

Consultation on Water Fees, Charges and Programs
Discussion Guide #1: Toronto Water Support Programs for
Industrial, Commercial and Institutional Customers, and Sewers
By-Law

December 2, 2020

Consultation Purpose and Scope

Toronto Water and Economic Development and Culture, as directed by City Council, are undertaking stakeholder consultation with water users on water fees, charges, programs and other measures designed to support business retention, economic growth, investment and employment ("Consultation").

The purpose of the Consultation is to receive stakeholder feedback on options being explored by the City of Toronto (City) with respect to water fees, charges and current programs to further support the economic competitiveness of the City's industrial and commercial businesses and the objectives of the [City's Resilience Strategy](#).

Topics being explored within the scope of this Consultation include:

- A. Current support programs offered by Toronto Water for Industrial, Commercial, and Institutional ("ICI") customers, including the Industrial Water Rate Program, Capacity Buyback Program, and the Sewer Surcharge Rebate Program;
- B. Current policies and practices under Municipal Code Chapter 681, Sewers ("Sewers By-law"), with a view to identifying any potential opportunities for administrative efficiencies;
- C. Water fees and charges:
 - An administration fee option that separates certain fixed operational costs from the water rate;
 - The decoupling of industrial and commercial ("I&C") customers' water rate from costs associated with stormwater management, including a stormwater charge option for I&C properties;
 - A stormwater management charge ("SW Charge") option for owners of commercial parking lots to recover serviceable costs of the collection, transmittal and treatment of stormwater-runoff generated by these properties;
- D. Incentive options for industrial and commercial customers to undertake sustainable stormwater and flood management solutions, including stormwater management charge credits and green infrastructure funding.

Discussion Guides - Purpose

The Consultation process will comprise two rounds of stakeholder consultation in Fall 2020 and Winter 2021. As part of the Fall 2020 consultation, two discussion guides are being made available by the City for stakeholders on the City's website at toronto.ca/waterconsultation (collectively, "Discussion Guides").

This **Discussion Guide #1: Toronto Water's Support Programs for Industrial, Commercial and Institutional (ICI) Customers and the Sewers By-law** provides background information, an overview of options being explored by the City, and discussion questions for stakeholder feedback concerning the topic areas in Parts A and B of the Consultation scope above ("Discussion Guide #1").

The second Discussion Guide titled **Discussion Guide #2: Water Fees and Charges and Stormwater Management Incentives for Industrial and Commercial Customers** provides information, an overview of options being explored by the City, and discussion questions for stakeholder feedback concerning the topic areas in Parts C and D of the Consultation scope above ("Discussion Guide #2").

Consultation Feedback

Feedback on the discussion questions contained in the Discussion Guides should be submitted by **Monday, December 21, 2020** through an on-line survey available on the City's website at toronto.ca/waterconsultation.

Please share your comments, experiences, and suggestions on topics that are of interest to you and your organization.

Thank you for your participation in this Consultation.

Disclaimer

These Discussion Guides are intended solely for information and Consultation purposes only. They are being made available for comment and discussion purposes, and to facilitate this Consultation with water users for the stated purpose. Any estimate, calculation or analysis, preliminary or otherwise, is provided for illustrative purposes only and should not be relied on as being current, accurate, or complete, and is subject to change without notice.

Notice of Collection of Personal Information

Personal information received by the City through this Consultation is collected for the purpose of determining what, if any, water fees and charges, programs or other measures may be appropriate for City staff to recommend to City Council and, if accepted, implemented, to support business retention, economic growth, investment and employment to further the objectives of the City's economic competitiveness strategy and resilience strategy. This collection will also be for the purposes of reporting to City Council, and any related City Committees, including the City's Infrastructure and Environment Committee, on the Consultation and any recommendations arising from it. The personal information is collected under the authority of sections 8 and 259 of the *City of Toronto Act, 2006*, and City Council Decision Nos. 12 and 13 with respect to [Item EX11.2](#), as confirmed by City of Toronto By-law No. 1804-2019.

The reporting to City Council concerning the Consultation and recommendations may include the disclosure of personal information as may be determined to be required by the City, and any such related reporting documents are created for the purpose of inclusion in a collection of records which are maintained for the purposes of being available to the general public.

Questions about the collection of personal information may be addressed to the Manager, Public Consultation, Metro Hall, 19th Floor, 55 John Street, Toronto, Ontario, M5V 3C6 or by telephone at 416-392-2990.

Goals and Objectives

This section provides a more detailed description of the objectives within the Consultation scope with respect to the development and consideration of options (e.g., potential new fees, charges, other measures and changes to existing programs) that may be recommended to City Council.

- **Furthering the [City's Resilience Strategy](#) objectives** - support the Strategy's goals under the infrastructure focus area including making Toronto's water and sewer infrastructure more resilient to climate change and reducing the hazards of flooding'
- **Supporting the economic competitiveness of Toronto's Industrial and Commercial (I&C) businesses** - opportunities to provide cost savings related to water, wastewater and stormwater costs for I&C businesses, and to increase and broaden participation in Toronto Water's current support programs for ICI customers;
- **Cost-effectiveness and transparency** - promote enhanced transparency with respect to water rates, charges and fees while recovering the full serviceable costs of the collection, transmittal and treatment of stormwater run-off generated by I&C properties, and providing for the continued long-term financial sustainability of Toronto Water's programs;
- **Administrative efficiencies and customer service improvement** - streamline processes thereby increasing the potential for further increased efficiencies in the City's administration of ICI support programs and the Sewers By-law; and,
- **Environmental stewardship** - improve surface water quality by promoting more sustainable stormwater management practices by I&C businesses.

Part A: Toronto Water Support Programs for Industrial, Commercial and Institutional Customers

Toronto Water provides three programs for industrial, commercial and institutional ("ICI") customers to support economic, social and employment objectives, water efficiency and conservation, and to reduce greenhouse gases and energy demand.

For individual businesses and customers within the ICI sector, investing in water efficiency makes good business sense as reduction in water use can:

- lower operating costs by reducing water purchased from Toronto Water;
- enhance public image by demonstrating commitment to the environment; and,
- increase competitiveness by saving money.

Toronto Water's current programs (described below) include:

- Industrial Water Rate (IWR) Program;
- Capacity Buyback (CBB) Program; and
- Sewer Surcharge Rebate (SSR) Program.

Through this Consultation, the City is exploring options that have the potential to provide administrative efficiencies for these programs, improve customer service, increase participation and broaden the eligibility of existing programs to non-participating ICI customers to further the programs' objectives.

Industrial Water Rate Program

The [Industrial Water Rate Program](#) ("IWR" Program) offers a discounted water rate to industrial customers in Toronto to help support economic growth and encourage water conservation.

The IWR Program is open to eligible industrial customers that:

- use more than 5,000 cubic meters (i.e. threshold) of water annually;
- fall within the industrial property tax class;
- are in compliance with the Sewers By-law; and,
- complete and submit a comprehensive water conservation plan to the satisfaction of the General Manager, Toronto Water.

Industrial customers that qualify for the IWR Program are charged the Block 1 Rate (\$4.0735 per m³ in 2020) on the first 5,000 m³ of water use. Water use over that amount is eligible for the Industrial Water Rate (\$2.8514 per m³ in 2020), also called the Block 2 Rate, which represents a 30 per cent reduction of the Block 1 Rate. The Block 2 Rate is applied only to water consumed for industrial and manufacturing processes. Approximately 100 industrial businesses are currently on the Block 2 Rate.

The City is exploring the options below to enhance the effectiveness of the IWR Program.

Lowering the 5000 m³ threshold - the City is exploring the option to lower the current 5000 m³ threshold, which was lowered from 6000 m³ to 5000 m³ in 2015. This option offers the potential to increase participation in the IWR Program and reduce water consumption costs for additional industrial customers. This option would require determining a lower threshold value that balances broadening eligibility for industrial customers while maintaining the IWR Program's objective to support large industrial volume water

users. Necessary amendments to the Water and Sewage Services and Utility Bill By-Law would need to be authorized by City Council.

Changes to IWR Program Requirements - the City is exploring the option to remove the submission of a water conservation plan as a requirement of the IWR Program.

The IWR Program currently requires industrial customers to complete and submit a comprehensive water conservation plan to Toronto Water, among other requirements, in order to participate in the IWR Program. Potential barriers to industrial customers participating in IWR Program include the costs associated with completing a water conservation plan and implementation of capital projects.

The requirement for the submission of a water conservation plan was included in IWR Program requirements as a measure to promote water efficiency for industrial large volume water users in 2011. At that time, Toronto discontinued water efficiency rebate programs for ICI customers (e.g. ICI Toilet/Urinal Replacement Rebate) due to improving water efficiency in the ICI sector, changing market conditions and regulations that mandated water efficient fixtures. Since 2011, Toronto Water's water efficiency efforts have focused on the current support programs for ICI customers in addition to City-wide water loss and leak detection initiatives.

This option offers the potential to increase the number of industrial customers participating in the IWR Program and to achieve efficiencies with the IWR Program's administration. However, this option, if implemented, would result in the loss of an independent evaluation of water efficiency for these customers. Necessary amendments to the Water and Sewage Services and Utility Bill By-Law would need to be authorized by City Council.

Capacity Buyback Program

The Capacity Buyback Program ("CBB Program") provides incentives for water efficiency to commercial and institutional customers by:

- offering a free water audit to help identify ways to reduce water use; and,
- rewarding participants that implement permanent water-saving measures with a one-time cash rebate of up to 30 cents per litre of water saved per average day.

Industrial customers have been excluded from eligibility in the CBB Program when the Industrial Water Rate (IWR) Program was implemented in 2008.

Through this Consultation, the options below are being explored that provide opportunities to enhance the effectiveness and streamline administration of the Capacity Buyback Program.

Changes to the Free Water Audit - for customers that apply for the free water audit component (optional) of the Capacity Buyback Program, a site visit to a facility by an engineering consultant is currently required to review process operations and identify water conservation opportunities. This site visit may provide little value for commercial and institutional customers that have facilities with standard equipment or simple facility operations (e.g. water consuming operations limited to refrigeration, HVAC, etc.).

This option contemplates eliminating the requirement for the site visit for certain customers and offer instead a desktop review of operations data and equipment specifications, and a water balance evaluation. This option would help simplify the application process for smaller facilities with standard equipment or simple facility operations, and provide for potential administrative efficiencies of the Capacity Buy Back Program.

Expand CBB Program Application Eligibility to Industrial Customers - this option would expand application eligibility of the CBB Program to industrial customers including those that are not eligible for the IWR Program because they do not meet 5000 m³ threshold. This option offers the potential to provide cost savings and improved water efficiency for these industrial customers.

This option contemplates the following:

- **Smaller water volume consuming industrial customers** (i.e., those that consume less than the Industrial Water Rate threshold of 5,000 m³ annually), would be fully eligible for the Capacity Buyback Program. This would mean these customers could apply for a free audit as well as receive an incentive of \$0.30/litre water saved if projects identified during the audit are implemented.
- **Medium water volume consuming industrial customers** (i.e., those that consume between the threshold of 5,000 m³ and 15,000 m³ annually) would be partially eligible for the Capacity Buyback Program. These industrial customers could apply for the free water audit, which would help address the potential barriers for these customers in applying to the IWR Program (e.g. costs associated with submitting a water conservation plan in order to be eligible for the Industrial Water Rate Program).

Sewer Surcharge Rebate Program

The [Sewer Surcharge Rebate Program](#) ("SSR Program") provides eligible industrial and commercial customers a rebate on water not discharged into the sanitary sewer system (i.e., water evaporated from cooling towers or used to make a product). The rebate is based on the percentage of water not returned to the sanitary sewer system and is applied to the sewer portion of the water rate.

Eligibility criteria for the SSR Program are based on the industrial or commercial customers' property total annual water consumption and sanitary contribution amount as follows:

Customer's Total Annual Water Consumption	Sanitary Contribution Amount
≤1500 m ³	≤ 80%
>1500 m ³ but ≤15,000 m ³	≤ 85%
>15,000 m ³ but ≤ 1,500,000 m ³	≤ 90%

Customer's Total Annual Water Consumption	Sanitary Contribution Amount
>1,500,000 m ³	≤ 95%

Water used outdoors (i.e. for irrigation) is not eligible for the SSR Program. SSR Program participants are required to renew their application and submit an engineering report on an annual basis (by February 1).

The options below are being explored which offer opportunities to increase efficiencies in the administration of Sewer Surcharge Rebate Program and reduce application requirements and costs for participating customers.

Change to Annual Renewal Period - increase the renewal period from annually to every three years, which would provide cost savings to participating businesses (e.g. less frequent engineering report submissions) and reduce the frequency of Toronto Water's administrative reviews. This change would be contingent on participating customers adding process metering (see measure below) to their facility. Necessary amendments to the Water and Sewage Services and Utility Bill By-Law would need to be authorized by City Council.

Addition of Process Metering - this measure has been implemented in other municipalities with similar programs and would require participating customers to add a process meter as a requirement of the SSR Program that would measure their sanitary and/or non-sanitary contribution. This measure provides the potential for more accurate readings for both participating customers and Toronto Water, which supports improved program efficiency in evaluating applications and the extension of the annual renewal period. Necessary amendments to the Water and Sewage Services and Utility Bill By-Law would need to be authorized by City Council.

Discussion Questions - Toronto Water Support Programs for ICI Customers

A1. Which Toronto Water support program(s) for ICI customers does your organization currently participate in? *(Select all that apply)*

Industrial Water Rate Program _____

Capacity Buyback Program _____

Sewer Surcharge Rebate Program _____

None of the above _____

A2. What has been your organization's experience with Toronto Water's current ICI programs (e.g., what is working well, challenges, constraints with respect to application, eligibility, renewal, etc.)?

Industrial Water Rate Program _____

Capacity Buyback Program _____

Sewer Surcharge Rebate Program _____

A3. Why does your organization not participate in the following Toronto Water support programs for ICI customers?

Industrial Water Rate Program _____

Capacity Buyback Program _____

Sewer Surcharge Rebate Program _____

A4a. Do you have comments on the Industrial Water Rate Program options (advantages/benefits, disadvantages/concerns, other considerations)?

a) Lowering the 5000 m³ threshold _____

b) Changes to IWR Program requirements _____

A4b. Do you have other suggestions for the Industrial Water Rate Program?

A5a. Do you have comments on the Capacity Buyback Program options (advantages/benefits, disadvantages/concerns, other considerations)?

a) Changes to the free water audit _____

b) Expand Capacity Buyback program application eligibility to industrial customers _____

A5b. Do you have other suggestions for the Capacity Buyback Program?

A6a. Do you have comments on the Sewer Surcharge Rebate Program options (advantages/benefits, disadvantages/concerns, other considerations)?

a) Change to the annual renewal period _____

b) Addition of process metering _____

A6b. Do you have other suggestions for the Sewer Surcharge Rebate Program?

A7. Do you have suggestions for other measures that Toronto Water could consider outside of its current ICI support programs to further support economic competitiveness and water efficiency for ICI customers?

Part B: Sewers By-law

The [Sewers By-law](#) aims to protect public safety, the environment and City infrastructure by, among other things, setting strict limits on what can be discharged into the City's sewers system and natural watercourses. Some substances are completely prohibited, where others are restricted to defined parameter limits.

Sewers By-law enforcement and compliance is overseen by Toronto Water's Environmental Monitoring and Protection unit ("EM&P"). EM&P works with residents, businesses and industries to educate them about their role in upholding the Sewers By-law compliance through monitoring, sampling, testing and inspection activities.

Through this Consultation, the City is exploring options which may serve to streamline processes thereby increasing the potential for further increased efficiencies in the City's administration of its Sewers By-law. Such measures should help improve regulatory compliance within the industry while continuing to ensure that the objectives of the Sewers By-law and the City's regulatory obligations are met. The options being explored are presented below.

Industrial Wastewater Surcharge Agreements ("IWSA") - Under Section 6 of the Sewers By-law, a business may be permitted to enter into an IWSA (or have a Permit issued) to allow a discharge in excess of certain Sewers By-law limits, otherwise prohibited, if the exceedance is with respect to treatable parameters, for a fee payable to the City to treat the excess concentrations and subject to the IWSA/Permit. The treatable parameters include: Biochemical Oxygen Demand (BOD), Total Suspended Solids (TSS), phenols, (4AAP), Total Phosphorus, and Total Kjeldahl Nitrogen (TKN).

Prior to the issuance of any such Permit or the entering into of an IWSA, EM&P will conduct an assessment to establish whether the conditions of Section 6 are met and the upper limits to be used in Schedule 1 of the IWSA; or, determine the appropriate mechanism – Permit or IWSA.

The IWSA permits a Discharger up to 3 exceedances (of less than 20%) of the parameter limits in the Agreement/Permit per Term of the IWSA. This allows a Discharger some margin of error for operational changes.

The City is exploring an option to increase the number of exceedances (of less than 20%) of the parameter limits in the Agreement/Permit per Term of the IWSA (e.g. to 4 or 5). This option would help provide greater operational flexibility for a facility and the ability for a facility to increase production if there is a special need without going into IWSA default.

Toronto Sewers By-law Navigation Guide - This option involves the development of a Sewers By-law Navigation Guide for Toronto, which is a tool used by other municipalities to help businesses better understand their compliance obligations. Such a guide would provide information on the key components of the Sewers By-law including: discharge limits for subject pollutants, sampling and inspections, monitoring and reporting, compliance and enforcement measures, and discharge agreements, etc. This option offers the potential to improve regulatory compliance within the industry and the potential for costs savings by businesses.

Subject Pollutant Reporting Thresholds - Every subject sector industry discharging any amount of 33 subject pollutants is required to submit a Pollution Prevention (P2) Plan to Toronto Water and identify steps

to reduce, substitute or eliminate the subject pollutant. P2 plans are required for any amount of a subject pollutant which is discharged.

Some reporting programs in Canada and Ontario have adopted threshold limits to eliminate the requirement for the reporting of trace amounts of subject pollutants.

The City is exploring the option to establish risk-based threshold limits for the reporting of trace amounts of subject pollutants. This measure would not impact discharge limits in the Sewers By-law. This option would require an initial risk-based evaluation of each subject pollutant and a determination of whether a risk-based reporting threshold could be applied. If so, upon further consultation with stakeholders, a threshold value would need to be identified, and any necessary amendments to the Sewers By-law authorized by City Council.

This option offers the potential to reduce reporting and P2 Plan submission requirements for businesses where only a trace amount of a subject pollutant is present, which would provide cost savings for companies and reduced administration for the City (i.e., fewer reviews of P2 Plans submitted for trace amounts of subject pollutants).

Self Monitoring and Reporting - EM&P undertakes test sampling and analysis of businesses' effluent discharges as part of its monitoring of the Sewers By-law.

Some municipalities, e.g. City of Ottawa, allow businesses to self-sample, undertake analysis (typically, using an independent 3rd party consultant) and report their effluent results to the municipality. A similar option could be explored by Toronto Water to allow companies to self-report effluent testing and analysis to the City. This measure would require the City to prescribe the criteria (i.e., frequency, test parameters and locations) for each company and could require a legal agreement. The City's compliance monitoring program would audit the data submitted.

Part B Discussion Questions - Sewers By-law

B1. Do you have comments on the options for the Sewers By-law (advantages/benefits, disadvantages/concerns, other considerations)?

- a) Industrial Wastewater Surcharge Agreements (IWSA) _____
- b) Toronto Sewers By-law Navigation Guide _____
- c) Subject pollutant reporting thresholds _____
- d) Self-monitoring and reporting _____

B2. Do you have suggestions for other options Toronto Water could consider to help improve businesses' compliance with the Sewers By-law?