



Edmonton

Blatchford Renewable Energy (BRE) Utility 2026 Utility Rate Filing and Fall 2025 Supplemental Budget Adjustment

City Council, December 1, 2025
Financial and Corporate Services

AGENDA

- Operational Update
- Financial Update
 - ◆ Financial Background
 - ◆ Blatchford District Energy Utility Fiscal Policy (C597B)
 - ◆ Required Non-Refundable Cash Infusion
 - ◆ Federal and Provincial Policy Changes
 - ◆ Impact to Long-Term Financial Sustainability
 - ◆ Proposed 2026 Utility Rates / Budget Adjustment
- Next Steps

Operational Update

- 1st operational district energy system in City's District Energy Strategy
- 6 yrs successful operation; award-winning design; case studies
- \$24M federal grant to expand system capacity
- HAF funds to help connect multi-storey buildings to the system
- Expected in 2028: 490 utility accounts / 295,000 m2 floor space



Operational Update (cont.)

- BRE Utility's growth aligns with community's growth:
 - ◆ Nearly 400 homes either completed or under construction by homebuilders
 - ◆ Approximately 780 more homes planned
 - ◆ First apartment-style buildings with commercial



Financial Background

- 2016 - Business case for district energy sharing system at Blatchford provided to Council
 - ◆ Required \$93M non-refundable cash infusion to offset capital investment to establish the Utility
 - ◆ No impact on tax-levy
- 2019 - Options presented to fund the non-refundable cash infusion
 - ◆ Blatchford utility debt (paid by utility ratepayers)
 - ◆ Blatchford Land Development retained earnings
 - ◆ Tax-Supported Debt
 - ◆ Partnership with other utility providers
 - ◆ Federal and provincial grant funding

Blatchford District Energy Utility Fiscal Policy (C597B)

- Ensure BRE Utility is operated in a manner that reflects Council's vision and philosophical objectives
- Consistent yearly approach on financial planning, budgeting, utility rate setting
- Ensure BRE Utility is financially sustainable over the long-term
 - ◆ Not met without receipt of non-refundable cash infusion
 - ◆ Operating shortfalls being funded by bridge financing through City of Edmonton working capital
- Business As Usual (BAU)
 - ◆ Comparable fees to ratepayers elsewhere in the City of Edmonton through energy utility bills and maintenance costs.

Required Non-Refundable Cash Infusion

- Required \$69 million non-refundable cash infusion (prior forecast)
 - ◆ \$93 million (original)
 - ◆ \$24 million federal grant (secured)
 - Natural Resources Canada - Smart Renewables and Electrification Pathways program
- Timing of infusion will coincide with next major capital expansion
 - ◆ Future capital investment will only proceed at the speed supported by operational requirements
 - ◆ Administration will continue to explore potential grants and/or other external funding opportunities
- Consideration of alternative funding strategies

Federal and Provincial Policy Changes

- Federal Consumer Carbon Tax - April 1, 2025
 - ◆ Removed requirement for consumer-facing carbon price

- Federal Industrial Carbon Pricing - November 4, 2025
 - ◆ Federal Budget 2025
 - ◆ Stronger Industrial Carbon Pricing

- Rate of Last Resort (Electricity) - January 1, 2025
 - ◆ 2 Year Rate (January 1, 2025 to December 31, 2026)
 - ◆ Approximately \$0.12/kWh (Max 10% increase after)

Impact to Long-Term Financial Sustainability

- Industrial Carbon Pricing, Rate of Last Resort, BAU Methodology
 - ◆ Assess long term impacts and review BAU methodology

- Consumer Carbon Tax
 - ◆ Calculation of BAU costs was inclusive of carbon tax
 - ◆ Lower BAU costs result in lower allowable Blatchford rates
 - ◆ Lower revenues available to support cost of utility services

- Required Non-Refundable Cash Infusion
 - ◆ Significant impact to required non-refundable cash infusion

Proposed 2026 Utility Rates

Description	2026 Rate Increase	2026	2025 Rate Increase	2025
Infrastructure Fee				
Townhouse Lot Residential (per unit)	2.7%	\$2,053.59	2.7%	\$1,999.60
Multi-Unit Lot Residential (per unit)	2.7%	\$2,053.59	2.7%	\$1,999.60
Multi-Unit Lot Commercial (per square meter)	2.7%	\$23.46	2.7%	\$22.85
Townhouse Lot				
Monthly Charge (unit per day)	0.0%	\$2.07	10.0%	\$2.07
Variable Heating and Cooling (per kWh)	0.0%	\$0.0358	10.0%	\$0.0358
Multi-Unit Lot				
Monthly Charge (per kW peak capacity per month)	0.0%	\$13.18	2.7%	\$13.18
Variable Heating and Cooling (per kWh)	0.0%	\$0.0358	10.0%	\$0.0358

Proposed 2026 Utility Rates

Year	2025 Rate Filing		2026 Rate Filing	
	Rate Change	BAU Variance	Rate Change	BAU Variance
2025	10.00%	-3.70%	10.00%	-0.48%
2026	10.00%	-2.90%	0.00%	3.63%
2027	10.00%	-0.57%	-5.25%	9.16%
2028	7.50%	-2.05%	-5.25%	9.44%
2029	7.50%	-2.84%	-5.25%	10.00%
2030	3.50%	-3.37%	0.00%	6.89%
2031	3.50%	-3.66%	10.00%	4.97%
Cumulative Rate Increase	65%		3%	

- Freezing rates in 2026 results in a reasonable BAU variance for 2026
- Forecasted rates beyond 2026 are for illustrative purposes only to demonstrate impacts of adhering to BAU

Fall 2025 Supplemental Budget Adjustment

- Proposed changes to revenue and expenditure targets in Approved Operating Budget (2023-2026)
 - ◆ 2026 Operating Budget
 - Expenditure budget decreased by \$144,000
 - Revenue budget increased by \$189,000
 - Net positive impact of \$333,000

Next Steps

- Approve Bylaw 21367 - To Amend Bylaw 17943 Blatchford Renewable Energy Utility, Amendment No 7
- Administration will engage a consultant to:
 - ◆ Perform a review and potentially update the current BAU process methodology
 - ◆ Further analyze the long-term financial impacts of the Government of Canada and Government of Alberta legislative policy changes
 - ◆ Assess changing market conditions and the impact to Utility financial modeling
- Provide an update and implement any changes as part of the BRE Utility's 2027 Utility Rate Filing in Fall 2026

Questions?