

Blatchford Renewable Energy Utility Business Plan

Annual Update

Recommendation

That the October 2, 2020, Integrated Infrastructure Services report CR_8340, be received for information.

Executive Summary

This annual Blatchford Renewable Energy business plan 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. Since the presentation of the last Business Plan in 2019, a number of activities have furthered the development of the utility, including the start of its operation with the first customer homes being connected and receiving thermal energy services from the District Energy Sharing System.

Report

The business plan for Blatchford Renewable Energy (Attachment 1) provides an update on the last business plan presented in 2019 (Integrated Infrastructure Services report CR_6902). Several key milestones have been achieved including connecting the first customer, starting utility operation, building a utility brand, customer focused logo and website, and advancing the planning and design of the next utility stages. 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 achieve Council's vision for a carbon neutral community powered entirely by renewable energy. The growth of the new utility is, and will continue to be, closely connected to the land development activities in Blatchford.

Key Business Plan Updates

Below are key Business Plan updates on the activities around the development and operation of Blatchford Renewable Energy:

- With the first Energy Center constructed and commissioned and the first customers connected, the utility's focus is on the provision of reliable services

for its customers in the first stages of the Blatchford community. At the same time, the utility will continue to plan future stages, with a focus on the Blatchford market area and the integration of sewer heat recovery into the overall renewable energy mix.

- While COVID-19 is creating a number of impacts across many sectors, the immediate impact on the operation of Blatchford Renewable Energy has been negligible. The medium to longer term impact of COVID-19 on the real estate market in Edmonton will likely affect the build out speed of the community.
- Over the last year, significant progress was made in aligning the utility's operation with key site developments, including the updated NAIT Campus Development plan and the design and construction of the Metro LRT into Blatchford.
- Currently, the utility is also in the process of updating the long term strategic plan for the District Energy Sharing System build-out in Blatchford. This exercise is necessary to update critical longer term infrastructure needs and related financial information for the utility's development.
- Blatchford's District Energy Sharing System is a distinct alternative to conventional energy systems. As its provider, the Blatchford Renewable Energy Utility needs an effective, engaging brand and website to communicate the value it has for both its customers and all Edmontonians. The recently developed Blatchford Renewable Energy brand and new website instills both trust in the utility's services and excitement for its environmental outcomes.
- Guided by the sales activities of the Blatchford land development team, the utility is expecting to grow its customer base by 2024 to 212 accounts, which represents over 123,000 square meters of connected floor space connected to the District Energy Sharing System. This continues to represent a slower pace of account development than initially anticipated, which was adjusted as is standard in the land development industry to align with current sales, market conditions and builder plans. Future development scenarios will also need to include the medium to long term impact of COVID-19 and other market factors on the real estate market in Edmonton.
- Initial operation of the first stage of the District Energy Sharing System is managed internally with EPCOR providing billing services.
- Administration will update the capital, revenue and expenditure amounts when the 2021 annual rate filing and any associated supplemental capital and operating budget adjustments are brought forward for Council's consideration.
- 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.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton is an environmentally sustainable and resilient city			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmonton is an environmentally sustainable and resilient city	Community greenhouse gas emissions (million tonnes of carbon dioxide equivalents)	18.73 (2018)	11.0 by 2035 (35 percent below 2005 level by 2035)

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has a resilient financial position	Customer rates generate sufficient revenue to recover the annual cost (revenue requirement) to operate the Utility and begin to recover the under-recovery of costs under the levelized approach in the early years.	TBD	2025

Attachments

1. Business Plan 2021-2024 for Blatchford Renewable Energy

Others Reviewing this Report

- G. Cebryk, Deputy City Manager, City Operations
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- B. Andriachuk, City Solicitor