

HALIFAX REGIONAL MUNICIPALITY

ENERGY AND UNDERGROUND SERVICES ADVISORY COMMITTEE
MINUTES

July 16, 2010

PRESENT: Councillor Debbie Hum, Vice Chair
Councillor Jennifer Watts
Councillor Barry Dalrymple
Councillor Jackie Barkhouse

REGRETS: Councillor Sue Uteck, Chair
Councillor Darren Fisher
Councillor Stephen Adams

STAFF: Mr. Angus Doyle, Manager, Utilities Coordination
Mr. Julian Boyle, Energy Auditor
Mr. Richard MacLellan, Manager, Sustainable Environmental
Management Office
Ms. Mary Ellen Donovan, Municipal Solicitor
Mr. Carl Yates, General Manager, Halifax Water
Mr. Stephan Jedynek, Solicitor, Legal Services
Ms. Sheilagh Edmonds, Legislative Assistant

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1. CALL TO ORDER

Councillor Hum, Vice Chair, called the meeting to order at 10:12 a.m. in Halifax Hall.

2. APPROVAL OF MINUTES

MOVED by Councillor Barkhouse, seconded by Councillor Dalrymple that the minutes of June 18, 2010 be approved. MOTION PUT AND PASSED.

3. APPROVAL OF ORDER OF BUSINESS / ADDITIONS AND DELETIONS

There were no additions or deletions to the agenda.

MOVED by Councillor Dalrymple, seconded by Councillor Watts that the agenda, as presented, be accepted. MOTION PUT AND PASSED.

4. BUSINESS ARISING FROM THE MINUTES/DEFERRED ITEMS: None

5. REPORTS:

5.1 Staff:

5.1.1 Green Thermal Utility (GTU) - Mill Cove Sewage Heat Recovery

- A staff report dated July 9, 2010 was submitted

Ms. Mary Ellen Donovan, Municipal Solicitor, provided a presentation on the proposal for a Green Thermal Utility project in Bedford, involving heat recovery from the Mill Cove Sewage Treatment Plant. In her remarks, she advised that there has been strong interest on the part of the developer in this project, and noted that a Memorandum of Understanding had been signed in January of this year. Ms. Donovan explained that the timing seems optimum with the developer and that the site of the project will be across the street from the Mill Cove Waste Water Treatment Facility. She added that the development is a modest size but it is large enough to make the project economically feasible and that, unlike the Halifax and Dartmouth plants, there are no warranty complications and it has secondary treatment in place.

With regard to the costs associated with the project, Ms. Donovan advised that the estimate is \$2.7 million, with an annual operating cost of \$87,000 and a rate of return of 4.5% over 15 years based on current worst case scenarios. She added that staff are continuing to look at ways of improving the rate of return, and are also suggesting that FCM be approached for a low interest loan. She noted that staff applied to Eco Trust for funding but was refused and staff are continuing to look into other federal funding opportunities.

Ms. Donovan outlined the funding strategy for the project and advised that there would be no project tender issued until Council has approved the funding strategy, which is

expected to be in November. She added that the developer has their financing in place and are currently preparing to file for building permits. She noted that the building design was completed some time ago and is based on a conventional heating system; however, moving forward with this project will involve a re-design of the building. Ms. Donovan indicated there was some urgency in dealing with this matter as the developer wants to break ground in October. She pointed out that the GTU design work will then need to be completed over the next three months. In this regard, staff are proposing that Halifax Water issue a Request for Proposals for the detail design work, and award it in August. It was noted that staff estimate the cost of the GTU design work to be between \$200,000 and \$300,000.

Ms. Donovan advised that staff were recommending a governance model of this project be proposed as a joint venture between Halifax Water and HRM, adding that research has shown that the best successes with district energy systems across the country are municipally led. She added that staff are still exploring whether to establish a separate body corporate.

Staff responded to questions.

In response to a question by Councillor Watts, Mr. Boyle advised that they did not secure Eco Trust money because all of the funds had been spent. He explained that the funds were funneled from the Federal Government to the Province and there was a stipulation that the funds had to be spent by the end of March. Mr. Boyle noted that other projects staff submitted received Eco Trust funding.

In response to a question by Councillor Dalrymple, staff clarified that if the Committee approves the recommendation today, it will go to the August 3 Regional Council meeting and, if approved, staff can proceed with the design. The final approval for the project will come back to Council in November.

Mr. Carl Yates, General Manager, Halifax Water, pointed out that there is the potential opportunity to provide district heating to two other buildings close to the plant. In addition, he pointed out that there was a piece of land between Sobey's and the Fire Hall that, if developed, may also provide opportunity.

In response to a question by Councillor Watts in regard to the developer's commitment to the project, Mr. Yates indicated that staff is working on this and added that, before HRM commits to its design work, the Municipality will be asking the developer to commit to their design work. Mr. Yates advised that staff have sent a letter to the developer and expect to know, for certain, within a couple of weeks of his commitment to the project. Mr. Yates emphasized that no money will be spent unless they are confident the developer is ready to proceed.

In response to a question by Councillor Dalrymple regarding budgeting for the project, Mr. Yates advised that the intent is to have this project stand on its own, as it will have a guaranteed revenue stream.

MOVED by Councillor Watts, seconded by Councillor Barkhouse that the Energy

and Underground Services Advisory Committee recommend Regional Council approve:

- 1. The submission of an application to FCM by HRM/Halifax Water for a low interest loan as part of the funding model for the proposed Bedford GTU project.**
- 2. In principle a joint venture governance structure with Halifax Water for the implementation of the Green Thermal Utility - Mill Cove Sewage Heat Recovery Project.**
- 3. Continued exploration of the governance model to determine whether a separate body corporate would be a preferred vehicle to provide energy services.**
- 4. Issuance of an RFP by Halifax Water for detailed engineering design with the costs to be shared 50/50 with Halifax Water.**
- 5. Expenditure of \$100,000, including net HST, for a detailed engineering design as the HRM share of the total cost of \$200,000 with funds to come from HRM Sustainable Community Projects D948 as per the Budget Implications section of this report.**

MOTION PUT AND PASSED.

5.1.2 Cole Harbour - Eastern Passage Transmission Project - Update

Mr. Angus Doyle, Manager, Utilities Coordination, provided an update to the Committee on this matter.

He advised that Nova Scotia Power has sent a letter to all stakeholders indicating that it was changing its process to a community consultative project. He explained that they want to establish a committee comprising of between seven and ten people to review options and act as a resource. Mr. Doyle added that Nova Scotia Power will not direct the process but it will take the recommendations of the committee to the Utility and Review Board as their recommended option. Mr. Doyle advised that the new process NSP is undertaking shifts the concern of Regional Council and, therefore, the options asked for are off the table. He added that staff still intend to provide a report but the focus will not be on options for the project, and it will discuss whether HRM should be a participant on the Committee. Mr. Doyle indicated that staff had some concern about being actively involved with the Committee, and feel that perhaps a better role would be as a resource for the committee.

Mr. Doyle advised that staff were anticipating submitting their report to the August 10, 2010 Regional Council meeting.

In response to a question by Councillor Watts, Mr. Doyle advised that Councillor Nicoll

has been brought up to date on this matter.

5.1.3 Feed-In Tariff Update

Mr. Stephan Jedynak, Solicitor, provided an update in regard to Feed-In-Tariff. He explained that a definition of Feed-In Tariff was essentially feeding into the electrical grid for a guaranteed rate. It is geared toward environmentally friendly energy projects. He noted that the Province put out the draft regulations for public comment in May and the submission deadline was July 23, 2010.

Mr. Jedynak advised that staff were proposing the following points for comment in their submission:

- the definition of Biomass is limited as municipal waste is not included.
- landfill gas - the potential for increased electricity output at the Sackville landfill if the new output is supported by FIT rate.
- the 100 megawatts Community FIT should be a permanent feature of the program
- the 100 megawatts Community FIT requires adequate resourcing by the Province and Nova Scotia Power.

A discussion ensued with staff responding to questions.

Mr. Julian Boyle noted that there is limited staff in the Provincial Department dealing with this issue and added that the resourcing issue has yet to be worked out.

In reference to the first point of the staff submission, Councillor Watts questioned whether the definition of biomass included biosolids. In response, Ms. Donovan advised that the definition of biomass in the draft regulations excludes the biomass solids found at Otter Lake.

Mr. Boyle added that the definition is very limited and added that HRM's Manager of Solid Waste has developed a technical definition and he would forward this to her.

Councillor Watts advised that staff are proposing to open up the definition and broaden it to include municipal waste and noted that she had some concern with this.

Councillor Watts requested that the comments staff are putting forward include a fifth comment in regard to cost recovery FIT for wind and solar energy.

Ms. Donovan advised that staff wanted to review their submission with EUGS prior to the July 23 deadline, however, the Mayor has advised that he would like it to go before Regional Council. She added that staff followed up with the Province to see if an extension could be granted on the submission deadline. She noted that the Province has, unofficially, granted this extension as long as a draft copy is submitted on the 23rd. She advised that this is what staff will do, and the draft will also be submitted to the August 3 Regional Council meeting.

Councillor Watts indicated that she was not comfortable with the first point, and that she would give it further consideration and may have suggestions when it comes to Regional Council in August. She requested that staff have the comment clarified when the item is brought before Council.

5.2 Committee Members: None.

6. ADDED ITEMS: None

7. NEXT MEETING DATE - August 20, 2010

8. ADJOURNMENT

The meeting adjourned at 11:38 a.m.

Sheilagh Edmonds
Legislative Assistant