

Integrated Infrastructure Services

Blatchford Redevelopment Office

Edmonton

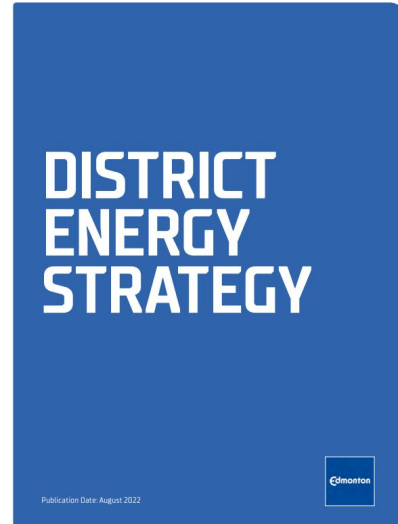
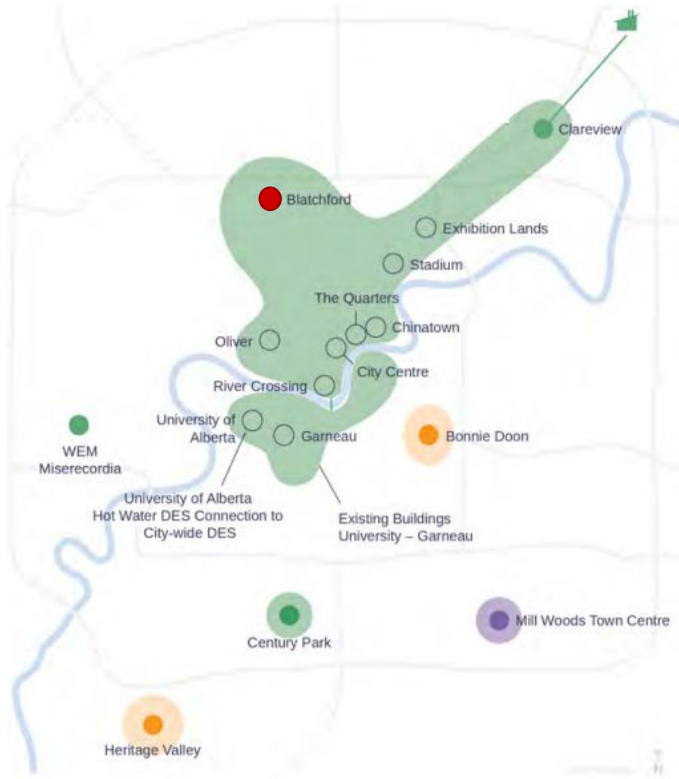
Blatchford Renewable Energy Utility

- Annual Business Plan 2024-2027
- Financial and Utility Fiscal Policy Update

Utility Committee
June 24, 2024

IIS 01945 and FCS01999

Renewable and Resilient Community Energy Systems



Vision: a city-wide, low-carbon district energy network.

Blatchford Renewable Energy Utility - Operations

- Fifth year of utility operation
- Expansion of Energy Centre #1
- Growth of distribution piping network
- Continuing focus on operational reliability
- Planning and delivery of utility connections in parallel with land development and construction activities on site



Annual Business Plan 2024 to 2027 - Strategy

- Masterplan update based on land development, sales and construction activities
- Adjustments of number and location of future Energy Centres
- Feasibility study to extend utility service



Financial Update

Financial Indicators	Target	2023	2029	2031	2052	2066
		Actuals	Forecast			
Net Income (\$ millions)	Positive	(1.9)	0.0	0.8	1.5	3.7
Cash Position (\$ millions)	Positive	(16.4)	(29.6)	(29.0)	0.6	1.0
Debt to Net Assets Ratio (%)	50% to 70%	82%	87%	81%	88%	69%

- Required \$93 million non-refundable cash infusion
- Utility rates comparable to Business-As-Usual (BAU)
- Key financial indicators:
 - 2029 - Net Income is break-even
 - 2052 - Cash position is positive
 - Bridge financing from City (\$16.4 million - 2023)
 - 2066 - Debt to Net Assets ratio between 50%-70%

Progression to Financial Sustainability

Financial Indicators	Target	2030	2035	2040	2045	2050	2055	2060	2066
		Forecast							
Net Income (\$ millions)	Positive	0.4	0.0	3.3	2.6	2.0	2.3	1.0	3.7
Cash Position (\$ millions)	Positive	(29.5)	(31.0)	(25.6)	(17.2)	(4.1)	11.3	0.9	1.0
Debt to Net Assets Ratio (%)	50% to 70%	87%	83%	81%	79%	87%	92%	82%	69%

- Key financial trends include:
 - Improved cash position starting after 2035
 - Improved Debt to Net Assets ratio from 2030 to 2045
 - Increase in Debt to Net Assets ratio after 2045
 - Improved Debt to Net Assets ratio after 2055

Required Non-Refundable Cash Infusion

- Financial sustainability contingent on non-refundable cash infusion of \$69 million secured by 2028
 - Previously \$93 million; \$23.7 million grant secured
 - Aligns with major capital investment decision point
 - Current energy centre is forecasted to satisfy expected energy load requirements until 2027
 - Future capital investment will only proceed at the speed supported by operational requirements

Utility Rates Based on Business-As-Usual (BAU)

- Current utility rates continue to be below BAU and have historically been below BAU since the inception of the Utility
 - Below BAU by a historical average of 6.6%
- Currently, no immediate need to change the definition of BAU
 - May need to revisit in the future to:
 - Address operational and funding opportunities
 - Better support long-term financial sustainability

Utility Fiscal Policy Update

- Reflects a more holistic approach in evaluating financial indicators to ensure more strategic financial decision making
- Incorporate lessons learned based on the current financial and regulatory environment
 - Add Debt Service Coverage Ratio
 - Language updates and changes

Next Steps

- Recommend proposed Utility Fiscal Policy Update to City Council for approval
- Annual Budget and 2025 Utility Rate Filing will be presented to Utility Committee in Q4 2024

Thank you.

The logo for the City of Edmonton, featuring the word "Edmonton" in white text on a blue square background.

Edmonton