

## BLATCHFORD RENEWABLE ENERGY UTILITY 2024 RATE FILING AND FALL 2023 SUPPLEMENTAL BUDGET ADJUSTMENT

### Recommendation

The Utility Committee recommend to City Council - Budget:

1. That the Blatchford Renewable Energy Utility 2024 Rate Filing, as outlined in Attachment 1 of the November 3, 2023, Financial and Corporate Services report FCS02051, be approved.
2. That the 2024-2026 Blatchford Renewable Energy Utility Operating Budget, as originally approved in the November 25, 2022, Financial and Corporate Services report FCS01479, be adjusted as follows:
  - a. 2024 Operating Budget with operating revenues be reduced by \$1.16 million
  - b. 2025 Operating Budget with operating revenues be reduced by \$2.03 million
  - c. 2026 Operating Budget with operating revenues be reduced by \$2.10 million

<b>Requested Action</b>	Decision required		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Climate Resilience</b>		
<b>City Plan Values</b>	LIVE. PRESERVE.		
<b>City Plan Big City Move(s)</b>	Greener as we grow	<b>Relationship to Council's Strategic Priorities</b>	Climate adaptation and energy transition
<b>Corporate Business Plan</b>	Transforming for the future		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>● Blatchford Vision</li> <li>● Energy Transition Strategy</li> <li>● District Energy Strategy</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>● IIS01821, Blatchford Renewable Energy - Funding opportunity, Utility Committee, May 9, 2023</li> </ul>		

# BLATCHFORD RENEWABLE ENERGY UTILITY 2024 RATE FILING AND FALL 2023 SUPPLEMENTAL BUDGET ADJUSTMENT

## Executive Summary

- This report recommends supplemental budget adjustments to the 2024-2026 Operating budgets for Blatchford Renewable Energy Utility as outlined in the 2024 Rate Filing, which will establish customer rates and fees for 2024.
- The 2024 Rate Filing builds upon the principles and framework established in previous Rate Filings and recommends the following rate increases:
  1. Townhouse lots - a 10 per cent rate increase for both the daily fixed and variable rates.
  2. Multi-Unit lots - a 2.7 per cent and 10 per cent rate increase for the monthly fixed and variable rates respectively.
  3. Infrastructure Fees - a 2.7 per cent rate increase for both townhouse and multi-unit lots.
- Utility rates are prescribed under the Blatchford Renewable Energy Utility Bylaw 17943.
- November 3, 2023, Financial and Corporate Services report FCS02090 (Bylaw 20628 To Amend Bylaw 17943 Blatchford Renewable energy Utility, Amendment No. 5), reflects the proposed new fees and charges to be effective January 1, 2024.

## REPORT

Blatchford Renewable Energy is a public, City-owned utility established to operate a District Energy Sharing System (DESS) plus certain mechanical equipment within the customer buildings themselves. All buildings in the Blatchford development, with the exception of net-zero carbon buildings, must be connected to the DESS for all heating, cooling and domestic hot water services.

### 2024 Rate Filing

During its budget deliberations in fall 2022, City Council approved the 2023-2026 operating and capital budgets for the Blatchford Renewable Energy utility. The 2024 utility rate filing is consistent with the 2023-2026 approved budget and rate increases included in the 2023 rate filing. The rate increases are summarized below by customer class:

1. Townhouse lots - 10 per cent rate increase for both the daily fixed and variable rates.
2. Multi-Unit lots - 2.7 per cent and 10 per cent rate increase for the monthly fixed and variable rates, respectively.
3. Infrastructure Fees - 2.7 per cent rate increase for both townhouse and multi-unit buildings.

The 2024 rate filing has been prepared based on rate setting principles outlined in approved Utility Fiscal Policy C597A (Appendix 1). Rate increases were determined based on the costs of providing utility services and ensuring customers pay a comparable fee to what they would elsewhere in the City of Edmonton. This “comparable fee” is referred to as business as usual (BAU).

The 2024 rate filing includes a set of schedules that detail the proposed utility rates, operating budgets, capital budgets and forecasts, revenue requirement, and revenues, in Appendix 2.0 of the rate filing. These schedules are similar to the Minimum Filing Requirements format utilized in the

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electric and gas utility industry in Alberta. The rate filing reflects the information to support the proposed 2024 fees and charges effective January 1, 2024.

### Blatchford Renewable Energy Utility Bylaw

The immediate next steps will be the presentation of the November 3, 2023, Financial and Corporate Services report FCS02090, Bylaw 20628 To Amend Bylaw 17943 Blatchford Renewable Energy Utility. The bylaw reflects the new fees and changes proposed in the 2024 rate filing effective January 1, 2024.

### Operating Budget Adjustment

In the 2024 rate filing, budgeted revenue has been reduced due to updated customer counts and energy load requirements. The utility is constantly recalibrating its connection forecast, which is dependent on various internal and external factors, including development approvals, site construction timelines, sales and housing market conditions and home builder construction timelines. Land development forecasts represent a point in time estimation and the District Energy Sharing System is a modular and flexible system that is being constructed in stages to match the pace of development in the neighbourhood. As more information becomes available, revenue and expenditure budgets will continue to be regularly adjusted to align with current economic conditions and forecast development activity.

### **Community Insight**

Since the Blatchford redevelopment started in 2008, Administration has engaged in extensive discussions, public consultations and expert analysis to inform the development of the community, including the concept of Blatchford Renewable Energy. Regular updates are provided to the City Council's Energy Transition Climate Resilience Committee. Blatchford Renewable Energy customers will be notified of the proposed rate changes through the community's resident newsletter.

### **GBA+**

Blatchford Renewable Energy customer utility rates are guided by the policy statements and applicable industry best practice and utility rate design principles in Blatchford District Energy Utility Fiscal Policy C597A. Utility rates and fees are based on a cost of service methodology whereby rates are designed to fairly apportion the cost of providing utility service to individual customer classes based on the cost of providing service among customers.

### **Attachments**

1. Blatchford Renewable Energy 2024 Rate Filing and Fall 2023 Supplemental Budget Adjustment