What we heard:

Phase 1 engagement summary

for the Kitchener Utilities Clean Energy Transition Strategy project

November 2023

Acknowledgements

This engagement summary was created by the KU Clean Energy Transition Strategy Project Team and the project's public engagement consultant, under the guidance of the project's Advisory Team.

Project Team members are subject matter experts providing critical support to advance this project. Members of the Project Team are:

- Greg St. Louis, Director, Gas and Water Utilities
- Khaled Abu-Eseifan, Manager, Gas Supply and Engineering
- Adam Hustwitt, Manager, Business Development and Customer Experience
- Tammy Gerber, Marketing Strategist
- Michele Kamphuis, Business Development and Conservation Strategist
- Ruth-Anne Goetz, Budget Analyst
- Anna Marie Cipriani, Corporate Sustainability Officer, Development Services
- Kate Daley, Senior Strategist Carbon and Energy Planning (project manager)

Advisory Team members represent key City departments and provide feedback and advice at key milestones of the project. Members of the Advisory Team are:

- Denise McGoldrick, GM Infrastructure Services
- Justin Readman, GM Development Services
- Jonathan Lautenbach, CFO & GM Financial Services

The public engagement consultant has provided considerable expertise and support for Phase 1 of the project. The consultant is Patrick Boot of VCT Group, with graphic design support provided by other members of the VCT Group team.

The Project Team, Advisory Team, and consultants would like to thank staff, customers, residents, stakeholders, partner organizations, committee members, and councillors for their thoughtful engagement throughout Phase 1 of the project. The insights in this paper and the Guiding principles document are built on their diverse perspectives.

Contents

Introduction

This document summarizes what we heard during Phase 1 of the Kitchener Utilities Clean Energy Transition Strategy project. In this first phase of the strategy project, in 2023, we have focused on engagement and building relationships and understanding around values, goals, and scope of the strategy. This part of the process has been about inviting everyone into a problem-solving conversation with us.

As outlined in detail in Section 1, our engagement has taken place through a number of formats, in order to include and accommodate a broad range of voices. Specifically, we have facilitated:

- demographically representative recruited public and customer workshops;
- self-selected public and customer workshops;
- a public drop-in session;
- a public online survey;
- a stakeholder workshop;
- agenda items at Kitchener committees;
- staff engagement through meetings and drop-in sessions, and;
- councillor engagement meetings.

With the support of the Phase 1 public engagement consultant, we have identified six main themes that encompass what we heard in Phase 1. These themes are based on what arose in the discussions, rather than using a pre-identified list of categories, and are outlined in Section 2 of the document. We have also identified and included illustrative comments from the public engagement under each theme, to give a flavour of the varied conversations and ideas that arose across different groups.

This document is a companion to the document Guiding Principles: Phase 1 discussion paper for the Kitchener Utilities Clean Energy Transition Strategy project. What we have heard in Phase 1 engagement has been critical to the development of those guiding principles for the project.

We are grateful for thoughtfulness of engagement across all groups that were consulted. In Phase 2 of the project, scheduled for 2024, we will be identifying and evaluating specific options for our business. We look forward to continuing to engage with customers, community members, stakeholders, Kitchener committees, staff, and councillors through future phases.

Section 1: Engagement details and profiles

We used a diversity of engagement mechanisms, in order to include and accommodate a broad range of voices. These mechanisms are outlined in this section.

Public Workshops

Four public workshops were held. All of them included a presentation by the engagement consultant of some contextual information, followed by group-based discussion. Participants were asked about their concerns about the clean energy transition, opportunities connected to the transition, and about their broader perspective as discussion developed.

To begin and end each session, participants were encouraged to capture their thoughts on a worksheet, and both physical and digital options were available.

In order to allow for fulsome discussion and participation, each session was limited to a maximum of 15 participants, and the sessions lasted approximately 1.5 hours.

Different formats and recruitment approaches led to different profiles of each discussion.

Recruited Workshops

Two sessions were recruited by a research consultant agency to be a demographically representative mix of Kitchener Utilities customers, as would be done for a more traditional focus group.

Recruited workshops were held:

- September 19, 2023 – 5:30-7:00pm (in person - 15 participants)
- September 19, 2023 – 7:30-9:00pm (in person - 14 participants)

Participants represented a range of ages and neighbourhoods, and there was a mix of home owners and renters. The two recruited sessions were both visually and socio-economically diverse. In the first session, everyone spoke at least once, and about half of participants engaged consistently. In the second session, there were 4 or 5 participants who quietly took in the information while others participated.

Self-Selected Workshops

The other two workshops were comprised of people who decided to attend the workshop after hearing about it on Engage Kitchener or through print or online advertising. One was held in-person, and another was held online, to allow for people to choose the option that was most accessible to them.

Self-selected workshops were held:

- September 21, 2023 – 7:00-8:30pm (in person - 10 participants)
- September 26, 2023 – 7:00-8:30pm (online - 9 participants)

Demographics were less diverse in the self-selected sessions than they were in the recruited sessions. While a demographic survey was not administered, it appeared the majority of participants in the in-person session were male-identified, and appeared to be older, on average, than in the recruited sessions. This group seemed more informed and knowledgeable than recruited participants, and were looking for action. Participants routinely referenced professional or academic experience, which was overlayed onto individual personal experiences and perspectives. Everyone spoke at least once, and six or so participants did most of the speaking.

While gender appeared to be more evenly mixed in the online session, a few participants shared and turned their cameras on when speaking, and a few remained muted with screens off throughout. This group also seemed to possess more subject matter knowledge than recruited participants, though participation seemed to come from a place of “me as a resident.”

Public Drop-In Session

As a more informal in-person engagement opportunity, a drop-in session was held on September 28, 2023 from 3:30 to 6:30 pm at the Downtown Community Centre. This session was advertised on the Engage Kitchener platform, as well as through Kitchener Utilities bill inserts and a newspaper ad.

Contextual information was displayed on the walls for attendees to review. During the session, participants were encouraged to capture their thoughts on a worksheet package, for which physical and digital options were available.

Guests engaged with staff and the consultant on a one-to-one basis. We heard from those living in both detached homes and condos. While attendance numbers were low, totaling about 5 attendees, those who did attend had in-depth discussions with the consultant and members of the project team, and their engagement level was generally high.

Public Online Survey

A public survey was live and open for responses from August 15 to October 1, 2023 on the Engage Kitchener platform. Links to the survey were promoted through the City of Kitchener's social media accounts, and responses were open to registrants and non-registrants of the Engage platform. In total, 255 responses were received. Most responses (219 in total, or 85.9% of responses) were from people who identified themselves as Kitchener Utilities customers.

The following supporting text was provided to frame the survey to possible participants:

> "We want to know what you believe is important to consider when thinking about the future of energy. The comments you share as part of this survey will be considered as part of the feedback from a range of online and in-person conversations happening throughout Phase 1 of the Kitchener Utilities Clean Energy Transition Strategy work. Should you choose to take part in this survey, you have the option of doing so anonymously."

The tone of the online survey differed from the real-time workshop sessions. In some instances, the tone of the responses in this online, anonymous engagement format enabled more emboldened, aggressive, and abrupt language from a variety of perspectives.

Stakeholder engagement workshop

A workshop for key stakeholders was held on June 16th, 2023 from 1:00 to 4:00 pm. Throughout the session, participants were encouraged to capture their thoughts on a worksheet package. The session included presentation of contextual information, and focused on table-based group discussion of: risks and opportunities; assets and obstacles, and; relevant vision and values for tackling the clean energy transition.

Attendance was limited in an effort to provide opportunities for in-depth discussion. Attendees included representatives from the following organizations:

- Aire One Heating and Cooling KW
- City of Kitchener
- Conestoga College

- Enbridge Gas
- Enbridge Sustain
- Enova
- Giant Factories Inc.
- Grand River Energy
- Kitchener Housing
- Kitchener Utilities
- Reep Green Solutions
- Region of Waterloo
- Sustainable Waterloo Region
- Waterloo Region District School Board
- Waterloo Region Home Builders
- WR Community Energy

Kitchener committee engagement

We attended a number of meetings with the diverse and thoughtful advisory committees within the City. We delivered a brief presentation in advance of discussion. Specific meetings were:

- Climate Change and Environment Advisory Committee (June 2023)
- Economic Development Advisory Committee (June 2023)
- Homebuilders Liaison Committee (July 2023)
- Equity and Anti-Racism Advisory Committee (September 2023)

Staff Engagement

Engagement with Kitchener Utilities staff in the Gas and Water Division during Phase 1 of the project has included:

- April 2023
    - Presentations to each team to introduce the project
    - Meeting with union representatives
- July 2023
    - Dedicated meeting with managers
- August 2023
    - Dedicated meeting with supervisors and managers
- September and October 2023
    - Discussion with the Director of Gas and Water Service and General Manager of Infrastructure Services for each team
    - Dedicated meeting of staff representatives from each area
    - Two informal staff drop-in sessions with the Project Team

Since we have been able to attend individual team meetings focused on different roles within Kitchener Utilities, and also provide additional options like the meeting of representatives and drop-in sessions for

those who wished to attend, discussions have been possible with a diverse mix of staff across the Gas and Water Division.

An internal repository of information for staff has also been created within the City's internal KHub intranet system.

Councillor engagement

We brought a report to Council on May 15, 2023. This was an opportunity for councillors to ask preliminary questions of staff regarding the project.

We held individual and small-group meetings with councillors over the summer, to provide an additional opportunity to share their insights with staff to inform the development of the Phase 1 deliverables.

Section 2: Engagement results by theme

This section focuses on themes of the Phase 1 engagement. Since Phase 2, in 2024, will be focused on identifying specific solutions, an exhaustive list of suggested business approaches and options have not been included here, though suggestions made in Phase 1 will be a resource for us in the next phase of work. We expect to conduct further engagement on more specific options as part of Phase 2.

In this section, we have included illustrative comments from the public engagement under each theme, where appropriate, to give a flavour of the varied conversations and ideas. These comments should not be interpreted as the full list of comments received, but all comment submitted have been recorded and reviewed, and will be considered as the project moves forward.

Theme 1: Cost and affordability

On customer costs

The most common thing we heard in the engagement was concern that changing where the community gets its energy from will cost a lot, and that customers will bear the brunt of those costs. Across all groups, there was significant concern for the dire financial situations many community members are facing due to current economic conditions, and for any negative financial impacts that this work could have on them. Many people told us they want transparency on these costs, and some community members feel this transparency would be enough to feel included and on board with the change.

For staff, a primary concern was the costs to customers of any changes that may be made, particularly with current rates of inflation and the rising cost of living and the strain that these are putting on many. This was connected to the importance that staff place on serving customers and community members.

At the same time, stakeholder and committee groups, in particular, also told us that the status quo can also be a challenge for affordability, particularly due to policy and regulation, and changing industry conditions.

From the public:

- "What about all my gas products? My hot tub, water heater, barbecue! Do we need to buy all new appliances now?"

- "If you want to change a gas car to an EV but it's $90,000…Heat pump is $20,000…It is a cost premium. If the cost of transition really reduced the premium to where the heat pump and furnace is the same."
- "What can we do to replace natural gas is my anxiety."; "I am nervous about electric because bills keep going up. Doesn't seem like there is a solution."
- Would need "a winning lottery ticket" to make a personal clean energy transition.
- "Cost, mostly. Every day, it gets harder to maintain a place in the region because of the cost of living. My wife and I were priced out of affording a home several years ago and assumed we'd be renting until we died. Now, we're unclear on how long that will last and it becomes a question of when, not if, we become homeless despite having two full-time jobs."
- "As natural gas depletes, how is my bill going to change?"; "Will electric rates go up?"; "Will they raise the rates if almost all go electric?" [implication that electric utilities will increase rates in response to demand increases]
- "Our house is currently very gas-reliant. We have gas hot-water radiators, gas stove, and gas fireplaces, gas water heater (Kitchener rental). My biggest concern is definitely the cost of switching over our Veissman boiler to something electric. We'd like that change, but can't afford it."

On personal benefit and future generations

Even though, cognitively, community members tended to understand the need to do better for the environment and were concerned about recent wildfires and other effects of climate change, many participants largely seemed to think the fruits of a transition to clean energy would be felt by their kids, future generations, or simply not them. They told us that people are interested in change that benefits them personally, and it is more difficult to foot the bill for a change they do not think they will experience. Within the overwhelming collection of all the things one must care about and take care of, there was a perception that embracing and taking action on clean energy will require tools like incentives and reminders. This also resonated with some staff, who told us that financial strain and the costs of change takes priority for customers over any other concerns they might have, such as environmental concerns.

Some members of the public also told us that they feel a sense of responsibility to future generations, such as their grandchildren, despite the challenges of making changes.

From the public:

- "What's in it for me?"
- "I embrace things that benefit me, and I reject things that don't."
- "It's really hard to even enter the housing market. I want to do the right thing, but I can't afford it."
- "Could KU incentivize using less gas? Eg. when your cell phone provider sends you a data use reminder, it changes my behaviour and helps me use less."
- Give customers a dividend as a rebate, and it could help customers invest. Or give them a consumer points card or kickbacks.

- "With hydro you pay more when you use more, so, do that with gas to penalize those for using excessive gas instead of providing lower rates for larger users."
- Responding to the question 'What stood out most about what we talked about', one participant wrote "the participants were mostly thinking about cost to themselves."
- "People will not wean off natural gas if its more inexpensive than alternatives."
- "Cost, as well as incentive programs. As a renter, I want my landlord to be incentivized to make these updates without me nagging or it being "too expensive" for his rental when I'm the one living in it."
- "Why fix something that isn't broken? You'll get people mad, because you'll add more costs on them. We won't be [alive] in the future."
- We need a different mentality, "it's not about me, now, but taking care of the next generation"… about our kids' future.

On equity and affordability

We also heard about considerations beyond financial cost and future benefits for community members. Kitchener committees, in particular, had rich discussions on quality of life considerations related to energy. In particular, we heard that energy equipment and building design are connected to comfort and safety and have mental and emotional costs when threatened, and that this is more of a concern for those whose financial resources are limited.

Both community members and stakeholders expressed concerns about the impact the transition will have from an equity lens. Some noted the intersectional nature of this work, particularly as it relates to housing affordability, which reinforced the necessity of continuing to bring people with diverse expertise, perspectives, and considerations to the table.

Committees also told us that renters need to be included in the public engagement process, since they form a significant part of the community. Members saw the different needs of those groups, and urged us to consider transition needs for rental properties. More specifically, multiple groups also raised the "split incentive problem," where landlords or homebuilders select and pay for the heating equipment, but renters or homebuyers usually pay the utility bills. This means that renters and homebuyers have more limited control over their current and future energy costs, as they cannot make the decision to benefit from long-term savings in exchange for higher up-front equipment costs.

Some staff also told us about complex equity concerns regarding long-term cost implications of decisions made during the strategy development process. They told us it is important to consider possible future increases in the cost of natural gas, as well as the impact of changes on rates over time, and that we need to make sure that rates today are equitable and not disadvantaging future customers in favour of current ones.

From the public:

- "As those who can disconnect from gas, who will remain? Those who can't afford to pay to transition. This shrinking user base could be left to pay higher prices to finance the transition."

- The first people to switch off gas are the affluent people; and then the people left paying the future higher gas prices with carbon taxes are the lower class whose rates will increase, and who can't afford the investment in transition costs.
- "[I hope KU is considering] How to engage and work with low-income families and how an already high cost of living is affecting so many residents. Looking forward to the strategy development!"
- "[My biggest concerns is] That we won't do it quickly enough and that it won't be equitable."

Theme 2: Reliability

On consistent energy supply

Consistent with our longstanding priorities, both customers and staff told us that energy reliability as a central concern. Space heating and water heating, and increasingly space cooling in light of a changing climate, are critical for both comfort and life safety, and we heard that significant interruptions to energy supply are not an acceptable outcome of changes in our systems.

On reliability of the energy system

From a system reliability perspective, some members of the public and staff expressed concern for whether the electricity grid would be capable of handling the major increase in electricity use resulting from electrification of more of our energy uses.

From the public:

- "IESO is underestimating demand from EV vehicles. The grid will not be sufficient in the future, so KU could produce power locally."
- Sense that infrastructure isn't set up for everyone to have an EV and everything to electrify. That we can have AC or we can have EVs, but not both.
- "Alberta's energy regulator issued two grid alerts within less than a week as the province's electricity infrastructure struggles to keep up with heavy demand and low output from renewable energy sources like solar and wind. It is critical that Alberta add more base-load power from natural gas and other sources to our electricity grid to protect the reliability and affordability of power for Albertans. This is a warning for us. Natural Gas is a necessity. We need energy to be reliable and affordable."

On reliability of service for individuals

From an individual reliability perspective, several groups told us they were concerned about the reliability of electricity, and about the potential for interruptions to electricity service to disrupt their home heating if electric equipment like heat pumps is used. Many staff and some customers told us that they prefer to rely on a range of sources of energy, rather than just on one source like electricity. Many told us they saw value in having natural gas for reliability purposes, or as a backup fuel. Some noted that the cost of retaining natural gas for backup purposes only may be substantial, since the cost of providing the distribution system to those customers cannot be covered through their fuel use.

We also had a few conversations where the possibility of improving reliability were raised. Some told us about the benefits of newer clean energy technologies, such as smart systems and battery storage, for improving energy reliability. Some staff told us that they are currently aware of households whose energy needs are not being well met, such as due to crowding in some rental accommodations, and were concerned about what could be done for them.

From the public:

- "It has to work better than what you have now."
- "I have Generac Generator that uses natural gas, in the event of a power failure. Paid $12,000 for it. My wife has health concerns, so we need reliable power. If there is no natural gas, that is concerning."

On reliable utility providers

We also heard from stakeholder groups that reliability of utility governance structures is an important aspect of the reliability of energy. This was seen as a priority by homebuilders, in particular, who told us they want a reliable utility provider for any new types of utilities that might serve new neighbourhoods, such as district energy system providers. They felt that that this is a gap that the public sector could fill.

Theme 3: Change

On financial costs of change

Overall, people most often associated change with cost, and had substantive questions about who will be financing the upfront financial costs of the energy transition. They also mentioned structural and considerations that reinforce the status quo and high energy usage, with its associated costs.

From the public:

- "There's no way it won't cost money."
- "Everyone is going through tough financial times right now, give us some time so hopefully it's better economic times. Maybe prices get better, then have plans and ease people into it."
- "We are putting too much stock on EV's. We use too much energy at a personal level."
- We have big houses and with basements we don't use. Different than in other countries. "Most of us have really big houses and don't use most of them."

On complexity and cognitive costs of change

We also heard that costs are not just financial, but include the effort required to change behaviour or disrupt western societal perspectives. Across groups, the people we spoke with were at various stages of their change journey on this topic. For many community members, this topic was not top of mind, especially when life seems to have gotten more overwhelming, complex and challenging. For those thinking about it, the scale of this change in our energy systems is challenging. Some found it very difficult to imagine a future as different as the futures we are anticipating.

Some told us that the complexity of this topic makes it confusing. For some, a clean energy transition is off their radar of things to consider—especially when life seems to have gotten more overwhelming, complex and challenging. Some suggested that other areas were more deserving of the City's attention.

From the public:

- "What is the clean energy transition?"^
- "Everyone's got tough times…affordability and inflation."
- "It's hard not to feel like we can't make an impact"; "what's the point, as no one else is working on this"; it's overwhelming.
- "I would love to pay X dollars a month including a water heater and solar panel."
- "I think it's great [that this work is happening]. It's not something I even really thought about. Global warming always gave [me] huge anxiety so I tried not to think about it."
- "How do you expect people to put this as a priority with the increasing cost of energy?"; "Why would people choose this over anything else?"; "How do you get people to make it a priority?"
- "How much does the average person know about any of this?"; "I don't have time to learn about all this."
- "Do you not have MUCH better things to work on? How about the homeless situation you are ignoring as hard as you can? Obviously y'all have too much time on your hands - or you're too busy thinking of ways to WASTE money doing everything except something that would actually improve the lives of your constituents."*

On the pace of change

A lot of discussion, particularly with staff, focused on the pace of change. Many people, especially staff, emphasized the gradual nature of these changes. They noted that 2050 is a long time from now, and that the changes we're talking about will happen slowly over decades. Some community members told us that the next generation would address this change. Others were focused on the decision points that arise for making these sorts of shifts, such as when their furnace reaches the end of its life.

At the same time, we heard that there are two main reasons for acting quickly. A number of members of the public told us that urgent action was important to avoid the worst impacts of climate change. Many others told us that acting quickly is important for protecting Kitchener Utilities' future business interests. It was noted that the conversation is changing quickly in the gas industry and elsewhere, and that it needs to be clear that planning for these changes in our energy systems is critical for protecting our business.

From the public:

- "It will take some time to make the transition, so we need to start now so the policies are here for 20 years out."
- "It's critical to start with now or it will take decades."
- "There is optimism and many great ideas around the table. We need to move fast…Keep an open mind and GO FOR IT!"+
- "We are seeing climate change effects now, which we thought may actually happen 20 years out. We have to act NOW, and we have to act fast."; "We're the first generation to see [the effects of climate change] but the last generation to be in a position to do something about it."

- "My biggest concern is all this time you're wasting with consultations and surveys and presentations instead of *actually doing what's needed*. You're a decade or more behind where you should be on transitioning to low-carbon alternatives, and you do not have time to be slow-walking it now. The lack of leadership from municipal leaders is appalling."
- "Spending a year to figure it out seems unreasonable, this is not fast enough."
- "Go big. Go quick. Focus on what will make the biggest impact (reduced CO_2) at lowest cost and adverse social impacts."

On the changing role of natural gas

One aspect of change that was discussed across groups was the changing role of natural gas in a clean energy transition. This topic seemed to be unsettling for some, particularly in the first recruited customer session. It was perhaps their first time wrestling with the cognitive dissonance that this situation presents, since natural gas is deeply integrated into our ways of life without being overtly obviously present, and it is an energy source that helps us while also causing harm.

A few participants expressed concern about the health impacts of natural gas, and more broadly, CO_2. Some participants expressed their love of using gas and of the gas-powered products they use. Based on the discussion, the engagement consultant believes this is partially about the sunk cost into these items, also about the cognitive weight of undertaking a switch, and finally about a belief in the superior quality and reliability gas provides.

From the public:

- "I was raised that natural gas was the cleanest fuel. Now we are hearing otherwise. The industry has hidden information from us for years."
- "Immigrants have been raised to cook with gas."
- "We are not changing the role of gas; we are eliminating it."
- "What are you going to do to replace it [natural gas]?"
- "Firstly that it works reliably in all weather, especially in extreme cold, but an important second consideration is the impact it has on my family's health. I hate having to use natural gas because I know we're breathing it and that it will cause respiratory problems, not to mention the climate impact."
- "30 years ago, thought gas was the way to go."
- "No real plan for cost transition and battery cost and recyclability! Hydro bills will skyrocket! Gas will be cheaper!"
- "Leave GAS alone when used for home heating - nothing else compares"^
- "Reliability and affordability. Natural Gas is reliable and affordable, it is not weather dependent. Natural Gas brings in $$$ to City treasury and helps finance some city obligations. It is wrong and totally irresponsible of City Council to have voted to scrap Natural Gas plants. Wind and solar can NEVER replace reliable caseload like nuclear or Natural Gas."

On reconciling things that seem to be at odds

Many members of the public were juggling and reconciling aspects that seemed to be at odds with each other. This was particularly evident in online survey responses to the survey question about what is important to you when you think about heating in your home.

From the public, on what is important to them about home heating:

- "Efficient, cost saving, on demand when needed."
- "That it is efficient, uses less energy, does not pollute and is cost-effective to me."
- "Maintaining a comfortable heat level, both day and night, while using the greenest energy source possible and available to us."
- "Reliable and affordable. Clean and safe."
- "comfort, low emissions, reliability"
- "Cost effectiveness. Environmental friendliness. I realize these two things are currently at odds with each other."
- "Energy bills, better insulation standards"
- "Efficient, lowest cost possible, greenest energy possible while keeping costs low (costs include purchase of furnace/fuel source/maintenance)"^

On mindset

We also heard varied discussion about the role of mindset in this kind of change. Stakeholders, in particular, told us that a lot of the success of energy transition work comes down to mindset, and to and how opportunities and risks are framed. Some members of the public stressed the importance of involving youth in this process, because they seem to be quite inspired by environmental sustainability, because they'll be the ones impacted, and also because there's a sense older generations are more resistant to change.

From the public:

- "You need one generation to die off for change to happen."
- "It's my son and his friends who are most energized about changing the future. Capitalize on their energy and knowledge."
- "Target young people for the transition with investment payoff."

On buy-in

Many groups shared their perspectives with us on the importance of public buy-in. Committees, in particular, told us that government mechanisms like building standards are key tools. To enable broader public buy-in, many people across groups told us about the importance of story-telling and examples, as discussed under Theme 4. They also told us that they needed timely support when faced with decisions about their heating and cooling options, and that it is important to foster a sense of self-worth and agency. Staff also discussed barriers to public buy-in, including provincial, national, and international political movements and GHG emissions profiles. At the same time, some noted that we have already seen a few customers making the switch off gas.

On staff

We heard a lot of concerns, from staff and for staff, about how these changes will impact the work that our staff members do. This ranged from broad concerns about the potential for job losses, to specific concerns such as the training and trades ticket requirements for work in other related specialties that may become more relevant to our future business offerings. Given concerns about impacts to staff's work, staff consistently expressed the importance of clear communication throughout the strategy development process. It needs to be clear to staff that we are committed to continuing to be a trusted energy provider well into the future, and to bring staff along with us. We heard that staff need to hear this from senior leaders in the organization, and that consistent channels of communication are important throughout the project.

Theme 4: Kitchener Utilities as a business

On the risks of not changing

A number of community members, and other groups, made the connection that if KU doesn't change, the business could decline. There was concern, particularly from community members/customers and stakeholders, that this would have negative effects on the City's finances and create community liability for costs. We heard that we should be agile and focus on opportunities and not just risks while we assess future potential business lines. This flexibility is supported by our unique position as a small community-owned utility.

From the public:

- "If we assume demand for natural gas is going to decline, 85% of current base is only set to decrease over time. What is the timeline that KU is seeing the drop off? Then we'll have a very small base. Gradual, then plummet to industrial base?" No longer feasible to operate a company.
- There will be a point not to even operate as a company that doesn't service anyone. "Do we want to get rid of KU?"
- "Kitchener has an incredible opportunity and big problem, because why would they want to put themselves out of business? They need to start selling heat pumps and other products or they'll be out of business."
- "The only solution right now is making more hydro. How does KU exist then?" Only making more hydro? Make cleanly?"
- KU started with coal gas, so they need to shift, and need to take 'natural' gas out as of 2030. Could rename the company to "Kitchener Energy".
- "KU is in a tricky spot with net-zero future. Continuing to do business as usual, we don't have a lot of time to adapt to the extreme weather situation." There's an opportunity for KU to move forward and help the community move towards a net zero future.
- There's an opportunity to take advantage of existing business model of renting out appliances. Extend to electrical appliances and switch out to electrical water heaters, and replace gas furnaces with heat pump. Arrange for bulk purchasing of units and make it easier and more convenient for customers. Take similar activities in the gas world and switch it over to electrical appliances and leverage that opportunity. Focus on

ease of use and experience for customers who then don't have to go out and do that research.

On leadership

We heard across groups that many see us as potential leaders in the energy transition. There was considerable discussion of the positive and unique role Kitchener Utilities could play in new energy opportunities. Some community members suggested that they would look to us for guidance about what they should be doing as part of the transition.

By-and-large, participants across the sessions seemed encouraged that KU is thinking about this and planning in this way. There was a sense that KU and the City of Kitchener could take a lead, be a model for other cities, and that this could potentially lead to new revenue.

From the public:

- "I really can't believe they [The City or Kitchener/Kitchener Utilities] are taking all this time and planning to try to help the environment. I think they are a great company and I'm proud to live in Kitchener."
- "There really are opportunities here, even outside the carbon reductions."
- "I might invest in KU."; "A private corporation for profit—we could invest in that."
- "Give customers a dividend as a rebate, and it would help customers invest. Even points or kickbacks would work."; "People need to know their actions are having the positive impact we need."
- "Hydro is not here today!" (i.e. no rep from Enova here at the meeting) – "I don't see anyone at the wheel."
- "be brave in the face of opposition - climate emergency requires bold action."
- "Money is a concern, but I'd pay a few bucks more if it was making a positive impact."
- "[I hope KU is considering] something that is useful and would not require constant change—a long term solution."
- "The biggest opportunity is to be a leader, both in renewables, but also in equity and ensuring those most affected by climate change and already marginalized can be well supported. There is so much opportunity to invest in long term lower cost heat and equitable pricing. There is also an opportunity for Kitchener Utilities to demonstrate the business case for the necessary energy transition to utilities across Canada and around the world."

On assets and infrastructure

We heard several times, in our conversations with staff, about the connections between asset management, rates, and capital planning for our infrastructure. These are critical elements of utility business planning that could be affected by the clean energy transition. We heard we need to innovate on our existing practices to prepare for changing future needs.

On partnerships

We heard a lot of support across all groups for partnerships with other organizations, such as utilities, governments, industry, research, and community organizations. There was particular interest in partnerships with Enova, the local electricity distributor. There was also keen interest in Enbridge's plans related to the energy transition, as well, given their central role in distributing natural gas in the province and to Kitchener Utilities directly. This was, in part, a recognition of the fact that the energy services we provide are part of a broader energy system, with a range of important capacity holders, such as electricity system planners, that influence how the system will work in the future.

Theme 5: Information, education, and awareness

On trusted and timely information

We consistently heard across groups that there is concern about a lack of trusted information related to the energy transition. Some participants told us they were uncertain about various alternative energy sources and technologies, or skeptical about their reliability and ability to meet our energy demands, and that they were therefore hesitant to put money into these courses of action for fear of the opportunity costs of being wrong. There seemed to be a hunger for real, honest information.

While conversations with community members often included an openness to embracing change, some feel they do not have the right information at the time when these decisions happen, such as when a furnace fails and needs to be replaced quickly.

From the public:

- "Keep us updated. There's no one trusted source of information anymore."
- "[I need to see] data to support the necessity of these changes. Invest in this and you'll see X, Y and Z."
- "Are we on track to meet targets? And what is KU's role in this? How are we moving towards those climate targets at a local level?"
- "Residents are the largest component of sales and residents need to be engaged and educated."
- "Do we even have a choice?"
  "It's such a big topic. I learned a lot tonight. I will definitely be thinking more about this…how I can save energy and help the environment."
- "I just replaced my water heater, and no one told me an electric one was an option."
- "Show people the data – what's the savings? And how long? What's the impact on the environment? Provide info on long-term savings AND impact – focus on the positive."
- "We need to have realistic forecasting of future electricity demand in the Region of Waterloo."
- "A clean energy transition will be difficult at the local level, when most electrical generation & distribution is on the provincial level. I'm not sure what tools a municipality has to make big impacts…"

On divisiveness

Of course, it was also clear in public engagement that the energy transition, and its connections to climate change, can be a divisive topic. Subtly in a few of the in-person workshops, and more directly in the online survey and social media contributions, some suggested that they do not believe that climate change exists, or that it is not human caused. Some were suspicious about the global forces and motivations behind the energy transition.

- "[My biggest concern is] That your green energy agenda will double our price of energy, like the Ontario liberals have."
- "Do not give in to fear and climate alarmism. We need technology that is not available yet. Be a leader in reliable and affordable energy. Tell the truth about the costs and use science to back up every idea. Black outs and brown outs will be you failing the people of this city. Reliable and affordable base load power must be maintained."
- "The biggest opportunity we have is to acknowledge that carbon dioxide does not contribute to climate change and stop all this nonsense. Solar flares are the main thing impacting the earth's climate."
- "A net zero carbon goal is impossible to attain. Humans give off carbon naturally as does so many other things. It's a hoax and as taxpayers we shouldn't be buying fake carbon currency."
- "Biggest opportunity is for the investors who get rich, while the regular hard working people are forced to use something they don't want."
- "Listen to the "real" experts not those making profit from unreliable tech."

On accessible information

Members of advisory committees identified a number of opportunities for education and literacy, particularly around home heating and cooling systems and options for adjusting them. One committee highlighted the importance of providing information in multiple languages, and providing support for newcomers adjusting, in some cases, to very different climate control systems than they may be used to from other parts of the world.

People across groups told us about the importance of telling a compelling yet educational story. People are eager to see case studies and hear from people with direct experience of newer energy technologies. This kind of storytelling was seen as a key tool for bringing people along with changes in our energy systems. People were also interested in seeing the impacts of changes they make in a concrete way.

From the public:

- "Bring the excitement back! Get me excited about the future. And get feedback on what happens if you do change. Send us information on how we contributed to a positive change. I know, but I don't feel personally connected in a positive way."
- "Make people aware of the kWh consumption on their bill so they can work out the cost themselves for converting to electricity-powered equipment. Use metrics that people can relate to. Convert gas/methane and gasoline to kWh for direct comparison."

- "Promote how KU and its customers can give back to the city more. For example, even if they are maybe $5 more, I'd rather pay that and support local."
- Tell the story about how we invest more in the city.
- "The story is needed to give the consumer a reason to be interested."

On accurate technical information

Staff conversations about information gaps often focused on technical questions. Some indicated that they did not have the information they needed to believe that non-emitting energy sources could meet heating needs, particularly in Kitchener's climate conditions.

By far, the most common area of technical interest for staff was heat pumps, particularly air-source heat pumps, given their growing role in space heating. Some expressed that they want to see real-world case studies with data on energy costs, with some suggesting that Kitchener Utilities should do local tests of these technologies ourselves. There was also consistent interest in low-carbon gaseous fuels, and how changes in gaseous fuel mixes might impact our operations and the gas delivery system. This was an interest shared with some members of committees.

These technical considerations also arose with members of the public. Some participants expressed uncertainty about various alternative energy sources and technologies, related skepticism about their reliability and ability to meet our energy demands, and related hesitancy to put money into these courses of action for fear of the opportunity costs of being wrong.

When people told us that they lacked reliable information on clean energy alternatives, it was often connected to their hesitation about the technical and practical feasibility of those solutions.

Broadly, we heard that many in the public are looking for information and guidance about the changes they can make. From staff, we heard that providing accurate and reliable information to customers regarding their heating and water heating options was extremely important to them.

From the public:

- This transition is "a long way off until they get hydrogen going."
- "Batteries have a high cost to make and a high environmental impact."
- "I priced out a heat pump and it's not even worth it."
- "You forgot nuclear. This isn't a binary decision."
- "I don't think there will be a financial savings from cleaner energy."
- "Regarding sustainable alternatives like solar, wind, geothermal. Does KU have any say in developing those kind of things?"
- "RENEWABLES ARE NOT SUSTAINABLE OR VIABLE NOR ARE THEY PROVEN TO BE EFFECTIVE. JUST LOOK AT EUROPE, SO STOP THIS GREEN BULLSHIT."
- "[My biggest concern is] That Kitchener utilities doesn't understand by using Canadian energy you're already using clean energy. Whereas the 'clean energy' you're promoting in solar, wind, and electric take massive amounts of already clean Canadian energy."

Theme 6: Trust and responsibility

Community trust

Many participants indicated that they see us as a reliable provider of energy services, and that they value this role that Kitchener Utilities plays. A number of customers told us they see Kitchener Utilities as a trusted provider of information, and would look to us for guidance about their energy decisions, especially since trusted information is hard to find.

At the same time, we heard some mistrust, especially arising out of questions about our motivation behind transition work, especially at this early stage where we have questions rather than answers. As a community owned business, the community is literally invested, and this means that these public conversations about the future of the utility need to happen long before decisions have been made.

Some members of the public seemed to engage differently when they processed that Kitchener Utilities is part of the City of Kitchener, and understood the reality of community ownership.

From the public:

- "You've got trust going for you. You're viewed reliably."
- "Trust factor for KU is BIG! KU is more reliable, this is BIG!"; "We have a dedicated customer following – a trusted choice for water heaters, and that won't go away easily."
- "[What stood out most about the session was] The honesty; it's good to see that you all are concerned about the future of your company and our supply of gas and water admin."
- "The utility is in a great position to make these opportunities happen."
- "Why is KU looking into this–because KU wants to make a lot of money on this?" They make money now, so why do they want to do this?
- "[My biggest concern is] The more money you take out of my pocket while pretending to do good."
- "Is KU willing to say they are willing to be a much smaller utility? Are we going to become a much smaller business to hit targets?"; "This is the elephant in the room."
- "We [citizens] have a vested interest in the gas utility…I feel foolish I didn't realize this."
- "[I hope] That they will do what is best for the city even if it means less profit for the company."

Staff responsibility for community trust

Arising from the trust that many in the community have in us, staff consistently prioritize the value of the trust customers place in them and Kitchener Utilities, and are committed to honouring that through words and actions. This was seen to be important to maintain confidence in Kitchener Utilities as a brand, as well.

Staff told us that it is critical that this work aligns with customers' best interests while enabling them to make meaningful choices to help them meet their diverse needs. There was a lot of apprehension about the possibility of forcing customers to make changes that they do not want or that are not in their best interest. Some staff also mentioned the importance of ensuring we provide options that customers are looking for, such as with the rental program.

Policy responsibility

All groups highlighted the various policy tools that are needed to enable clean energy while addressing climate change, and the responsibility that means for different levels of government. Examples included changes to the building code, incentives for builders, and infrastructure policies.

From the public:

- "How to reduce my carbon footprint? – Build my home correctly! Who is holding the builders accountable for their new builds?"
- "New builds shouldn't have gas, we shouldn't be expanding with natural gas service."
- "We need to be cutting down on natural gas; we can't keep expanding"
- "The city needs to put in the building code, no gas furnaces."
- "My biggest concern is that no new natural gas connections be built — why build out the infrastructure to new neighbourhoods if the goal (the plan?) is to get everyone off natural gas within the next decade or two?"^
- Building code is antiquated and needs to move into a Step Code like Vancouver which is progressive on how much energy you can use, similar to Europe. Provide a maximum amount of energy per property, Sweden has something similar to this – leads to super insulated buildings."
- "Incremental change and bridge tech — NO. No more gas hookups, eliminate sales of gas stoves, furnaces, etc."+

Conclusion

These discussions about cost, reliability, change, business, information, and trust will continue through future phases of the project. What we heard in Phase 1 engagement has been critical to the development of guiding principles for the project, which are available in Guiding principles: Phase 1 discussion paper for the Kitchener Utilities Clean Energy Transition Strategy project.

We are incredibly grateful to everyone who shared their time and their insights with us in the first phase of the project. In Phase 2, scheduled for 2024, we will be identifying and evaluating specific options for our business. We look forward to continuing to engage with customers, community members, stakeholders, committees, staff, and councillors through future project phases.