

Steam Supply Services to City Facilities - Enwave

Date:	January 12, 2012
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	All
Reference Number:	P:\2012\Internal Services\Fac\Gm12002Fac- (AFS 14939)

SUMMARY

The purpose of this report is to seek authority to enter into long term steam supply services agreements with Enwave Energy Corporation for City facilities currently being serviced with Enwave steam and thereby qualify for lower steam rates.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize the Chief Corporate Officer to negotiate and enter into 20 year steam supply service agreements with Enwave Energy Corporation, plus automatic renewal for successive five year periods unless either party gives written notice to the other party of intention not to renew, for those City facilities being serviced by Enwave as of the date of this report, on terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.
2. The appropriate City officials be authorized to take any action necessary to give effect thereto.

Financial Impact

The estimated cost savings to be realized by entering into steam services agreements as recommended in this report is approximately 10 per cent or approximately \$250,000 if all eligible City buildings are included.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Prior to amalgamation City facilities may have had steam services agreements in place with Enwave's predecessor, Toronto District Heating Corporation (TDHC). All of these agreements would have expired some time ago. The City has entered into 20 year contracts with Enwave to provide deep lake water cooling services to several City buildings.

ISSUE BACKGROUND

The City has been purchasing steam services from Enwave and its predecessor TDHC for its facilities for many years. Steam is purchased on monthly basis at the posted rates. Steam is used for space and hot water heating.

COMMENTS

Enwave Energy Corporation provides district heating and cooling to downtown Toronto buildings. The following City buildings are currently connected to Enwave's district energy systems: City Hall, Nathan Philips Square, Metro Hall, Old City Hall, Police Headquarters (cooling only), Bay Adelaide Park, St. Lawrence Centre for the Arts (already has a long term steam agreement) and Union Station. These City facilities do not have their own heating and/or cooling equipment and therefore depend on heating and/or cooling services supplied by Enwave.

Enwave has three district heating plants in downtown Toronto and has been supplying steam for over 40 years and now serves 140 downtown buildings including City facilities. Some of the advantage of district heating includes:

- No need for in building boilers and associated capital expenses
- Reduced risk of interruption and downtime
- Reduced facility management requirements
- Cost savings in space, maintenance and labour

Since the serviced City's facilities do not currently have a contract with Enwave they are not eligible for the applicable contract rate which is approximately 10 per cent lower than the non-contract rate. If all the eligible City buildings identified in this report were subject to the contract rate, an annual saving of approximately \$250,000 could be

realized. Enwave has provided the City with a draft contract which requires a 20 year commitment to purchase steam from Enwave plus successive automatic 5 year renewals subject to written notice not to renew by either party, to be given at least at least 12 months prior to the end of the then current Term. Since the City is currently promoting district energy to the community and the City is not planning for alternate heating equipment or methods at these facilities it is recommended that a steam services contract be negotiated with Enwave on terms and conditions acceptable to the Chief Corporate Officer and in a form acceptable to the City Solicitor.

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SIGNATURE

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