

Staff Report



Infrastructure Services Department

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REPORT TO: Climate Change and Environment Committee

DATE OF MEETING: May 16, 2024

SUBMITTED BY: Greg St Louis, Director Utilities, Gas & Water 519-741-2200 ext. 4538

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

WARD(S) INVOLVED: All

DATE OF REPORT: April 25, 2024

REPORT NO.: INS-2024-198

SUBJECT: Kitchener Utilities Clean Energy Transition Strategy Phase 2 Update

RECOMMENDATION:

For Discussion.

REPORT HIGHLIGHTS:

- The purpose of this report is to provide an update on Phase 2 of the Kitchener Utilities Clean Energy Transition Strategy, which is underway. This phase consists of collaboratively assessing options for the City's community-facing energy businesses in light of the clean energy transition and recommending an integrated business approach based on the information gathered.
- The key finding of this report is that staff have identified several types of potential business activities from engagement contributions to date, which fit under the four main themes of: [1] providing energy products and services; [2] planning for and reporting on our gas distribution system; [3] providing the gaseous fuels of tomorrow, and [4] providing system-scale energy services. More detailed information is required about each of the business activities to be able to determine whether and how they might play a role in the integrated approach that will be recommended in the strategy.
- Community engagement was extensive during Phase 1 of the project in 2023, with customers, community members, stakeholders, Kitchener committees, staff, and councillors. This engagement, combined with stakeholder and staff engagement in January of 2024, has provided a large list of energy business activities that could be pursued.
- This report supports **Cultivating a Green City Together: Focuses a sustainable path to a greener, healthier city; enhancing & protecting parks & natural environment while transitioning to a low-carbon future; supporting businesses & residents to make climate-positive choices.**

BACKGROUND:

This project will develop a strategy to guide us as we evolve our energy business to continue to be financially successful and provide valued services throughout the energy transition. The

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project's scope includes the City of Kitchener's community energy businesses, which are housed in the Gas and Water Division of the Infrastructure Services Department.

Table 1: Project Phases

Project Phase	Timing	Focus on...	Achieved through...
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
Phase 2	2024	determining the way forward together	detailed, collaborative option assessment and recommendation of an approach
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

In December of 2023, Council endorsed guiding principles for the project that were based on extensive engagement with the public, stakeholders, City committees, staff, and councillors:

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

REPORT:

Phase 2 work to date and next steps:

- **Extensive engagement:** Dedicated engagement workshops were held with external stakeholders and internal Kitchener Utilities management team members in January 2024 to identify and explore potential business activities that could be investigated. From these, 237 submissions were received. Suggestions were added from the extensive comments that were received last year during engagement with community members, stakeholders, City committees, staff, and councillors, which resulted in 371 suggestions in total. After removing duplicates, 135 ideas were reviewed by staff.
- **Business activities:** Staff have identified several types of business activities in the submissions, which fit under the four main themes of: [1] providing energy products and services; [2] planning for and reporting on our gas distribution system; [3] providing the gaseous fuels of tomorrow, and [4] providing system-scale energy services.
- **Additional investigation:** Each of the business activities that have been identified requires some amount of additional investigation to determine whether it could form a part of an integrated business approach within the strategy, which is expected at the end of Phase 2.
- **Next steps:** Staff are convening individual sub teams to advance the investigation of each of these business activities, with support from consultants.

STRATEGIC PLAN ALIGNMENT:

This report supports **Cultivating a Green City Together: Focuses a sustainable path to a greener, healthier city; enhancing & protecting parks & natural environment while transitioning to a low-carbon future; supporting businesses & residents to make climate-positive choices.**

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

CONSULT – As noted above, during Phase 1 of the project in 2023, extensive consultation took place with customers, community members, stakeholders, Kitchener committees, staff, and councillors. This engagement, combined with stakeholder engagement in January of 2024, has provided a large list of energy business activities that could be pursued.

PREVIOUS REPORTS/AUTHORITIES:

- INS-2023-199 Kitchener Utilities Clean Energy Transition Update (Community and Infrastructure Services Committee)
- INS-2023-489 Phase 1 of Kitchener Utilities Clean Energy Transition Strategy (Climate Change and Environment Advisory Committee)
- INS-2023-508 Phase 1 report and guiding principles for the Kitchener Utilities Clean Energy Transition Strategy (Community and Infrastructure Services Committee)

APPROVED BY: Denise McGoldrick, General Manager, Infrastructure Services

ATTACHMENTS:

None.