



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: December 4, 2006  
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Meeting Date: December 14, 2006

TO: Standing Committee on City Services and Budgets

FROM: General Manager of Engineering Services, in consultation with the Director of Financial Planning and Treasury and the Manager of the Sustainability Group

SUBJECT: East Fraserlands District Energy Feasibility Analysis

#### RECOMMENDATION

*THAT Council authorize the Director of Engineering Services to participate in a study to be undertaken by the developer of East Fraserlands, WesGroup Income Properties LP, to investigate the technical and financial feasibility of a district energy system, similar to the NEU model, to serve the East Fraserlands Official Development Plan area; with the City contribution to be 50% of the cost, estimated at \$45,000 to be funded from the Sustainability Group 2006 operating budget*

#### COUNCIL POLICY

On March 29, 2005, Council approved the Community Climate Change Action Plan to reduce greenhouse gas emissions by 6 percent below 1990 levels by 2010. The Plan contains specific elements related to creating community energy systems that provide energy without contributing to GHG emissions.

On March 2, 2006, Council approved in principle the creation of a False Creek Neighbourhood Energy Utility (NEU) to provide for space heating and domestic hot water to multi-family residential, commercial, institutional and industrial buildings, with interim development financing of a maximum of \$14.0 million provided by the Capital Financing Fund, and requested that the Director of Legal Services seek amendments to the *Vancouver Charter* in support of the NEU objectives.

#### CITY MANAGER'S COMMENTS

The City Manager recommends approval.

## PURPOSE

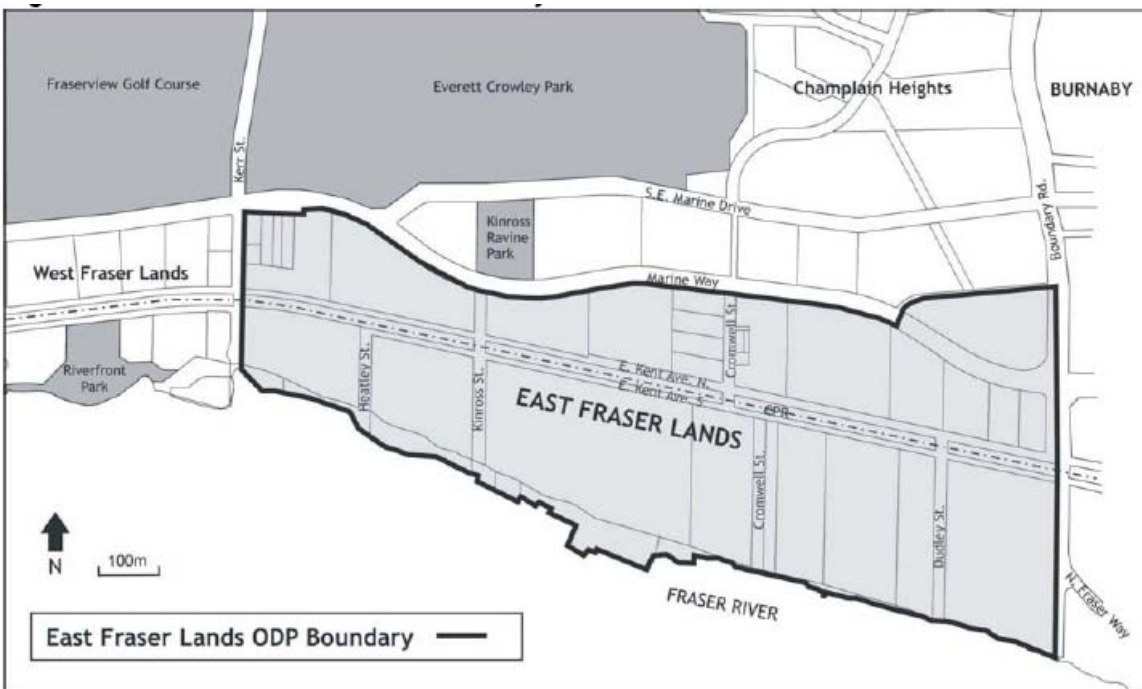
As a follow-up to the East Fraser Lands (EFL) Official Development Plan, which Council referred to public hearing on October 17, 2006, this report recommends a study to determine the feasibility of developing a district energy system, similar to the Southeast False Creek NEU model, to serve the East Fraserlands Official Development Plan area.

## BACKGROUND

On March 2, 2006, Council received a report from staff on the detailed feasibility analysis for a community energy system for SEFC, and approved the creation of the NEU. The project was considered to be an economically and technically viable approach to develop a "GHG neutral" utility as called for in the Southeast False Creek Official Development Plan, achieve the City's community GHG targets, and produce a financial return on its investment. Council approved interim financing to a maximum of \$14.0 million, provided from the Capital Financing Fund (CFF), for the development of the False Creek NEU. Staff was instructed to report back to Council with a strategy for the long term recovery of this funding. Council also requested that the Director of Legal Services seek an amendment to the Vancouver Charter in support of the NEU.

On October 17, 2006, Council referred the EFL Official Development Plan to public hearing. This plan states that, subject to investigations of technical and financial feasibility, a Neighbourhood Energy Utility will be implemented at EFL.

FIGURE 1. EAST FRASER LANDS ODP AREA



## DISCUSSION

The scale and comprehensive nature of the EFL development area (see Figure 1) creates an opportunity for the implementation of a community-wide Neighbourhood Energy Utility based on sustainable energy sources, similar to that being developed at Southeast False Creek. This has the potential to enable a major reduction in the greenhouse gas emissions associated with the development, and as such a technical and financial feasibility study was recommended in the EFL Official Development Plan.

The developer of EFL, WesGroup Income Properties LP, has indicated an interest in the development of a community energy system and has proposed a feasibility study be undertaken in partnership with the City. The study would be completed in time to feed into the first development planning in EFL. As the City has a strong interest in the outcome of this study from a regulatory and, potentially, a business perspective, it is recommended that the City partner with WesGroup by providing 50% of the study cost, estimated to be \$45,000.

WesGroup Income Properties LP would manage the feasibility study, with input from City staff to ensure that the City's interests are reflected in the analysis. This work must be timed to coincide with East Fraserlands development activities, and as such should proceed immediately.

## FINANCIAL IMPLICATIONS

Funding for the City portion of this feasibility study - estimated to be \$45,000 - is available in the Sustainability Group 2006 Operating Budget. This amount will be advanced to the EFL developer in December 2006, upon approval by Council of this report.

## CONCLUSION

To pursue further opportunities for greenhouse gas emission reductions in accordance with the Community Climate Change Plan, this report recommends a study to evaluate the feasibility of a district energy system to serve the East Fraser Lands development.

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