

Bylaw 20914 - Downtown District Energy Utility

Recommendation

That Utility Committee recommend to City Council:

That Bylaw 20914 be given the appropriate readings.

Purpose

To establish a bylaw for a new municipal utility that will provide thermal energy for heating through a district energy system to buildings within the Downtown district energy opportunity area.

Readings

Bylaw 20914 is ready for three readings.

A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving to third reading, Council must unanimously agree “That Bylaw 20914 be considered for third reading.”

Bylaw 20914 is authorized under the *Municipal Government Act*.

REPORT

The Downtown District Energy Initiative (DDEI) is part of a planned citywide district energy network — a key action in the Edmonton’s Community Energy Transition Strategy and Action Plan. To realize meaningful emission reductions, district energy systems require many buildings to connect.

Phase 1 of the DDEI includes the construction of a central energy centre at the Winspear Centre for music through a design, build, finance, operate and maintain agreement with EPCOR. The energy centre will connect and provide heating to the Winspear Centre (including its expansion), Century Place and Chancery Hall. These buildings will provide essential early revenue and help to

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demonstrate the utility's effectiveness and reliability. Their long-term participation creates a foundation for long-term growth of the system by attracting more customers.

The Downtown District Energy Utility will generate and distribute energy for heating buildings within the service area through a District Energy System (DES). Bylaw 20914 - Downtown District Energy Bylaw (Attachment 1) details the connection and access to the DES. The following key sections are addressed in Bylaw 20914:

- **Establishment of Service Area for Phase 1 of the Downtown District Energy Utility**

Schedule A of Bylaw 20914 specifies the boundaries of the Service Area for the utility. All buildings (existing or future) within this service area are required to connect to the Downtown District Energy Utility.

An owner of a building located outside the Service Area may apply to the City Manager for consideration to connect to the Downtown District Energy Utility.

- **Service Connections, Building Mechanical Systems and Utility Infrastructure**

The City will supply and install the energy transfer station or energy meter for each building, provided that the building and building mechanical system meet the requirements of the DES service requirements.

Building owners are required to provide adequate space within the buildings for City-installed infrastructure and to provide access for the City to construct, maintain and repair utility infrastructure. The DES service requirements outline the obligations for the owners to maintain and repair their building mechanical systems.

- **Fees, Charges and Other Costs**

Bylaw 20914 outlines relevant fees and charges for the DES service. The rates were developed through a rate-setting study undertaken and validated by external consultants. Schedule B in Bylaw 20914 provides proposed 2025 and 2026 fees and charges for the DES service consistent with information in the accommodating reports Integrated Infrastructure Services report IIS02765, Downtown District Energy Initiative - Growth Plan and Financial and Corporate Services report FCS02853, Downtown District Energy Policy. The fees are:

- fixed rate per kW peak capacity per month
- variable rate per kWh (consumption of heat energy)

- **Enforcement**

Although there are no specific fine amounts, a general fine of \$1,000 has been included for contravention of any provision of Bylaw 20914.

- **City Manager Authority**

The City Manager has been delegated certain authority with respect to the technical and administrative processes relating to the DES. In particular, the City Manager may determine the DES service requirements, which will include requirements relating to

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the connection to the DES. Attachment 2 of this report contains the DES service requirements.

Community Insight

There is no legal requirement for advertising or holding a public hearing for Bylaw 20914. Administration has provided an overview of Bylaw 20914 to key utilities, such as ATCO and EPCOR, and affected parties, such as the Winspear Centre.

Budget/Financial Implications

Administration has prepared extensive financial analysis based on industry experts feasibility study and jurisdictional scan to compile the 2025-2026 Downtown District Energy Utility Operating Budget request and 2025-2026 Rate Filing with Minimum Filing Requirements tables which are attachments in the accompanying report Integrated Infrastructure Services report IIS02765, Downtown District Energy Initiative - Growth Plan. Administration is also recommending a capital budget adjustment to transfer funding to capital profile 20-83-9001 - Downtown District Energy Initiative from CM-83-0001 - District Energy Network Strategy and District Energy Nodes, as outlined in Attachment 5 of the June 23, 2025, Integrated Infrastructure Services report IIS02765. This transfer would support design and delivery of Phase 1A and conceptual design work for Phase 2 for a total of \$18.3 million and is funded through a combination of Tax-Supported Debt and Pay-As-You-Go. The work on Phase 1A is anticipated to start in the second half of 2025.

Legal Implications

City Council has the authority to pass Bylaw 20194 under section 7 of the *Municipal Government Act*, RSA 2000, c M-26, through the powers to pass bylaws for public utilities and services provided by the municipality. Public utilities owned or operated by municipalities providing service within those municipalities are generally regulated by their municipal councils, as they are exempt from Alberta Utilities Commission approvals pursuant to s. 78(2) of the *Public Utilities Act*, RSA 2000, c P-45. Municipal utility customers have a right to appeal to the Alberta Utilities Commission pursuant to s. 43 of the *Municipal Government Act*, RSA 2000, c M-26 if a customer's service charge, rate or toll does not conform to the municipality's rate structure, has been improperly imposed, or is discriminatory. This appeal is not with respect to the utility rate structure approved by municipal councils.

Attachments

1. Bylaw 20914 - Downtown District Energy Utility
2. Downtown District Energy Initiative - District Energy System Service Requirements

Others Reviewing the Report

M. Gunther, Acting City Solicitor