



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** August 24, 2018
From: Peter Russell, MCIP RPP **File:** 12-8060-20-009921/Vol 01
 Senior Manager, Sustainability and District Energy
Re: **City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 9921**

Staff Recommendation

That the City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 9921 presented in the "City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 9921" report dated August 24, 2018, from the Senior Manager, Sustainability and District Energy be introduced and given first, second, and third readings.

Peter Russell, MCIP RPP
 Senior Manager, Sustainability and District Energy
 (604-276-4130)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Development Applications Law	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

In July 2018, LIEC and City staff presented to Council City Centre District Energy Utility Bylaw No. 9895, proposing a new district energy service area for five developments. Staff indicated in the accompanying report that as other viable developments emerge in the neighbourhood, staff would bring recommendations to Council for the expansion of the City Centre service area boundary. Council adopted this bylaw in September 2018, establishing the first phase of a district energy service area in the City Centre.

The purpose of this report is to recommend expansion of the service area to include the Richmond Centre development at 6551 No. 3 Road.

This report supports Council's 2014-2018 Term Goal #4 Leadership in Sustainability:

Continue advancement of the City's sustainability framework and initiatives to improve the short and long term livability of our City, and that maintain Richmond's position as a leader in sustainable programs, practices and innovations.

4.1. *Continued implementation of the sustainability framework.*

4.2. *Innovative projects and initiatives to advance sustainability.*

This report supports Council's 2014-2018 Term Goal #6 Quality Infrastructure Networks:

Continue diligence towards the development of infrastructure networks that are safe, sustainable, and address the challenges associated with aging systems, population growth, and environmental impact.

6.1. *Safe and sustainable infrastructure.*

6.2. *Infrastructure is reflective of and keeping pace with community need.*

Background

In October 2015, Council and the Lulu Island Energy Company Ltd. (LIEC) Board endorsed the issuance of a Request for Expression of Interest (RFEOI) to identify a suitable utility partner to conduct a feasibility analysis to design, build, finance and operate a district energy utility (DEU) in the City Centre North area of Richmond, on the basis of the following guiding principles:

1. The DEU will provide end users with energy costs that are competitive with conventional energy costs based on the same level of service; and
2. Council will retain the authority of setting customer rates, fees and charges for DEU services.

In September 2016, LIEC staff issued a Request for Proposals (RFP) with an expanded scope for City Centre, to the three proponents shortlisted under the RFEOI as directed by the LIEC Board

and endorsed by Council. In February, 2018, LIEC executed a Memorandum of Understanding with the lead proponent, Corix Utilities Inc. (Corix).

As the City Centre DEU due diligence process has advanced, five development applicants have committed to construct and transfer energy plants to the City or LIEC through the rezoning process, so that LIEC can provide immediate service to these customers. The commitment for these five developments to construct and transfer energy plants to the City or LIEC was subject to adoption of a DEU service area bylaw pertaining to these sites. LIEC and City staff subsequently developed City Centre District Energy Utility Bylaw No. 9895, which Council adopted in September, 2018.

Planning Department Staff are bringing forward an Official Community Plan (OCP) amendment application for Richmond Centre at 6551 No. 3 Road, to Planning Committee on September 18th, 2018, where the developer has committed to construct and transfer ownership of the development's energy system to the City or LIEC, so that LIEC can provide immediate energy utility service.

Analysis

The Richmond Centre development is estimated to add approximately 170,945 m² of residential space and approximately 39,945 m² of new retail space to the site.

Expanding the City Centre District Energy Utility service area to include a development of this size results in the following direct benefits:

- Immediate reduction of greenhouse gas (GHG) emissions;
- Immediate connectivity opportunity with the future low carbon district energy system;
- Expansion of LIEC's customer base under a positive stand-alone business case while the City Centre strategy develops;
- Increasing community's energy resiliency; and
- Provide financial and environmental stability to customers, mitigating potential volatility in energy costs.

City and LIEC staff met with the developer's representatives and obtained their commitment to design and construct a low carbon energy system, and transfer ownership to the City or LIEC at no cost to the City or LIEC for the provision of energy services for the residential space of the development.

The LIEC Board of Directors has reviewed this opportunity and recommends expanding the City Centre District Energy Utility service area to include the development located at 6551 No. 3 Road.

There is no financial impact to the City. The low carbon energy system will be designed and constructed by developers at their cost. Costs incurred by LIEC for engineering support and operations and maintenance will be funded from the existing and future LIEC capital and operating budgets. Ultimately, all LIEC costs will be recovered from customers' fees.

Financial Impact

None.

Conclusion

Expanding the service area for the City Centre District Energy Utility Bylaw No.9895 as proposed will allow for immediate provision of low carbon energy and in turn immediate reduction of GHG emissions from a large development in Richmond's City Centre area. It would also provide the new Richmond Centre development an immediate connectivity opportunity with the future district energy system which is currently in development. The project will increase the community's energy resiliency by taking advantage of the district energy system's ability to utilize different fuel sources and future fuel switching capability of the technology.

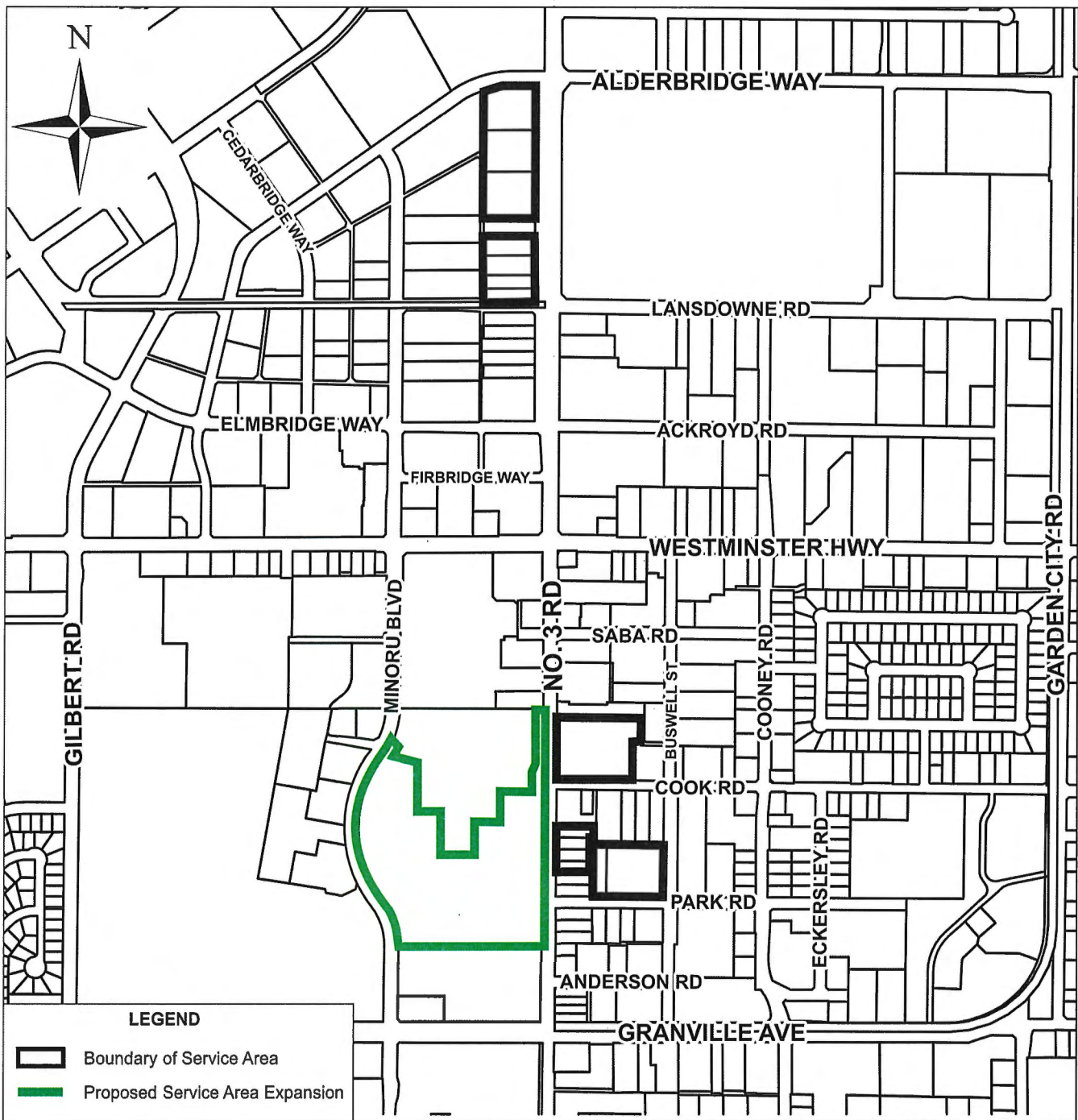


Peter Russell, MCIP RPP
Senior Manager, Sustainability and District Energy
(604-276-4130)

PR:cd

Att. 1: Proposed Expansion of the City Centre District Energy Utility Service Area

Attachment 1 – Proposed Expansion of the City Centre District Energy Utility Service Area





City Centre District Energy Utility Bylaw No. 9895
Amendment Bylaw No. 9921

The Council of the City of Richmond enacts as follows:

- 1. The City Centre District Energy Utility Bylaw No. 9895 is further amended:
(a) by deleting Schedule A (Boundaries of Service Area) in its entirety and replacing with a new Schedule A attached as Schedule A to this Amendment Bylaw; and
(b) by deleting Schedule E (Energy Generation Plant Designated Properties) in its entirety and replacing with a new Schedule E attached as Schedule B to this Amendment Bylaw.
2. This Bylaw is cited as "City Centre District Energy Utility Bylaw No. 9895, Amendment Bylaw No. 9921".

FIRST READING

SECOND READING

THIRD READING

ADOPTED

Four horizontal lines for signatures or initials.

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor
BRB

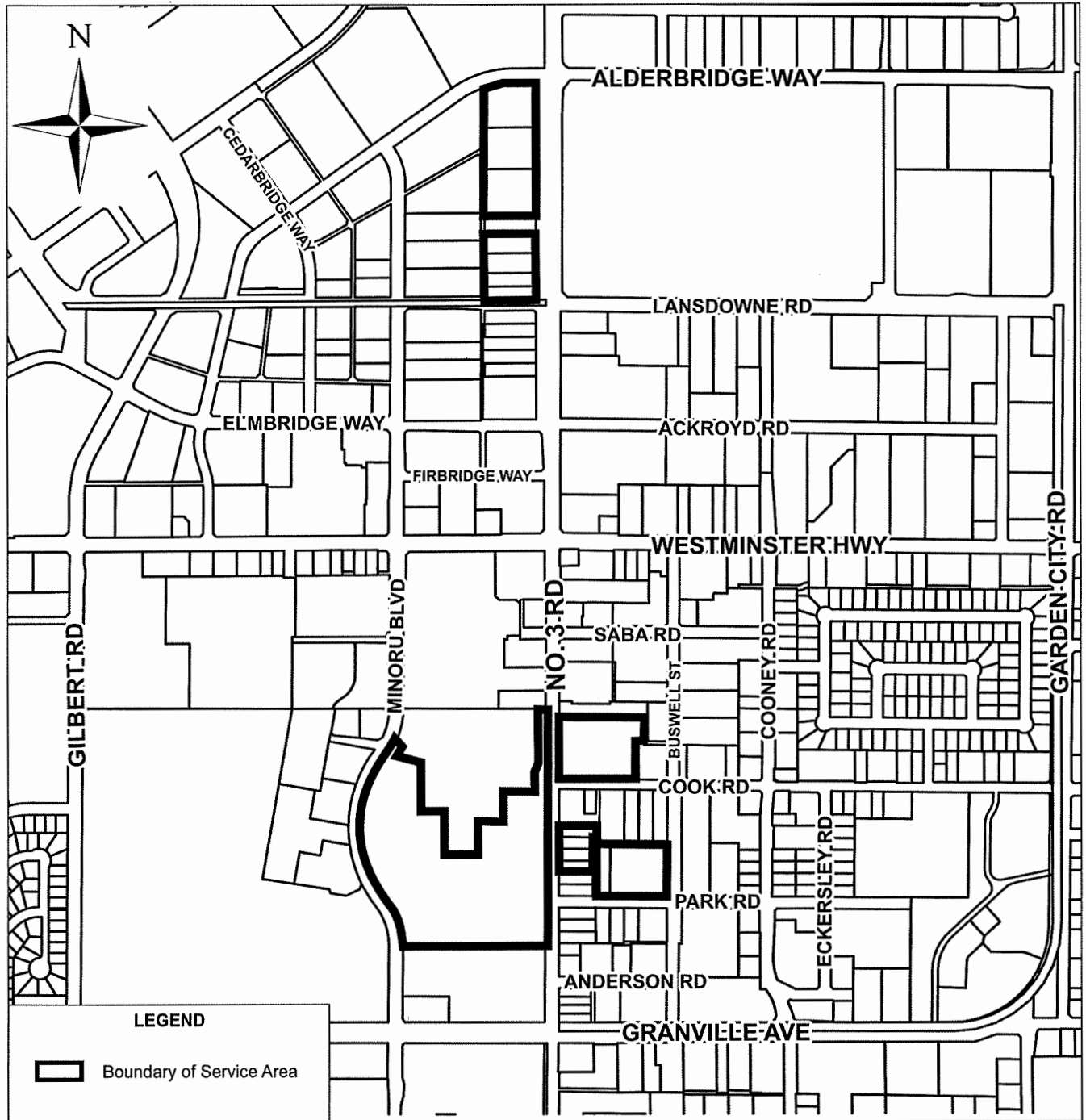
MAYOR

CORPORATE OFFICER

Schedule A to Amendment Bylaw No. 9921

SCHEDULE A to BYLAW NO. 9895

Boundaries of Service Area



Schedule B to Amendment Bylaw No. 9921

SCHEDULE E to BYLAW NO. 9895

Energy Generation Plant Designated Properties

