

Subject: 2021 Hydro Ottawa Dividend Surplus Spending Plan

File Number: ACS2022-PIE-EDP-0023

**Report to Standing Committee on Environmental Protection, Water and Waste
Management on 21 June 2022
and Council 6 July 2022**

**Submitted on June 9, 2022 by Don Herweyer, Director, Economic Development
and Long Range Planning, Planning, Real Estate and Economic Development
Department**

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Ward: Citywide

**Objet : Plan de réinvestissement de l'excédent des dividendes
d'Hydro Ottawa**

Dossier : ACS2022-PIE-EDP-0023

**Rapport au Comité permanent de la protection de l'environnement, de l'eau et de
la gestion des déchets**

le 21 juin 2022

et au Conseil le 6 juillet 2022

**Soumis le June 9, 2022 par Don Herweyer, Directeur, Développement économique
et Planification à long terme, Direction générale de la planification, de l'immobilier
et du développement économique**

**Personne ressource : Andrea Flowers, Gestionnaire de section, Changements
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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That the Standing Committee on Environmental Protection, Water and Waste Management recommend Council approve the prioritized Spending Plan as shown in Document 1, with funding for implementation to be aligned with the Hydro Ottawa's dividend surplus once the specific dollar amount, if any, is known.

RECOMMANDATION DU RAPPORT

Que le Comité permanent de la protection de l'environnement, de l'eau et de la gestion des déchets recommande au Conseil d'approuver le Plan de dépenses classées par ordre de priorité, tel que présenté dans le document 1, comprenant du financement visant à harmoniser la mise en œuvre à l'excédent des dividendes d'Hydro Ottawa une fois que le montant d'argent précis, s'il y en a, est connu.

BACKGROUND

In March 2019 ([Motion No 9/3](#)), Council directed that any surplus in the Hydro Ottawa dividend received in the 2018-2022 Term of Council be directed toward energy efficiency, conservation or renewable energy programs within Ottawa, with specific projects to be recommended by staff and approved by the Standing Committee on Environmental Protection, Water & Waste Management and Council once the specific dollar amount, if any, is known.

In April 2019, [City Council declared a Climate Emergency](#) for the purposes of naming, framing, and deepening our commitment to protecting our economy, our ecosystems, and our community from climate change.

In January 2020, Council approved a new Climate Change Master Plan ([ACS2019-PIE-EDP-0053](#)), which set a net zero target for community emissions by 2050. It also directed staff to “encourage private action through education, direct and indirect incentives, municipal support, and advocacy for support of individuals and private organizations by senior levels of government.”

In October 2020, Council unanimously approved the Energy Evolution: Ottawa's Community Energy Transition Strategy ([ACS2020-PIE-EDP-0036](#)).

DISCUSSION

On June 22, 2022, Council will receive the Hydro Ottawa Holding Inc. 2021 Annual Report which will identify the dividend and any potential surplus. Staff have developed a list of prioritized projects to be approved by the Standing Committee on Environmental Protection, Water & Waste Management and Council, that would use the dividend surplus (if any) for implementation. At the time of writing this report, the dividend surplus was not known. Nevertheless, staff have prepared a list of priority projects and the cut-off line will be determined through Hydro Ottawa's dividend surplus contribution.

Document 1 identifies a prioritized \$5 million spending plan, with projects to be considered in order of priority, from top to bottom. Final determination of projects to move forward are reliant upon identification of available dividend surplus funds. If the cut-off line falls within a specific project, minor adjustments may be required to the amount allocated to a specific or the prioritized order of projects, for example in the case when partial funding of a project may not make sense.

The spending plan supports GHG reductions, builds resiliency, leverages federal and provincial funds where possible, and implements Climate Change Master Plan priorities including Energy Evolution, Climate Resiliency and Private Action projects.

Projects include, but are not limited to:

- Municipal and public energy conservation and efficiency;
- Municipal and public electric vehicle charging infrastructure;
- Municipal and public district energy;
- Renewable natural gas and solar panels on municipal facilities; and
- Communication, education and engagement programs that support Climate Change Master Plan objectives.

The spending plan also proposes to:

- Extend two existing temporary full-time positions to support communication and outreach and the shift towards electric vehicles; and
- Fund up to four new staff to support:
 - Commercial building retrofits;

- Integrating climate change in Asset Management and capital planning;
- Energy management at water facilities; and
- Development of a distributed energy generation framework.

The spending plan and associated funding is for all project-related costs such as: feasibility and design studies, pilots, construction, equipment acquisition or installation, communication and consultation. Funds could also be used to implement other energy efficiency, conservation, and renewable energy generation, or climate resiliency projects as they emerge.

If approved, the Planning, Real Estate and Economic Development Department will implement the spending plan in order of priority with various departments in accordance with the amount of Hydro Ottawa dividend surplus that is available. If projects above the cut-off line cost less than anticipated, then the next project on the priority list or other projects in line with the Climate Change Master Plan will be advanced if funding permits. Unfunded projects will be advanced when future funding sources are identified.

The above spending plan provides additional capacity to assist with corporate and community actions towards responding to Climate Change. However, it is recognized that the municipality alone will not be able to accomplish the scale of investment required to fully meet this challenge. A long-range financial strategy including commitments from partners and other levels of government will come forward at a future date to advance the Climate Change Master Plan, including Energy Evolution projects and the Climate Resiliency Strategy.

RURAL IMPLICATIONS

The spending plan's projects have benefits for the entire city, including the rural areas.

CONSULTATION

No public consultation was required for this report. Public consultation will continue as part of the on-going implementation of the Climate Change Master Plan and priorities including Energy Evolution and the Climate Resiliency Strategy.

COMMENTS BY THE WARD COUNCILLORS

This is a City-wide report – not applicable.

ADVISORY COMMITTEE(S) COMMENTS

No consultation was undertaken with the Environmental Stewardship Advisory Committee (ESAC) on this spending plan. However, ESAC was informed on many aspects of the program such as the Better Homes Ottawa Loan Program, the High Performance Development Standard and the Better Building Strategy (May 19, 2022). Presentations of the same topics will be made to the Planning Advisory Committee on June 15, 2022. Staff are also scheduled to present an overview of the Climate Vulnerability and Risk Assessment findings to ESAC on June 16, 2022.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report

RISK MANAGEMENT IMPLICATIONS

The spending plan is dependent on the amount of Hydro Ottawa's dividend surplus.

It should also be noted that Council's direction to allocate the annual Hydro Ottawa dividend surplus (if any) is limited to this Term of Council (2018-2022). Furthermore, the surplus fluctuates yearly, depending on the profitability of Hydro Ottawa investments. A more permanent and predictable source of funding for energy efficiency, conservation or renewable programs within Ottawa should be reviewed.

ASSET MANAGEMENT IMPLICATIONS

The recommendations documented in this report are consistent with the City's Comprehensive Asset Management (CAM) Program objectives. The implementation of the CAM program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

FINANCIAL IMPLICATIONS

Pending confirmation of the 2021 Hydro Ottawa dividend surplus and Council approval of the proposed spending plan, budget authority will be added to 908880 Energy Evolution and 906381 Climate Change Master Plan, in accordance with spending plan in Document 1, 100 per cent funded from the 2021 Hydro Ottawa dividend surplus.

ACCESSIBILITY IMPACTS

People with disabilities may be disproportionately impacted by climate change. For example, people with mobility challenges may become isolated during freezing rain or ice storms if sidewalks are icy or Para-Transpo services are reduced. Accessibility impacts will be further assessed as part of the ongoing implementation of the Climate Change Master Plan and Energy Evolution and as part of the development of the Climate Resiliency Strategy.

CLIMATE IMPLICATIONS

The spending plan in Document 1 will help catalyze corporate and community GHG reductions and build climate resiliency.

ECONOMIC IMPLICATIONS

There are no economic implications associated with the recommendations of this report.

ENVIRONMENTAL IMPLICATIONS

The spending plan's projects will help mitigate impacts to the environment.

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

While nearly all individuals within Ottawa will be impacted in one way or another by climate change, there are specific segments of the population more vulnerable to specific climate hazards and who have less adaptive capacity to respond. These include, but are not limited to, older adults, persons with disabilities, persons living in poverty, racialized people, Indigenous people, rural residents, immigrants, women, and youth. The spending plan includes:

- \$500,000 in rebates for low-income housing for heat pumps and building envelope improvements to remove barriers that prevent participation in the Better Homes Ottawa Loan Program.
- \$250,000 of funding for EV chargers on public land; historically public EV charging sites have been selected which have a higher population density to maximize potential revenue and targeted to a higher-than-average population of renters who may not have the ability to install charging stations at their place of residence.

- \$1M in funding to accelerate early actions identified in the Climate Risk and Vulnerability Assessment.

TERM OF COUNCIL PRIORITIES

This work aligns with the 2019-2022 Term of Council Priorities, Environmental Stewardship, to grow and protect a healthy, beautiful, and vibrant city that can adapt to change. Identified outcomes in support of this priority include:

- The City has climate change mitigation and adaptation plans in place
- The City reduces its greenhouse gas output and embeds climate change considerations across all operations.

SUPPORTING DOCUMENTATION

Document 1 Hydro Ottawa Dividend Surplus Spending Plan

DISPOSITION

The Planning, Real Estate and Economic Development Department will implement the spending plan and continue to coordinate the Climate Change Master Plan with input from various departments to implement the eight priority actions.

Document 1 – Hydro Ottawa Dividend Surplus Spending Plan

The spending plan supports GHG reductions, builds resiliency, leverages federal and provincial funds where possible, and implements Climate Change Master Plan priorities including Energy Evolution, Climate Resiliency and Private Action projects.

Projects include, but are not limited to:

- municipal and public energy conservation and efficiency;
- municipal and public electric vehicle charging infrastructure;
- municipal and public district energy;
- renewable natural gas and solar panels on municipal facilities; and
- communication, education and engagement programs that support Climate Change Master Plan objectives.

The spending plan also proposes to:

- extend two existing temporary full-time positions to support communication and outreach and the shift towards electric vehicles; and
- fund up to four new staff to support:
 - commercial building retrofits;
 - integrating climate change in Asset Management and capital planning;
 - energy management at the water drinking and purification plants; and
 - development of a distributed energy generation framework.

The spending plan and associated funding is for all project-related costs including feasibility and design studies, pilots, construction, equipment acquisition or installation, communication and consultation. Funds could also be used to implement other energy efficiency, conservation, and renewable energy generation, or climate resiliency projects as they emerge.

CCMP Priority	Project Name	Description	Estimate
Energy Evolution	Climate Change Education and Outreach Program	2-year temporary staff to support the climate mitigation and resiliency communication, outreach, consultation and volunteer program	\$260,000
Energy Evolution	Personal Vehicles Electrification Strategy	2-year temporary staff to support the Green Fleet Strategy, corporate EV policy update, Personal Vehicles Electrification Strategy, and Zero Emissions Commercial Vehicles Strategy.	\$260,000
Energy Evolution	Personal Vehicles Electrification Strategy	12 Level 2 and 1 Level 3 EV chargers on public land	\$250,000
Energy Evolution	Personal Vehicles Electrification Strategy	Public EV Charging Hub Study (proof of concept)	\$50,000
Energy Evolution	Better Buildings Benchmarking and Audit Program	Benchmarking, thermal scans, and capacity building to inform a Commercial Retrofit Financing Program	\$500,000
Energy Evolution	Better Homes Ottawa Rebate Program	Rebates for low-income housing for heat pumps, and building envelope improvements	\$500,000
Climate Resiliency Strategy – Climate	Climate Resiliency Strategy	To accelerate early actions identified in the Climate Risk and Vulnerability Assessment and undertake more extensive engagement in the development	\$650,000

CCMP Priority	Project Name	Description	Estimate
Change Master Plan		of the Climate Resiliency Strategy. Early action examples include Wildland Fire Risk Assessment, assessment of existing flood control structures (e.g. berms), improved flood risk modeling and response plans for the Rideau River, and a toolkit for community adaptation planning.	
Private Action – Energy Evolution	Education and Outreach	Outreach campaigns to support the climate mitigation and resiliency efforts	\$75,000
Energy Evolution	Municipal Buildings Renewal and Retrofit Program	Portfolio assessment of cost to do municipal retrofits in line with Energy Evolution targets	\$150,000
Energy Evolution	Municipal Buildings Renewal and Retrofit Program	Concept design Community Centre Deep Retrofit	\$65,000
Energy Evolution	Municipal Buildings Renewal and Retrofit Program	Ground source heat pumps in small facilities (ex. small to medium community centers). This funding could also provide the 20% matching funding required for the GICB program.	\$120,000
Energy Evolution	Better Buildings Strategy	2-year temporary staff to develop a Commercial Local Improvement Charge financing program to support commercial building retrofits.	\$260,000

CCMP Priority	Project Name	Description	Estimate
Energy Evolution	Municipal Buildings Renewal and Retrofit Program	Embodied Carbon Study to assess upcoming project as the base case.	\$50,000
Energy Evolution	Municipal Buildings Renewal and Retrofit Program	Funds to take advantage of GHG reduction as opportunities occur. These may present themselves during audits, be periodically identified by City staff or may present themselves during breakdown repair work. This funding could also provide the 20% matching funding required for the GICB program.	\$560,000
Asset Management – Climate Change Master Plan	Municipal Buildings Renewal and Retrofit Program	2-year temporary staff to support integrating Climate change in Asset Management and Capital Planning	\$270,000
Energy Evolution	Municipal Buildings Renewal and Retrofit Program	2-year temporary staff to support the energy management at the water drinking and purification plants, RNG and class A accounts	\$270,000
Climate Resiliency Strategy – Climate Change Master Plan	Climate Resiliency Strategy	To accelerate early actions identified in the Climate Risk and Vulnerability Assessment. Examples include studies to inform Zoning By-, HPDS implementation, Master Plans or OP implementation; support development of funding applications (including climate lens requirements) or matching funds to respond to opportunities	\$350,000

CCMP Priority	Project Name	Description	Estimate
		as they arise (eg Disaster Mitigation and Adaptation Fund); accelerate implementation of heat mitigation projects in the Extreme Heat, Cold and Smog Plan; accelerate back-up power readiness at City Facilities.	
Energy Evolution	Electricity Resource Strategy	2-year temporary staff to lead Renewable Energy Generation and develop a Distributed Energy Generation Framework	\$260,000
Energy Evolution	Electricity Resource Strategy	Structural and seismic engineering services to support distributed energy resources	\$60,000
Energy Evolution	Electricity Resource Strategy	City Equipment for 2023 DER Gen	\$40,000
		Total	\$5,000,000