SUMMARY

This report requests City Council's authority to amend the Sustainable Energy Plan 2014 Capital Budget and 2015 to 2023 Capital Plan by creating two new projects to provide funding for lighting and conservation and demand management retrofits at Exhibition Place, and a demand response project at Long-Term Care Homes & Services Division's Kipling Acres. Funding will be re-allocated within the approved budget and plan amounts resulting in a zero gross and net impact to the Sustainable Energy Plan 2014 Capital Budget. This action will allow the City to direct funding to eligible conservation and demand management projects that will have positive economic and environmental benefits on the City as a whole.

RECOMMENDATIONS

The Director, Environment and Energy Division recommends that:

1. City Council authorize the creation of two new sub-projects and the reallocation of funds in the Sustainable Energy Plan’s 2014 Capital Budget and 2015 to 2023 Capital Plan in the amount of $1.467 million with a zero gross and net budget impact.

Financial Impact

There are no additional costs to the City as a result of approval of this report. The approval of this report will result in the reallocation of a total of $1.467 million within the Sustainable Energy Plan 2014 Capital Budget, as outlined in table 1 below. It will also authorize the
creation of two new sub-projects within the 2014 capital plan, resulting in a zero gross and net impact. The funding source is recoverable debt, which will be paid back through savings generated as a result of the energy projects.

Table 1 – Adjustments to the Sustainable Energy Plan 2014 Capital Budget and 2015 to 2023 Capital Plan ($ millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Sub Project</th>
<th>Approved 2014 Capital Budget</th>
<th>Adjustments</th>
<th>Revised 2014 Capital Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bain Apartment Co-Op Loan (CCA705-02)</td>
<td>0.782</td>
<td>(0.782)</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Demand Response - 2013 (CCA71 0-01)</td>
<td>7.459</td>
<td>(0.685)</td>
<td>6.774</td>
<td></td>
</tr>
<tr>
<td>Lighting and Conservation and Demand Management Retrofits at Direct Energy Centre (Exhibition Place) (New)</td>
<td>0.000</td>
<td>0.782</td>
<td>0.782</td>
<td></td>
</tr>
<tr>
<td>Demand Response - Long-Term Care Homes &amp; Services - Kipling Acres (New)</td>
<td>0.000</td>
<td>0.685</td>
<td>0.685</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8.241</td>
<td>0.000</td>
<td>8.241</td>
<td></td>
</tr>
</tbody>
</table>

DECISION HISTORY

http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX37.1

Subsequently City Council at its meeting on May 6, 7 and 8, 2014 approved additional 2013 carry-forwards in the amount of $3.912 million, resulting in a total 2014 capital plan for the Sustainable Energy Plan of $22.340 million.


ISSUE BACKGROUND
The requested adjustments will ensure funding approved in the Sustainable Energy Plan 2014 Capital Budget is fully utilized and directed to projects that support the initiative and goals of the Sustainable Energy Plan, including providing funding to conservation and demand management projects that demonstrate energy savings and that meet the program's eligibility criteria.
COMMENTS
The following is a description of the projects that will be impacted by these proposed adjustments.

Bain Apartment Co-Op Loan

In 2010, Bain Apartment Co-Op submitted the Sustainable Energy Funds application requesting a financing of $0.782 million for a domestic hot water retrofit project. The City repurposed the Sustainable Energy Funds in January 2013 and these funds were no longer available to Bain Apartment Co-Op. Staff subsequently included funding in the 2014 Capital Budget for Bain Apartment Co-Op. In March of 2014, The Environment and Energy Division received a written notification from Bain Apartment Co-Op informing the City that they have decided to not pursue funding through the Sustainable Energy Plan. Therefore, these funds are available to be re-directed to other conservation and demand management initiatives.

Lighting and Conservation and Demand Management Retrofits at Exhibition Place’s Direct Energy Centre

In 2014, the Board of Governors of Exhibition Place has identified a need and has expressed a desire for funding through the Sustainable Energy Plan for lighting and conservation and demand management retrofits, including converting their existing lighting fixtures to high efficiency light emitting diode (LED) lighting at the Direct Energy Centre (DEC). The objective of this project is to reduce electrical demand by upgrading its lighting fixtures from 450 watt High Bay Metal Halide Lights with 150 watt of LED lights combined with intelligent lighting control to reduce the DEC annual Hydro consumption. This project will help reduce emission to the environment and conserve energy. The project meets the Sustainable Energy Plan eligibility criteria with an estimated 20-year net present value (NPV) of $0.960 million and a debt payback period of 7 years. As this was not part of the initial 2014 Capital Budget, available funding within the Sustainable Energy Plan will need to be re-directed to fund this project request.

Demand Response (DR) - Long-Term Care Homes & Services Division at Kipling Acres

In 2014, Long-Term Care Homes & Services Division expressed an interest in obtaining funding through the Sustainable Energy Plan for costs related to demand response program enablement at Kipling Acres. Long-Term Care Homes & Services Division has undertaken a project to install a 600kW bi-fuel generator at the Kipling Acres Phase 2 construction project as well as a Selective Catalytic Reducer (SCR) on their existing 300 kW generator at Kipling Acres phase 1 construction project. Additional funding through the Sustainable Energy Plan will allow for modifications to enable them to enroll in the Ontario Power Authority (OPA) DR3 Program. The Environment and Energy Division will coordinate the approval and enrollment processes of the Kipling
Acres Phase 1 and Phase 2 projects in the DR3 Program. This project will help increase resilience to power outages to extreme weather events and reduce emissions to the environment, as well as creating new net revenues for The City's project meets the Sustainable Energy Plan eligibility criteria with an estimated 20-year net present value (NPV) of $0.118 million and a debt payback period of 17 years. As this project was not part of the approved 2014 Capital Budget, available funding within the Sustainable Energy Plan will need to be redirected to fund this project.

Existing demand response funding in the 2014 Sustainable Energy Plan budget is available for this purpose. Original sites and projects identified for this funding at Toronto Water locations have been financed within its own program. Therefore, available funding can be re-directed to the Kipling Acres opportunity.

In conclusion, Council approval is being requested to amend the Sustainable Energy Plan 2014 Capital Budget and 2015 to 2023 Capital Plan to better align cash flows with program requirements, in accordance with Section 71-9 B to E of the Financial Control By-Law.

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SIGNATURE

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Josie Scioli
Chief Corporate Officer