

Staff Report



Infrastructure Services Department

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REPORT TO: Special Council

DATE OF MEETING: December 11, 2023

SUBMITTED BY: Greg St. Louis, Director Gas & Water Utilities, 519-741-2600 ext. 4538

PREPARED BY: Kate Daley, Senior Strategist, Carbon and Energy Planning, 519-741-2200 ext. 4246

WARD(S) INVOLVED: All

DATE OF REPORT: November 10, 2023

REPORT NO.: INS-2023-508

SUBJECT: Phase 1 report and guiding principles for the Kitchener Utilities Clean Energy Transition Strategy

RECOMMENDATION:

That Council endorse the guiding principles for the project, as outlined in Table 2 of report INS-2023-508.

REPORT HIGHLIGHTS:

- The purpose of this report is to conclude Phase 1 of the KU Clean Energy Transition Strategy project, and to seek Council endorsement of the guiding principles identified in Table 2.
- The key finding of this report is that extensive engagement has led to a set of guiding principles for the project. The guiding principles are: [1] Make responsible, accountable, and financially rewarding business decisions; [2] Serve customers as an affordable and reliable partner in the energy transition; [3] Contribute to a thriving community; and [4] Plan for multiple energy futures with flexibility and focus. Each guiding principle is accompanied by a stated intention and three more specific objectives. These principles will form the foundation of future project phases.
- There are no financial implications for the Operating Budget or Capital Budget of the recommendations.
- Community engagement included extensive consultation with customers, community members, stakeholders, Kitchener committees, staff, and councillors, through workshops, an online survey, meetings, and drop-in sessions, as outlined in Attachment A.
- This report supports Cultivating a green city together by developing a clean energy transition strategy.

BACKGROUND:

Kitchener Utilities' natural gas delivery business needs to evolve, both to respond to ongoing changes in the global, national, provincial, and local energy context as the clean energy transition continues, and to align with the City's and the community's climate change commitments. As part of its endorsement of the TransformWR community climate action

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strategy, Council devoted staffing resources toward developing a strategy to guide Kitchener Utilities through the energy transition.

The phases of the Kitchener Utilities Clean Energy Transition Strategy Project were endorsed by Council on May 15, 2023 (INS-2023-199), as outlined in Table 1.

Table 1: Project Phases

Project Phase	Timing	Focus on...	Achieved through...	With key outputs of...
Phase 1	2023	building relationships and understanding around values, goals, and scope of the strategy	relational engagement with Council, staff, stakeholders, community members, and customers	<ul style="list-style-type: none"> - Engagement summary results - Discussion paper framing results and next steps - Preliminary option evaluation framework for Phase 2 - Progress report to Council
Phase 2	2024	determining the way forward together	detailed, collaborative option assessment and recommendation of an approach	<ul style="list-style-type: none"> - Public report assessing the full range of options and identifying a recommended approach concurrently - Summary of Phase 2 engagement results - Report to Council recommending an approach and next steps, including 2025 budget needs
Phase 3	2025	building consensus on the implementation plan to 2030	developing a phased long-term implementation strategy to 2050 and a detailed first phase implementation plan to 2030	<ul style="list-style-type: none"> - Phased long-term implementation strategy to 2050, including outlining phases of work to 2050, and key metrics and approaches to adjusting and course corrections - Detailed first phase implementation plan with details to 2030

REPORT:

This report concludes Phase 1 of the Kitchener Utilities Clean Energy Transition Strategy project. Since relational engagement has been the primary focus of this phase, staff conducted extensive engagement with customers, community members, stakeholders, Kitchener committees, staff, and councillors. Engagement tools were focused on real-time workshops, an online survey, meetings, and drop-in sessions, as summarized in the section below and as outlined in detail in Attachment A.

Based on this engagement, as well as a high-level environmental scan, the Project Team has developed and refined the following guiding principles, which are each accompanied by an overarching intention and three more specific objectives.

Table 1: Guiding Principles

As we evolve our energy business to continue to be financially successful and provide valued services throughout the energy transition, we will...		
Guiding Principles	Our intention	Objectives
1: Make responsible, accountable, and financially rewarding business decisions	“We will work to responsibly position our community-owned business for success as things change around us.”	1.1: Follow sound business practices 1.2: Take action quickly to manage risk and maximize opportunity 1.3: Assess value holistically to find our best contribution
2: Serve customers as an affordable and reliable partner in the energy transition	“We will work to empower customers and community members as their trusted partner in the energy transition.”	2.1: Pursue affordable, reliable, and predictable energy services 2.2: Empower customers with choice and with trustworthy, accessible information 2.3: Bring people along as things change
3: Contribute to a thriving community	“We will work to make our community even stronger.”	3.1: Collaborate with partners 3.2: Do our part to address climate change 3.3: Use clear metrics and align them with community-scale goals
4. Plan for multiple energy futures with flexibility and focus	“We will work to prioritize solutions that can adapt to and provide value in all energy futures.”	4.1: Rely on safe bet technologies and prepare for long shot technologies 4.2: Prepare for a broad range of net-zero carbon futures 4.3: Iterate, experiment, and learn

These guiding principles will form the foundation of future phases of the project and guide the evaluation of specific business options in Phase 2. The principles are discussed in detail, along with a high-level environmental scan, in Attachment B.

STRATEGIC PLAN ALIGNMENT:

This report supports Cultivating a green city together by developing a clean energy transition strategy.

FINANCIAL IMPLICATIONS:

The recommendation has no impact on the Capital Budget or Operating Budget.

COMMUNITY ENGAGEMENT:

This report has been posted to the City’s website with the agenda in advance of the council / committee meeting. This report, and all of its appendices, have been shared on the Engage Kitchener page for the project, which can be found at engagewr.ca/KUtransition.

Extensive consultation has taken place with customers, community members, stakeholders, Kitchener committees, staff, and councillors during Phase 1 of the project. Public engagement included workshops with self-selected participants, and workshops with participants who were recruited to be demographically representative, as well as a public drop-in session and an online survey hosted on the Engage Kitchener platform. Engagement was also conducted through meetings, workshops, or drop-in sessions with stakeholders, Kitchener committees, staff, and councillors.

The key themes that were identified within engagement discussions were:

- Cost and affordability
- Reliability
- Change
- Kitchener Utilities as a business
- Information, education, and awareness
- Trust and responsibility

These themes, and the engagement activities within which they emerged, are reviewed in detail in Attachment A.

PREVIOUS REPORTS/AUTHORITIES:

- INS-2023-199 Kitchener Utilities Clean Energy Transition Strategy Update
- DSD-2021-94 Community Climate Action Plan – TransformWR Strategy

APPROVED BY: Denise McGoldrick, GM Infrastructure Services

ATTACHMENTS:

Attachment A – What we heard: Phase 1 engagement summary for the Kitchener Utilities Clean Energy Transition Strategy project

Attachment B – Guiding principles: Phase 1 discussion paper for the Kitchener Utilities Clean Energy Transition Strategy project