

Staff Report



Infrastructure Services Department

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REPORT TO: Climate Change and Environment Committee

DATE OF MEETING: March 20, 2025

SUBMITTED BY: Natalie Goss, Manager Policy & Research, 519-783-8933

PREPARED BY: Kate Daley, Senior Strategist, Carbon and Energy Planning, 519-503-5307

WARD(S) INVOLVED: Ward(s)

DATE OF REPORT: March 6, 2025

REPORT NO.: INS-2025-119

SUBJECT: KU Clean Energy Transition Strategy – March 2025 Update

RECOMMENDATION:

For Information.

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 developed distinct scopes of work for several consultants to advance investigation of the identified potential business activities. These activities fall under 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. The results of these investigations will form the basis of the Kitchener Utilities Clean Energy Transition Strategy.
- There are no financial implications at this time.
- 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 early 2024, has provided a large list of energy business activities that could be pursued. Plans for community engagement during this next stage of the project will be developed with support of consultants.
- 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 project’s scope includes the City of Kitchener’s community energy businesses, which include natural gas delivery and rental water heaters, and 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	2024-2026	determining the way forward together	detailed, collaborative option assessment and recommendation of an approach
Phase 3	2026+	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
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REPORT:

Identifying Potential Business Activities

Matching the breadth of ideas that were received during Phase 1 engagement, along with a dedicated stakeholder workshop early in Phase 2, staff have identified a broad range of potential energy business activities, which fit under four main themes:

We could...
(themes)

This might look like...
(types of potential business activities)

<p style="text-align: center;">provide energy products and services.</p> <ul style="list-style-type: none"> • providing energy equipment services. • providing energy transition support services. • running a district or neighbourhood utility. • helping commercial and industrial customers meet their energy needs. 	<p style="text-align: center;">plan for and report on our gas distribution system.</p> <ul style="list-style-type: none"> • developing policies and programs for our assets. • evaluating and future-proofing our gas rates. • developing forecasts, scenarios and models to help us plan. 	<p style="text-align: center;">provide the gaseous fuels of tomorrow.</p> <ul style="list-style-type: none"> • making, buying, or delivering biofuels (e.g. renewable natural gas). • making, buying, or delivering hydrogen. • advancing our work to track and contain gas in our system. 	<p style="text-align: center;">provide system-scale energy services.</p> <ul style="list-style-type: none"> • generating and selling renewable energy at a large scale.
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Identifying Bodies of Work for Consulting Support

Each identified business activity requires further investigation to determine its potential integration into the overall strategy. Significant work was undertaken by staff in 2024 to determine what questions about these business activities could be answered internally using staff expertise, and which would require consultant support.

Staff have developed distinct scopes of work for several consultants to advance investigation of the identified potential business activities. These scopes of work are currently in various stages of the City’s procurement processes.

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.

FINANCIAL IMPLICATIONS:

None at this time.

COMMUNITY ENGAGEMENT:

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

CONSULT – 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, which have formed the basis of the scope for the various consultants on the project.

Plans for community engagement during this next stage of the project will be developed with support of consultants.

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 Committee)
- [INS-2023-508](#) Phase 1 report and guiding principles for the Kitchener Utilities Clean Energy Transition Strategy (Community and Infrastructure Services Committee)
- [INS-2024-198](#) Kitchener Utilities Clean Energy Transition Strategy Phase 2 Update (Climate Change and Environment Committee)
- [INS-2024-224](#) Phase 2 Update – Kitchener Utilities Clean Energy Transition Strategy (Community and Infrastructure Services Committee)

APPROVED BY: Denise McGoldrick, General Manager, Infrastructure Services

ATTACHMENTS:

None.