activity on site.

REPORT

The business plan for Blatchford Renewable Energy (Attachment 1) provides an update to the last business plan presented to Utility Committee on August 27, 2021 (IIS00715). The strategic objectives of the utility remain the growth of the District Energy Sharing System and the integration of emerging technologies into the utility's operation to reach steady state reliable operation, financial sustainability and to achieve Council's vision for a carbon neutral community powered entirely by renewable energy.

Key Business Plan Updates

- The first Blatchford residents have been connected to the District Energy Sharing System for two years. The system has worked without any interruptions or concerns and has provided comfortable heat and cooling energy services.
- The updated utility Master Plan provides a roadmap for development of district energy infrastructure alongside the land development in Blatchford. The key input variable for the Master Plan is land development information, including sale activities and builder construction timelines. Based on the current forecast, about 1,500,000 m² of floor area will be connected to the utility, which will provide 47,000 and 44,000 Mwh of heating and cooling energy annually when the system is fully built out.
- Over the next four years, the focus for Blatchford Renewable Energy will be on the continuation of the utility's operational performance, the extension of the distribution piping network, the growth of the existing Energy Center One and the development of the new Sewer Heat Exchange Energy Center which is planned to service the Blatchford Market Area.
- The utility is projected to be connected to 53 townhouse accounts by the end of 2022. Guided by the sales activities of the Blatchford land development team and the construction activities by the builders, the utility is expecting to grow its customer base to 438 accounts by 2026, which represents over 400,000 m² of floor area connected to the District Energy Sharing System.
- Several key internal initiatives were started which will have a significant impact on the future utility financial and regulatory operations. These include the update of the utility's financial model, the development of advanced rate design for multi-units customers, and the adjustment of the utility's infrastructure fee.
- Based on the forecasted operating and capital need, the utility will prepare the 2023-2026 budget and the 2023 rate filing. These will be presented to the Utility Committee on November 25, 2022 and to Council during budget deliberations.

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- This will also include an updated business case developed for the Sewer Heat Exchange Energy Center. This business case will also look at other alternatives to further grow the Blatchford Renewable Energy Utility in line with Council's vision recognizing prudent fiscal development.
- The strategic objectives of Blatchford Renewable Energy continue to focus on the growth of the District Energy Sharing System and the integration of emerging technologies. The overall goal is to reach steady, reliable operation and financial sustainability while achieving Council's vision for a carbon neutral community powered by renewable energy.

COMMUNITY INSIGHT

Through engagement for ConnectEdmonton and The City Plan, residents advised that the City of Edmonton must take a leadership role in climate resilience and energy transition. The Blatchford Renewable Energy Utility is aligned to that expectation.

GBA+

The District Energy Sharing System operated by Blatchford Renewable Energy supports City Council's 10-year Climate Resilience objectives, The City Plan and was identified as a "big win" in Edmonton's Community Energy Transition Strategy. The initiative is not directly public facing, and while there would be no changes in economical impact as a result of the project, the reduction of greenhouse gas emissions and the gain in energy resilience will be net positive impacts on a community level. In addition, the direct liability towards Edmontonians is limited. The project does not foresee any medium or long-term impact to Blatchford residents or visitors as a result of construction activities.

ATTACHMENT

1. Blatchford Renewable Energy - 2022-2026 Business Plan