



Report: PDL-CPL-18-06

Region of Waterloo
Planning, Development and Legislative Services
Community Planning

To: Chair Tom Galloway and Members of the Planning and Works Committee

Date: February 27, 2018 **File Code:** D06-80

Subject: **Community Energy Investment Strategy for Waterloo Region**

RECOMMENDATION:

That the Regional Municipality of Waterloo:

- a) Approve the Community Energy Investment Strategy for Waterloo Region as described in Attachment 'A' to report PDL-CPL-18-06, dated February 27, 2018;
- b) Direct staff to continue to collaborate with area municipal and utility partners and report back by summer of 2018 with resource recommendations as required for implementation for Council consideration; and,
- c) Direct staff to submit the Community Energy Investment Strategy to the Ontario Ministry of Energy to fulfill the requirements of the Municipal Energy Program.

SUMMARY:

The Region of Waterloo, in collaboration with the three Cities and five local electric and natural gas utilities, has developed a Community Energy Investment Strategy, or CEIS. A draft CEIS was presented to the Region's Planning and Works Committee on November 14, 2017 as report PDL-CPL-17-34 in addition to area municipal Councils or advisory committees during November and December. Additional feedback on the draft CEIS was also sought from a wide variety of community stakeholders who have been engaged in the CEIS development process. The summary version of the CEIS is included as Attachment A for Council consideration.

In addition, to the community and stakeholder consultation, the Region consulted with the

Townships. Moving forward and at their request, the Townships will be provided with the opportunity to participate on the Governance Steering Committee and work with the other partners toward the implementation of the CEIS.

The purpose of the CEIS is to improve and sustain Waterloo Region's economic competitiveness and quality of life through the coordination of targeted energy investments. The CEIS builds on energy management considerations within Provincial policy, energy infrastructure planning, the Region's Economic Development Strategy, and the Climate Action Waterloo Region initiative (CAWR) involving community greenhouse gas emission, or GHG, reduction targets. The CEIS focusses on attracting investment towards projects that will provide the most community benefits to Waterloo Region.

If approved, the CEIS will be submitted to the Ontario Ministry of Energy as the primary funder of this planning initiative. In addition, the CEIS Steering Committee would be transformed into a Governance Committee and required to report back in June 2018 regarding the administrative resources required for implementation for Council consideration as described in PDL-CPL-18-06.

REPORT:

Background

The Region of Waterloo, in collaboration with the three Cities and five local electric and natural gas utilities, has developed a Community Energy Investment CEIS, or CEIS. The collaboration has been facilitated by Regional staff and a steering committee made up of representatives from each organization as listed below:

- City of Cambridge;
- City of Kitchener;
- City of Waterloo;
- Region of Waterloo
- Energy+ serving Cambridge, North Dumfries Township and Brant County;
- Kitchener-Wilmot Hydro serving Kitchener and Wilmot Township;
- Waterloo North Hydro serving Waterloo and the Townships of Wellesley and Woolwich;
- Kitchener Utilities – serving natural gas needs in Kitchener; and,
- Union Gas - serving natural gas needs in the rest of Waterloo Region.

Development of the CEIS followed the Ontario Ministry of Energy Municipal Energy Plan (MEP) program. The Region was successful in securing a grant under this program which involved leveraging equal financial contributions from all nine partners. The CEIS development process followed the three stages required by the MEP including baseline data

and forecasting analysis, stakeholder consultation, and plan development. These stages were carried out starting in late 2015 through 2017. The main CEIS document provides an overview of the outcomes from each stage. The details of this work are contained in four supplementary documents:

1. Baseline Analysis and Business-as-usual Energy Forecast for Waterloo Region;
2. Community Perspectives on Energy;
3. Strategic Energy Opportunities; and,
4. Finance Mechanisms and Business Models that Support Community Energy.

A summary version of the CEIS is included as Attachment A.

Feedback and Consultation

Substantial stakeholder engagement was conducted in Waterloo Region during 2016 and 2017 to identify local priorities. The stakeholder consultations revealed that lowering energy costs, using local energy resources, environmental responsibility and supporting our local economy are important for this community. Stakeholders input was reflected in the goals of the CEIS, and influenced the identification and evaluation of energy opportunities, as well as the actions that support their implementation.

On November 14, 2017, Staff presented the draft CEIS to the Region's Planning and Works Committee (report PDL-CPL-17-34). Presentations were also delivered to area municipal Councils or advisory committees during November and December. Following presentations to Township Councils, Township staff were further consulted regarding implementation considerations. Additional feedback on the draft CEIS was also sought from a wide variety of community stakeholders who have been engaged in the CEIS development process including the Waterloo Economic Development Corporation, the Waterloo Region Home Builders Association and Chamber of Commerce, Sustainable Waterloo Region, Reep Green Solutions, local energy cooperatives and the local post-secondary schools.

Feedback received during November and December 2017 has been incorporated in the final CEIS. Examples of revisions made to the draft CEIS include complementing the economic benefits of the CEIS by highlighting some of the social and environmental improvements that can be achieved. For example, actions were added to address community concerns regarding energy equity in terms of low income households accessing incentives and supporting energy efficient affordable housing which can lead to household cost savings and local emission reductions. In addition the Townships have agreed to participate on the Governance Steering Committee and participate in the implementation of the Recommended Actions within their ability moving forward.

The Strategy

The following diagram, Figure 1, outlines the structure of the CEIS.

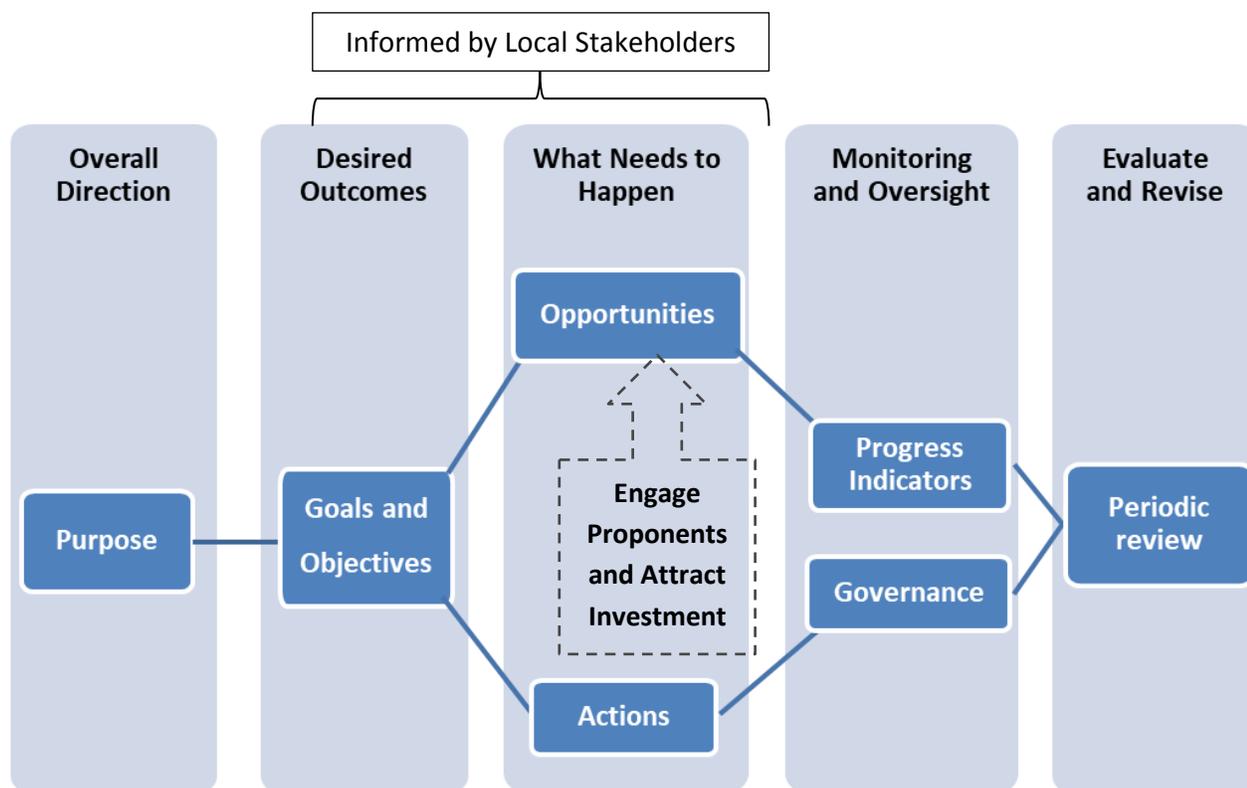


Figure 1. Structure of the Community Energy Investment Strategy

The purpose of the CEIS is to improve and sustain Waterloo Region’s economic competitiveness and quality of life through the coordination of targeted energy investments.

A total of 22 energy opportunities or potential local projects were identified as ways to achieve the goals and objectives. Based on these opportunities, a series of 20 recommended actions were developed to facilitate and support implementation of the opportunities. The actions focus on cultivating a supportive environment that will attract proponents and investment to the types of opportunities or projects evaluated within the CEIS. The actions are divided among the four goals of the CEIS:

1. Significantly Improve the Energy Performance of Buildings;
2. Enhance Local Energy Generation and Security;
3. Transition to a Low Carbon Transportation Network; and,
4. Cultivate and Support an Innovative Environment for Energy Investments.

In order to advance the actions, collaboration between the local utilities, the Region and Area Municipalities is required.

Progress indicators have been included within the Strategy to help periodically review the impact of implementing the energy opportunities over time. This review process should be conducted every three to five years to inform any necessary changes to the CEIS as the community continues to develop and emerging technologies evolve.

The CEIS is focused on providing the supportive environment to attract investment to further improving our local energy system. It also aspires to keep more energy dollars circulating within the local economy while lowering harmful emissions.

Implementation and Governance

The Strategy's Governance model addresses the roles and responsibilities of those involved in ensuring the CEIS meets its goals and objectives. Ensuring the right stakeholders are at the table working collaboratively to take advantage of local opportunities is critical to the CEIS's success.

Under the CEIS Governance model, the existing Steering Committee will be transitioned into a Governance Committee with oversight responsibility for advancing the recommended actions of the Strategy. The new committee should have senior staff appointments from the same collaborating organizations who developed the CEIS while also opening membership to representatives from the Townships at their discretion. The CEIS proposes that a Governance Committee have a mandate to fulfill the following responsibilities:

- Carry forward the recommended actions contained in this CEIS in ongoing work plans and budget at each respective partner organization and advance opportunities to embed energy planning into local decision-making;
- Provide oversight and strategic direction to a staff resource person who executes the day-to-day implementation of the CEIS' actions;
- Oversee the development of more specific action plans as needed to support implementation of the CEIS' objectives;
- Guide a review and update the CEIS as required based on progress indicator reports every three to five years; and,
- Advocate on behalf of the CEIS stakeholders for supportive policy and programming from municipal, provincial and federal levels of government.

The first order of business for the new governance committee will be to recommend the most appropriate means to establish a dedicated resource person to lead the administration and

coordination of the CEIS Actions. Several options in this regard are outlined within the CEIS but need further scrutiny in advance of the 2019 budget process. This review process should also clarify how CEIS implementation will relate to existing collaborations such as the Climate Action Waterloo Region (CAWR) initiative involving Sustainable Waterloo Region and Reep Green Solutions as community partners. It is recommended that staff report back to Area Municipal Councils, Regional Council and utility Boards of Directors as required by June 2018 at the conclusion of this process. Once an approach to collaborative implementation is approved, the intent is to identify the cost of resource requirements during the next budget cycle.

Relationship to Other Related Initiatives

The CEIS builds on four existing pillars:

- provincial policy and regulation;
- local economic development;
- energy infrastructure planning conducted by a provincial agency and local utilities; and,
- local GHG reduction targets.

The evolving regulatory landscape and policy context is increasingly requiring the integration of energy planning and management with land use planning, economic development and environmental protection objectives. Numerous acts, plans and policies at the provincial and local level are drawing these links which support the need for community energy planning within Waterloo Region.

The Economic Development Strategy for Waterloo Region also includes objectives related to ensuring sufficient infrastructure capacity to accommodate growth including power, the need to create a green, sustainable and efficient region that anticipates growth as well as the desire to support and stimulate new and existing high growth sectors, including green energy and cleantech.

Energy infrastructure planning for this region occurs every five years between the Independent Electricity System Operator (IESO) and local utilities. The IESO will be working with local utilities on its next iteration of their Integrated Regional Resource Plan for electricity planning in this region starting later in 2018. It is important that area municipalities and other local stakeholders are involved in this process to better reflect the needs expressed by the community.

The CAWR initiative includes a list of initiatives that broadly address the 94% of GHGs originating from local energy use. Sustainable Waterloo Region and Reep Green Solutions have been strong community partners in promoting and communicating the need for GHG

reductions and engaged many other members of the community in the process. However, there has been difficulty in advancing many projects that can result in reducing local energy costs, consumption and emissions. Local energy planning efforts have been focused on identifying a strategic approach to attracting investment in the energy projects that would optimally meet community needs over the next two decades.

Implementing this CEIS will contribute to advancing energy master planning at a community scale and go beyond ensuring adequate centralized supply of energy resources. Having a CEIS to attract investment to further improving our local energy system over the next 25 years will also help support economic development and provide energy options and stability to help attract business. The CEIS complements the broader planning processes, policy context and aspires to keep more energy dollars circulating within the local economy while lowering harmful emissions.

Next Steps

If approved, the CEIS will be submitted to the Ontario Ministry of Energy as the primary funder of this planning initiative. In order to meet grant funding obligations under Ontario's MEP program, the final CEIS must be submitted to the Province by the end of February 2018. The CEIS will be posted on the Region's website and will be made available in hard copy form in the Regional Councillors library as well as distributed to stakeholders who were involved in the development of the CEIS.

CORPORATE STRATEGIC PLAN

This report addresses Strategic Objective 3.3 Enhance efforts to improve air quality and specifically Action, 3.3.3 Collaborate with stakeholders to develop a Community Energy Investment Strategy.

FINANCIAL IMPLICATIONS

The 2015 Community Planning Ten Year Capital Forecast was increased by \$180,000 for the Community Energy Investment CEIS (project 22037), funded by the Regional Municipality of Waterloo 2015 operating budget (5.6%; \$10,000), the Province (50.0%; \$90,000), and three cities and five local utility companies (44.4%; \$10,000 each). The Region is administering all financial aspects for the development of the CEIS. Project expenditures are expected to total \$183,000, with additional funding of \$3,000 from the University of Waterloo. To date, \$183,000 has been spent or committed with no additional expenses anticipated.

Implementation of specific opportunities identified within the CEIS that would directly involve the Region will be subject to the normal budget and project approval process. Subject to the approval of the report recommendations, staff will report back with an assessment of the resources needed to support implementation in collaboration with the project partners.

Other Department Consultations/Concurrence

Staff at the local electrical and gas utilities as well as the Area Municipalities, including the Township CAO's, were consulted in the preparation of this report. Recently, Cambridge, Kitchener and Waterloo City Councils approved the CEIS. Development of the CEIS also involved significant stakeholder consultations within the community during 2016 and 2017.

Attachments

Attachment A - Distributed separately: Community Energy Investment Strategy for Waterloo Region – Summary Version

Prepared By: David Roewade, Sustainability Specialist

Approved By: Rod Regier, Commissioner, Planning Development and Legislative Services

Attachment A

Distributed separately

Community Energy Investment Strategy for Waterloo Region Summary Version