



## The Regional Municipality of Durham

### Committee of the Whole Revised Agenda

Wednesday, May 14, 2025, 9:30 a.m.

Regional Council Chambers

Regional Headquarters Building

605 Rossland Road East, Whitby

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2097.

Note: This meeting will be held in a hybrid meeting format with electronic and in-person participation. Committee meetings may be [viewed via live streaming](#).

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	Pages
<b>1. Roll Call</b>	
<b>2. Declarations of Pecuniary Interest</b>	
<b>3. Statutory Public Meetings</b>	
There are no statutory public meetings	
<b>4. Presentations</b>	
*4.1 Sandra Austin, Executive Director, Strategic Initiatives, and Kelly LaRocca, Chief, Mississaugas of Scugog Island First Nation Re: MSIFN-Durham Bilateral Agreement – Government-to-Government Collaboration between the Mississaugas of Scugog Island First Nation (MSIFN) and the Region of Durham (2025-COW-18) (Item 7.1)	4
*4.2 Shaun Collier, Board Chair, DRPS and Peter Moreira, Chief of Police, DRPS Re: Durham Regional Police Service Board – Quarterly Update to Council	17
*4.3 Ian McVey, Manager, Sustainability Re: Courtice Transit-Oriented Community District Energy System – Recommended Business Model and Governance Framework to Enable Implementation (2025-COW-19) (Item 7.2)	29
<b>5. Delegations</b>	
*5.1 Trevin Noble, Co-Founder & Chief Operations Officer, Philantrix (In-Person Attendance)	

	Re: Motion to Establish Social Procurement Practices	
*5.2	Malcolm Wright, Co-Founder & Chief Partnerships Officer, Nobellum Enterprise (In-Person Attendance) Re: Motion to Establish Social Procurement Practices	45
*5.3	John Anthony Stephenson, Director, The Boltzmann Institute (In-Person Attendance) Re: Courtice Transit-Oriented Community District Energy System –Recommended Business Model and Governance Framework to Enable Implementation	
*5.4	Don Richardson, CEO, Minogi Corp., on behalf of the Mississaugas of Scugog Island First Nation (In-Person Attendance) Re: Courtice Transit-Oriented Community District Energy System –Recommended Business Model and Governance Framework to Enable Implementation	55
<b>6.</b>	<b>Correspondence</b>	
*6.1	Correspondence from Louis Bertrand, Scugog resident Re: Courtice Transit-Oriented Community District Energy System –Recommended Business Model and Governance Framework to Enable Implementation  Recommendation: Refer to Consideration of Report #2025-COW-19 [Item 7.2]	56
*6.2	Correspondence from Linda Gasser, Whitby resident, and Wendy Bracken, Clarington resident Re: Courtice Transit-Oriented Community District Energy System –Recommended Business Model and Governance Framework to Enable Implementation  Recommendation: Refer to Consideration of Report #2025-COW-19 [Item 7.2]	60
<b>7.</b>	<b>Reports</b>	
7.1	Report #2025-COW-18 MSIFN-Durham Bilateral Agreement – Government-to-Government Collaboration between the Mississaugas of Scugog Island First Nation (MSIFN) and the Region of Durham	72
7.2	Report #2025-COW-19 Courtice Transit-Oriented Community District Energy System – Recommended Business Model and Governance Framework to Enable Implementation	82
7.3	Report #2025-COW-20 Sole Source Procurement for the preparation of the GO Lakeshore East Extension Transit Station Charge Background Study	151

**8. Members Motions**

8.1 Motion to Establish Social Procurement Practices

161

**9. Confidential Matters**

There are no confidential matters to be considered

**10. Adjournment**

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# MSIFN-Durham Bilateral Agreement

Sandra Austin

Executive Director  
Strategic Initiatives

May 14, 2025

#2025-COW-18



# Smudge





# Commitment





# Acknowledging the land





# MSIFN permanent flag at Durham HQ



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# Remembering the Children memorial





# Truth and Reconciliation Awareness Walk





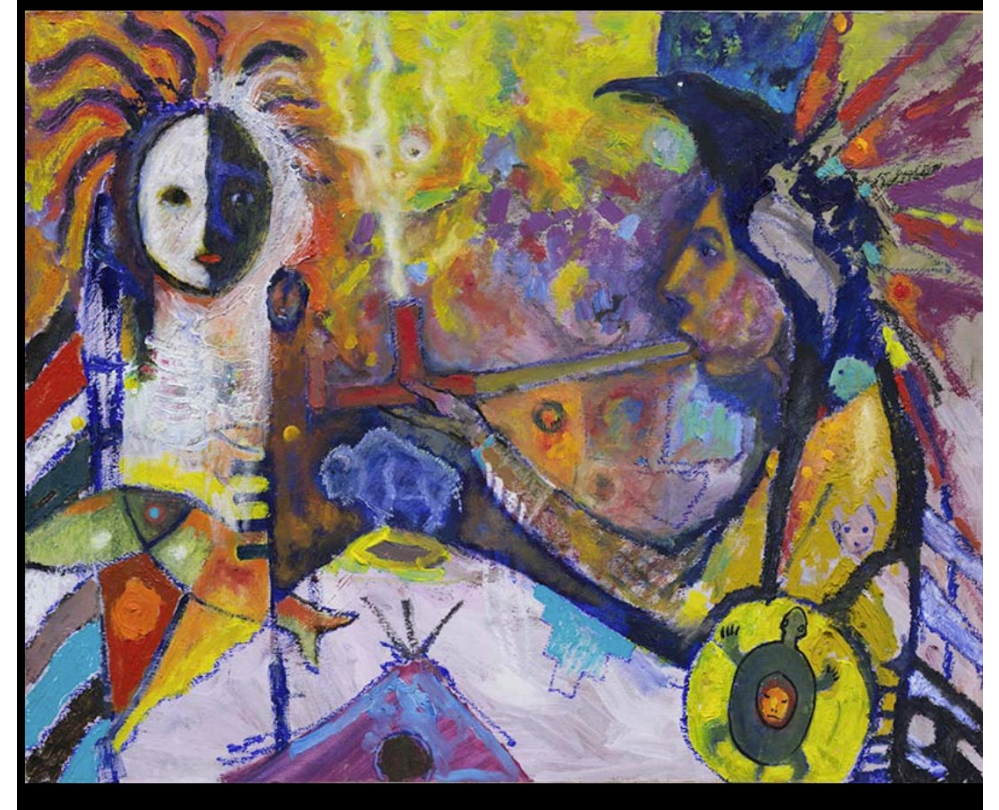
# Public Art and Creative Placemaking



**“Praying to Tree of Life”, artist Brent Hardisty**



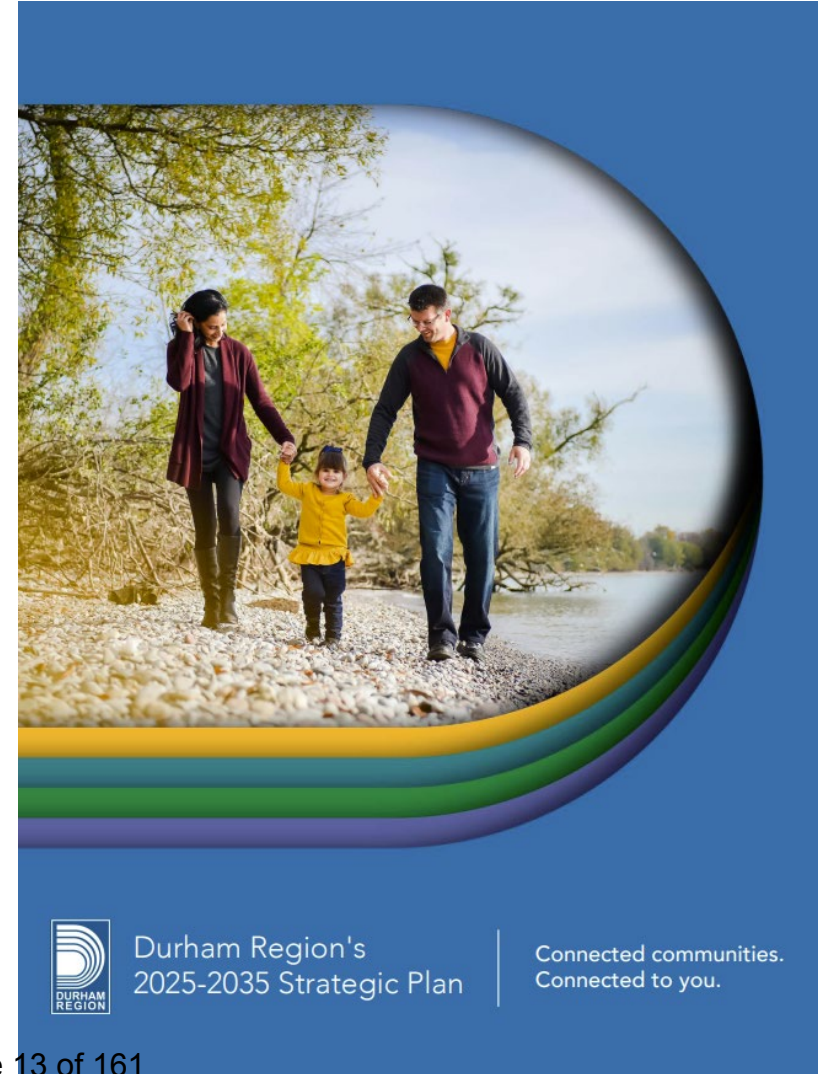
# Indigenous Advocacy Subcommittee



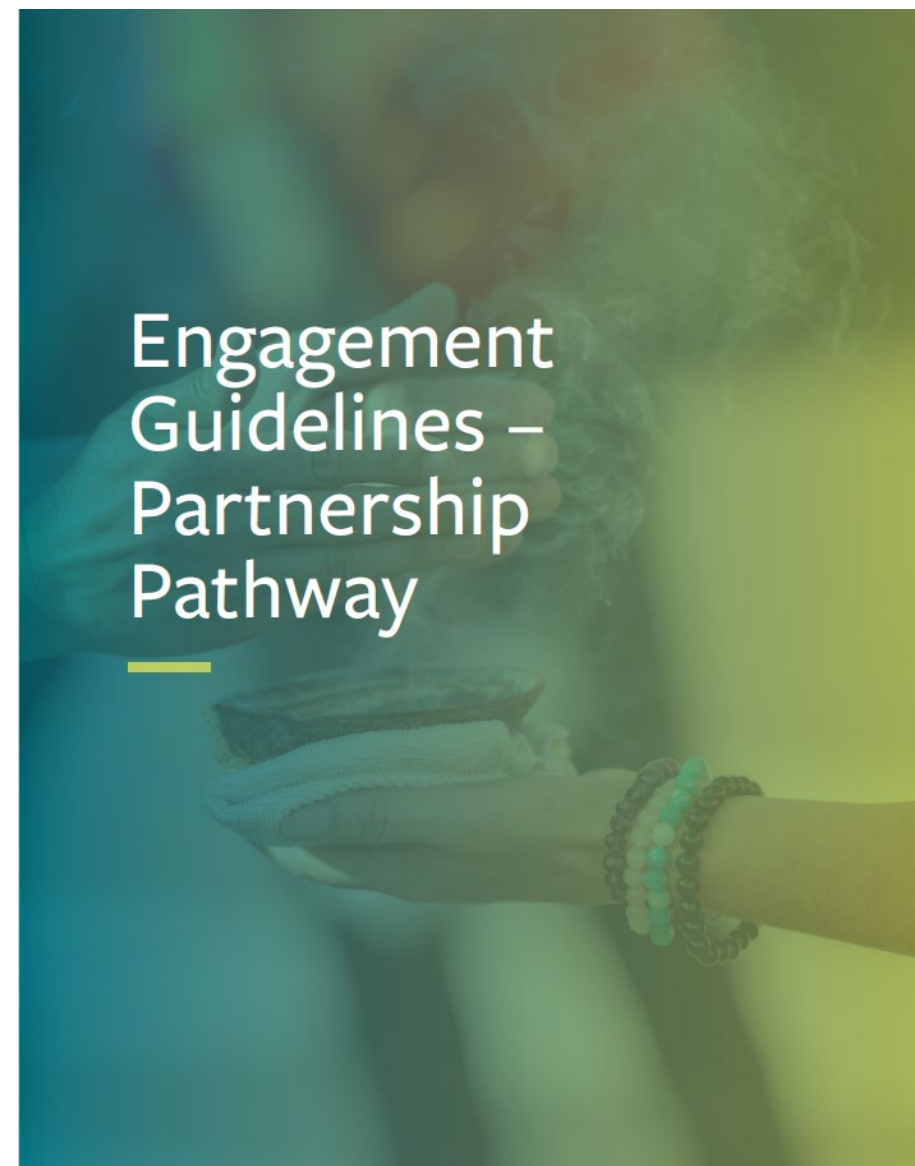
**“Gifts from the Creator”,  
artist Paul Schilling**



# Building and strengthening relationships



# Braiding Pathways





# MSIFN-Durham Region Bilateral Agreement





# Chief Kelly LaRocca



MISSISSAUGAS OF  
SCUGOG ISLAND  
FIRST NATION

## 27TH ANNUAL POW WOW

### SAVE THE DATE

**Date:** July 19 & 20, 2025  
**Grand Entry:** 12:00pm, both days

Savor the Flavors, Celebrate the Craft -  
Join Us at the Pow Wow!

Visit [scugogfirstnation.com](https://scugogfirstnation.com) for  
announcements on drum groups,  
dignitaries, and weekend activities.  
Everyone welcome!

Inquiries: [powwow@scugogfirstnation.com](mailto:powwow@scugogfirstnation.com)



# DURHAM REGIONAL POLICE SERVICE/POLICE SERVICE BOARD - UPDATE



# DURHAM REGIONAL POLICE



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Chair Shaun Collier

## Engaging the Community

### Collective Bargaining Update

### Implementation of the Community Safety and Policing Act



# DRPS ORGANIZATIONAL CHANGES



- **19 - West Division** (Ajax-Pickering):  
Superintendent Stephanie Finateri and  
Inspector David Palmer
- **18 – Central West Division** (Whitby- Oshawa)  
Superintendent Rob Antaya and  
Inspector Leanne Everson
- **17 – Central East Division** (Oshawa)  
Superintendent James Lamothe and  
Acting Inspector Jeff Hoover
- **16 – East Division** (Clarington, Oshawa)  
Superintendent Sean Sitaram and  
Inspector Craig McCabe
- **15 – North Division** (Scugog, Uxbridge, Brock)  
Superintendent Sean Sitaram and Acting  
Inspector Chris Boileau



# ILLEGAL FIREARMS AND SHOOTINGS (YTD April 30)



13

Firearm Discharge  
Incidents

2

Incidents  
One or more  
Persons Shot


23.7%

Percentage of persons  
breaching a condition  
when charged with a  
Firearm Offence

# ORGANIZED CRIME AUTO THEFT (YTD April 30)



288  
STOLEN VEHICLES

  
26%  
DECREASE

43%

RECOVERED





# DRPS LEADERSHIP AND ADVOCACY



# CALLS FOR SERVICE + RESPONSE TIMES



Citizen Generated Calls for Service

31,093



Median Time  
spent on Scene

2h:13m

Emergency Response Time

09

MINUTES

06

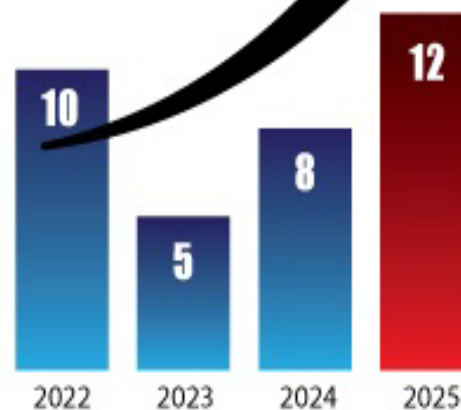
SECONDS



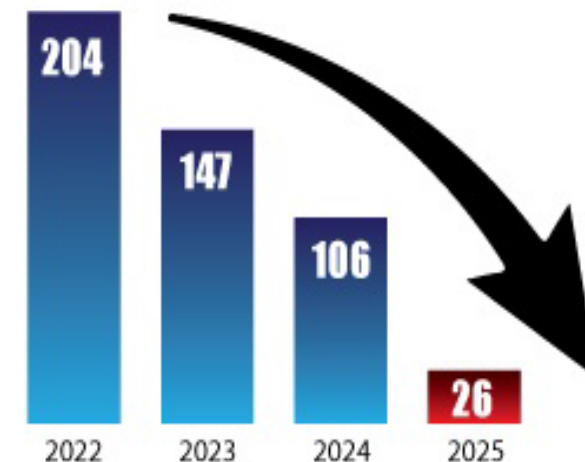
# IMPACTS OF LESS PROACTIVE POLICING



## SHOOTINGS & FIREARM DISCHARGES Y-T-D



## CRIME GUN SEIZURES BY YEAR

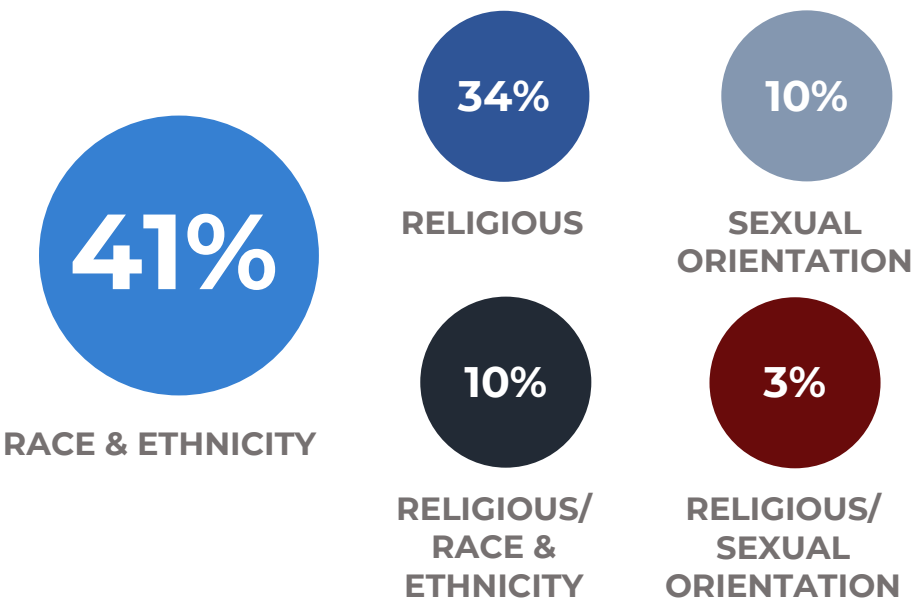


# Hate Crimes/IPV/ Mental Health



## Hate Crimes 2025 29 Reports YTD April 17

Perceived Motivation



## Intimate Partner Violence

Domestic Flagged  
Incidents (YTD)

2,370



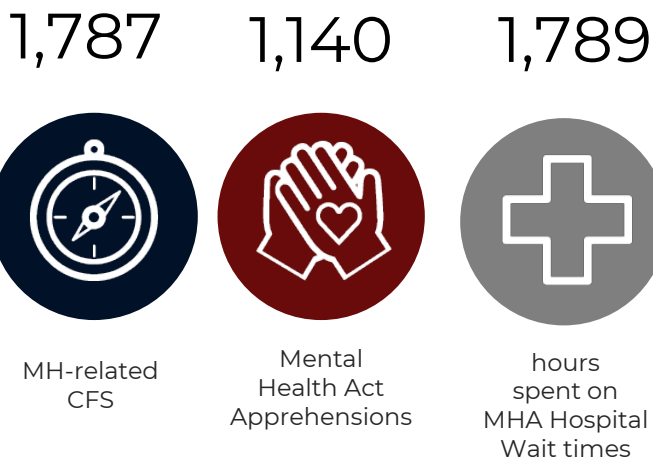
Gender-based Violence:

8 of the 10

homicide victims last year were

women

## Mental Health Support Unit has handled YTD (April 30)





# ROAD SAFETY (YTD April 30)



**3,946**

Motor Vehicle Collisions

**242**

Impaired Reports

**8**

Fatalities

# QUESTIONS?



# Regional Municipality of Durham

## Courtice DES Business Case

April 2025



RESHAPE  
STRATEGIES

## COURTICE DES SERVICE AREA (CONCEPTUAL ONLY)

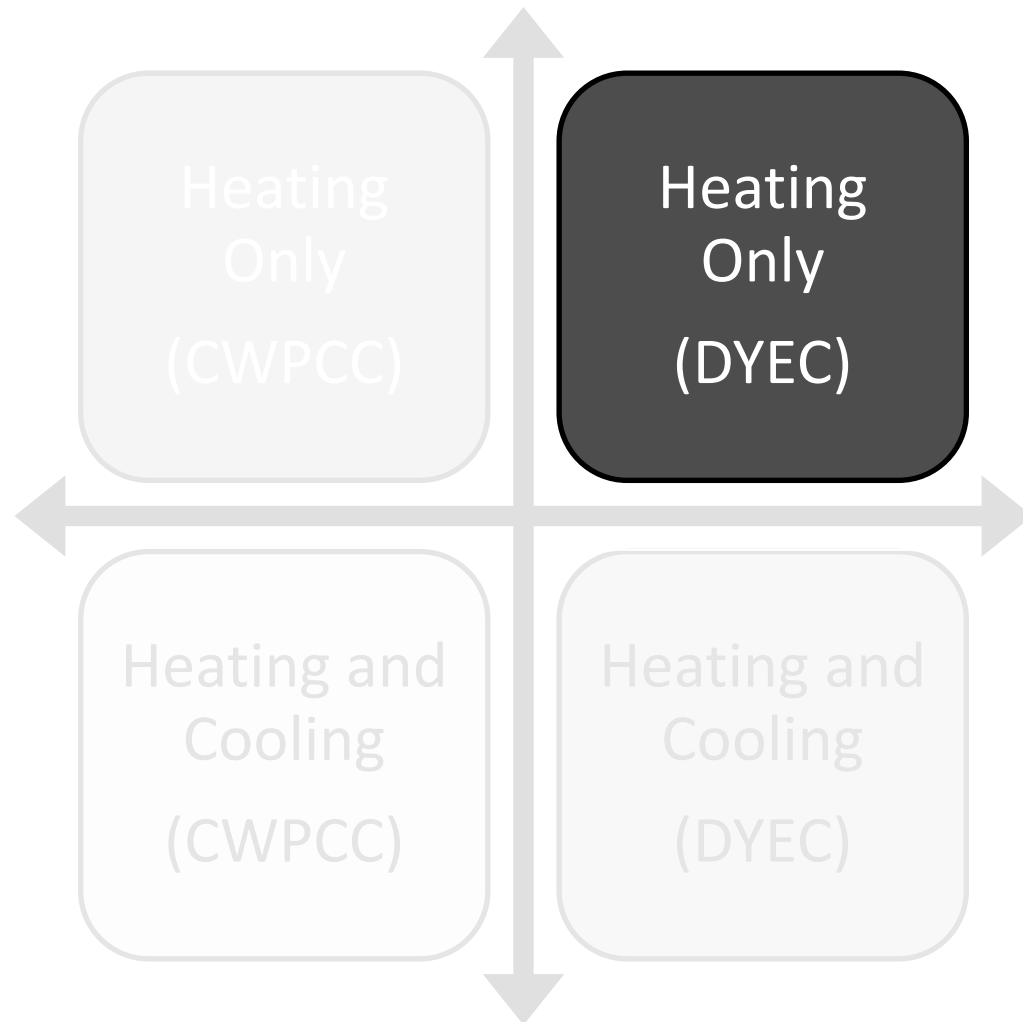


Red outline indicates  
approximate DES service area  
(can be expanded to serve  
adjacent areas)

CTOC 3D View Looking SW (Urban Strategies DRAFT CTOC Demonstration Plan, December 2023)



## DISTRICT ENERGY OPTIONS EVALUATED



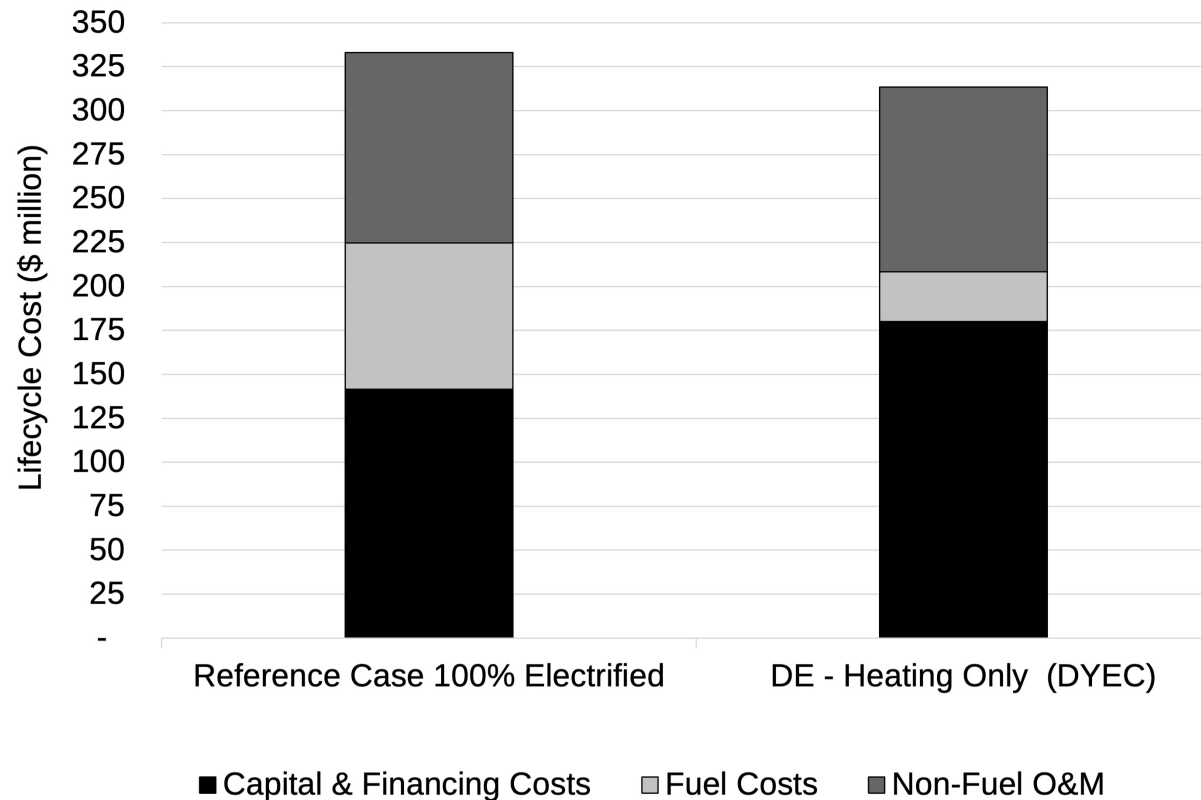
A heating-only system with heat from DYEC is the preferred DES concept and the basis of the DE business case because it:

- Has the lowest capital and lifecycle cost<sup>1</sup>
- Results in an 70% reduction in GHG emissions from gas boiler BAU over analysis period.
- Results in the lowest cost per tonne of avoided GHG emissions.

1. Including the capital and lifecycle costs of in-building cooling systems

## DYEC HEATING ONLY - DES BUSINESS CASE

Lifecycle Cost of DE vs. Reference Case



- To achieve similar GHG outcomes without the DES, all buildings in the Courtice MTSA would need to have 100% electrified heating (Reference case).
- The lifecycle cost of low-carbon heating in the Courtice MTSA supplied by DE is lower than electrification of heating at the building level.
- In the reference case, fuel costs are ~30% of the lifecycle cost, and capital is ~40%. In the DE case, capital and financing costs are 57% of the total lifecycle cost and the fuel cost is 9%.
  - DE provides greater energy cost stability to MTSA residents, relative to building electrification, due to reduced exposure to escalating electricity rates.



# LANDOWNER GROUP (LOG) DEVELOPMENT FORECAST (UPDATED JANUARY 2025)



Ownership	Parcel	# Units / Year				Total Units
		2029	2030	2031	2032+	
Tribute	9	800	900	845	9,214	11,759
Brookfield Properties	12	525	550	550	3,725	5,350
Louisville Homes	15	-	-	-	1,625	1,625
Metrolinx	13	-	-	-	5,080	5,080
Non-Participants (NP)	NP, 32	-	-	-	6,401	6,401
Total Units		1,325	1,450	1,395	26,045	30,215

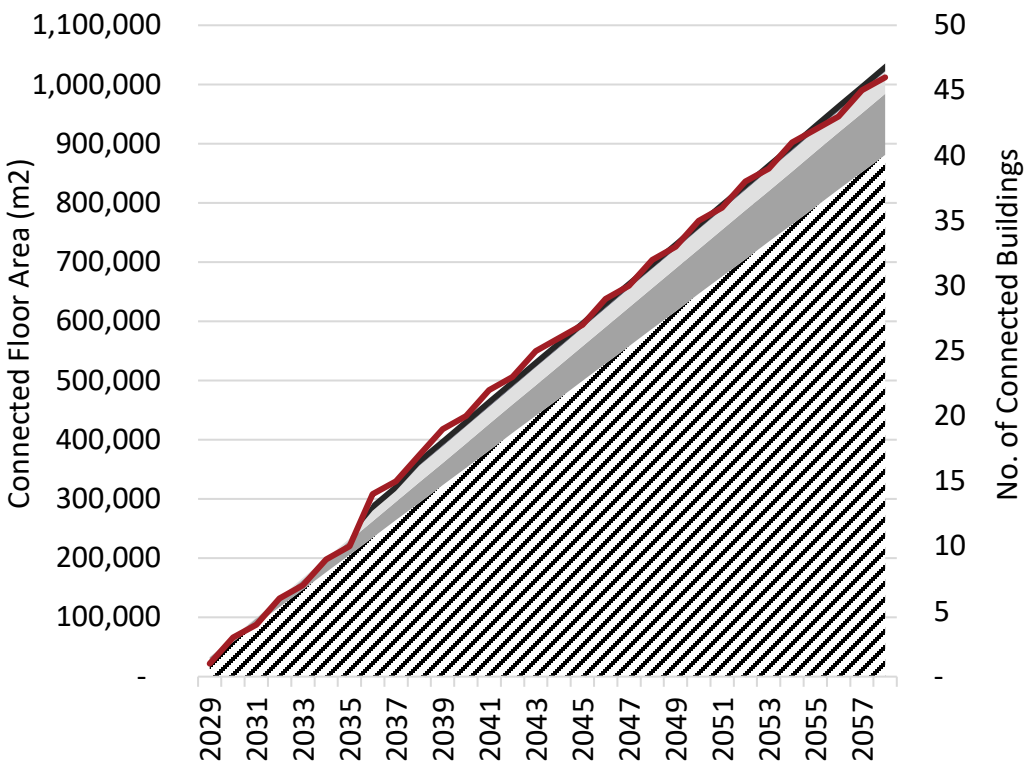
At an estimated average unit size of 720 ft<sup>2</sup> (67 m<sup>2</sup>), the build-out floor area in the high-density area of the MTSA is estimated to be **2 million m<sup>2</sup> or ~20 million square feet.**

MTSA Boundary

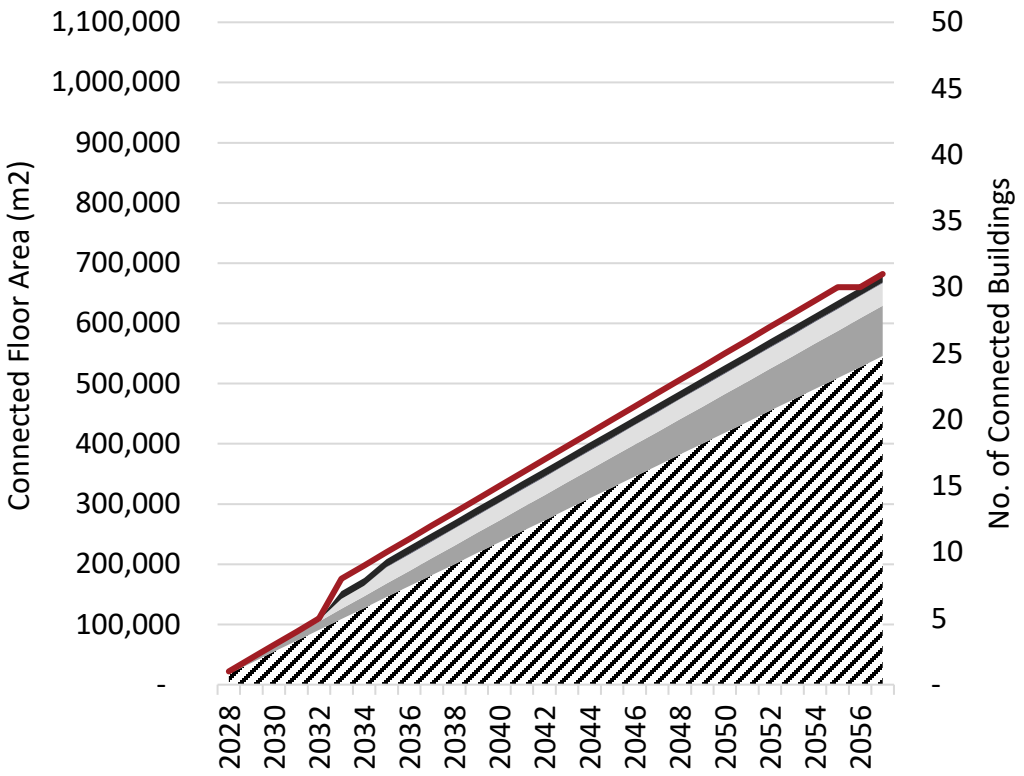
# COURTICE DES LOAD FORECAST ASSUMPTIONS (UPDATED)



2025 Updated Forecast (“Target” Density)



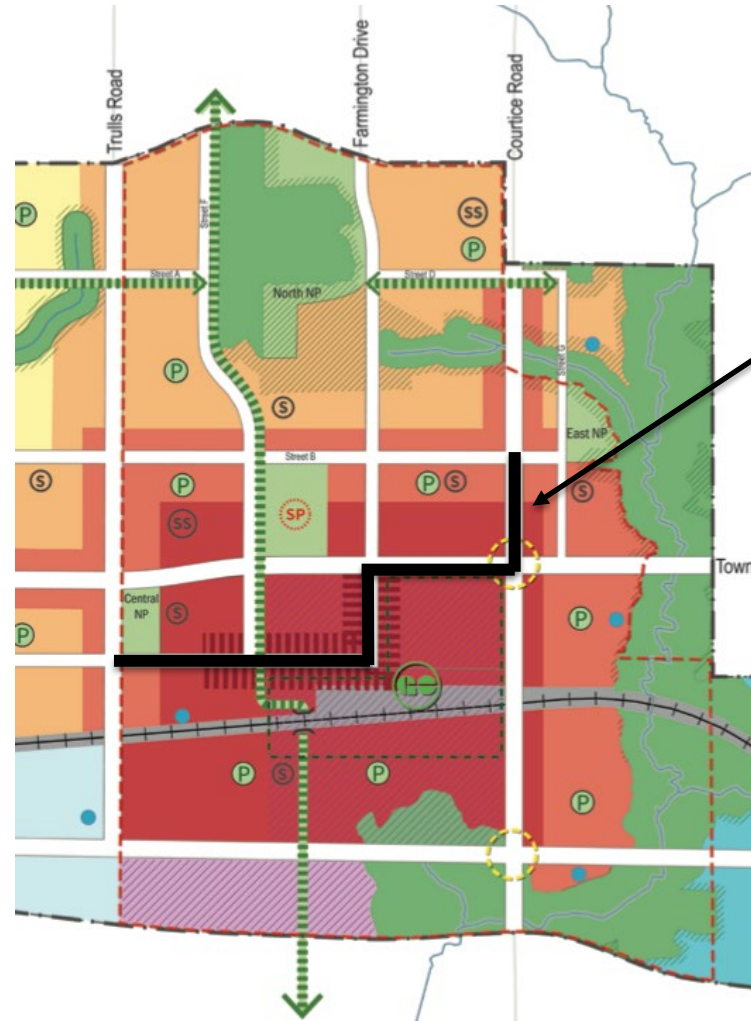
2023 Prior Forecast (“Minimum” Density)



- High Rise MURB
- Office
- Advanced Manufacturing
- Low Rise MURB
- Retail
- Total Connected Buildings



## PHASE 1 DISTRIBUTION PIPING PLAN ASSUMPTIONS

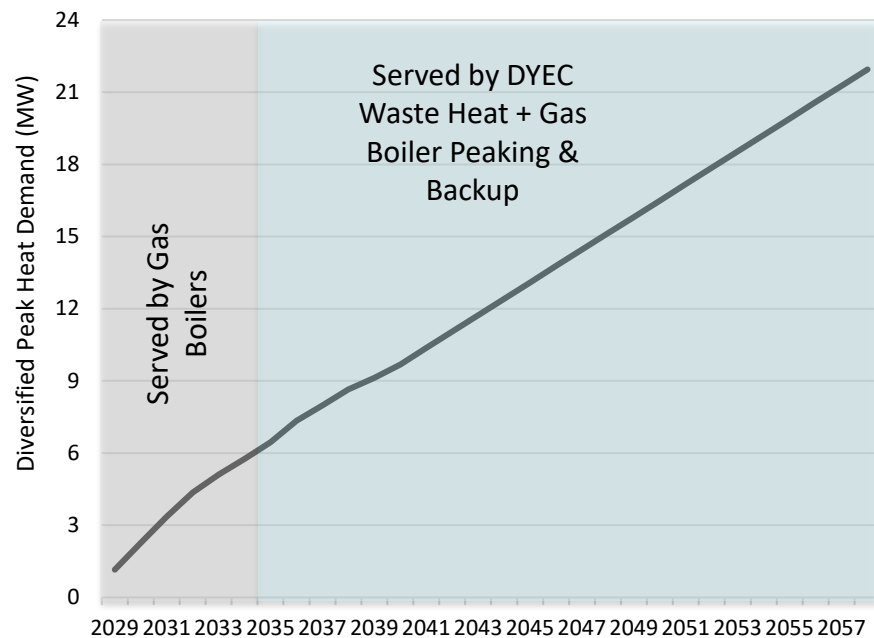


- First phase of distribution piping system
- Estimated to be 1400 m
- Service connections to buildings not shown



## PHASE 1 – ENERGY CENTRE

- The first phase of the DES will be heated by a ~7 MW temporary energy centre (TEC).
- Once sufficient development in CTOC is underway, connection to DYEC will be



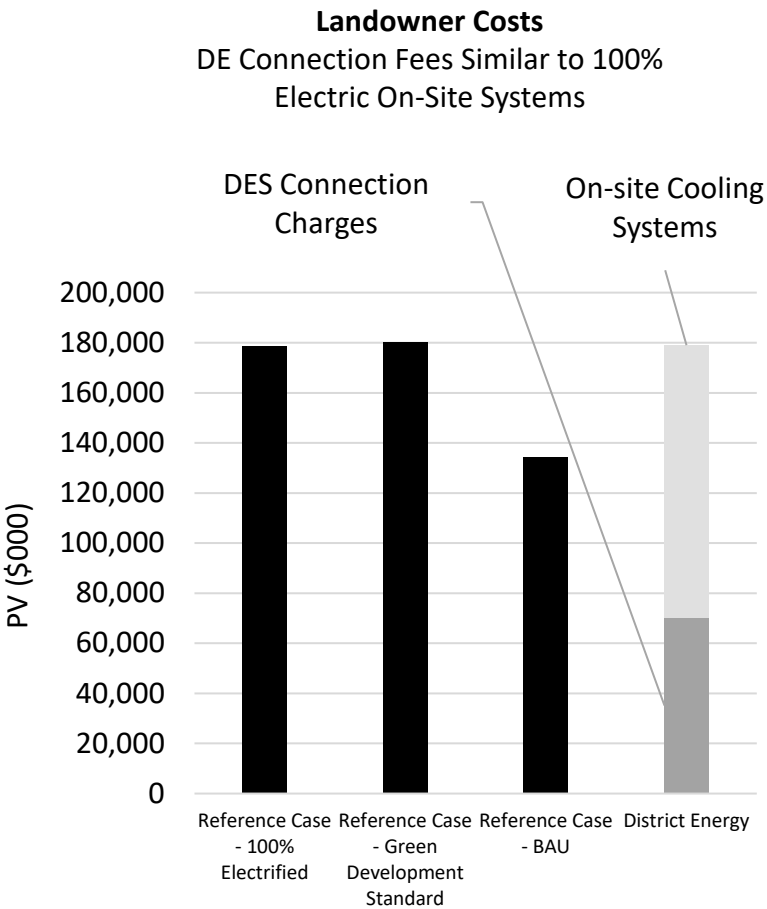
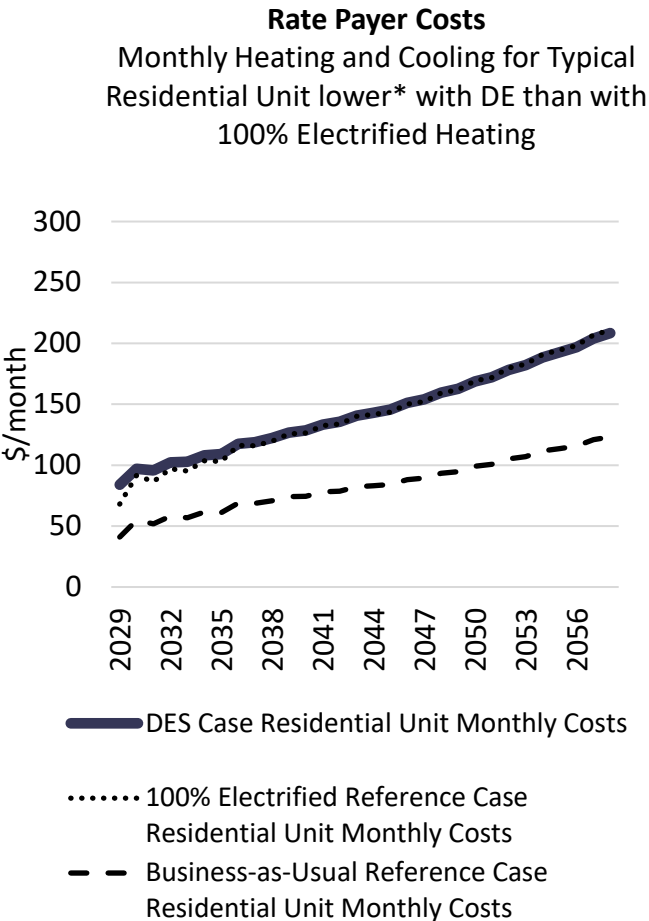
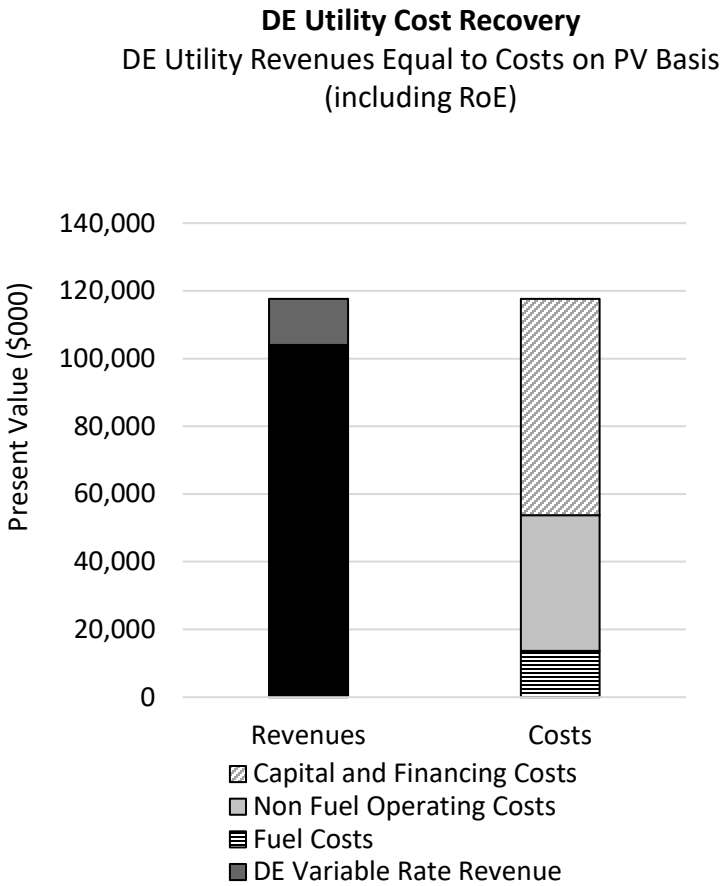
Temporary Energy Centre at the UBC Neighbourhood District Energy System (Corix Utilities)



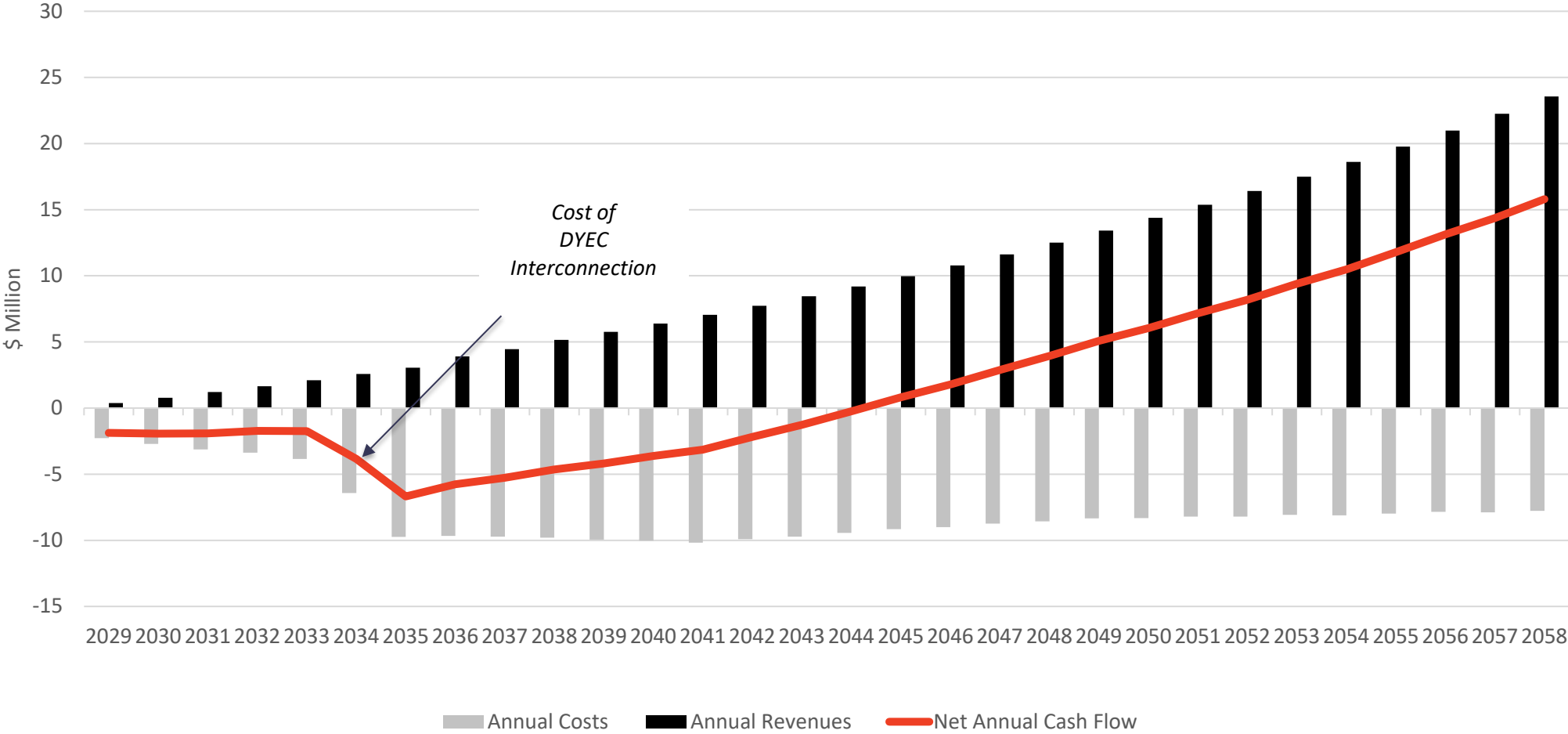
# UPDATED DES BUSINESS CASE (BASE CASE)



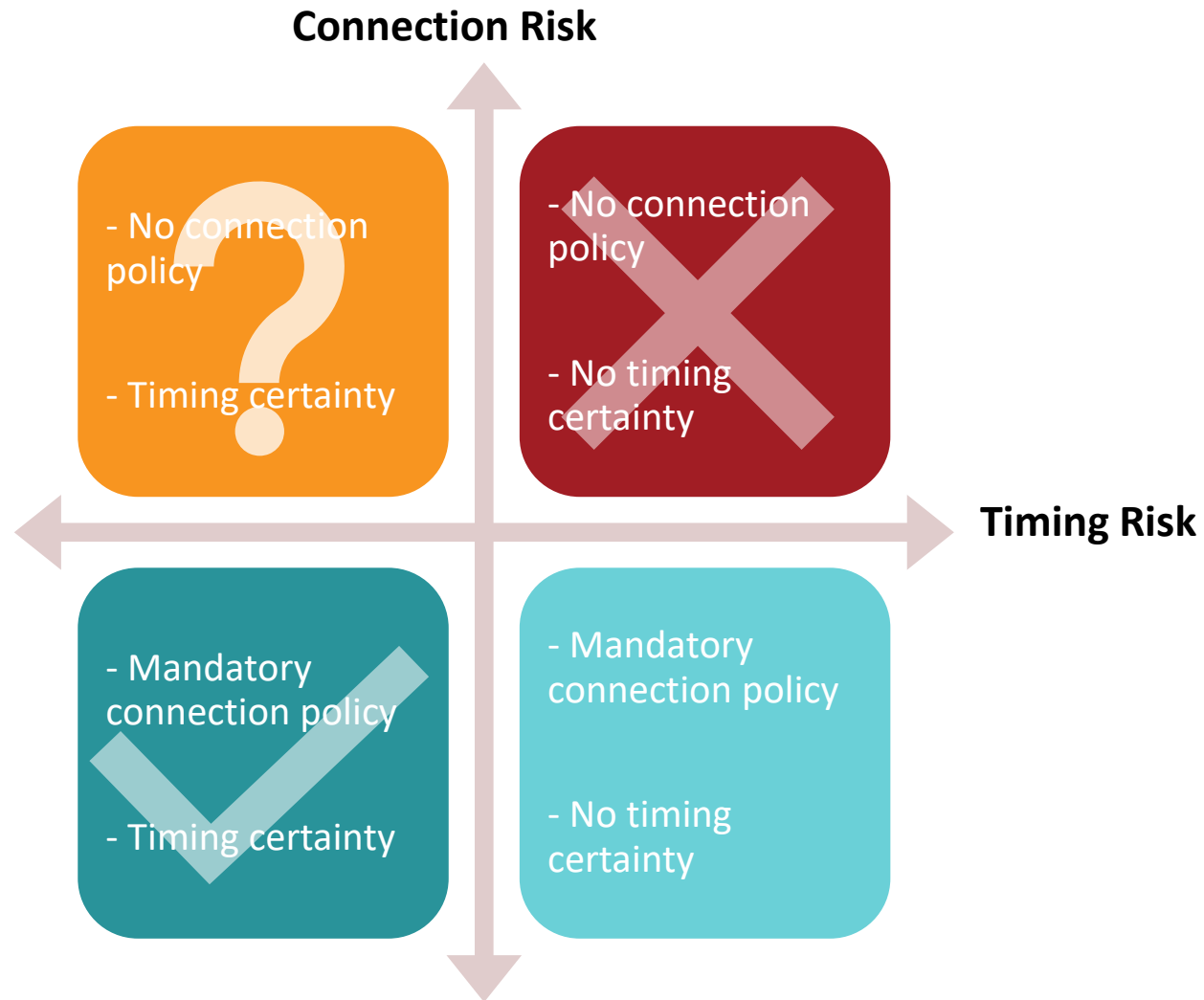
Business case is presented as cost neutral from the DE Utility perspective (including return on equity) with competitive costs for DE rate payers and similar capital costs for landowners relative to the 100% electrified reference case.



DES BUSINESS CASE – DE UTILITY CASH FLOW







**Connection Risk:** *Will* buildings connect?

**Timing Risk:** *When* will buildings connect?

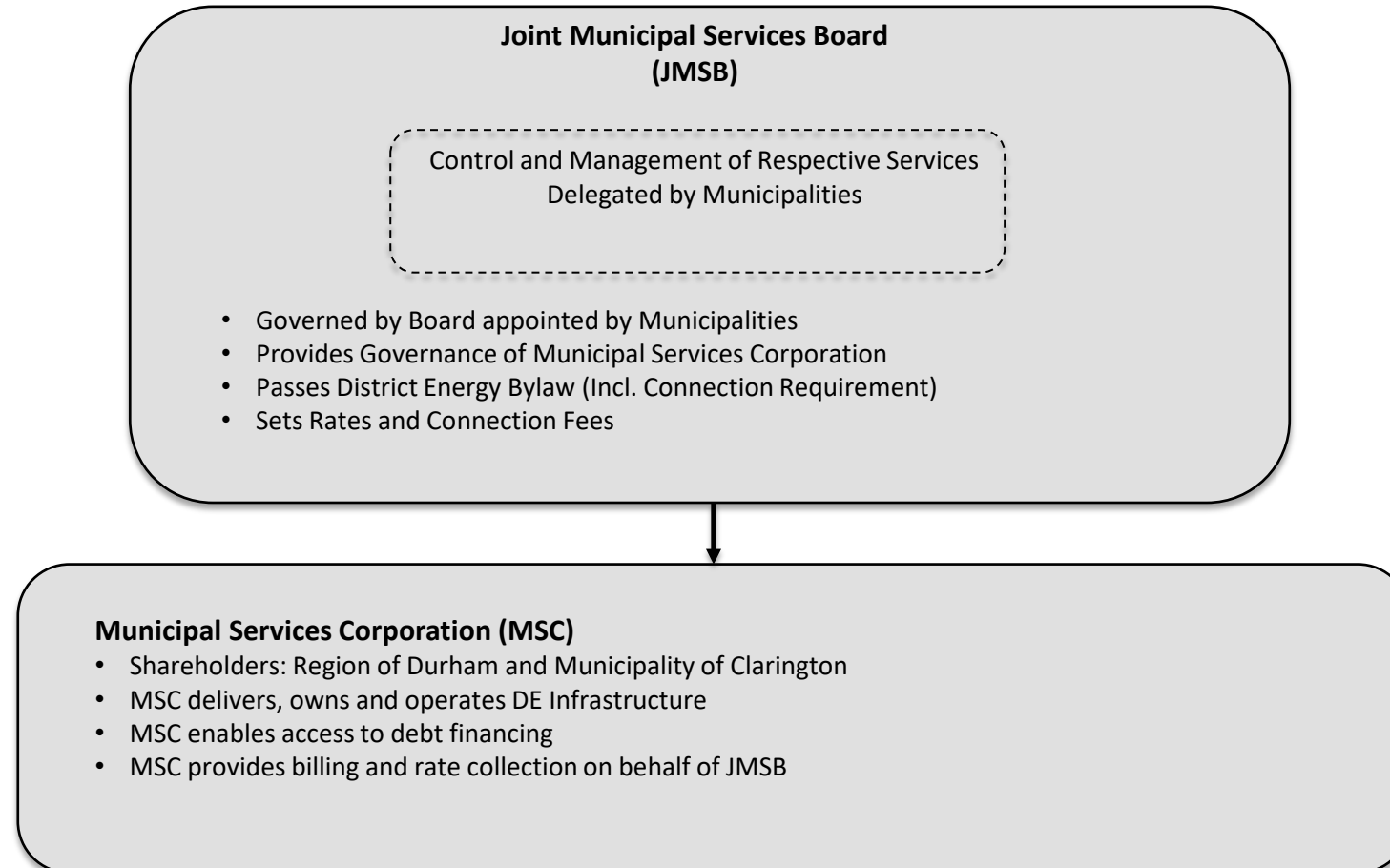
### Mitigating Strategies for Connection Risk

- Mandatory connection bylaw in defined service area.
- Supported with:
  - Competitive rates
  - Competitive connection fees
  - Streamlined / accelerated permitting process
  - Other incentives

### Mitigating Strategies for Timing Risk

- Don't build too much too soon!
  - Minimize early investment in system
  - Plan expansion of DES to match growth of neighbourhood
  - Utilize temporary energy centres
  - Complete cost/benefit analysis of extending service to new service areas (extension test).





## POTENTIAL FOR LOW-COST FINANCING AND GRANTS



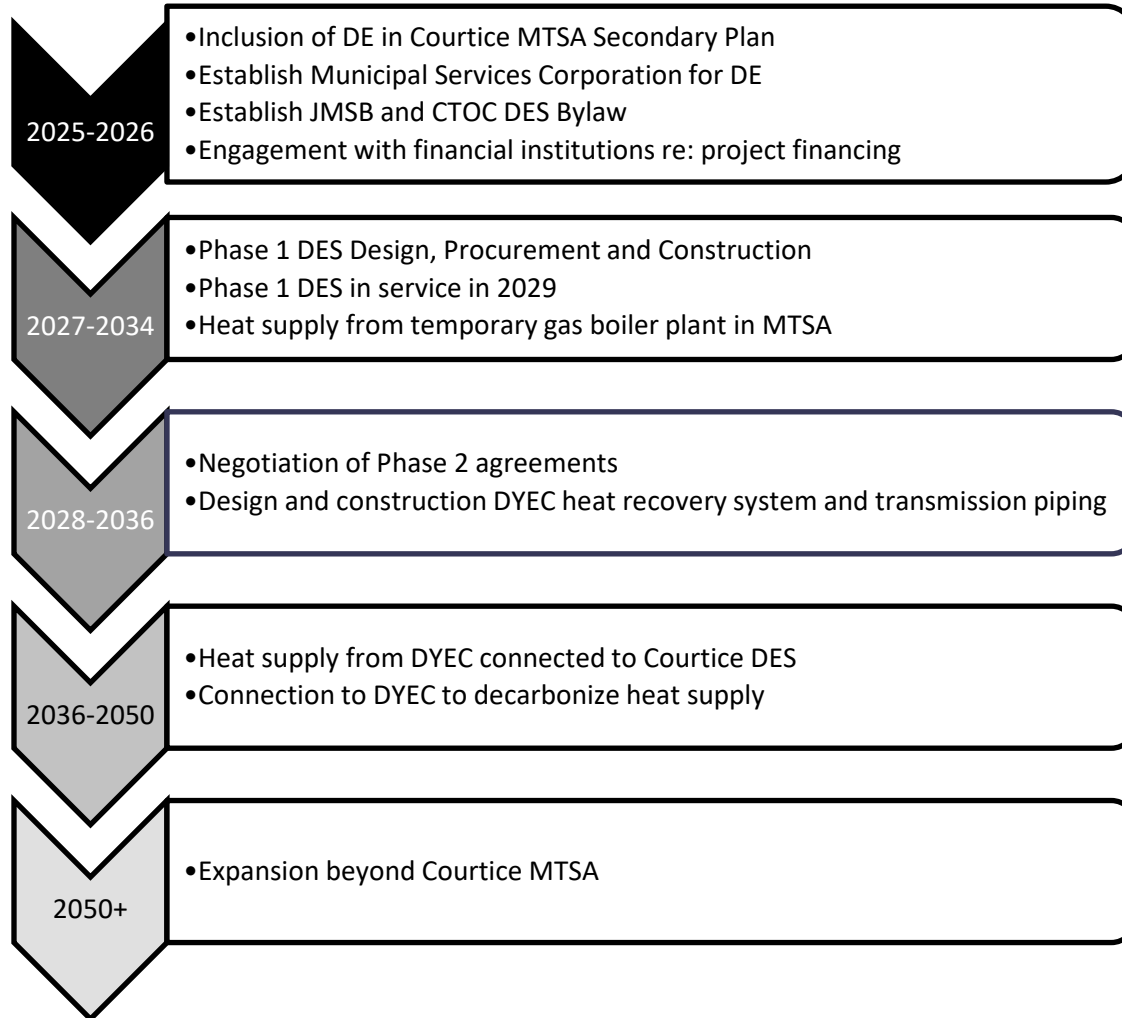
- Over the past 2-3 years CIB has entered into financing agreements with three DES utilities totaling more than a billion dollars.
- Many low-carbon DE projects secure lesser amounts as grants.

### Selection of Funding and Financing Recipients (non-exhaustive)

Name of Program	Recipient Project	Grant Amount (\$ million)	Financing Amount (\$ million)
Canadian Infrastructure Bank (CIB)	Markham Centre District Energy		135
Canadian Infrastructure Bank (CIB)	Enwave Energy Corporation		600
Green Municipal Fund (GMF)	Markham Centre District Energy	1	7.2
Green Municipal Fund (GMF)	Zibi Community Utility	3	20
Green Municipal Fund (GMF)	City of Vancouver NEU	1.5	15
Green Municipal Fund (GMF)	Lonsdale Energy Corporation	2	2
Low Carbon Economy Fund	Enwave Energy Corporation - PEI	3.5	



# TARGET PROJECT DEVELOPMENT TIMELINE & PROCESS



- In the near term, the Municipalities will work to include DE as part of the Courtice MTSA Secondary Plan as an enabling policy for DE.
- The objective is to have DE service available in time for the first buildings in the CTOC to connect (2029).
- The DE Service Area and Phasing Plan will be developed in coordination with Landowner's Group.
- To manage investment risk, the first phase of the DES will be served by a temporary gas boiler plant (or plant integrated with a municipal facility).
- Once sufficient load is connected to the DES, the connection to DYEC will be completed, decarbonizing the heat supply to all buildings connected to the DES.
- Depending on growth outside the MTSA, the DES may be expanded to serve additional areas.

- Following Council endorsement of proposed governance and ownership model, Regional and Clarington staff will undertake next steps as mandated by the Municipal Act to develop the proposed governance and ownership model, including:
  - **Develop a comprehensive Business Case Study** that outlines the rationale for establishing the Municipal Services Corporation, including projected costs, revenue streams, operational structure, and key benefits. The Plan will include:
    - **Governance structure design** – determine board composition, decision-making processes, and reporting mechanisms
    - **Funding mechanisms** – detail how the MSC will be funded through debt financing, connection fees, and user rates
    - **Asset transfer policies** – describe which assets will be transferred, and under what terms
    - **Staffing and recruitment** – describe the staffing plan, including management and technical personal, and how they will be recruited
  - **Conduct public consultations** – engage public through public meeting/information session to gather feedback on the proposed MSC, its services and potential impacts
  - **Legal review** – consult with legal counsel to ensure compliance with relevant provincial legislation regarding creation and operations
  - **Council approval** – Fall/winter 2025 staff will return to council to present the business case and seek approval





 **Nobellum**  
We bring ideas to life

# NOBELLUM

Regional Council | May 14<sup>th</sup>, 2025



# About Us

**Nobellum** is a female-led social and technology enterprise dedicated to empowering the Canadian business ecosystem. With a mission to support Black innovators in launching and scaling sustainable ventures, Nobellum is committed to inspiring change and driving economic impact through entrepreneurship. **By 2025, our mandate is to launch at least 100 Black-owned businesses in STEM.**

**Our Leadership Team** brings a wealth of expertise across business, technology, finance, and community engagement. Awarded the **BMO Black Tech Community Builder of the Year**, Nobellum thrives on a foundation of trust, authenticity, and deep-rooted community connections. Together, our leaders drive our mission forward with strategic foresight, operational excellence, and a shared commitment to sustainable, inclusive growth.

Trusted By





# PROGRAMS



## Innovator Program

Our **Nobellum Innovator Program, U of T Chapter** connects founders with industry leaders through masterclasses and one-on-one coaching sessions.

The **Idea & Growth** streams expose our cohorts to global tech conferences, **sales & IP** training and partnership opportunities to **scale** their ventures effectively.



## WISE

Our **Women in STEM and Entrepreneurship** is geared to empowering female founders with the tools, mentorship, and exposure needed to scale.

Each year, **WISE Week** series will connect **aspiring** Women with **accomplished** women leaders, to share, learn and grow, together.



## CEI Global Exchange

The **Catalyst for Entrepreneurship & Innovation** program is a **Global Exchange between startups, SME's & investors.**

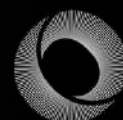
Our **International delegations pitch** at **tech conferences**, attend masterclasses & **network** with future **leaders**. This program attracts **foreign investment** opportunities in Canada; strengthening international relations, **trade** and collaboration.



# ACCELERATE DURHAM

Saturday, February 15, 2025

\$10,000 in Award Prizes



Black  
Opportunity  
Fund



DRABPE



INTUIT



# HOW WE MEASURE SUCCESS



## TRAINING AND UPSKILLING

Equipping and empowering entrepreneurs with the skills they need to thrive is at the heart of our mission. We measure success in this area by the impact of our tailored training programs and our ability to drive innovation through research and development, ensuring long-term growth and resilience.

## PARTNERSHIPS AND COLLABORATIONS

Success is reflected in the breadth and depth of our networks, as we build ecosystems that amplify our impact. By fostering partnerships with community organizations, industry leaders, and financial institutions, we ensure comprehensive support for our entrepreneurs.

## BUSINESS DEVELOPMENT AND SUSTAINABILITY

Our impact is measured by the economic growth and tangible results generated by our initiatives. We track milestones in business development and sustainability to ensure entrepreneurs are achieving productivity gains and are poised for market success.

# STARTUP ROADMAP

## GROWTH PLAN

This roadmap is designed to empower entrepreneurs to build sustainable businesses. On this journey, we provide technical platforms, essential resources, strategic guidance, and a supportive ecosystem.



### Community + Coaching

Nobellum Innovators are paired with coaches and access to a coaching program designed to promote accountability.



### Programming

Curated programming with SME facilitating workshops, building & scaling MVP's and go-to market strategies



### Access to Capital

Hosting pitch events, investor meet and greets, and introductions to corporate networks



### Advisory

Providing expertise for problem solving, growth strategies and financial planning



# **SOCIAL PROCUREMENT**

**Social procurement** is the use of existing government buying power to achieve **community** and **economic** outcomes

# MORE THAN A CONTRACT: BUILDING DURHAM

## Economic Development

- Driver of local job creation
- Stimulates Durham Region small business economy
- Circulation of public dollars locally

## Community Development

- Builds social infrastructure
- Strengthens community services through reinvestment
- Supports equity-deserving groups with direct opportunities

## Sustainability

- Prioritizes environmentally responsible suppliers
- Builds long-term regional independence and resilience
- Reduces reliance on external, large-scale contractors

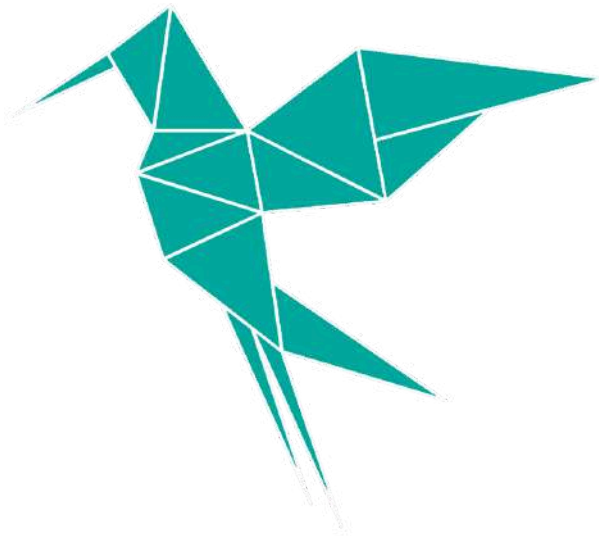




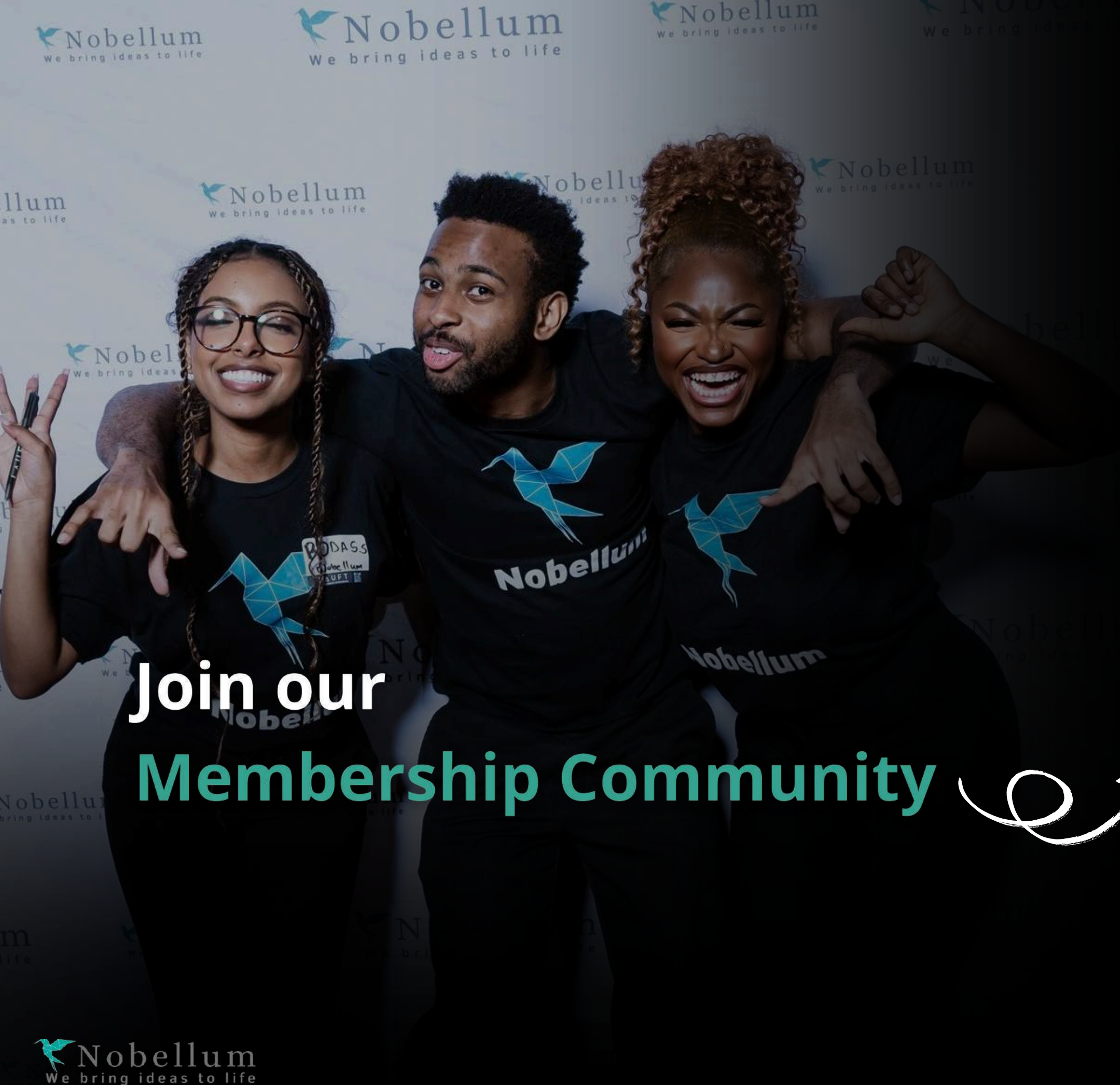
# SUCCESS STORY: CORAL CORP

PREVIOUSLY KNOWN AS NUNAFAB

- \$2.15M IN FEDERAL CONTRACTS
- \$200K IN ANGEL INVESTMENT
- DEVELOPING HIGH-PERFORMANCE MATERIALS FOR THE CONSTRUCTION AND MANUFACTURING INDUSTRY.







Join our  
Membership Community



If you have any **questions**, please do not  
hesitate to contact us.

**MALCOLM WRIGHT**

*Co-Founder*

*Malcolm@nobellum.com*





**PM CARNEY COMMITS TO  
INCREASING THE INDIGENOUS  
LOAN GUARANTEE PROGRAM  
TO \$10 BILLION**



**Building  
Ontario Fund**



Natural Resources  
Canada

Ressources naturelles  
Canada

**Canada**

**CIB  BIC**

**Smart Renewables  
and Electrification  
Pathways Program**



**MINOGI**  
GROW WELL



**Clean Fuels Fund - Funding for  
Indigenous-led projects**



**FedDev Ontario**  
Federal Economic Development Agency for Southern Ontario  
**Catchment Area  
and Census Divisions**

**From:** Louis Bertrand

**Sent:** May 13, 2025 9:37 AM

**To:** Clerks

**Subject:** Comments on Report #2025-COW-19 - Courtice Transit-Oriented Community District Heating

Hello,

Please add the following comments on Report #2025-COW-19 - Courtice Transit-Oriented Community District Heating to the agenda for the Committee of the Whole meeting for Wednesday, May 14, 2025.

Thank you

Louis Bertrand P.Eng. (Ret.)

Scugog

## **Introduction**

District heating from the DYEC seems to be an attempt to justify the continued operation of an incinerator that should never have been built. If the plan is to build high density office and living spaces in Courtice, then focus on that. If instead the plan is to promote the incinerator, then the development will probably suffer. However, it seems that this debate has already happened and council is going ahead with a plan to burn garbage into the mid-century. I will focus my submission on the serious red flags in attachment #2 of the Reshape Strategies report.

A project like this only makes sense if you ignore some important considerations. "Scoping out" is consultant-speak for "let's just pretend it doesn't exist". But just because they say it's so, doesn't make it so.

## **Is this what we really want?**

In trying to mitigate global warming and adapt to its consequences, Durham Region is building a system where a heat source is 5 km away from the point of delivery. If the heat source was fossil gas, the thought of piping hot water for that distance (under a busy highway, no less) would be laughable. Yet here we are, but not even with fossil gas (which is touted as somehow "clean"). It's actually worse: the heat source would be garbage including plastics, wood and other recyclables.



## **Electrified heating is not defined**

Nowhere in the report is "electrified heating" defined. In your house, there are two ways of using electric heating": direct conversion of electricity to heat -- think baseboard heaters -- or a heat pump (air source or geothermal). In the business case report, if they mean direct conversion, then that's the most inefficient way and arbitrarily makes the business case look more attractive.

Heat pumps deliver three to four times the amount of heating or cooling for the electricity used because they transfer the heat instead of generating it. If you don't know how a heat pump works, think of a refrigerator. It makes the inside cold by transferring heat from inside to the coils on the back of the fridge. The coils get warm while the inside gets cooled. Air source heat pumps have a typical coefficient of performance of three to four, and geothermal sources are even better.

Is this a case of fudging the data to make the business-as-usual scenario look worse?

## **What about cooling those buildings?**

In daytime, most of the heating, ventilation and cooling (HVAC) load for a large building comes from cooling to manage heat from sunlight, equipment, cooking, and general occupancy. To manage this heat, buildings need chillers or heat exchangers. The report takes a narrow look at only the cost of heating. But from the point of view of the tenants, it's the combined cost of heating and cooling that matters when they pay the rent.

Heating at night is still required, but may not be a major load because of internally generated heat and better insulation as building standards are improved.

## **Global warming is real**

Look outside, we're in mid-May and daytime temperatures are already in the mid-20s. Shirt sleeves season now extends from early May well into October. Climate change is real and disproportionally affects northern latitudes. Sadly, we can expect the trend to continue or worsen. Ignoring the escalating cost of cooling would lead to an unpleasant surprise for the long term business plan.

Nonetheless, despite the stated intent, "decarbonizing" or reducing GHG emissions, the main effect of this entire initiative is actually to keep operating a large source of GHGs. Contrary to the fairy tales that were circulated when the incinerator was built and continue to be promoted, burning garbage cannot be considered sustainable by any conceivable measure.

Durham Region is acknowledging global warming by taking measures to address it, yet the actions are making it worse. It's like lighting a cigarette to help you quit smoking.

### **Comparing heat pumps to separate heating and cooling**

Heat pumps can deliver heating and cooling with the same equipment, and this equipment can replace the cooling-only equipment that would still be needed in the district heating scenario. Granted, the capital cost of heat pumps is higher than chillers or heat exchangers of the same capacity, but the capital cost of heat pumps needs to be compared against the additional cost of the district heating system. In other words, do heat pumps come out ahead of a major capital project and chillers? The business case report is so narrowly focused on district heating that an obvious alternative is not even considered.

### **Heat pumps offer flexibility**

Heat pumps can be built out as needed with new construction. Unlike a mega-projects, they do not required phased implementation. With that flexibility, the planning process is simplified.

### **How reliable is the DYEC incinerator?**

The DYEC incinerator has been shut down for extended periods (days, weeks). How will heating be supplied? This implies a construction of back-up heating equipment. The incinerator cannot be counted on to keep operating with fossil gas if the failure is due to the boilers and heat exchangers. Has the capital cost of backup heating been factored in?

### **Legislating your way out bad economics?**

Forcing builders to use district heating with a zoning by-law does not consider the builders' own business model. If the cost of construction and maintaining that building doesn't make sense to the tenants compared to office space or residences elsewhere, the builders will indeed look elsewhere. Subsidies don't make the project any more attractive.

### **Conclusion**

Council should not adopt this business case report as-is. Instead, council should send it back to correct the mistaken or rosy glasses assumptions. In particular, the "electrified heating" scenario needs to be clarified and the entire project reevaluated against heat pumps.



The risk to taxpayers is very real. The DYEC garbage incinerator is already a ruinously expensive way to treat the region's waste. Trying to justify its continued operation with district heating would be another boondoggle. The two blunders don't cancel each other out -- they add up.

Thank you for your consideration.

Via email c/o [Clerks@Durham.ca](mailto:Clerks@Durham.ca)

May 13, 2025.

Committee of the Whole  
Regional Municipality of Durham  
605 Rossland Road East  
Whitby, ON L1N 6A3

**Re: CAO's Report 2025-COW 19**  
**Courtice Transit Oriented Community District Energy System -Recommended Business Model**  
**& Governance Framework to Enable Implementation**

Dear Committee of the Whole Councillors

Multiple important issues are not addressed in the CAO's report about the proposed district heating system for the Courtice T.O.C..

**First, DYEC is NOT low carbon source of heat.**

According to Durham's 2024 climate progress report 2024 COW- 12, page 11 confirms that the Durham York Energy Centre continues to be Durham's LARGEST source of corporate GHG emissions and this considered non-biogenic emissions, not all GHGs. <https://pub-durhamregion.escribemeetings.com/filestream.ashx?DocumentId=3884>

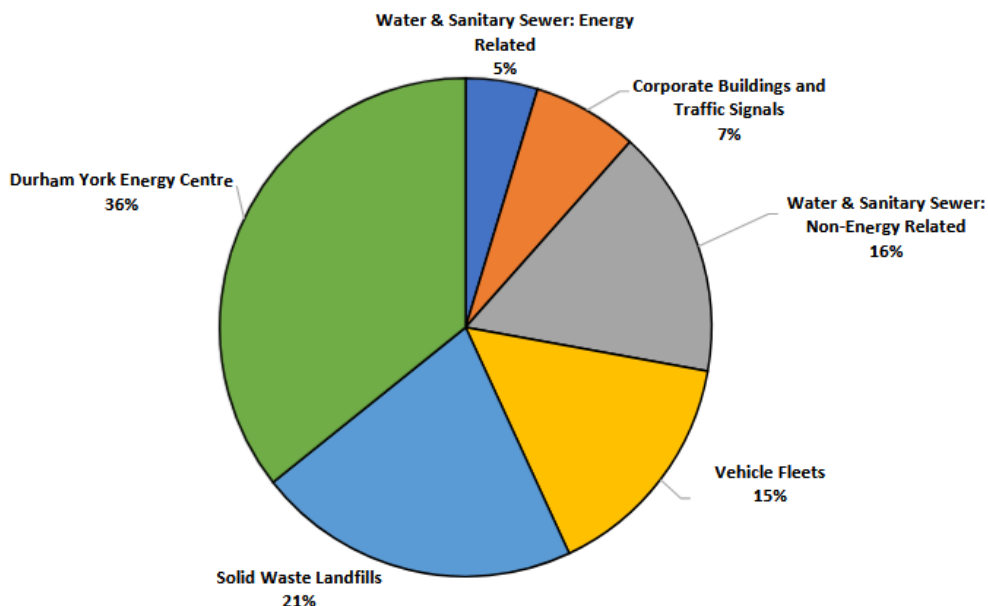
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**Figure 4: Corporate GHG Emissions by Operational Area for 2023 (Preliminary Estimate)**





The DYEC cannot be characterized as a low carbon source of heat. Attempts to “greenwash” the DYEC are calculated attempts to mislead the community to influence potential funders and partners.

As L. Gasser’s letter dated October 22, 2024 advised Council, Durham Region councillors and staff should have been made aware that on June 20, 2024, Bill C-59, Canada’s, *Fall Economic Statement Implementation Act, 2023*, received Royal Assent and became law. Among many other things, this legislation makes significant amendments to the Canadian *Competition Act* (the “Act”).

- *Any statement, warranty or guarantee of a product’s benefits for protecting or restoring the environment or mitigating the environmental, social and ecological causes or effects of climate change that are not based on an adequate and proper testing; and*
- *Any representations with respect to the benefits of a business or business activity for protecting or restoring the environment or mitigating the environmental and ecological causes or effects of climate change that are not based on adequate and proper substantiation in accordance with internationally recognized methodology.*

*....the onus is placed on the advertiser making such claims to prove, if they are challenged, that the claims are based on adequate and proper testing or substantiation.*

Durham’s annual “Climate Change Progress Report” to COW/Council, which in past years came to Council around April, is now expected in June because: “we’ve been delayed on that report due to some other high priority projects.”

**REQUEST:** that COW/Council REFER this report back to whichever agenda the Annual Climate Progress Report ultimately appears so that you could better understand of the huge impact of the DYEC on Durham’s Corporate GHG emissions. In today’s email response staff wrote: *DYEC 2024 data will be submitted by the June 1 reporting deadline.*

### **Second, the DYEC Incinerator is a big polluter.**

It emits persistent and toxic pollutants impacting human health and the natural environment. There have been numerous issues at the DYEC since start up. Durham has also withheld years of data around dioxins & furans emissions and there is no independent expert oversight over the AMESA reporting.

Please see the attached summary prepared by W. Bracken, which summarizes stack test concerns up to and including the Spring 2024 stack test. From page 5:

*“Statements of DYEC safe operation are based on stack test results that are in compliance with limits and procedures set by the MECP.<sup>28</sup> Stack testing is pre-arranged and conducted over very short time periods - only a few days - in the operational year. Furthermore, the stack test duration for most individual pollutants tested is measured in hours. For example, stack testing for dioxins/furans is comprised of three test runs, each of 4 hours duration: the total testing time is 12 hours. Yet, during these very short stack test runs at the DYEC, consultant reports document there have been a number of tests where operational issues have occurred and stack testing has been paused and resumed only when operations are deemed*

*to be back to normal, then continued until the required number of test hours is met. There have also been cases where stack tests have been aborted during the test or postponed due to operational issues.”*

This essentially manipulates the stack test process to achieve the desired outcome i.e. “to pass” the stack test BUT, while staff and consultants pause the tests the emissions they don’t want recorded are emitted to air and impact the community.

Tying a District Heating project to the DYEC is to tie it to its major source of GHGs and air pollution and should NOT be pursued.

Scott Grant, P. Eng. Air Pollution Control and Combustion Engineer reviewed the Environmental Screening report for the Emerald incinerator in Brampton made a number of observations and was also used to support a request for the Ministry of Environment, Conservation and Parks to review the outdated October 2010 A-7 Guidelines.

From C & S Grant Environmental Consulting Inc: Exec Summary (page 3)at:

[https://environmentaldefence.ca/wp-content/uploads/2025/01/CSG-Env\\_Review-of-Emerald-Env-Screening-Report\\_Jan-6-2025.pdf](https://environmentaldefence.ca/wp-content/uploads/2025/01/CSG-Env_Review-of-Emerald-Env-Screening-Report_Jan-6-2025.pdf)

*Current Ontario Ministry of the Environment, Conservation and Parks (MECP) standards to limit air emissions from the combustion/incineration of municipal solid waste (MSW) (i.e., Ontario Guideline A-7: Air Pollution Control, Design and Operation Guidelines for Municipal Waste Thermal, October 2010) are outdated and insufficiently protective against air emission impacts from particularly toxic contaminants such as dioxins/furans and mercury.*

*For example, there is evidence of:*

- *Elevated dioxin and furan levels in urban areas where MSW incineration is anticipated to be a contributor.*
- *Inherently variable and challenging combustion control environment for MSW incineration.*
- *An evolving understanding of significantly higher air emissions during different operating scenarios including startup, shutdown and process upset as noted in updated standards in other jurisdictions and identified in longer term studies of dioxin and furan air emissions.*
- *Increasingly more stringent air pollution control and continuous monitoring standards for toxic air contaminants from MSW incineration facilities in the United States and Europe.*

Recall that Durham staff did NOT undertake a review of DYEC Monitoring during their EA Screening process to expand the DYEC from 140,000 to 160,000 tonnes per year.

Recall that when soil testing showed higher than predicted dioxin & furan results, Durham did nothing - no retesting (next scheduled for 3 years from then). Councillor Nicholson asked questions about repeat soil testing. From page 3 of W. Bracken’s attachment:

*Concentrations of dioxins and furans in soil measured in 2023 increased at both the upwind and downwind sampling locations relative to historical levels. 25 **The 2023 downwind concentration was more than double the 2013 pre-DYEC-construction level**26. **This 114% increase in soil concentration is***



***much higher than what the Human Health and Ecological Risk Assessment (HHERA), completed for the original Environmental Assessment, predicted for soil loading after 30 years of operation .***

To throw more money at this DH project to greenwash it using the DYEC, but without doing soil monitoring given that result, is highly irresponsible along with the failure to do due diligence which also should include flora/fauna check of loading.

Last November 6<sup>th</sup>, Durham staff also did NOT address nor respond to Clarington's and Durham residents' requests to review the DYEC monitoring in their Report 2024 WR 7 though commitments were made in the Host Community Agreement with Clarington to do so. Durham Works and Council DID NOTHING to require staff to produce the monitoring update requested.

**REQUEST:** COW/Council should refer Report COW-19 back to staff and request a detailed staff response that specifically addresses the examples of tests being paused and restarted to cobble together a stack test results.

**Third, DYEC heat is to be used for heating only.**

How will homes/units in the Courtice T.O.C be cooled?

What is the back up source of heat, including for when the DYEC shut down for maintenance or other extended outages?

DYEC has two maintenance outages annually and has been shut down for extended periods for other reasons:

In 2024, Page 44 of ECA Annual Report:

215 hours from Spring Major Outage (8.9 days)

277 hours for Fall Major Outage (11.5 days)

After a massive dioxins exceedance in 2016, offending boiler shut down from May – August 2016.

In 2017 – both boilers shut down over two months – boiler tube corrosion etc.

**Fourth, Estimated Costs have already increased from the January 2024 estimate.**

There is a large Administrative burden involved and I'm not aware that Durham Region has relevant experience managing an energy utility.

Council should require an explanation of what inhouse expertise exists and what external expertise would cost.

Council should request an update about dollars spent to date on consultants and other external expertise since inception of project to date.

Council should request the expected cost of completing tasks identified in recommendations A – F?

Page 4 of Report 2024 COW-1 stated:

*The overall capital costs for the DES are estimated **at \$62 million in 2023 dollars (\$116 million cumulative nominal costs over 30-year project lifecycle).***

Page 5 of 2025 COW-19:

*Overall capital costs **are estimated at \$67 million (in 2023 dollars)** ....*

Pdf Page 13 from bus. Case attachment:

### **CTOC District Energy System Project Risks**

*There are several key risks that would adversely impact the business case for the CTOC district energy system by significantly increasing the cost of DES service (resulting in higher DES rates or a revenue shortfall for the DE Utility).*

*These risks include: • Higher capital costs and higher cost escalation. • Higher financing costs. • Lower heating demands and slower build out than modeled. • Excluding the Courtice Water Pollution Control Plant from the DES load forecast.*

Page 6:

**Energy cost stability:** *In addition to reduced lifecycle costs, the DES provides potential for greater energy cost stability for CTOC MTSA residents, relative to building electrification, due to reduced exposure to escalating electricity rates. In a scenario where electricity rates escalate higher than historical averages, CTOC DES users will see substantially lower monthly heating costs than a fully electrified decarbonization strategy.*

**Competitive rates and connection fees:** *CTOC DES **preliminary utility rates** compare favourably against rate benchmarks from regulated DES systems in British Columbia, where thermal energy is regulated by the BC Utilities Commission and data on DES utility rates is publicly available. There is limited publicly available data on DES utility rates across Canada outside of British Columbia*

Durham Region CANNOT PROMISE competitive utility rates and connection fees for multiple reasons including unknown final project costs and uptake, NOR are the costs of the DYEC predictable after the current contract expires in 2036.

Report 2025-COW 19 Page 6, Section 3.3 e) makes following statements re Power Purchase Agreement between Durham and York/Covanta and the Province:

*Flexibility for future heat utilization and low carbon energy production: DYEC has a project agreement and an electricity generation contract (i.e. Power Purchase Agreement selling net electricity generated to the Ontario electrical grid) with the Independent Electricity System Operator (IESO) that expires in 2036. That contract limits the amount of heat that can be economically extracted to serve the CTOC DES. Future agreements may provide opportunities to enhance returns on investment from the DYEC, with a potential increase in heat extraction relative to electricity production. The DES may also enable opportunities for future RNG production at the CWPCP as biogas production volumes increase because of planned increases in wastewater treatment capacity.*



NOTE: There is no guarantee that Province would subsidize DYEC Electricity revenues at DYEC to the degree the DYEC is currently subsidized by current PPA. Ontario cancelled Feed In Tariff subsidy programs in 2016.

Importantly, the current electricity subsidy offsets approximately half of the DYEC's annual operating costs. Any switch to increase heat extraction would reduce electricity produced and thus electricity revenues.

Will Durham and Clarington subsidize DH rates should they prove to be uncompetitive in the future and to what degree?

Additional Cost Risk: if the DYEC has to pay carbon taxes in the future? It currently does not pay carbon taxes even though non-biogenic emissions alone are more than 50,000 tonnes per year of CO<sub>2</sub>e.

Durham Property Taxes: in 2024, Durham Region increased property taxes by % and by in 2025. Durham residents CANNOT afford any more and especially not as many face losing their jobs due to tariffs and declining economic conditions.

Page 6, Section 3.3 e) makes following statements re Power Purchase Agreement between Durham and York/Covanta and the Province:

*Flexibility for future heat utilization and low carbon energy production: DYEC has a project agreement and an electricity generation contract (i.e. Power Purchase Agreement selling net electricity generated to the Ontario electrical grid) with the Independent Electricity System Operator (IESO) that expires in 2036. That contract limits the amount of heat that can be economically extracted to serve the CTOC DES. Future agreements may provide opportunities to enhance returns on investment from the DYEC, with a potential increase in heat extraction relative to electricity production.*

NOTE, there is no guarantee that Province would subsidize DYEC Electricity revenues at DYEC as currently subsidized by PPA i.e. per kwh rate above market price. Ontario cancelled Feed In Tariff subsidy programs in 2016.

Further, the current electricity subsidy offsets approximately half of the DYEC's annual operating costs. Any switch to increase heat extraction would reduce electricity produced and thus electricity revenues.

#### **Fifth, Affordability.**

Durham has a dodgy track record delivering large infrastructure projects where they have limited expertise and rely largely on industry consultants.

DYEC: Sited in Clarington. By completion at \$295 million Durham was \$98 million over 2008 detailed business case estimate of \$198 million.

Proposed Mixed Waste Pre-sort & Anaerobic Digester to be sited in Clarington— exceeded estimated costs but final cost not disclosed to the public when project killed off in June 2022.

Durham Council has approved consistently high property tax increases.

2025 Budget: The approved budget requires a net property tax increase of 7.4 per cent (4.4 per cent for Durham Regional Police Service, 3 per cent for Regionally supported services).

2024: This represents a **proposed net property tax increase of 7.5 per cent**, which means approximately 5.7 per cent increase in the overall property tax bill.

**Sixth, Clarington chosen as guinea pig once again.**

Durham is very selective in terms of what clauses of the Host Community Agreement it complies with but is quick to site yet another dodgy project in Clarington which already bears the burden of the DYEC polluting their community.

*Report 2024 COW 19: Section 2.4 page 3: Seven of Durham's Major Transit Station Areas (MTSAs) along the Lakeshore East GO Train corridor are seen as key opportunity areas for district energy given the high-density mixed-use development planned for these areas. Regional staff have focused initial efforts on exploring the feasibility of a DES serving the high density areas planned around the future Courtice GO station (e.g. Courtice Transit Oriented Community, or CTOC)....*

**Conclusion and Recommendations:**

Please refer Report 2025 COW-19 back to staff and request additional details as suggested above.

Request that COW 19 comes back to COW/COUNCIL **together with** the Annual Climate Progress report that could be ready in June including because Durham reports their GHGs on June 1<sup>st</sup>.

Request also that Durham Works staff provide a detailed response to the findings of W. Bracken's summarizing of stack testing in the attachment.

Thank you for your attention.

Yours truly,

Linda Gasser, Whitby

And Wendy Bracken, Clarington.

Cc: Clarington Council

Attachment: W. Bracken: Jan. 2025, DYEC Issues (2015 to Present)



## DYEC Issues (2015 to Present) Relevant to Request for Review prepared by W. Bracken

Item	Date	Event/Issue	Description
1.	Oct.1-2, 2015	Dioxins/Furans Stack Test Exceedance <sup>1</sup>	<p>Acceptance stack testing results for dioxins/furans:</p> <ul style="list-style-type: none"> <li>Boiler 1 tests average <b>229.3</b> pg TEQ/Rm<sup>3</sup>, <b>382%</b> of stack limit<sup>2</sup></li> <li>Boiler 2 Tests average <b>103.8</b> pg TEQ/Rm<sup>3</sup>, <b>173%</b> of stack limit<sup>3</sup></li> </ul> <p>Review of operational data found there was “one hour when the operating (combustion) temperature dropped below the required 1,000°C ±0.015%”, however also found that “during that hour, the data reported by Covanta for compliance was 1121°C”. Regions’ consultant reviewed Covanta’s Temperature Correlation report and stated, “Covanta should confirm that the values from the Correlation report are being properly corrected and reported”.<sup>4</sup> Unclear if this was done. Regions granted Covanta do-over test. Weeks after initial test, stack tests were conducted, during which activated carbon injection rates were increased. Those stack results were below limit.</p>
2.	May 2-11, 2016	Dioxins/Furans Stack Test Exceedance <sup>5</sup>	<p>Boiler 1 dioxin/furan tests average <b>818</b> pg-TEQ/Rm<sup>3</sup>, <b>1363%</b> of limit.<sup>6</sup> <b>This major exceedance occurred despite the fact that the source test report affirmed that “The facility was maintained within the operational parameters defined by the amended ECA that constitutes normal operation during the stack test periods.”<sup>7</sup></b></p> <p>Based on this exceedance, the Regions shut down the DYEC on May 26, 2016, for inspection and cleaning. During the shutdown numerous problems were found that may have contributed to the high level of dioxins including: “Buildup of residue in superheater hopper and/or the blasting of residue in the superheater”; “Buildup of residue between bags in the baghouse”; “Economizer sootblowers 122 and 123 were found to have broken lances”; Internal Gas Recirculation (IGR) nozzles were plugged; “valve used to isolate the last superheater hopper from the ash conveying system was found to be cracked”; “The inlet duct to the baghouse had heavy deposits of fly ash”.<sup>8</sup></p> <p>The Regions’ consultant stated that the cause of the high D/F emissions was likely related to these factors: de-novo synthesis of D/F during cool down phase; inadequate adsorption of the chlorinated compounds (including D&amp;F) on activated carbon in the APC system; and baghouse breakthrough.<sup>9</sup></p>

<sup>1</sup> HDR Consulting, *Acceptance Test Review Report Prepared for the Regional Municipalities of Durham and York*, April 20, 2016, Section 3.8.1, pages 17-20

<https://www.durhamyorkwaste.ca/en/operations-documents/resources/Documents/FacilityAcceptanceTesting/DYECAcceptanceTestReviewReportHDR.pdf>

<sup>2</sup> Ibid., Table 11, page 19

<sup>3</sup> Ibid., Table 12, page 19

<sup>4</sup> Ibid., page 23

<sup>5</sup> ORTECH, *Covanta Durham York Renewable Energy Limited Partnership May 2016 Emission Testing at the DYEC*, Report #21656, June 13, 2016, Executive Summary, page 8 and 14

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/May\\_2016\\_Source\\_Test\\_Report.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/May_2016_Source_Test_Report.pdf)

<sup>6</sup> Ibid., Page 8

<sup>7</sup> Ibid., page 14

<sup>8</sup> HDR Consulting, *Technical Memorandum to Durham Staff Re: Covanta Phase 1 Completion and Recommendation for Boiler #1 Re-start*, June 15, 2016.

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/DYEC\\_AbatementPlan\\_PhaseOne\\_HDRReviewMemo.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/DYEC_AbatementPlan_PhaseOne_HDRReviewMemo.pdf)

<sup>9</sup> Ibid., page 2

3.	May 26, 2018	Ambient Air Dioxins/Furans Exceedance <sup>10</sup>	<p>The ambient air monitoring concentration of dioxins/furans found at the Courtice monitoring station (ambient station closest to the incinerator) was <b>0.109 pg TEQ/m<sup>3</sup>, 109% of the MECP criterion.</b><sup>11</sup></p> <p>Nearby Crago and Rundle Road stations were close to exceedance and D/F concentrations increased with proximity to the incinerator.<sup>12</sup></p> <p>Regions' consultant concluded "<i>the DYEC is unlikely to have substantially contributed to the elevated D/F concentration</i>", based on their assessment of wind patterns.<sup>13</sup> Meteorological data, however, showed it was a very calm day (low winds less than 5 km/h).<sup>14</sup> Other potentially relevant ambient results that day which were not discussed in consultant report included exceedances reported at all three stations for benzo(a)pyrene, with concentrations increasing with proximity to the incinerator<sup>15,16</sup>. In addition, the Total Suspended Particulate (TSP) data was <u>invalidated</u> that day at the Fence Line Station due to a power failure at the station.<sup>17</sup></p>
4.	All Years of DYEC Operation (2015 - Present)	Reporting of Dioxin/Furan Long-Term (monthly) Sampling (AMESA) Results is very incomplete,	<p>The public advocated for this long-term sampling and pays for it yet,</p> <ul style="list-style-type: none"> <li>• <b>Regions have withheld all monthly AMESA data for years 2015 to 2019</b><sup>18</sup> despite repeated requests for it from EFW Advisory Committee (EFWAC) members and Host Municipality of Clarington; during this period, modifications were made to sampling equipment and procedures</li> </ul>

<sup>10</sup> QUARTERLY AMBIENT AIR QUALITY MONITORING REPORT FOR THE DURHAM YORK ENERGY CENTRE – APRIL TO JUNE 2018, Section 4.5; also, Table 4-8, also Appendix I

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/20180810\\_AAQ2\\_2018\\_RPT.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/20180810_AAQ2_2018_RPT.pdf)

<sup>11</sup> Ibid., Table 4-7, page 4.24 (pdf p.60/140)

<sup>12</sup> Letter dated July 31, 2018, From Stantec Consulting to the Regions re: *Durham York Energy Centre, Ambient Monitoring Program – Elevated Dioxins/Furans at Courtice WPCP on May 26, 2018*

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/Notification\\_of\\_Elevated\\_Dioxin\\_and\\_Furans.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/Notification_of_Elevated_Dioxin_and_Furans.pdf)

<sup>13</sup> Ibid.

<sup>14</sup> Ibid., page 2 statement "*The wind roses for each station show low winds (less than 5 km/h) on May 26<sup>th</sup>*"

<sup>15</sup> Stantec, *QUARTERLY AMBIENT AIR QUALITY MONITORING REPORT FOR THE DURHAM YORK ENERGY CENTRE – APRIL TO JUNE 2018*, August 18, 2018, Table 4-6, page 4.22

Benzo(a)pyrene (B(a)P) concentration at the Courtice station (closest to incinerator) was 361% of the MECP criterion. Rundle Road (farther east and north of incinerator) was 278% of the MECP criterion.

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/20180810\\_AAQ2\\_2018\\_RPT.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/20180810_AAQ2_2018_RPT.pdf)

<sup>16</sup> Stantec, *QUARTERLY AMBIENT AIR QUALITY MONITORING REPORT FOR THE DURHAM YORK ENERGY CENTRE (CRAGO ROAD STATION) – APRIL TO JUNE 2018*, August 22, 2018, Section 4.4, page 4.19

Crago station (second closest to and east of the incinerator) B(a)P concentration was 295% of the MECP criterion.

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/Additional%20Monitoring/20180822\\_AA\\_Q2\\_Crago\\_rd\\_RPT.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/Additional%20Monitoring/20180822_AA_Q2_Crago_rd_RPT.pdf)

<sup>17</sup> RWDI Consulting, *2018 ANNUAL AMBIENT AIR QUALITY MONITORING REPORT: CONTINUOUS & PERIODIC MONITORING PROGRAM DURHAM YORK ENERGY CENTRE*, Section 4.3, page 11

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/2018\\_AA\\_RPT.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AmbientAir/2018_AA_RPT.pdf)

<sup>18</sup> Air Emissions/AMESA Reports at:

<https://www.durhamyorkwaste.ca/en/environmental-monitoring/air-emissions.aspx#Reports>

There are no AMESA Reports posted for the years 2015, 2016, 2017, 2018, and 2019. Quarterly AMESA Reports are posted only for years 2021 to 2024. AMESA 2020 results are provided in 2020 ECA Annual Report found at:

[https://www.durhamyorkwaste.ca/en/operations-documents/resources/2020/20210330\\_RPT\\_2020\\_DYEC\\_ECA\\_Annual\\_ACC.pdf](https://www.durhamyorkwaste.ca/en/operations-documents/resources/2020/20210330_RPT_2020_DYEC_ECA_Annual_ACC.pdf)



		and Dioxin/Furan Long-Term Sampling (AMESA) Reporting is not traceable, and is not transparent	<ul style="list-style-type: none"> <li>• <b>For 2020 onward</b> some data provided, however, <b>many months of data have been invalidated and/or are unavailable</b> and all underlying lab reports, documents have not been provided<sup>19,20</sup></li> <li>• While cartridges are installed for monthly periods, reported sampling durations are sometimes significantly less than a month.<sup>21</sup></li> <li>• Monthly results that have exceeded 64 pg TEQ/RM<sup>3</sup> (the stack test ECA limit is 60) have been invalidated according to protocol established by Covanta and the Regions<sup>22,23</sup></li> <li>• <b>Reasons cited for invalidation include operational issues known to have potential to produce high dioxin/furan emissions.</b> See summary provided as Attachment 1.</li> </ul>
5.	Years 2020 to 2024	AMESA Results indicate variability in dioxin/furan emissions	For the months when AMESA results were provided to the public and Host Community, some results show significant dioxin/furan emission variability and/or operational issues. <sup>24</sup>
6.	2023	Downwind Soil Dioxin/Furan Concentration More than Double 2013 Pre-DYEC Level	Concentrations of dioxins and furans in soil measured in 2023 increased at both the upwind and downwind sampling locations relative to historical levels. <sup>25</sup> The 2023 downwind concentration was more than double the 2013 pre-DYEC-construction level <sup>26</sup> . This 114% increase in soil concentration is much higher than what the Human Health and Ecological Risk Assessment (HHERA), completed for the original Environmental Assessment, predicted for soil loading after 30 years of operation <sup>27</sup> .

<sup>19</sup> 2020 AMESA data invalidated for October 2020: See 2020 ECA Annual Report, Section 5.6, pages 30, 31

[https://www.durhamyorkwaste.ca/en/operations-documents/resources/2020/20210330\\_RPT\\_2020\\_DYEC\\_ECA\\_Annual\\_ACC.pdf](https://www.durhamyorkwaste.ca/en/operations-documents/resources/2020/20210330_RPT_2020_DYEC_ECA_Annual_ACC.pdf)

<sup>20</sup> Quarterly periods where month(s) of AMESA data has been invalidated and/or no result reported are:

2021 Quarter 1 (Q1), 2021 Q3, 2021 Q4, 2022 Q2, 2022 Q3, 2023 Q4, 2024 Q1, 2024 Q2

The DYEC Long-Term Sampling System Quarterly Reports are posted at:

<https://www.durhamyorkwaste.ca/en/environmental-monitoring/air-emissions.aspx#Reports>

<sup>21</sup> DYEC Long-Term Sampling System Quarterly Reports, see AMESA Cartridge Replacement Schedule Tables therein

<sup>22</sup> Covanta, Durham and York Regions, *Durham York Energy Centre AMESA Report*, February 3, 2021, pages 6-8

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/2021/20210211\\_RPT\\_DYEC\\_AMESA\\_Report\\_20210203\\_ACC.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/2021/20210211_RPT_DYEC_AMESA_Report_20210203_ACC.pdf)

<sup>23</sup> Covanta, *DYEC AMESA – Investigation Checklist*, February 3, 2021

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/2021/AMESA\\_Investigation\\_Checklist\\_Rev.0\\_ACCpdf.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/AirEmissions/2021/AMESA_Investigation_Checklist_Rev.0_ACCpdf.pdf)

<sup>24</sup> For examples of variability see *DYEC Long-Term Sampling System Quarterly Reports*, ex. 2021 Q4, 2022 Q3, 2023 Q3 at:

<https://www.durhamyorkwaste.ca/en/environmental-monitoring/air-emissions.aspx#Reports>

<sup>25</sup> RWDI, *Durham York Energy Centre 2023 Soil Testing Report*, November 15, 2023, Table 4 Soil Analytical Results – Dioxins and Furans, Section 3.3.3, page 11/58 of pdf

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/Soil/2023/20231115\\_RPT\\_DYEC\\_2023\\_Soils\\_Testing\\_ACC.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/Soil/2023/20231115_RPT_DYEC_2023_Soils_Testing_ACC.pdf)

<sup>26</sup> Ibid., Table 4, page 19/58 of pdf

<sup>27</sup> Durham and York Regions, *DURHAM YORK ENERGY CENTRE Soil Testing Plan*, July 10, 2020, page 4 (p. 5/13 for the pdf) statement “The HHERA concluded that after 30 years of operation, soil concentrations would increase less than 2% over baseline concentrations for all COPC except dioxins/furans and inorganic mercury. Soil concentrations of dioxins and furans were estimated to increase by 20% and 57% for the normal operation and process upset scenarios respectively.”

[https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/Soil/Soil\\_Testing\\_Plan.pdf](https://www.durhamyorkwaste.ca/en/environmental-monitoring/resources/Documents/Soil/Soil_Testing_Plan.pdf)

7.	<p><b>Years 2020 to 2024*</b></p> <p>*At the time of writing this summary, review of consultant reports for earlier years of operation has not yet been completed. The consultant reports referenced here are not included in the Source Test reports posted on the DYEC website and need to be accessed in Durham councillor information packages (CIPs).</p>	<p><b>Operational Issues During Stack Tests</b></p>	<p>Statements of DYEC safe operation are based on stack test results that are in compliance with limits and procedures set by the MECP.<sup>28</sup> Stack testing is pre-arranged and conducted over very short time periods - only a few days - in the operational year. Furthermore, the stack test duration for most individual pollutants tested is measured in hours. For example, stack testing for dioxins/furans is comprised of three test runs, each of 4 hours duration: the total testing time is 12 hours.</p> <p>Yet, during these very short stack test runs at the DYEC, consultant reports document <b>there have been a number of tests where operational issues have occurred and stack testing has been paused and resumed only when operations are deemed to be back to normal</b>, then continued until the required number of test hours is met. <b>There have also been cases where stack tests have been aborted during the test or postponed due to operational issues.</b></p> <p>Some examples are listed here:</p> <ul style="list-style-type: none"> <li>• 2024 Spring Compliance Stack Test: a dioxin/furan test run was paused when steam production declined (feedstock with a high moisture content was suspected to be the cause) then resumed approximately 20 minutes later when steam production improved<sup>29</sup>; consultant report also stated some data was eliminated during the auditing process<sup>30</sup> and that one boiler deviated below the temperature requirement of 1000°C for a one-minute reading<sup>31</sup></li> <li>• 2023 Fall Compliance Stack Test: the dioxin/furan source test for boilers could not be done concurrently “due to plugging of the feed chute for Boiler 2”.<sup>32</sup></li> <li>• 2023 Spring Voluntary Source Test: a dioxin/furan test was paused due to Issues with the Carbon Feed System then resumed hours later after repairs were made<sup>33</sup></li> <li>• 2022 Spring Voluntary Source Test: stack testing for one boiler was delayed one day since an oxygen (O<sub>2</sub>) sensor was discovered to be down due to a card failure<sup>34</sup></li> <li>• 2020 Spring Voluntary Source Test: a Particulate Matter/Metals and Hydrogen Fluoride test was paused several times due to high CO emission levels<sup>35</sup>; a dioxin/furan test run was rejected due to failure in leak check<sup>36</sup>; the 2<sup>nd</sup> pass hopper became plugged on two separate occasions during testing period with consultant advising pressure gauges installed in 2016 on both units at discharge chute for 2<sup>nd</sup>/3<sup>rd</sup> pass hoppers to aid detection needed to be reinstalled.<sup>37</sup></li> </ul>
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<sup>28</sup> Durham Region Source Test Reports. For example, Durham Report #2024-INFO-55, *Durham York Energy Centre 2024 Compliance Source Test Update*, Sept 13, 2024, Section 5.2, page 3

<https://pub-durhamregion.escribemeetings.com/filestream.ashx?DocumentId=5007>

<sup>29</sup> STANTEC, *Oversight of Air Emissions Source Testing at DYEC (Spring 2024)*, p. 2; See Attachment 2 to Durham Report #2024-INFO-55

<sup>30</sup> Ibid.

<sup>31</sup> Ibid., page 4

<sup>32</sup> Ausenco, *Peer Review of Compliance 2023 Source Testing*, January 2024, page 2; See Attachment 2 to Durham Report #2024-INFO-17, pdf page 17/42; <https://pub-durhamregion.escribemeetings.com/filestream.ashx?DocumentId=3705>

<sup>33</sup> Ausenco, *Peer Review of DYEC Air Emissions Source Testing, Peer Review of Voluntary 2023 Source Testing*, September 15, 2023, pages 2,3; See Attachment 2 to Durham Report #2023-INFO-85, October 6, 2023 found at:

<https://pub-durhamregion.escribemeetings.com/Meeting.aspx?Id=7bf12c20-2303-44eb-ab3e-9d9c6c20841a&lang=English&Agenda=Agenda&Item=9&Tab=attachments>

<sup>34</sup> HDR, Technical Memo: *Durham York Energy Centre: Spring 2022 Stack Test, HDR Observations During Testing and Summary of Results*, August 30, 2022. See Attachment 3 to Durham Report 2022-INFO-87, November 4, 2022, re Spring 2022 Voluntary Source Test

<https://www.durham.ca/en/regional-government/resources/Documents/Council/CIP/CIP-2022/CIP-11042022.pdf>

<sup>35</sup> HDR, Technical Memorandum dated September 11, 2020, re: *Durham York Energy Centre: Spring 2020 Stack Test, HDR Observations During Testing and Summary of Results*; HDR Memorandum is Attachment 3 to Durham Report #2020-INFO-96,

<https://www.durham.ca/en/regional-government/resources/Documents/Council/CIP/CIP-2020/CIP-10232020.pdf>

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

## ATTACHMENT 1 - Summary: Months where DYEC AMESA Results Invalidated and/or Not Reported

(Summary from 2020 to 2024 Quarter 2; NO AMESA results reported for years 2015-2019)

Summary prepared by W. Bracken, Director, Durham Environment Watch (DEW))

<u>Year/Quarter</u>	<u>Sampling Dates</u>	<u>Boiler Affected: Result Status</u>	<u>Reason Given in Quarterly Report for not reporting Monthly Data</u>
2020 Q4	October	B1: <b>INVALIDATED</b>	AMESA malfunctions
2021 Q1	Feb 10 – Feb 26	B1: <b>No result</b>	Repair of defective AMESA pump
2021 Q3	Aug 18- Sept 23	B1: <b>INVALIDATED</b>	Failed economizer tube (outage revealed accumulated ash reducing gas flow)
2021 Q4	Oct 13 – Nov 10	B1: <b>INVALIDATED</b>	“Several incidents” identified including plugged economizer hopper with potential to lead to creation of dioxins/furans
2022 Q2	Apr 26 – May 25	B1: <b>Not Shown</b>	Sample compromised at lab
2022 Q3	June 24 – July 25	B2: <b>INVALIDATED</b>	“burner reliability issue”
2022 Q3	July 25 – Aug 26	B1: <b>INVALIDATED</b>	Plugged economizer
2023 Q4	Nov 4 – end of Q4	B1: <b>No results</b>	Malfunction of AMESA Unit 1
2024 Q1	Mar 26 - May 10	B2: <b>INVALIDATED</b>	“non-isokinetic conditions occured”
2024 Q2	July 2 – Aug 1	B2: <b>INVALIDATED</b>	“Boiler 2 experienced several operational issues during the testing period, including a black plant event. These disruptions led to non-isokinetic conditions ...”

Note: As of December 18, 2024, the last posted AMESA Report was 2024 Q2

Above information taken from DYEC Quarterly Reports posted on DYEC website at:

<https://www.durhamyorkwaste.ca/en/environmental-monitoring/air-emissions.aspx#Reports>





# The Regional Municipality of Durham Report

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To: Committee of the Whole  
From: Chief Administrative Officer  
Report: #2025-COW-18  
Date: May 14, 2025

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**Subject:**

MSIFN-Durham Bilateral Agreement – Government-to-Government Collaboration between the Mississaugas of Scugog Island First Nation (MSIFN) and the Region of Durham

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**Recommendation:**

That Committee of the Whole recommends to Regional Council:

- A) That the MSIFN-Durham Bilateral Agreement (Appendix 1) be endorsed for signature.
  - B) That staff be directed to plan for a signing ceremony to occur at a mutually-agreed upon date.
  - C) That a copy of this agreement be forwarded to local area municipalities in Durham Region, and the Association of Municipalities of Ontario (AMO) and the Federation of Canadian Municipalities (FCM) for their information.
- 

**Report:**

**1. Purpose**

1.1 The purpose of this report is to:

- a. Outline the foundation for government-to-government collaboration between the Mississaugas of Scugog Island First Nation (MSIFN) and the Region of Durham as documented within the Bilateral Agreement (Appendix 1).
- b. Obtain Council support to execute the agreement and take next steps including the development of a workplan.

## **2. Background**

- 2.1 In November 2024 Mississaugas of Scugog Island First Nation Chief Kelly LaRocca contacted Sandra Austin, the Region's Executive Director of Strategic Initiatives, to discuss the potential to negotiate a bilateral agreement between MSIFN and Durham Region.
- 2.2 The MSIFN consultation team provided draft content that was reviewed and amended through iterative review by staff in the CAO's Office, Finance, Legal Services, Legislative Services, Works, Community Growth and Economic Development. MSIFN Chief and Council have approved the revised text.
- 2.3 The Bilateral Agreement is designed to uphold and further the principles of reconciliation and the rights of Indigenous peoples, while exploring new opportunities to advance shared goals. By building a relationship based on mutual respect, this agreement highlights areas of initial interest and sets a foundation for restoration, reciprocity and future collaboration.
- 2.4 This agreement emphasizes the commitment of both parties to developing and maintaining a long-term relationship that encourages trust and respect. It encourages learning more about each others' goals for their communities, lands, and waters in mutually beneficial ways, including MSIFN treaty and harvesting rights, economic development and ecological protection and restoration within both culturally protected and western views.
- 2.5 This agreement is a living document that will be revised periodically with mutual agreement of both parties. It will be reviewed annually to ensure it serves its intended purpose of mutual respect and reciprocity.

## **3. Next steps**

- 3.1 Endorsement of the Bilateral Agreement supports the parties moving forward in the spirit of friendship, reciprocity and respect.
- 3.2 There is a commitment to maintain open communications, respecting all applicable legislation for confidentiality. On matters of mutual interest, the Region will engage early and in a coordinated and collaborative manner to streamline information sharing.
- 3.3 Parties will meet quarterly and maintain consistency of staff to build on institutional memory and support established relationships.
- 3.4 The establishment of an Indigenous advisory committee is proposed to ensure Indigenous input on a range of Regional initiatives.

## **4. Relationship to Strategic Plan**

- 4.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region's 2025-2035 Strategic Plan:

- a. Connected and Vibrant Communities
    - C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
    - C7. Create accessible, lively, and culturally welcoming public spaces, including opportunities to access nature.
  - b. Environmental Sustainability and Climate Action
    - E5. Respect the natural environment, including greenspaces, waterways, and agricultural lands.
  - c. Healthy People, Caring Communities
    - H3. Integrate and co-ordinate service delivery for positive life outcomes, including investments in poverty prevention, housing solutions, and homelessness supports.
  - d. Resilient Local Economies
    - R5. Cultivate and promote local arts, culture, quality of place, and tourism that embrace urban excitement and country charm.
  - e. Strong Relationships
    - S1. Enhance inclusive opportunities for community engagement and meaningful collaboration.
    - S2. Build and strengthen respectful relationships with First Nations, Inuit, Métis, and urban Indigenous communities.
    - S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.
- 4.2 For additional information, contact: Sandra Austin, Executive Director, Strategic Initiatives, at 905-668-7711, extension 2449.

## 5. Attachments

Attachment # 1: MSIFN-Durham Bilateral Agreement

Respectfully Submitted,

Original Signed by

Elaine C. Baxter-Trahair  
Chief Administrative Officer



## **Appendix 1- MSIFN-Durham Bilateral Agreement**

### **COLLABORATION AGREEMENT (the “Agreement”)**

BETWEEN

**THE MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION  
(“MSIFN”)**

AND

**THE REGION OF DURHAM  
(the “Region”)**

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### **1. Introduction**

This Agreement forms the foundation for government-to-government collaboration between the Mississaugas of Scugog Island First Nation (MSIFN) and the Region of Durham (“Durham”, or the “Region”). These are herein referred to as the “Parties”, which are described as follows.

MSIFN is member of the Williams Treaties First Nations (WTFNs), with reserve, traditional, and treaty territory lands that are within what is now known as Durham. Since time immemorial, Michi Saagiig (Mississauga) people have secured their needs from the surrounding environment. However, the cumulative impacts of development across the entire WTFN territory have greatly reduced the opportunities available for MSIFN’s rights and practices.

Implementation of the 1923 Williams Treaties by the Crown resulted in the denial of rights, including harvesting rights, and lack of proper compensation and additional lands. In 2018, the WTFNs negotiated a Settlement Agreement with the Crown that recognizes pre-existing rights, including treaty harvesting rights, for WTFN members, and facilitates the addition of up to 11,000 acres to each of the seven WTFNs’ reserve land base.

Decisions that occurred in the Region prior to 2018 may not have recognized these pre-existing rights, which has exacerbated the cumulative impacts. Decisions subsequent to

## Appendix 1- MSIFN-Durham Bilateral Agreement

the Settlement Agreement may support, or extinguish, MSIFN's ability to secure an additional 11,000 acres of reserve land.

Durham Region covers a diverse landscape that includes urban centres and rural communities, as well as natural spaces and agricultural lands. These are the lands and waters with which Indigenous Peoples have had a relationship of reciprocity since time immemorial.

Within the Region of Durham there are eight local area municipalities, including the Town of Ajax, Township of Brock, Municipality of Clarington, City of Oshawa, City of Pickering, Township of Scugog, Township of Uxbridge, and the Town of Whitby. Currently home to more than 750,000 residents, Durham Region continues to be one of the fastest growing communities in Canada.

Durham supports the 2018 Settlement Agreement and looks forward to a positive future of respect and collaboration.

## 2. Purpose

This Agreement will help to further reconciliation between the Parties, while opening new opportunities to advance mutual goals. The Parties are committed to:

**2.1.1** Developing and maintaining a long-term relationship that encourages trust and respect.

**2.1.2** Learning more about one another, including each other's goals for their communities and the lands and waters within the Region.

**2.1.3** Protecting, caring for, and restoring lands and waters for mutual benefit of their communities and support of MSIFN rights, including harvesting rights.

**2.1.4** Collaborating on clean energy and infrastructure economic development opportunities to the mutual benefit of the Parties, the climate and natural environment, and economic reconciliation.

**2.1.5** Considering opportunities for joint investment in revenue-generating infrastructure services where MSIFN's ability to secure low-cost capital may assist the Region in advancing and accelerating necessary infrastructure.

- 2.1.6** Upholding and furthering principles of reconciliation that are outlined in the Truth and Reconciliation Commission of Canada's Report, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and Canada's United Nations Declaration on the federal United Nations Declaration on Rights of Indigenous Peoples Act (UNDRIPA).

## **3. Working Together**

### **3.1 Communications and Confidentiality**

The following provisions will provide the guiding communication principles for collaboration between the Parties during the implementation of this Agreement.

- 3.1.1** The Parties will engage in open, honest, meaningful, and transparent communications on matters of mutual interest or concern. Discussions can be informal, and agreements reached during discussions will be documented.
- 3.1.2** The Parties will maintain confidentiality in mutual communications when appropriate, while recognizing the nature of governance and applicable legislation, including the Municipal Freedom of Information and Protection of Privacy Act that relates to the Parties, and the First Nations Principles of Ownership, Control, Access, and Possession, (OCAP). When OCAP principles are not in contravention of MFIPPA, they will be applied. In cases where OCAP principles contravene MFIPPA, the Region must conform to MFIPPA.
- 3.1.3** Durham will deploy resources to seek to reduce the administrative burden on MSIFN. This will include:
- a) Engaging MSIFN on matters of interest as early as possible.
  - b) Moving away from a fragmented approach to consultation files and towards approaches that are more coordinated and collaborative in nature (see 3.2.3). The Region will engage in consultation beyond the files on which it has been delegated the constitutional Duty to Consult.
  - c) Summarizing key impacts and opportunities for files provided to MSIFN (e.g., clean energy partnership opportunities, impacts on key environmental features).



## Appendix 1- MSIFN-Durham Bilateral Agreement

**3.1.4** The Parties will meet at least quarterly, but more as needed to review matters of interest under this Agreement. Specifically:

- a) Meetings will begin with general updates from both Parties and will then focus on project-specific matters with support from key project team members.
- b) The Region will provide consistency in staff to build institutional memory and support relationship building.
- c) Attendees will include at least two appointees made by each Party.

**3.1.5** Within 90 days of signing, the Parties will meet to begin preparing an annual work plan.

**3.1.6** The Parties will collaboratively establish key decision points on matters that could have irreversible impacts on the lands and waters that are critical for current and future practice of Indigenous rights.

**3.1.7** The Region will investigate the establishment of an Indigenous Advisory Committee, similar to existing Committees of Council that provide insight and advice.

### 3.2 Collaboration Opportunities

The Parties agree to advance the following opportunities for collaboration:

#### 3.2.1 Ecological Protection and Restoration

The parties commit to working together to protect lands and waters within the Region, while advancing ecological restoration opportunities that also support cultural connections to restored ecosystems, recognizing that:

- a) The Region contains lands that have historically provided sustenance and cultural connections of critical importance to MSIFN members. However, the extensive development of the Region means that many members are no longer, or have never, been able to practice their rights that depend on healthy lands and waters.
- b) Protection of remaining natural areas and their health is critical to prevent exacerbated cumulative impacts on MSIFN rights. As a shared responsibility, protection of ecosystems should occur in a manner that upholds MSIFN rights, interests, and equally values Indigenous Knowledge alongside western science/assessments.

## Appendix 1- MSIFN-Durham Bilateral Agreement

- c) The high magnitude of cumulative impacts of past decisions at all levels means that restoration of lands and waters is crucial. Restoration should aim to support MSIFN member's cultural connections, while healing ecosystems that both Parties' community members rely on.
- d) Ontario's policies and programs will be treated as a minimum, the Parties will strive to higher standards whenever possible.

### **3.2.2 Economic Development, Partnerships, Arts and Culture**

This Agreement will support economic reconciliation and climate change mitigation by:

- a) Facilitating clean energy development and partnerships, while also supporting First Nation procurement opportunities.
- b) Ensuring opportunities for the Region to learn about MSIFN businesses, to inform MSIFN with respect to the types of contractors the Region engages, and to identify and reduce barriers to entry for First Nation participation.
- c) Exploring opportunities for joint economic development initiatives, land use or acquisition or joint infrastructure investments on mutually beneficial priorities, including through participation in the Durham Economic Development Partnership (DEDP) table, and as a permanent member of the Durham Economic Task Force (DETF).
- d) Leveraging MSIFN community connections for input into art, design, and cultural opportunities, including placemaking and the identification of spaces to host community work.

### **3.2.3 Consultation, Accommodation and Collaboration**

Within Durham, local area municipalities now provide planning files to MSIFN for consultation. To the extent possible, the Parties commit to improving the process to support MSIFN's rights and interests, including:

- a) Establishing consultation and accommodation protocols that allow for a coordinated approach that proactively considers the cumulative impacts of decisions.
- b) Approaching the creation and review of key strategic and corporate documents (e.g., infrastructure and service planning) through a lens that examines potential connections to MSIFN reserve and fee simple lands.

## Appendix 1- MSIFN-Durham Bilateral Agreement

- c) Servicing considerations (e.g. public transportation, Regional roads, waste management, etc.) will include the potential for MSIFN partnerships.
- d) Durham will help identify and support opportunities for MSIFN to acquire lands under the fee simple process outlined in the WTFN Settlement Agreement.

### 3.3 Terms and Conditions

The Parties agree to abide by the following terms and conditions:

- a) Reasonable capacity funding will be provided to facilitate MSIFN participation in this Agreement.
- b) This will be a living document that can be revised from time-to-time with mutual agreement of the Parties. The parties will review the Agreement annually to ensure that it is serving its intended purpose.
- c) The Agreement will have an initial five-year term that can be extended by mutual agreement, in writing.
- d) The Agreement can be terminated with 30 days written notice by either Party, which should include reasoning for termination. Prior to issuing written notice, the Parties agree to meet and work towards resolution of any concerns. During the 30-day written notice period, the Parties will meet and attempt to address the reasoning for termination given in the notice.
- e) Any disputes will be elevated to MSIFN's Chief and/or assigned Councillor, along with Durham's Regional Chair.
- f) This Agreement does not constitute consultation, and does not superseded MSIFN's inherent, Aboriginal, or Treaty rights.



Appendix 1- MSIFN-Durham Bilateral Agreement

**SIGNED THE** \_\_\_\_\_ day of \_\_\_\_\_ 2025.

**MISSISSAUGAS OF SCUGOG ISLAND      REGION OF DURHAM  
FIRST NATION**

Chief Kelly LaRocca

Regional Chair and CEO John Henry

Councillor Sylvia Coleman

Signatory 2

Councillor Jeff Forbes

Signatory 3



# The Regional Municipality of Durham Report

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To: Committee of the Whole  
From: Chief Administrative Officer  
Report: #2025-COW-19  
Date: May 14, 2024

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**Subject:**

Courtice Transit-Oriented Community District Energy System – Recommended Business Model and Governance Framework to Enable Implementation

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**Recommendation:**

That the Committee of the Whole recommends to Regional Council:

- A) That Regional Staff be directed to collaborate with staff from the Municipality of Clarington to prepare the comprehensive business case study and conduct the public consultation required under the Municipal Act and the regulations to allow the municipalities to create a Joint Municipal Services Board (JMSB) to govern the delivery of a district energy system (DES) in the Courtice Transit Oriented Community (CTOC), and a jointly owned Municipal Services Corporation (MSC) with a mandate to develop, own, and operate the CTOC DES.
- B) That staff be directed to take necessary steps to submit a preliminary funding application to the Federation of Canadian Municipalities' Green Municipal Fund Community Energy Systems Capital Project Stream for a combined grant and loan up to a maximum of \$10 million to support the first phase of the proposed CTOC DES project.
- C) That staff be directed to explore opportunities for public and private sector financing partnerships to support the implementation of the proposed CTOC DES, including grant funding from the federal and provincial governments, as well as project financing opportunities through the Canada Infrastructure Bank, Infrastructure Ontario, and other institutions.
- D) That staff be directed to undertake a non-binding Request for Expressions of Interest (RFEOI) to identify potential private sector partners to enable the provision of necessary infrastructure, operational support, and expertise in DES delivery in the CTOC.

- E) That staff be directed to report back to Council before the end of Q1 2026 with a comprehensive business case study for a jointly-owned Municipal Service Board and MSC between the Region and Clarington for final approval to create both entities, including key recommendations on how the entities are proposed to be governed and managed, sources of capital to enable project implementation, available preliminary business case updates, key partnerships with third parties for project implementation and operations, as well as a detailed project implementation plan that shows how the infrastructure will be delivered in time for the high density development planned around the future Courtice GO Station.
- F) That a copy of this report be forwarded to local area municipalities in Durham Region, GTHA upper-tier Regional Municipalities, the Association of Municipalities of Ontario (AMO), the Ontario Ministry of Municipal Affairs and Housing, the Ontario Ministry of Energy and Mines, Natural Resources Canada, the Durham Region Home Builders' Association (DRHBA), and the Federation of Canadian Municipalities (FCM) for their information.
- 

## **Report:**

### **1. Purpose**

#### **1.1 The purpose of this report is to:**

- a. Provide a high-level update to the preliminary business case for the CTOC DES since the last update provided to Regional Council through Report 2024-COW-1.
- b. Respond to Council direction to evaluate ownership and governance models for the proposed CTOC DES and provide a recommendation.
- c. Obtain Council direction to staff to undertake critical next steps, including:
  - Conducting detailed analysis in support of the creation of a JMSB to govern the proposed CTOC DES, and a jointly owned Municipal Services Corporation (MSC) with a mandate to develop, own and operate the proposed CTOC DES.
  - Conducting formal engagement with potential funding partners (including grant funding and other financing) in support of the development of a detailed capital plan for the proposed CTOC DES MSC.
  - Conducting market sounding to solicit interest from third parties to facilitate future project design, and potential construction, operations, finance and maintenance.
  - Conducting public consultation required under the Municipal Act to establish an MSC.



- Developing a Comprehensive Business Case Study for a DES MSC, including a proposed organizational structure, in addition to capital financing plan, operations plan, and implementation plans, including consideration of partnership opportunities identified.

## 2. Background

- 2.1 In 2019, through the recommendations of Report #2019-A-18, Regional Council approved in principle the Durham Community Energy Plan (DCEP). DCEP identified district energy as one of the top decarbonization strategies for Durham Region. This finding is backed up by more recent analysis from the RBC Climate Action Institute which in a report released in August 2024 entitled "[A Smart Heating Solution For Canada's Fiscally-Strained Municipalities](#)" estimated that scaling district heating systems could lower building sector emissions in Canada's largest cities by 36% while providing a significant new revenue stream in the case of municipally owned systems.
- 2.2 In addition to enabling decarbonization, district energy can provide a wide range of benefits including energy efficiency, fuel flexibility, simplified building operations and maintenance, and decreased costs for building owners/occupants, while also serving as critical infrastructure, that supports high quality local employment.
- 2.3 District energy is generally most cost effective when deployed in high-density mixed-use developments where infrastructure costs can be shared across many end-use customers, and where there is variability in heating demand throughout the day. It is particularly cost effective in greenfield developments where district energy can be planned and implemented alongside other infrastructure and utility connections in a coordinated manner.
- 2.4 Seven of Durham's Major Transit Station Areas (MTSAs) along the Lakeshore East GO Train corridor are seen as key opportunity areas for district energy given the high-density mixed-use development planned for these areas. Regional staff have focused initial efforts on exploring the feasibility of a DES serving the high-density areas planned around the future Courtice GO station (e.g. Courtice Transit Oriented Community, or CTOC) for the following key reasons:
- a. The CTOC MTSA is projected to see significant new population density and commercial floor area over the coming decades;
  - b. The CTOC MTSA is a greenfield development area where new infrastructure is yet to be implemented (e.g. roads, water supply, sanitary sewer). This provides the opportunity to coordinate district energy implementation with overall site servicing to realize economies of scope and scale while minimizing future disruption; and
  - c. The CTOC MTSA is strategically located within proximity to the Durham York Energy Centre (DYEC) which is governed by a Host [Community Agreement](#) between Durham Region and Clarington that commits to "strongly encourage

and promote development within the Clarington Energy Park and other areas of Clarington to utilize district heating and cooling provided by the energy from waste facility”.

- 2.5 A [2022 pre-feasibility study](#) co-led by Clarington and the Region found that conditions in South Courtice were favourable to the implementation of a DES given proximate sources of low carbon heat, and the planned high-density development surrounding the future Courtice GO Station. Following the 2022 pre-feasibility study Region and Clarington staff developed a preliminary business case focused on serving the Courtice MTSA with waste heat from Regionally-owned infrastructure in the Energy Park immediately to the south of Highway 401. That [preliminary business case study](#) was presented to Regional Council and Clarington Council in early 2024, and the CTOC project concept was unanimously endorsed in principle with staff directed to:
- a. work with staff from the Municipality of Clarington to incorporate the DES concept into the CTOC Secondary Plan to support the future implementation of a DES focused on serving new development in the CTOC Major Transit Station Area (MTSA).
  - b. evaluate potential grant and low-interest financing options that might be available to support the proposed CTOC DES project concept.
  - c. evaluate ownership and governance models for the CTOC DES in collaboration with the Municipality of Clarington, landowners in the area, as well as potential energy utility partners
  - d. report back to Council with a recommended ownership and governance model as well as an updated and refined preliminary business case, identifying Regional financial, business planning and budget implications, opportunity costs and assessment of risk and potential mitigation strategies based on refined project timing and implementation strategies.
- 2.6 This report primarily focuses on presenting a recommended ownership and governance model for the CTOC DES. It also presents high-level updates to the underlying preliminary business case based on input from the CTOC Landowner Group (LOG). Regional staff continue to work with staff from the Municipality of Clarington to develop an enabling policy framework for the CTOC DES, including through the CTOC Secondary Plan. Council endorsement of the recommended ownership and governance model will enable Regional staff to advance due diligence around potential financing options, and identification of Regional financial implications and risk mitigation strategies.

### **3. CTOC DES Preliminary Business Case**

- 3.1 The preliminary business case study referred to in Section 2 assessed technical feasibility, costs, and GHG reduction potential of leveraging waste heat from Regional infrastructure, such as the DYEC and the Courtice Water Pollution

Control Plant (CWPCP). The study found that a heating-only DES leveraging waste heat from DYEC is the most cost-effective DES option.

- 3.2 Following Council endorsement of the CTOC DES concept project in principle, Regional staff have worked with the Municipality of Clarington and the CTOC Landowner Group (LOG) to update and refine the preliminary business case with a focus on an initial Phase 1 implementation concept (e.g. to 2035). Key updates to the preliminary business case (Attachment #2 to this report) include:
- a. Increased floor area forecast: the prior update to the preliminary business case was based on a conservative density scenario, which translates into approximately 700,000 m<sup>2</sup> of floor area by 2057. Through engagement with the CTOC LOG, staff have learned that developers in the area have plans to build significantly more housing units and overall floor area than initially considered, totalling up to 2 million m<sup>2</sup>. As such, the revised preliminary business case is based on a still-conservative estimate of 1 million m<sup>2</sup> over a 30-year build-out starting in 2029. In terms of Phase 1 DES implementation, this translates into nine multi-unit residential buildings connected to the system by 2035.
  - b. Removal of CWPCP as an anchor-DES load: the prior update to the preliminary business case included the CWPCP as an anchor DES load, based on the assumption that the CWPCP could meet its plant heating demands from DES, which would free up the biogas produced on site to be upgraded to renewable natural gas (RNG) and injected into the Enbridge distribution network. While the RNG opportunity at CWPCP continues to be explored by Regional staff in collaboration with Enbridge Gas, initial assessments suggest that projected biogas production volumes at CWPCP are not expected to be high enough in the near-term to warrant the inclusion of the CWPCP in the refined preliminary business case focused on Phase 1 DES implementation. The opportunity for RNG utilization strategies and inclusion of the CWPCP as a key DES customer may be revisited through ongoing evaluation work as additional data becomes available, and as the proposed DES connection to DYEC progresses.
- 3.3 Key findings from the updated preliminary business case are summarized below:
- a. Lower GHG emissions: ~70% lower GHG emissions compared to a business-as-usual (BAU) scenario where each building meets its heating demand through on-site natural gas systems.
  - b. Lower lifecycle costs: Overall capital costs are estimated at \$67 million (in 2023 dollars) which compares favourably against alternative decarbonization strategies, namely electrified heating systems on-site at each building on a lifecycle cost basis. These costs will be incurred over time as the DES is built-out, and will be subject to escalation. However, there are potential grant and low-interest financing opportunities which could help cover upfront capital



costs and further reduce overall lifecycle costs relative to alternative strategies.

- c. **Energy cost stability:** In addition to reduced lifecycle costs, the DES provides potential for greater energy cost stability for CTOC MTSA residents, relative to building electrification, due to reduced exposure to escalating electricity rates. In a scenario where electricity rates escalate higher than historical averages, CTOC DES users will see substantially lower monthly heating costs than a fully electrified decarbonization strategy.
- d. **Competitive rates and connection fees:** CTOC DES preliminary utility rates compare favourably against rate benchmarks from regulated DES systems in British Columbia, where thermal energy is regulated by the BC Utilities Commission and data on DES utility rates is publicly available. There is limited publicly available data on DES utility rates across Canada outside of British Columbia.
- e. **Flexibility for future heat utilization and low carbon energy production:** DYEC has a project agreement and an electricity generation contract (i.e. Power Purchase Agreement selling net electricity generated to the Ontario electrical grid) with the Independent Electricity System Operator (IESO) that expires in 2036. That contract limits the amount of heat that can be economically extracted to serve the CTOC DES. Future agreements may provide opportunities to enhance returns on investment from the DYEC, with a potential increase in heat extraction relative to electricity production. The DES may also enable opportunities for future RNG production at the CWPCP as biogas production volumes increase because of planned increases in wastewater treatment capacity.

#### **4. De-risking District Energy Deployment in the Courtice Transit Oriented Community**

- 4.1 **Establishing a DES requires a secure base load of end-use customers to justify the initial upfront capital investment.** The first phase of a DES is often the most challenging as significant capital needs to be deployed to serve a small portion of the anticipated development. Underpinning the updated preliminary business case outlined in Section 3 is an assumption that all new high-density development in the CTOC connects to the proposed DES. The preliminary business case demonstrates that there are potential benefits to all stakeholders if universal connection among high density development is realized, however there are two major categories of risk that need to be further assessed and addressed through policy and governance frameworks:
  - a. **Connection risk:** A lack of certainty regarding customer connection undermines the business case for a new DES, therefore it is crucial that customers within a defined DES service area be connected to the system to make the system viable.

- b. Timing risk: The timing of new building construction and occupancy can be unpredictable, impacting when buildings can connect to the DES and potentially delaying the investment returns due to reduced revenues.
- 4.2 Municipalities across North America are implementing a range of policy tools and strategies to reduce connection and timing risks for new district energy systems, including:
- a. **Conditional Rezoning** – where a rezoning is required (e.g. from residential to employment), a municipality can consider requiring the creation of a DES as a condition. See the River District Energy System Case study in Attachment #1 for an example of this. The CTOC Secondary Plan area is already zoned residential, so this approach is not seen as a viable strategy to reduce connection risk.
  - b. **Joint Development Agreement** – where a site is municipally-owned, and the municipality wishes to partner with private sector entities to develop the site, the municipality has greater leverage to ensure that all buildings connect to a DES through development agreements. This approach was used by the City of Toronto in the Etobicoke Civic Centre Project (see case study in Attachment #1). However, this approach is not seen as viable in the CTOC Secondary Plan area as there is limited municipal land ownership and no immediate plans for joint development of these lands.
  - c. **Limits on new natural gas service connections** – some municipalities across Canada and the US (including, for example, New York City, Montreal, and Vancouver), are implementing bans on natural gas connections in new homes. However, initial legal analysis completed by Regional staff indicate that Ontario municipalities do not have the authority to deny building permits based on choice of fuel source, so this option is not seen as a viable approach to reduce connection risk.
  - d. **Green Development Standards** - GHG limits on new buildings are an emerging municipal policy tool in Ontario, initially implemented by the City of Toronto through the Toronto Green Standard (TGS). Such policies can incentivize customers to connect to a low-carbon DES. Several local area municipalities in Durham have similar programs (Whitby, Ajax and Pickering), however there is considerable uncertainty over the ability of municipalities to impose GHG requirements for new buildings given provincial legislative changes (e.g. Bill 23) and an active legal challenge by the Residential Construction Council of Ontario (RESCON) against the City of Toronto for its TGS. While Clarington is in the process of developing its own Green Development Standard program, this on its own is not seen as a potential strategy to fully reduce connection risk.
  - e. **Mandatory connection policies** – mandatory connection can be limited to specific areas, specific types of connections, or specific time periods.

Connections outside a designated service area remain voluntary and at the discretion of a DES Utility. Mandatory connection may be used temporarily as a tool to support new system development by promoting an efficient layout and helping achieve adequate scale to launch the utility. For example, the City of Vancouver has a mandatory connection by-law covering new construction and major renovations with a designated service area for its False Creek Neighbourhood energy utility (see Case Study in Attachment #1). The aforementioned RBC Climate Action Institute report "[A Smart Heating Solution For Canada's Fiscally-Strained Municipalities](#)" lists the introduction of mandatory connection by-laws as a key policy support to speed up the adoption of district energy systems.

- 4.3 Analysis of the policy tools and strategies outlined above indicates that a mandatory connection policy is the most viable approach to reducing connection risk to the proposed CTOC DES and realizing the multi-faceted benefits outlined in the preliminary business case update. Municipalities have authority under the Municipal Act to pass by-laws relating to public utilities, which include district energy systems.
- 4.4 The mandatory connection policy approach does not address the timing risk noted above. The preliminary business case update addresses timing risk through a phased implementation of DES infrastructure to minimize early investment in the system, and by assuming staged expansion to match projected growth within the CTOC high-density neighbourhood. Initial heating demand could be served using temporary energy centres located within the CTOC (fuelled by natural gas), and only once sufficient development in the area is underway would the utility invest in the infrastructure to interconnect with the DYEC for heat supply. It is important to note that the DYEC is not part of the DES itself but is connected to the DES to supply waste heat.
- 4.5 These findings have significant implications for the proposed ownership model for the CTOC DES, which will be discussed in the following sections.

## **5. District Energy Ownership Models**

- 5.1 Generally, there is no universal ownership model for district energy although most DES fall along a spectrum from fully public to fully private (see Figure 1 below), with a range of hybrid models possible in between:
  - a. Public Ownership – this is the most common model globally, often in the form of municipal ownership, providing control over objectives and means of district energy development. This offers low-cost financing, access to grants and other contributions, and aligns affordability with local energy security and decarbonization objectives. Private sector partners can reduce demands on municipal capacity and capital, provide expertise and services (ranging from design, construction, operations and maintenance), and offer risk transfer opportunities. Municipal ownership is beneficial in early stages to mitigate



connection risk through coordination with municipal planning or mandatory connection policies.

- b. Private ownership – Privately-owned district energy utilities are less common globally. Some private systems emerged out of previously publicly owned systems (e.g., the Enwave district heating system in downtown Toronto). Private systems serve primarily commercial interests: competitive rates, reliability and investor profits, but can also evolve in response to policies and incentives such as green development standards, carbon pricing or other environmental regulation.
- c. Hybrid ownership – many of the benefits of public (municipal) ownership can be secured through private-sector delivery although this requires a high degree of cooperation between municipalities and the private sector. Hybrid governance models can reduce capital and organizational demands on municipalities, while also transferring risk. However, governance can be more complicated, and private ownership tends to increase financing costs and constrain the typical trade-offs between financial returns and public benefits that are possible under direct public ownership.

**Figure 1: Spectrum of DE Ownership Models**



5.2 In addition to mitigating connection risk as discussed in Section 4, common ownership model considerations for municipalities establishing new DES include:

- a. Investment required – a wholly municipally owned and delivered utility will require the municipality to fund all capital costs. However, municipal ownership with private sector partnerships can offload some or all the financing requirements to a third-party utility company. Municipal ownership with private sector partners may unlock access to grants directed at public

sector agencies which are not available to a private sector owner. Fully private systems would typically require no municipal capital contributions.

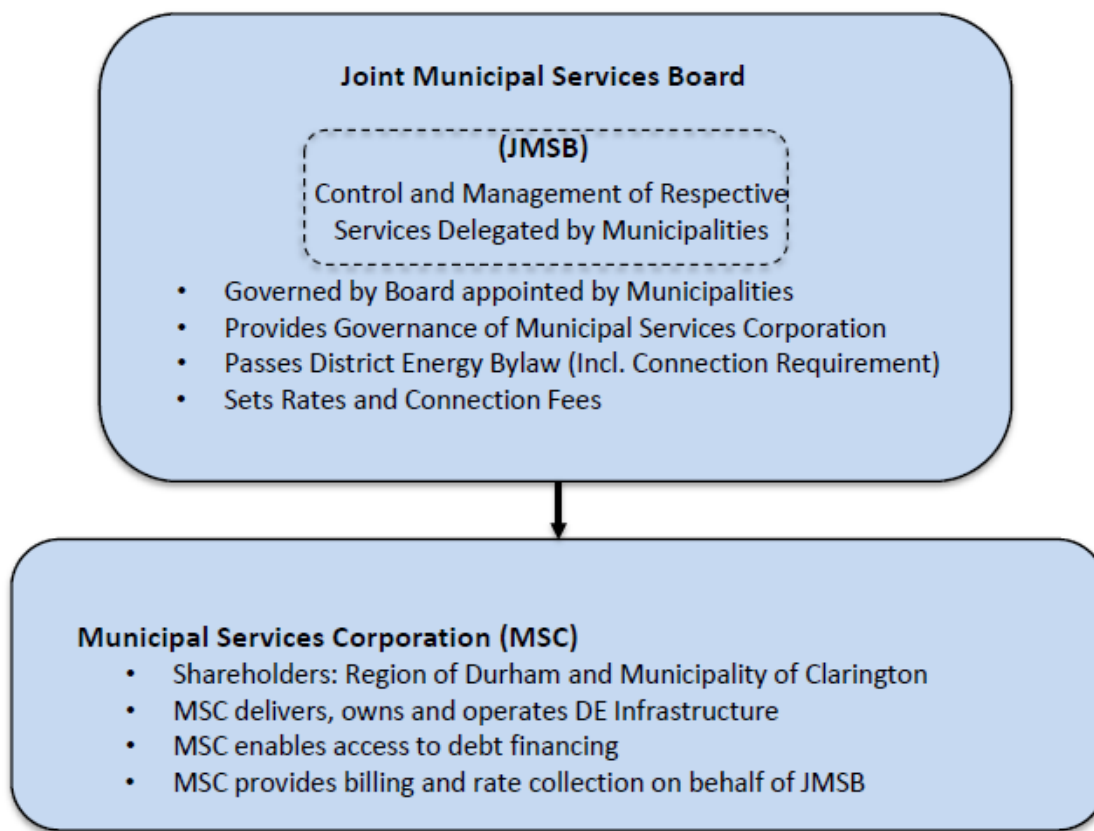
- b. Influence over end user rates and affordability – Municipal ownership provides the greatest degree of control over rates and affordability, as the municipalities can determine how best to manage competing priorities such as customer affordability, cost recovery and overall environmental performance.
- 5.3 Municipal ownership can include joint ownership by two or more municipalities, and municipal ownership does not preclude partnerships (in the form of service contracts) with private sector service providers to support design, construction, operation, maintenance and financing of the utility.
- 5.4 Regardless of the ownership model, most successful business models for DES involve a municipality to some degree, typically through policy, planning, and/or partial or full ownership.

## **6. Courtice DES Ownership and Governance Model Evaluation and Recommendation**

- 6.1 Building on the policy analysis in Section 4 and ownership model considerations outlined in Section 5 above, staff conducted an options-oriented analysis of ownership and governance structures ranging from fully municipal ownership to fully private ownership models. This evaluation points to an arms-length municipal-ownership model via a municipal services corporation (MSC) as the preferred ownership model for the following key reasons:
- a. Municipal ownership places the DES in the best position to manage connection risk and ensure building connections within the CTOC. Ensuring building connections is critical to the preliminary business case outlined in Section 3, and will be critical in enabling the DES to attract grant funding and low-cost capital through public and private sources which in turn supports overall affordability of energy delivered;
  - b. Municipal ownership provides the Region and Clarington with control over the end user rates and connection fees charged by the utility, which provides transparency and accountability to ratepayers, and supports affordability objectives for landowners and district energy customers in CTOC; and
  - c. Given that the CTOC DES is ultimately based on a future energy supply from jointly-owned infrastructure between Durham and York, namely, the Durham York Energy Centre (DYEC), any matters related to connection, heat sales agreements, or energy supply will presumably require coordination with York Region. As the DES also contemplates municipal infrastructure and facilities in the Clarington Energy Park and CTOC as customers, municipal ownership allows the Region and Clarington to control costs and ensure reliable service delivery.

- 6.2 Building on the ownership model considerations, and associated legislative analysis, Regional Staff propose development of a DES ownership and governance model consisting of two entities as shown in Figure 2, and described below:
- A Joint Municipal Services Board (JMSB) with delegated authority over the services required to operationalize the CTOC DES. The JMSB acts like an extension of the municipalities and will include representatives appointed by the respective Councils of both the Region and the Municipality of Clarington. The JMSB would provide governance over a jointly owned Municipal Services Corporation (MSC), including approving annual budgets and the user rates that the MSC charges to customers in the DE service area. The JMSB would be delegated the authority to implement a district energy mandatory connection by-law for high density development in the CTOC MTSA.
  - A Municipal Services Corporation (MSC) jointly owned by the Region and Clarington would be responsible for delivery, ownership, and operations of the DES. It would hire staff for its operations and establish contracts with private sector partners needed for construction, operations, maintenance, etc.

**Figure 2: Recommended CTOC DES Ownership and Governance Model**





- 6.3 Establishment of an MSC is permitted under Ontario Regulation 599/60 which requires the Region and Clarington to:
- a. Develop a business case study for the MSC (Section 6);
  - b. Consult with the community about the plan to create the MSC;
  - c. Adopt and maintain policies with respect to the transfer of assets; and
  - d. Obtain Council approval in the form of a resolution or by-law.
- 6.4 The MSC would function as a subsidiary corporation of, and therefore operate as a separate legal entity from, the corporations of the Region and Clarington. This model is recommended as it permits a greater degree of autonomy from ongoing municipal operating processes, providing the increased organizational agility necessary to achieve the DES goals and objectives more efficiently and expeditiously.
- 6.5 Moving forward with the MSC, an important consideration is that only municipalities may be owners. In the result, the sole shareholders would be the Region and Clarington. As per Section 196 of the Municipal Act, it is up to the discretion of the municipal owner to determine the initial composition of the Board of Directors. In terms of keeping Council informed as the shareholder, it is up to the owner municipalities to determine whether they will be informed through regular reporting, or if they would prefer to have Council member(s) on the Board of Directors to act as the informative link between the MSC and Council. In addition, the Chair of the Board will be selected by the Shareholder, and the Board will play a role in decision making and governance. Staff from the Region and Clarington will collaborate to develop business recommendations on these issues.
- 6.6 The MSC will develop a Board of Directors that will be responsible for governance of operations, and as mentioned above, the municipal owners will decide if a Council member is part of the Board. The municipal owner will be responsible for deciding the number of members they would like on the Board initially; it will likely be recommended that an uneven number of members are selected in order to break any voting ties. Some general policies that should be adopted and developed for the MSC include:
- Financial policies
  - Human Resource Practices/regulations
  - Operations and Programs
  - Asset Management Strategies
  - Standard Operating Procedures

The implementation of these policies occurs after the incorporation of the MSC and staff from the Region and Clarington will undertake to develop them in draft now, for subsequent Council consideration.

- 6.7 It is anticipated that the MSC will work with experienced third parties to support implementation of the CTOC DES, including: obtaining financing, construction of the necessary infrastructure, operations and maintenance of the district energy service including customer billing services. Regional staff propose to conduct an initial Request for Expressions of Interest (RFEI) in Q3 2025 to understand options for third party partnerships to mitigate risks and support project implementation.

## **7. Potential Funding Sources for CTOC DES**

- 7.1 The proposed DES could potentially be supported by a variety of funding and financing sources to enhance its overall financial viability. These include:
- a. FCM Green Municipal Fund (GMF): offering up to \$10 million comprised of a mix of grants and low-interest loans under the Community Energy Systems stream.
  - b. Canada Infrastructure Bank (CIB): provides low-interest debt financing, with over \$1 billion already allocated to DES utilities over the last two years although it should be recognized that there is inherent political risk and uncertainty associated with the future availability of this funding source.
- 7.2 Through this report Regional Staff are seeking direction to explore the potential for grant and low-interest debt financing options to support the business case and overall financial viability for the CTOC DES.

## **8. Tentative Project Development Timeline**

- 8.1 The critical path for the CTOC DES calls for the proposed DES and related service to be available in time for the first buildings in the CTOC high density core to connect, which is currently forecasted to be 2029.
- 8.2 Initial steps over the period of 2025-2026 focus on establishing the CTOC DES policy and governance framework as outlined in this report. Key immediate next steps include:
- a. Inclusion of DES supportive policy in the CTOC Secondary Plan
  - b. Establish a Joint Municipal Services Board (JMSB) and Municipal Services Corporation (MSC) through completion of a comprehensive business case study, including development of a capital financing strategy, and engagement with potential private sector DE operating partners; and
  - c. Continued engagement with CTOC LOG to refine district energy service area and phasing plan
- 8.3 Building on the initial steps outlined above, Phase 1 of DES design, procurement and construction is forecasted to begin in 2027 to enable service delivery in 2029

when initial high-density buildings are expected to be completed. Initial DES demand will be served by a temporary energy centre in the CTOC.

- 8.4 The utility will closely monitor development in CTOC in collaboration with the LOG to ensure appropriate phasing of investment in subsequent district energy infrastructure, including the design and construction of the DYEC heat recovery system and transmission piping system which is forecasted to be in place by the early to mid-2030's based on current development projections.

## **9. Conclusions and Recommended Next Steps**

- 9.1 The updated preliminary business case for the CTOC DES reaffirms the potential feasibility and benefits of leveraging waste heat from DYEC. The refined financial model, increased projected floor area, and phased implementation strategy assist in strengthening the case for a municipal-led ownership model. To mitigate connection risk and ensure project viability, a mandatory connection policy is recommended.

- 9.2 In undertaking next steps, staff seek Council direction to:

- a. Conduct a detailed analysis to establish a Joint Municipal Services Board (JMSB) and a Municipal Services Corporation (MSC) to govern and operate the proposed CTOC DES.
- b. Engage potential funding partners to develop a comprehensive capital financing plan.
- c. Conduct market sounding and issue RFEOI to assess third-party interest in project development and operation.
- d. Conducting public consultation required under the Municipal Act to establish an MSC.
- e. Develop a comprehensive business case study outlining governance, financial, and operational strategies for the DES MSC.

## **10. Relationship to Strategic Plan**

- 10.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Goal #2 – Environmental Sustainability and Climate Action
  - Goal E1 – Reduce corporate greenhouse gas emissions to meet established targets.



- Goal E2 - Collaborate with partners on the low carbon transition to reduce community greenhouse gas emissions;
- Goal E4 – Lead the transition to sustainable living through waste management, diversion, and the circular economy; and

b. Goal #4 – Resilient Local Economies

- Goal R1 - Attract and retain quality employers that strengthen key economic sectors, including energy and technology.

10.2 For additional information, contact: Ian McVey, Manager of Sustainability at 905-668-7711, extension 3803.

Approved by: Sandra Austin, Executive Director, Strategic Initiatives

## 11. Attachments

Attachment #1: District Energy Ownership Models – Briefing Report – Reshape Strategies

Attachment #2: Courtice District Energy System Preliminary Business Case Overview

Respectfully submitted,

Original Signed by

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Elaine C. Baxter-Trahair  
Chief Administrative Officer

# District Energy Ownership Models

## Briefing Report R2

Reshape Project Number P808

January 16, 2025



**RESHAPE**  
STRATEGIES

**Statement of Limitations**

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# 1 Introduction

This report provides information on common district energy ownership models, typical ownership considerations for municipalities when establishing new district energy utilities, and case studies of new and evolving district energy systems in Canada.

The purpose of this report is to inform subsequent discussions and decision making regarding a preferred ownership model for the proposed Courtice Transit Oriented Community District Energy System in Durham Region.

# 2 District Energy Ownership Models

There is no universal ownership model for district energy. Ownership models vary greatly by country and by region, as well as technology and stage of market development. Ownership models are as much a function of local history and cultural preferences as explicit public policy. For many utilities, ownership has evolved over time with changes in market maturity, system size, technology, public sector priorities, and other considerations. The presence and form of economic regulation of district energy can also influence or constrain ownership models in a jurisdiction.

Most DE systems fall along a spectrum from fully public to fully private (Figure 1) Between fully public and fully private there are many types of hybrid models with varying degrees of shared ownership or governance.





Figure 1: Spectrum of DE Ownership Models

## 2.1 Public Ownership

At one end of the ownership spectrum is full public ownership. This is still the most common model globally for DE. It often takes the form of municipal ownership but can also include ownership by other public sector entities such as regional governments, state/provincial agencies, or social housing agencies. Municipal ownership provides the greatest opportunity for control over both the objectives and means of DE development. Outcomes important to the public sector go beyond commercial goals of affordability, reliability, and profitability, and often include climate, environmental, equity, resilience, and economic development considerations.

Municipal ownership allows governments to determine an acceptable balance across multiple objectives and to select the specific means of achieving the desired outcomes (e.g., service areas, technologies, financing model, rate structures, rates, etc.). Municipal ownership provides greater opportunities for low-cost financing (e.g., 100% debt financing and lower-cost sources of debt), access to grants and other direct contributions for public benefits, which can help to reduce the tension between affordability and other policy objectives.

Municipal ownership and financing require municipalities to have access to adequate capital for investment. It can also create new commercial or reputational risks as well as demands on organizational capacity and expertise. Further, unlike typical municipal services which cover the entire community, a new DE service will typically only cover a small area, at least initially. This can pose novel investment, governance, and accountability challenges for municipalities.

There are also examples of municipal DE systems that secure services from the private sector without transferring ownership or control of DE systems. These services can include design, construction, operations or maintenance. These may even include financing support. Outsourcing of services can help reduce demands on organizational capacity or capital; provide access to industry-specific expertise; and create opportunities for some risk transfer while retaining municipal ownership and control.

Municipal ownership can be very helpful in the early stages of DE development, as well as in periods of major technological change such as the transition from conventional to low-carbon energy sources. Municipal ownership may enhance public trust and acceptance of new DE systems and during periods of transition (such as decarbonization). Public ownership can enable more direct control over risks which may hinder private sector investment or increase private sector financing costs. Connection risk can be a major impediment to setting up DE networks or transitioning existing networks to low-carbon energy, particularly in the absence of other supporting policies. Municipalities can reduce connection risk through close coordination of DE development with municipal policy/planning or mandatory connection policies.

Municipal ownership may increase public acceptance and legal support for mandatory connection policies. Municipal ownership may also reduce development or transition risks by

bringing low-cost financing or lowering upfront capital costs through strategies such as coordinating the installation of DE infrastructure with other municipal infrastructure.

The benefits of and need for municipal ownership can decline over time with increased scale and maturity of systems. This has led some municipalities to divest of mature systems. Nevertheless, early municipal ownership can have lasting impacts on the layout of networks, the mix of technologies, and the design of contracts or rates long after divestment.

Case studies of municipally owned systems are provided for Markham District Energy, the City of Guelph's district energy program, and the City of Vancouver False Creek NEU.

## 2.2 Private Ownership

At the other end of the ownership spectrum is full private ownership.<sup>1</sup> Privately-owned DE utilities are less common globally. This model is more common in markets with little or no economic regulation of private DE systems, particularly in the United States, but also parts of Canada and Europe. Private owners can include dedicated DE utilities, gas and electric utilities with DE subsidiaries, and property developers (e.g., large master-planned developments which include DE systems). Pension and infrastructure funds are active investors in private DE systems.

Some private systems emerged out of previously publicly owned systems (e.g., the Enwave district heating system in downtown Toronto). Others have emerged in response to unique commercial opportunities to provide competitive energy services through economies of scale and efficiency. For example, the Creative Energy system in downtown Vancouver was developed by private interests starting in the late 1960s at a time when natural gas was less common and district energy offered a strong value proposition to the consumer, as well as air quality benefits.

Many of the oldest DE systems in the United States were developed by electric utilities and relied on waste heat from electric power plants located in urban areas. As electricity generation moved towards larger power plants located farther from urban centres, many electric utilities divested their DE systems, although there are examples of continued ownership, such as the Manhattan Steam System owned by Con Edison.

Though less common, there are also cooperative or community ownership models which can be categorized as private ownership in that they do not involve direct municipal ownership or governance. However, municipal governments may still lead the formation of these models and also participate indirectly in their governance.

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<sup>1</sup> The discussion in this section focuses on utilities which serve external customers. Many institutional campuses such as hospitals, universities and military bases have DE systems serving their own facilities; while they are technically DE systems, they do not have the same issues and challenges.

Regardless of how they came about, most private systems now serve primarily commercial interests: competitive rates, reliability, and investor profits. Private systems can also evolve in response to policies and incentives such as new building standards, carbon pricing or other environmental regulations. This is the case for some new private DE systems in master planned communities facing higher environmental standards (an example of this is the River District Energy system case study). These systems are commercial responses to new policies – they are not necessarily pursuing these public benefits as ends in and of themselves.

## 2.3 Hybrid Ownership Models

Many of the benefits of municipal ownership can, in theory, be secured through private-sector delivery with the right ownership or governance models. However, this requires a high level of trust and cooperation between municipalities and the private sector or other community organizations. These hybrid ownership models can reduce or eliminate capital and organizational demands on municipalities, while also transferring risk and securing additional expertise. But public sector influence in hybrid ownership models may be more indirect and necessarily more oriented to ends (such as GHG outcomes) rather than to specific means (such as technology selection). Governance can also be more complicated and nuanced in these other models. Private ownership tends to increase financing costs and constrain the kinds of trade-offs between financial returns and public benefits that are possible under direct public ownership. However, these trade-offs may also be reduced by greater efficiency or transfer of risks under private sector delivery.

### 2.3.1 Concessions

In some cases, there is strong public governance of private systems beyond or in lieu of traditional economic regulation. This may be the granting of concessions or through strategic partnerships between municipalities and private companies to support the creation, transition, or expansion of private systems in support of new policy objectives. Neither of these approaches involve direct ownership by municipalities, but they can provide indirect control over outcomes and operations to secure public benefits over and above private benefits.

### 2.3.2 Strategic Partnerships

Strategic partnerships do not involve ownership by municipalities but rather strategic consideration in exchange for public benefit. For example, in exchange for securing public benefits (such as GHG reductions), a municipality may provide support to a private DE utility such as:

- Providing access to land, resources, and infrastructure (possibly on favourable terms);
- Contributing land or infrastructure paid for by the municipality on favourable terms;
- Committing to connect municipal buildings or to include connection requirements as a condition in the sale of municipal land to developers;



- Committing to align policies to encourage connection to DE (e.g., green building policies, accelerated permitting processes for developments connecting to DE; property tax rebates for buildings connected to DE);
- Coordinating installation of municipal and DE infrastructure;
- Accelerating permitting process for DE projects; or
- Providing property tax rebates for DE systems (where private DE systems are required to pay property taxes) or for properties that connect to approved DE systems.

Private systems may be incented to work with municipalities on strategic partnerships in order to protect their existing assets or to secure and de-risk new investment opportunities.

### 2.3.3 Joint Ventures

Joint ventures are playing an increasing role in the DE sector, particularly in large European cities. In a joint venture, a special purpose vehicle is formed, with shared ownership between the public and private partners. Governance is shared, with municipal control proportional to their representation on the board of directors. The Zibi Community Utility is an example of a joint venture with municipal participation via Hydro Ottawa.

### 2.3.4 Split Asset Ownership

Another form of public-private partnership is the split asset model, where private companies control some assets and public companies control the remaining assets, with contracts governing the relationships between assets and owners. For example, a municipality may own a distribution piping system (and be responsible for setting retail rates and governance of the DPS), while a partner may own and operate the energy centre and sell heat to the municipal DPS at a wholesale rate (or vice versa). This concept is illustrated in Figure 2.

As an example of a split asset model, Metro Vancouver, which owns an existing waste-to-energy plant, is building new heat recovery and transmission infrastructure to sell heat under a long-term supply contract to an existing private DE utility in Vancouver. Metro Vancouver is also exploring the possibility of extending transmission infrastructure and selling heat to a new municipally owned DE system in Burnaby, BC (this example is described in greater detail in the River District / Metro Vancouver case study in Section 4).

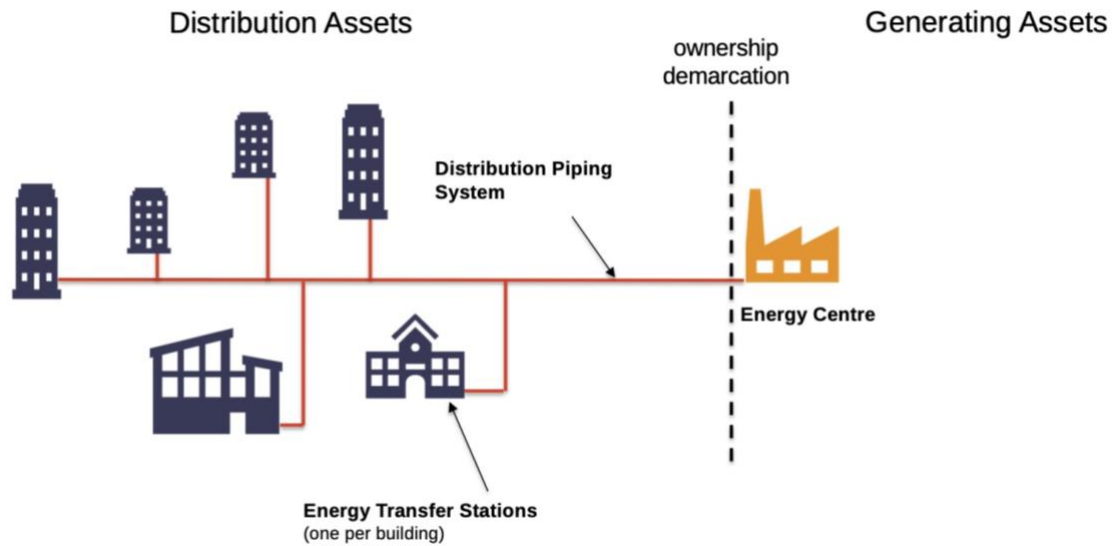


Figure 2: Example of Split Asset Ownership between Generation and Distribution

### 3 Ownership Model Considerations for New DE Systems

Common ownership model considerations for municipalities establishing new district energy systems include:

- Municipal Investment Required
- Municipal Ability to Reduce Connection Risk
- Municipal Influence over Rates and Affordability
- Municipal Control over GHG Outcomes.

These considerations are discussed below and summarized in Table 1.

#### Municipal Investment Required

This is the most straightforward; a fully municipally owned and delivered utility will require the municipality to fund all capital costs. Municipal ownership with a design-build-operate-finance-maintain (DBOFM) contract can offload some or all of the financing requirements to a third party utility company. Hybrid models may require some municipal financing depending on how the project is structured. Fully private systems would typically require no municipal capital contributions.

A potential benefit of municipal ownership is that it may unlock access to grants directed at public sector agencies, which a private-sector owner may not be able to access.

### **Municipal Ability to Reduce Connection Risk**

Connection risk is usually the most critical risk faced by a new district energy utility. A lack of connected customers is fatal to the success of a new system, and the nature of district energy infrastructure means that any DE assets can only serve buildings within a relatively short distance, making it crucial that target customers are connected to the system.

Perhaps the simplest and strongest tool available is a mandatory connection policy. Mandatory connection can be limited to specific areas, specific types of connections or specific time periods. Outside these parameters, connections or renewals can be voluntary. For example, the City of Vancouver has a mandatory connection bylaw covering new construction and major renovations within a designated service area for its False Creek Neighborhood Energy Utility (see Section 4 for further information on the False Creek NEU). Connections by existing buildings, or by buildings outside the service area, remain voluntary. Mandatory connection may be used temporarily as tool to support new system development by promoting an efficient layout and helping achieve adequate scale to launch the utility.

There are no examples we are familiar with in Canada where a municipality has passed a mandatory connection bylaw compelling connection to a privately held district energy system. There are open questions whether this would be legally permissible or politically acceptable in Ontario.

There are cases where municipalities have ensured connection to private DE systems through other means. The River District Energy system (described in Section 4) is one example. River District Energy is owned by the master developer of a large brownfield site. City of Vancouver required the creation of a district energy system as a condition of the site's rezoning from industrial to residential uses.

The Etobicoke Civic Centre project (also described in Section 4) shows another approach to ensuring connection to a privately-held DE utility. The site is largely owned by the City of Toronto, and through its Joint Development Agreement with Enwave, the City and Enwave worked collaboratively to ensure that the site would be served by low-carbon district energy and that all buildings would be connected to the system.

Given that the Courtice GO station area has multiple developers, not a single master developer, and municipal government is not a major landowner, these two approaches may not be viable.

Other tools can indirectly incentivize buildings to connect to district energy. Any connection incentive policies must be reasonably credible to support private investment, and private investors may also want assurance that such policies will continue for a sufficient period. These incentives can be financial or non-financial.

For example, limits on new gas connections or strong green building standards that allow compliance through DE connections can help de-risk new system development, though these tools are not currently available to the Region of Durham. Expedited rezoning and development application approvals for buildings connecting to low-carbon DE can also incentivize connection. In general, there are fewer examples of these types of indirect tools leading to successful development of new systems, particularly in the context of sites with multiple landowners.

### **Municipal Influence over Rates and Affordability**

Municipal ownership likely provides the greatest degree of control over rates and affordability. With municipal ownership, municipalities can determine how best to manage competing priorities such as affordability, cost recovery, and environmental performance.

### **Municipal Control over GHG Outcomes**

Greenhouse gas intensity limits (GHGi) on new buildings are an emerging policy tool in Canada. Initially implemented by the City of Vancouver and the City of Toronto, they are now being deployed by other communities, though the ability of municipalities in Ontario to impose GHGi requirements on new buildings is somewhat uncertain given the potential for the province to limit municipal powers under Bill 23.

Greenhouse gas intensity limits on new construction can indirectly impose a low-carbon requirement on district energy utilities by requiring them to provide service to a certain standard if they are going to connect customers. Some municipalities also provide separate compliance pathways which incentivize customers to connect to low-carbon district energy systems by allowing buildings served by low-carbon DE to meet less stringent thermal energy demand standards.

Alternatively, with municipal ownership, municipalities can directly manage the GHG intensity of a district energy system as part of their ownership and operation of the system. The City of Vancouver's False Creek NEU has operated in this manner for many years. The City has had a longstanding target to supply 70% of the utility's energy from renewable sources. Council has now directed the utility to evaluate options to increase the share of renewables to 100%.



Table 1: Summary of Key Considerations for New DE Utilities in Ontario by Ownership Model

<i><b>Ownership</b></i>	<b>Municipal Investment Required</b>	<b>Municipal Ability to Reduce Connection Risk</b>	<b>Municipal Influence over Rates and Affordability</b>	<b>Municipal Control over GHG Outcomes</b>
<b>Municipal</b>	Highest	Highest (potential for mandatory connection)	Highest	Highest
<b>Municipal with DBFOM or Similar</b>	Potentially none	High (potential for mandatory connection)	Potentially same as full municipal ownership	Potentially same as full municipal ownership
<b>Hybrid Models (JV, Split Asset)</b>	Depends on arrangement	Depends on arrangement – high degree of uncertainty	Depends on details of agreement	Likely requires GHG regulation via green building policy
<b>Private Ownership with Strategic Partnership</b>	Typically none	Limited Best suited to projects with municipally-owned land	Limited	Likely requires GHG regulation via green building policy

An overview of DE policies from other Canadian jurisdictions is provided in Table 2. Although the list is not exhaustive, it illustrates that municipal ownership with a mandatory connection bylaw is a very common strategy for overcoming connection risk when establishing new DES.

Table 2: Overview of DE Policies in Canadian Jurisdictions

City (Province)	Mandatory Connection to Municipally Owned System	DE Requirement in Site Rezoning	City Buildings as Anchor Loads	City-wide Green Building Policy with GHGI	Economic Incentives for Connection	Informal / "Encouraged" in Development Application Approvals Process
City of Edmonton (AB)	✓		✓			
City of Calgary (AB)			✓		✓	✓
City of Vancouver (BC)	✓	✓		✓		
City of Surrey (BC)	✓			✓		
City of North Vancouver (BC)	✓			✓		
City of Richmond (BC)	✓	✓		✓		
City of Toronto (ON)			✓	✓		
City of Markham (ON)					✓	✓

# 4 Case Studies

## 4.1 Markham District Energy

Markham District Energy (MDE) is a utility company owned by the City of Markham. MDE operates two geographically independent district energy systems:

- The Markham Centre system, the first system developed by MDE, which serves Markham’s main business and retail centre, and
- the Cornell Centre system, which is anchored by the regional hospital.

The Markham Centre system began operations in 2000. The Cornell Centre system began operation in 2012 as part of an expansion of the hospital campus. In total, MDE operates four energy plants within Markham, providing hot water and chilled water. Heat is generated from a combination of combined heat-and-power engines and natural gas-fired boilers, while cooling is provided by chiller plants.

Table 3: Markham District Energy – Key Data

Markham District Energy	
Location	Markham, ON
Ownership Model	Owned by the City of Markham
Governance	Board of Directors
Economic Regulation	Not regulated by the Ontario Energy Board
Year Established	2000
Services	Heating and Cooling
Current Service Area	1.2 million m <sup>2</sup> (13 million ft <sup>2</sup> )
Low Carbon Energy Supply	Several projects in the planning phase
Connection Incentives / Requirements	No mandatory connection bylaw.

### System History and Development

MDE was established by the City in the late 1990s due to two main drivers. The first driver was resiliency concerns in response to the 1998 ice storm in eastern Ontario and Quebec. The storm did not significantly impact the City of Markham, but the event raised awareness of the potential impacts from a major weather event. The second driver was economic development. District energy was seen as a differentiating factor which the City could use to attract high-value business such as IBM which, at the time, was canvassing cities to locate a major new facility.

Recent legislative changes had opened up the opportunity for municipalities to invest in new utility operations (including thermal energy systems), and MDE was born.

### **Ownership, Governance and Operation**

MDE is owned by Markham Enterprises Corporation, a holding company entirely owned by the City of Markham. Markham Enterprises Corporation is also one of the owners of Alectra Utilities. The Board of Directors is made up of four members of Markham City Council (including the mayor) plus five independent directors.

All operational resources are internal to MDE, and the City has no role in MDE, other than governance via the Board. MDE has a total of 35 staff, including operations and management.

MDE was initiated with loans from the City of Markham and Markham Enterprises, as well as funding from provincial gas tax revenues. Subsequent financing was provided by Infrastructure Ontario and Manulife Financial. MDE now has a relatively high debt-to-equity ratio, but as a mature system with many long-term contracts it has a low risk profile for lenders.

### **Connection Incentives, Rates and Regulation**

Thermal energy utilities in Ontario are not economically regulated by the Ontario Energy Board. Rates are generally established via long-term contracts between utilities and their customers. The City of Markham does not intervene in the rate setting process for MDE. Instead, customer rates are negotiated with individual customer buildings to be commercially competitive with a comparable on-site alternative. MDE has not historically charged connection fees to private developers connecting new buildings to the system.

MDE does not have a mandatory connection bylaw and all customers have been secured through negotiation. The City does not offer density bonuses for connection to MDE. Nevertheless, MDE claims to have signed every new building in their service areas, and credits their success to offering competitive terms, as well as providing the qualitative benefits of a district energy connection (reliability, additional space, etc.).

The absence of a connection fee (sometimes referred to as a developer contribution) is likely a strong connection incentive, as it reduces the building's construction cost (though more costs must be recovered through rates).



MDE's contracts typically have terms of 20-30 years. As the Markham Centre system began operation in 2000, many of MDE's original customers are in the process of renewing their contracts. Renewal language is typically included in existing contracts; most contracts include two 10-year extension terms.<sup>2</sup> According to the terms of the contracts, renewal rates must be in line with rates recently offered to similar customers at the time of renewal.

### System Decarbonization

The City has not directly regulated MDE's greenhouse gas emissions. MDE has announced a commitment to reducing GHG emissions in line with the City of Markham municipal targets and aims to achieve zero-carbon operations by 2050.

MDE has secured \$135M in low-cost financing from the [Canada Infrastructure Bank](#) to fund low-carbon projects. This amount has been matched by CIBC for a total of \$270M in available low-cost financing. MDE has also been successful in securing grants from the Federation of Canadian Municipalities and the federal Low-Carbon Economy Fund.

The funding and financing noted above will provide capital for three major low-carbon projects to decarbonize MDE's systems. These initiatives include a large-scale wastewater heat recovery project, a pilot biomass plant, and a heat recovery chiller to recover heat from IT and healthcare loads that require cooling in the winter. These planned projects are forecast to reduce MDE's GHG emissions by ~80%.

Although older customer contract rates are based on an avoided cost of natural gas heating, the avoided cost benchmark used to negotiate rates with new customers is based on lower GHG-intensity heating, typically using a heat pump. Costs for system decarbonization will be recovered through renegotiated rates with existing customers (as contracts are renewed) and through contracts with new connections.

## 4.2 Zibi Community Utility

The [Zibi Community Utility](#) (ZCU) District Energy System will provide net-zero carbon heating and cooling for all buildings in a new 34-acre development in Ottawa and Gatineau on a former industrial site on the Ottawa River.

To provide heating, the system recovers low-grade waste heat from the neighboring Kruger tissue mill. In summer, cooling is provided by rejecting heat into the Ottawa river, either through direct river water heat exchange or via chillers. The energy centre currently services six buildings totaling 57,000 m<sup>2</sup> but will service 370,000 m<sup>2</sup> at full buildout in 2032. ZCU is integral to helping Zibi be the region's first zero-carbon emission community.

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<sup>2</sup> The primary source for this case study is an interview with Bruce Ander (President & CEO) and Peter Ronson (Chief Operating Officer) of MDE carried out over Zoom on October 23, 2023.

Table 4: Zibi Community Utility – Key Data

Zibi Community Utility	
<b>Location</b>	Ottawa, ON and Gatineau, QC
<b>Ownership Model</b>	Equal Partnership between Hydro Ottawa & Dream
<b>Governance</b>	Board of Directors
<b>Economic Regulation</b>	Thermal networks not regulated in Ontario or Quebec
<b>Year Established</b>	2021
<b>Services</b>	Heating and Cooling
<b>Current Service Area / Load</b>	Current: 57,000m <sup>2</sup> (613,000 ft <sup>2</sup> ) Future: 370,000 m <sup>2</sup> (4 million ft <sup>2</sup> ) at full build-out
<b>Low Carbon Energy Supply</b>	Industrial waste heat recovery, river water heat exchange
<b>Connection Incentives / Requirements</b>	Utility is 50% owned by developer

### System Development

Theia Partners, a real estate developer focused on projects with high environmental performance, led the whole Zibi development including the ZCU. Theia's vision for Zibi was to create one of the world's most sustainable and environmentally conscious communities, with a goals of being net zero carbon, and achieving 30% reduction in operational building energy use compared with a code-compliant baseline.

The master planning phase was led by Theia, which later sold its share to the other investors (Dream Impact Trust and Dream Asset Management Corporation), who now own equal shares of the development. Theia continues to actively manage the Zibi Community Utility system in partnership with Hydro Ottawa and Dream.<sup>3</sup>

Hydro Ottawa became involved in Zibi because of the City of Ottawa's low-carbon development strategy that encourages Hydro Ottawa to engage in partnerships to deliver low-carbon infrastructure. Hydro Ottawa has also set a target to be net zero by 2030.

<sup>3</sup> <https://theiapartners.com/projects#district>

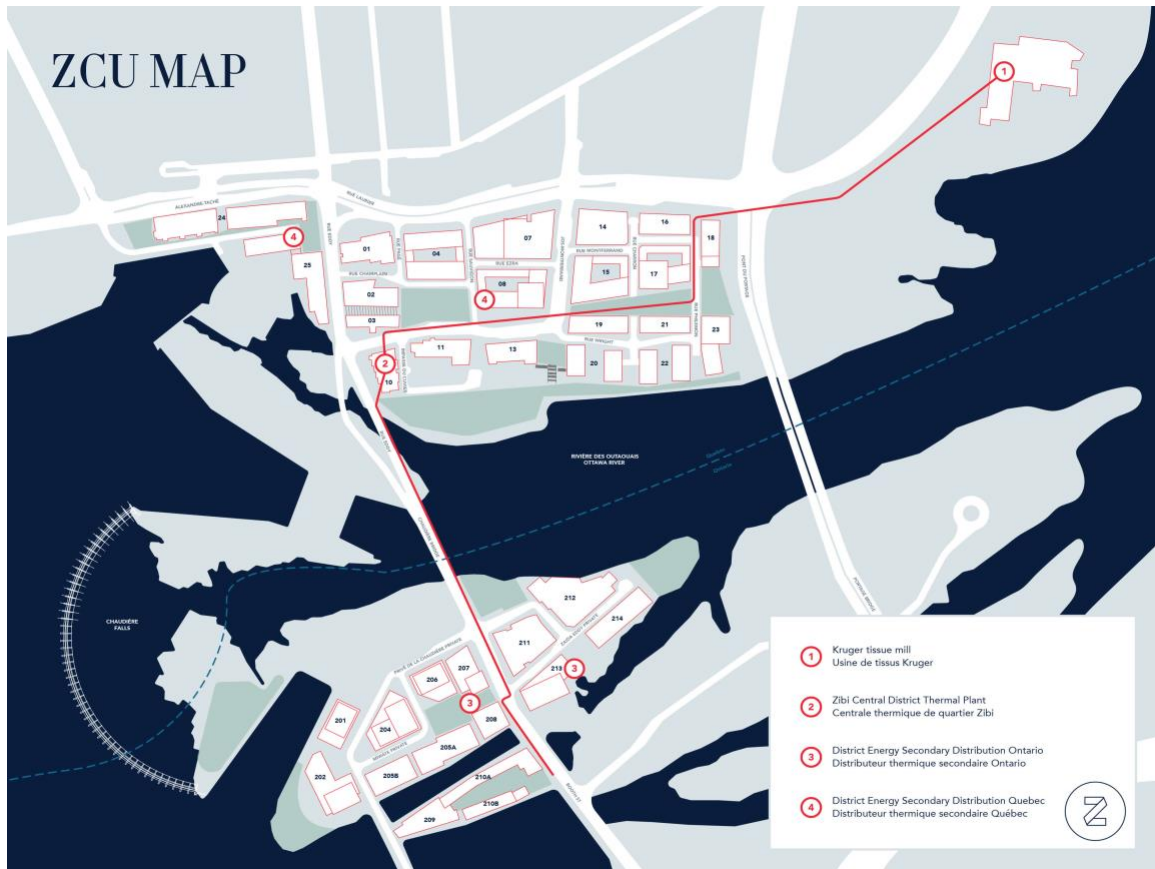


Figure 3: ZCU System Map (Zibi.ca)

### System Ownership, Governance and Operation

Windmill Dream Limited Partnership (Dream) and Hydro Ottawa each have a 50% interest in the utility.<sup>4</sup> The system is operated by Ottawa Hydro<sup>5</sup> and governed by a board of directors.

ZCU secured a \$20 million loan and \$3 million grant from the Federation of Canadian Municipalities (FCM) Green Municipal fund (GMF).<sup>6</sup> Natural Resource Canada also provided a \$1 million Energy Innovation fund grant. As of 2019, approximately \$10 million in partner equity has also been invested in the system.

<sup>4</sup> [Zibi Community Utility LP Financial Statements, December 31, 2019](#)

<sup>5</sup> <https://hydroottawa.com/en/blog/ottawas-first-carbon-neutral-community-here>

<sup>6</sup> <https://fcm.ca/en/news-media/news-release/gmf/canada-and-fcm-invest-in-national-capital-regions-first-net-zero-community/background>

## Rates, Connection Incentives and Regulation

As both landowner/developer of Zibi and a 50% shareholder in the Zibi Community Utility, Dream can ensure that all buildings in Zibi are connected to ZCU, making additional connection incentives or requirements unnecessary. Through Dream's role in the governance of ZCU, Dream has a degree of control over the utility's rates. As the landowner, Dream has an interest in ensuring that ZCU rates are not a deterrent to the marketability of the development.<sup>7</sup>

Since ZCU's infrastructure includes a pipeline which crosses the provincial boundary, they have required approvals from the Canada Energy Regulator (CER). CER does not regulate thermal energy rates; its regulation has focused on environmental protection and ensuring Zibi has set aside sufficient financial resources to deal with any future abandonment of the thermal energy pipeline.<sup>8</sup> Thermal energy utilities are not economically regulated by the Ontario Energy Board in Ontario or Régie de L'énergie in Quebec.

### 4.3 Lakeview Village District Energy System

Lakeview Village is a planned mixed-use waterfront community in Mississauga, on the former site of an Ontario Power Generation coal-fired power plant. Lakeview Village is expected to have up to 20,000 residents at buildout. As part of the planned redevelopment of the site, the property developer, Lakeview Community Partners (LCP), has announced their intent to include a low-carbon district energy system.

The planned technical solution is to provide both district heating and district cooling via a four-pipe system (supply and return pipes for both heating and cooling). The chilled water loop will be supplied via a centrifugal chiller plant. The hot water loop will be supplied via a central heat pump using heat recovered from treated effluent at the G.E. Booth Wastewater Treatment Plant (WWTP). The G.E. Booth WWTP is owned by the Region of Peel and located immediately east of the Lakeview Village development site.

Lakeview Community Partners has engaged Enwave, a Toronto-based district energy utility, to deliver the thermal energy system. The details of the LCP-Enwave arrangement are not yet public. As the master developer of the entire site, LCP is in a position to ensure that all buildings at Lakeview will connect to the thermal energy system.

<sup>7</sup> [https://dream.ca/wp-content/uploads/2022/02/DRM\\_AnnualReport\\_final.pdf](https://dream.ca/wp-content/uploads/2022/02/DRM_AnnualReport_final.pdf)

<sup>8</sup> Order XC-001-2021. Canada Energy Regulator, 22 February 2021.





Figure 4: Lakeview Village Rendering (Source: City of Mississauga / Cicada Designs)

The current technical concept for Lakeview DE is for thermal energy to be transferred from the treated effluent at the WWTP to a separate loop via a heat exchanger. The Region of Peel expects to own the effluent heat loop on the G.E. Booth site and potentially the heat exchanger.

All downstream infrastructure such as distribution piping, the effluent heat recovery heat pump, and all chilled water infrastructure is expected to be owned by Enwave.

Similar to Zibi, the Lakeview DE utility rates will not be regulated by the Ontario Energy Board.

Table 5: Lakeview Village District Energy – Key Data

Lakeview Village District Energy	
Location	Mississauga, ON
Ownership Model	Unknown. Enwave was selected as utility partner but ownership arrangement is not yet public.
Governance	Unknown
Economic Regulation	Thermal networks not regulated in Ontario
Year Established	TBC
Services	Heating and Cooling

Lakeview Village District Energy	
Service Area / Load	Planned: 1,000,000 m <sup>2</sup> (11 million ft <sup>2</sup> ) at full build-out
Low Carbon Energy Supply	Effluent heat recovery
Connection Incentives / Requirements	Unknown. Property developer selected utility partner so connection requirements likely.

#### 4.4 City of Guelph District Energy

In 2013, the City of Guelph launched two separate district energy service areas, one in the downtown core and one in a business park on the periphery of the city. The initial vision was for each service area to be served by a 10 MW combined heat and power (CHP) plant. The district energy project was delivered by Enviva Community Energy, a new subsidiary of Guelph Hydro, itself a subsidiary of the City-owned Guelph Municipal Holdings Inc<sup>9</sup>.

The City invested rapidly in these new service areas, with total investment on the order of \$14 million. The City did successfully sign up several customers. However, customer growth stalled, and it eventually became apparent that the systems were far from achieving the scale required to make the CHP plants viable. The project's financial performance was poor, and the City eventually elected to dismantle the business park system entirely.

The downtown Guelph DES provides heating and cooling to two customers (a convention centre, and a residential condo tower). In June 2022, Guelph announced that the downtown district energy system had been sold to Cascara Energy. Cascara had previously been engaged to operate the system on the City's behalf. According to a later Freedom of Information request, Cascara purchased the system from the City effectively for free<sup>10</sup>. Available information suggests that ultimately the City's entire \$14 million investment was written off.

<sup>9</sup> "Combined heat and power facility announced for Hanlon Creek Business Park". Ward 2 Guelph Press Release, April 10, 2014.

<sup>10</sup> Saxon, Tony. "We finally know how much the city sold downtown district energy for (spoiler alert: \$8)". GuelphToday, Dec 6 2023.

## Guelph DE Case Study Insights

The experience of the Guelph district energy initiative illustrates that commitment and a willingness to invest are not sufficient to successfully establish a new district energy system. Customer connections are critical, and brand-new systems are particularly vulnerable to connection risk. Without a combination of the right circumstances (typically, a major new development area) and either enthusiastic customer participation or policy tools to drive connection, new district energy systems can face significant challenges.

While there are examples of new DE systems being established by municipalities without relying on compulsory tools such as mandatory connection, those cases are relatively rare. Strong municipal policies to ensure buildings (typically new builds) connect remains the most common connection risk mitigation strategy for new district energy systems.

## 4.5 Enwave Toronto

Enwave Toronto is Canada's largest district energy system. Enwave's Toronto system includes a steam heating system as well as an innovative chilled water system. Enwave serves approximately 180 buildings in downtown Toronto, including many landmark buildings and institutions. Enwave also owns other district energy systems in Canada, though the Toronto system is the company's largest.

### History

The company that is now Enwave was originally established in 1969 as a non-share capital corporation to provide heat to four hospitals in downtown Toronto<sup>11</sup>. In 1980, it was merged with other steam system assets in the area. It remained a non-share corporation and the board was expanded to include representatives appointed by the City, the hospitals, the provincial government, and the University of Toronto<sup>12</sup>.

The utility was converted to a share corporation in 1998, with shares issued to the City, the provincial government, the University of Toronto, and the four hospitals which founded the system<sup>13</sup>. All of these entities owned large buildings served by the district energy system.

Over time, these customers sold their shares, and ownership was eventually consolidated. Today, Enwave is owned by Ontario Teachers' Pension Plan and IFM Investors, an investment management firm. Since privatization in 1998, Enwave has continued to expand. The utility added its chilled water service in Toronto in 2004 and has subsequently purchased existing DE systems and established new systems throughout North America.

<sup>11</sup> *The Toronto Hospitals Steam Corporation Act, 1969*. Statutes of the Province of Ontario 1968-69, Chapter 131.

<sup>12</sup> *The Toronto District Heating Corporation Act, 1980*. Statutes of the Province of Ontario 1980, Chapter 73.

<sup>13</sup> *The Toronto District Heating Corporation Act, 1998*. Statutes of the Province of Ontario 1998, Chapter 15 Sched C.

The history of Enwave illustrates how district energy ownership can evolve over time. The project, which began as a non-profit collaboration between four hospitals, expanded to include participation by the municipality, the province, and other major customers. This type of ownership evolution has also been quite common in Sweden, where the share of district energy utilities owned by municipalities declined from nearly 100% in 1990 to about 60% by 2004.

### Joint Development Agreement with City of Toronto

In response to City policies requiring low-carbon heating systems for new buildings, Enwave has continued to work in partnership with the City of Toronto. In 2018, following a procurement process by the City to select a “revenue partner to deliver district energy systems across Toronto with little risk to the City”, Enwave and the City completed a Joint Development Agreement.<sup>14</sup> The stated objectives of the JDA are to:

- Reduce greenhouse gas emissions, and improve energy resilience;
- Achieve speed to market, scalability, and ability to fund projects identified for development; including attracting grants from external parties;
- Foster economic development, City building, and new revenue opportunities;
- Mitigate risks associated with project development and operation; and
- Create balance between long term project development and the capability to initiate projects that are ready for development now.<sup>15</sup>

Following the selection of Enwave as the preferred proponent, the City of Toronto and Enwave negotiated the terms of the JDA (the full term sheet can be found on the City’s website<sup>16</sup>). Under the JDA, a joint development team will “identify and propose” potential DE projects to recommend to City Council and Enwave’s Board of Directors and “Council approval will be required before the City can commit resources or access to City assets to a project”.

The City will share in the benefits derived from approved project implementation, which may include revenue sharing and ownership of carbon credits. The City’s financial contribution to individual projects may include in-kind contributions, capital in the form of grants from other levels of government, and leases/access to City assets.

The first project completed under the JDA is the district energy system at [Etobicoke Civic Centre](#) in Toronto (also known as Six Points, at the intersections of Bloor Street West and Kipling Ave). This project will serve a 17-acre City-owned site, comprising seven development blocks, including the new Etobicoke Civic Centre and five blocks of residential development delivered by [CreateTO](#) as part of The City’s Housing Now Initiative. The proposed DES will be a “networked” geoexchange system with the borefields located beneath the footprints of

<sup>14</sup> <https://www.toronto.ca/legdocs/mmis/2022/gl/bgrd/backgroundfile-227886.pdf>

<sup>15</sup> <https://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-109095.pdf>

<sup>16</sup> <https://www.toronto.ca/legdocs/mmis/2018/ex/bgrd/backgroundfile-112992.pdf>



buildings on the site. The networked geoexchange fields will connect to a single energy centre housed in the Etobicoke Civic Centre that will provide hot and chilled water to the district.<sup>17</sup> The DES will enable the Six Points community to have near-zero operating emissions. As the developer of the site, the City will ensure that all buildings connect to the Enwave system, eliminating connection risk.



Figure 5: Etobicoke Civic Centre Development

<sup>17</sup> The Six Points site is adjacent to another CreateTO site at Bloor Street West and Islington Avenue, comprising an additional four residential towers, these buildings are not part of the Six Points DES, however the agreement does appear to allow Enwave to build DES infrastructure beyond the development site, which would enable the system to grow beyond the Six Points service area in the future, in addition to the existing large buildings that neighbour the site.

#### 4.6 River District Energy / Metro Vancouver Waste-to-Energy Facility

This project is a collaboration between the public and private sectors to deliver a regional-scale district heating utility. The major components include:

- [River District Energy](#) (RDE), a privately-held district heating utility serving new buildings within the River District development site in southeast Vancouver. RDE has been in operation since 2012 and provides hot water service to 20 buildings using temporary gas-fired boiler plants.
- Metro Vancouver Regional District (MVRD), a regional government for the greater Vancouver area. It provides regional services such as water, wastewater, and solid waste management to its member municipalities. MVRD owns the Waste-to-Energy Facility (WTEF), a solid waste management facility in Burnaby, BC which currently produces 22 MW of electricity. MVRD has signed a contract to provide thermal energy to RDE by drawing waste heat off the WTEF.
- City of Burnaby. The City of Burnaby is developing new district energy systems in Burnaby. It will own and operate these systems and has passed a connection bylaw requiring new buildings to connect and will seek to retrofit existing buildings for connection. The City of Burnaby and MVRD are working to finalize a contract for MVRD to sell thermal energy to a new district energy utility being developed by Burnaby.<sup>18</sup>



Figure 6: Rendering of River District at Build-out (Wesgroup Properties)

<sup>18</sup> [Burnaby District Energy Policy, 2023](#)

Table 6: MVRD / RDE – Key Data

River District Energy & Metro Vancouver Waste-to-Energy DES	
<b>Location</b>	Vancouver, BC and Burnaby, BC
<b>Ownership Model</b>	Split asset. Includes a privately held utility and multiple publicly-owned utilities. Transmission system is separate from distribution.
<b>Governance</b>	<ul style="list-style-type: none"> <li>• RDE: investor-owned, privately held</li> <li>• MVRD: board made up of elected officials from member municipalities</li> <li>• City of Burnaby: City Council</li> </ul>
<b>Economic Regulation</b>	<ul style="list-style-type: none"> <li>• River District Energy is regulated by the BC Utilities Commission</li> <li>• Thermal energy sales by City of Burnaby to its customers will be unregulated</li> <li>• Metro Vancouver's sale of wholesale thermal energy to RDE and the City of Burnaby is technically subject to regulation by the BCUC, however Metro Vancouver intends to request an exemption from BCUC regulation</li> </ul>
<b>Year Established</b>	<ul style="list-style-type: none"> <li>• RDE established 2011</li> <li>• MVRD district heating system to begin operations in 2027</li> <li>• City of Burnaby district heating service to begin 2026</li> </ul>
<b>Service</b>	RDE: Heating Only Burnaby: TBD
<b>Current Service Area / Load</b>	RDE Current: 300,000 m <sup>2</sup> (3.2 million ft <sup>2</sup> ) RDE Build-out: 900,000 m <sup>2</sup> (9.7 million ft <sup>2</sup> ) Burnaby: TBD
<b>Low Carbon Energy Supply</b>	Waste heat from existing MVRD-owned waste-to-energy facility
<b>Connection Incentives / Requirements</b>	Rezoning of River District area includes requirement to connect to RDE. Burnaby has passed a connection bylaw for new buildings in Metrotown and Edmonds service areas.
<b>Funding / Financing</b>	RDE has received commercial debt financing on favourable terms due to the project's environmental benefits.



Figure 7: Thermal Energy Transmission Line from WTEF to River District Energy, Metrotown and Edmonds

### System History and Development

The WTEF heat transmission system was established through close collaboration between local governments and Wesgroup, the developer of River District.

Metro Vancouver and the City of Vancouver both have a longstanding interest in increasing resource recovery from the WTEF through district energy. When the WTEF was first built in the late 1980s, MVRD sold steam to an adjacent paper mill. In the early 2000s, MVRD added a turbine and generator and began generating power for sale to BC Hydro to supplement revenue from steam sales. In 2011, the paper mill closed, and since that time power sales have been the only source of energy sales revenue from the WTEF.

The City of Vancouver has pushed for the development of new district energy projects since the launch of its own system, the Neighbourhood Energy Utility, in 2010. When Wesgroup, the owner of the River District site, was in discussions with the City regarding rezoning to allow the construction of multifamily residential, the City included a requirement that the River District area include district energy. As a result of this, buildings within River District have been required to connect to RDE under the terms of the rezoning of the site since 2011.



Wesgroup evaluated potential utility partners for River District, but ultimately chose to establish their own utility, River District Energy. RDE has been owned by Wesgroup from the system's inception and ownership has never expressed interest in divesting of the system.

Later policies implemented by the City of Vancouver required that RDE add a low-carbon resource rather than rely indefinitely on natural gas. River District completed a feasibility study for low-carbon energy supply, the results of which showed that multiple low-carbon technology options were considered feasible, including purchasing thermal energy from the WTEF.

The RDE study was followed by a WTEF DES Business Case study commissioned by Metro Vancouver. As part of this study, Metro Vancouver considered a range of ownership options for the heat transmission system, but ultimately decided to own it directly. Once that decision was made, MVRD and RDE worked together on a thermal energy purchase agreement.

In 2021, Metro Vancouver and River District Energy concluded a thermal energy purchase agreement. MVRD is now working closely with the City of Burnaby to expand the system into major development nodes in Burnaby. As of 2024, new buildings larger than 9,293 m<sup>2</sup> (100,000 ft<sup>2</sup>) in the Metrotown and Edmonds areas of Burnaby will be required to connect to a new DEU being established by the City of Burnaby.

### **Ownership, Operation, Governance and System Capitalization**

Wesgroup will continue to own RDE, and RDE will continue to be responsible for its own assets including its community energy center (which includes backup boilers for periods when WTEF heat is unavailable), distribution lines to customer buildings, and energy transfer stations. RDE has not received any grants towards system development costs, however it has received a commercial debt financing on favorable terms due to the project's environmental benefits.

The City of Burnaby will own the Burnaby DEU. The DEU will initially be run within the City's engineering department but may be transferred to a wholly-owned subsidiary of the City. The City is pursuing grants to support system development costs.

Metro Vancouver owns the WTEF and will also own the heat transmission line system to bring thermal energy to RDE's community energy centre and to planned energy centres in Burnaby. Metro Vancouver is pursuing funding from the Government of Canada to support system development costs.

## Rate Setting and Regulation

RDE's thermal energy rates are regulated by the BC Utilities Commission. Metro Vancouver's thermal energy sales to RDE and to the City of Burnaby are subject to regulation by BCUC, but Metro Vancouver intends to seek an exemption. The City of Burnaby's district energy system would not be subject to regulation by the BCUC as local governments are exempt from regulation by BCUC.

Under the City of Vancouver's [Zero Emissions Building Plan](#), buildings connecting to RDE are required to meet increasingly stringent GHG emission limits from 2023 onwards. By the early 2030s, all new buildings connected to RDE must have a GHG emissions intensity of zero.

The City of Burnaby is implementing new policies to require low GHG emissions from new buildings, and these policies will also apply to buildings served by the Burnaby DEU.<sup>19</sup>

### 4.7 City of Vancouver False Creek Neighbourhood Energy Utility

The False Creek Neighbourhood Energy Utility provides low-carbon heating to the False Creek service area using waste heat recovered from untreated sewage. The energy centre is co-located with a sewage pumping station. Key project statistics are provided in Table E-2.

In 2005, several years after the City of Vancouver was awarded the 2010 Winter Olympics, City Council approved plans to redevelop a former industrial site at the southeast end of False Creek to house the Olympic Village. After the games, the buildings would be repurposed as housing, and the rest of the site would be built out as a sustainable, mixed-use community known as Southeast False Creek.

The primary objective for the development of the False Creek Neighbourhood Energy Utility (FC NEU) was the reduction of GHG emissions, in alignment with the sustainability goals for the neighbourhood.<sup>20</sup>

In addition to GHG emission reductions, the City's goals for the creation of the NEU were to provide reliable, comfortable and cost-competitive thermal energy; and reduce the use of high-quality energy (electricity) for the provision of low-grade space and hot water heating.

The City wanted to establish the FC NEU to demonstrate the commercial viability of DE, however the development timeline dictated by the 2010 Olympics meant that there was insufficient time for the City to select a private sector utility partner and obtain the necessary

<sup>19</sup> The source of information for this case study is Reshape's direct experience supporting Wesgroup, River District Energy and Metro Vancouver throughout the development of this project since 2011, supporting sources are noted and linked throughout.

<sup>20</sup> The utility was originally known as the Southeast False Creek NEU, but with the expansion of the system outside of Southeast False Creek, the system name was changed to the False Creek NEU.

regulatory approvals from the BC Utilities Commission, so the City elected to develop the project as a 100% municipally owned utility.



Figure 8: Construction of the Olympic Village, Vancouver

Table 7: False Creek NEU – Key Data

False Creek NEU	
Location	Vancouver, BC
Ownership Model	Municipally owned (part of City’s engineering department)
Governance	Governed by City Council with independent expert rate review panel.
Economic Regulation	Exempt from regulation by the BC Utilities Commission.
Year Established	2010
System Size	Current: 620,000 m2 (6,700,000 ft <sup>2</sup> ) Future: 1,900,000 m2 (20,500,000 ft <sup>2</sup> )
Service	Heating
Low Carbon Energy Supply	Base-load heating is supplied by sewage heat pumps (current NEU target is 70% renewable supply) combined with natural gas boilers fueled by renewable and conventional natural gas.
Connection Incentives / Requirements	Mandatory connection within service area (defined in <a href="#">NEU bylaw</a> )

The City’s main drivers for establishing a 100% publicly owned DE utility were:

- Limited time to select private sector partner.
- Public ownership enables exemption from regulation by BC Utilities Commission.
- Direct municipal control over 25% of the connected floor area in the first phase of the system provided load certainty.
- Ability to establish a mandatory DE connection bylaw in the NEU service area to ensure connection of future loads.
- Ability to access significant grants and low-cost financing.

The False Creek NEU is operated by the City of Vancouver engineering department, and is overseen by Vancouver City Council, who make decisions on capital investment, policy and customer rates. The rates are reviewed by an independent rate review panel.

The rate structure of the NEU is designed to mirror a regulated private sector model; capital and operating costs are recovered through customer rates, including a return on equity.<sup>21</sup> The rate structure was designed to demonstrate commercial viability of DE and to enable benchmarking against other DE utilities.<sup>22</sup> The transparency of the business model would also help facilitate the sale of the NEU to the private sector in the future, if the City chose to sell the asset.

#### 4.8 Lulu Island Energy Company

[Lulu Island Energy Company](#) (LIEC) is a wholly-owned municipal corporation that provides heating and cooling services in two service areas within the City of Richmond. LIEC’s energy is supplied by a mixture of low carbon and conventional energy sources. At present, LIEC provides service to approximately 600,000 m<sup>2</sup> of connected floor area.

Table 8: Lulu Island Energy Corporation – Key Data

Lulu Island Energy Company	
<b>Location</b>	City of Richmond, BC
<b>Ownership Model</b>	Wholly-owned subsidiary of the City of Richmond. 30-year design, build, finance, operate and maintain (DBFOM) agreement with Corix Utilities to assist with delivery of City Centre service area (with debt financing provided by Canadian Infrastructure Bank).
<b>Governance</b>	<ul style="list-style-type: none"> <li>• District Energy Service Agreement between LIEC and the City outlining roles, responsibilities, requirements and processes.</li> <li>• Board currently composed entirely of City managers.</li> </ul>

<sup>21</sup> Subject to a soft rate cap that prices be no more than 10% above electricity rates.

<sup>22</sup> The City chose not to include notional income taxes on the utility proforma.



Lulu Island Energy Company	
	<ul style="list-style-type: none"> <li>Council determines and enforces connection requirements via Service Area Bylaws and establishes retail rates, with regard to LIEC costs, contributions/grants, and conditions of any LIEC financing.</li> </ul>
<b>Economic Regulation</b>	Excluded (municipal systems are not subject to regulation in BC)
<b>Year Established</b>	2013
<b>Service</b>	Heating and Cooling
<b>Service Area</b>	Current Alexandra Neighbourhood: 214,000 m <sup>2</sup> (2.3 million ft <sup>2</sup> ) Current City Centre (including Oval Village): 390,000 m <sup>2</sup> (4.2 million ft <sup>2</sup> ) Future City Centre 4.4 million m <sup>2</sup> (47 million ft <sup>2</sup> )
<b>Low Carbon Energy Supply</b>	<u>Alexandra Neighbourhood:</u> Geoechange, air source heat pump, evaporative fluid coolers, condensing boilers, renewable natural gas  <u>City Centre:</u> Condensing boilers, chillers, sewer heat recovery (future), renewable natural gas
<b>Connection Incentives / Requirements</b>	Service Area Bylaw with Mandatory Connection

### System History and Development

As the fourth largest city in British Columbia, Richmond has become a leader in the development of district energy to support the City's ambitious greenhouse gas reduction targets. Richmond made the initial decision to establish a fully-owned municipal system to ensure full control over its development and rates, including exclusion from onerous regulation by the BC Utilities Commission. There has been strong political support from the system throughout its history. While LIEC directs and owns all infrastructure and services (and Council has full authority over rates), LIEC has pursued innovative partnerships to assist in the delivery of the infrastructure and services, including financing.

The explicit goals of LIEC are to:

- Establish a highly efficient district energy network providing heating and, in some cases, cooling services to buildings at competitive rates;
- Provide reliable, resilient local energy for the benefit of its customers;
- Operate and maintain low carbon energy systems;
- Position Richmond to be a national and international leader in district energy utilities;
- Develop and manage effective partnerships; and
- Sustain long term financial viability.

LIEC was established in 2013 following the construction of the first phase of the City's very first district energy system – the Alexandra District Energy Utility (ADEU). The ADEU employs a mix of technologies including air-source heat pumps, evaporative fluid coolers, condensing boilers, and geo-exchange fields located in City lands to efficiently heat and cool connected buildings. LIEC's second service area was a new neighbourhood surrounding the Olympic Oval built for the 2010 Winter Olympics, which has since been converted to a community centre. In 2014, LIEC entered into a 30-year Concession Agreement with Corix Infrastructure to design, construct, finance, operate, and maintain the infrastructure for this new service area. LIEC retained governance and full ownership of the infrastructure, with rates set by Council.

In 2022, LIEC entered into an agreement with Corix Infrastructure Inc. and the Canada Infrastructure Bank (CIB) to help design, build, finance, operate and maintain a district energy system for the entire Richmond City Centre (City Centre District Energy Utility (CCDEU)). This agreement replaces the concession agreement for the Oval Village, which is now part of the much larger CCDEU service area. The expanded utility will serve an additional 170 new buildings (an additional 4.6 million m<sup>2</sup>), representing \$500 million of new capital and over one million tonnes of GHG reductions.

Under the new agreement, Corix will continue to support design, construction, operation and financing of the CCDEU (including the Oval Village). The CIB will provide \$175 million in debt financing for the CCDEU, facilitating waste heat recovery from the regional sewer system. The CCDEU will continue to be owned entirely by the City of Richmond through LIEC. LIEC approves all capital, operating and maintenance plans of the new special purpose entity set up by Corix, Council continues to set retail rates and enforce connection requirements. The current LIEC service areas are shown in Figure 9, below. The area outlined in red as the future service area is the new larger CCDEU service area in the agreement with Corix.

### **Procurement Process and Agreements**

The current arrangement with Corix and CIB evolved incrementally for over a decade. The City of Richmond originally explored the feasibility of a district energy system around the Olympic Oval in partnership with the developer of the lands prior to the Olympics as part of the rezoning process. After determining preliminary feasibility, the City decided to pursue a district energy system under City ownership but with a third-party delivery partner.

The City issued a Request for Expressions of Interest, and after evaluating responses, entered into a Memorandum of Understanding with Corix to develop a district energy system on the

City's behalf. After further due diligence, the City and Corix entered into a concession agreement for Corix to design, build, finance, operate and maintain the system. Several years later, the City issued another RFEI to support development of district energy in the City Centre. After reviewing responses, the City entered negotiations with Corix to develop a larger district energy system for the City Centre, including the Oval Village. During negotiations, LIEC secured a memorandum of understanding (MOU) with the CIB to explore a possible role for CIB in financing an expanded system. After several years of due diligence and negotiations, Corix, CIB and LIEC executed a design, build, finance, operate and maintain (DBFOM) agreement for City Centre in September 2021.

### **Ownership, Governance and Rate Setting**

LIEC is a wholly-owned municipal corporation. As a municipal utility, it is excluded from regulation by the BC Utilities Commission. After the incorporation of LIEC (which required approval of the Inspector of Municipalities), the City of Richmond and LIEC entered into a District Energy Utilities Agreement in 2014, which assigned LIEC the function of establishing and operating district energy systems and providing thermal energy services on behalf of the City. LIEC currently owns and operates the ADEU and the new CCDEU. Richmond has been experiencing rapid development in these areas and LIEC has been expanding to meet this increased energy demand.

LIEC is governed by a Board of Directors currently composed entirely of City staff. It is required at least once in every calendar year to have its sole shareholder, the City of Richmond, endorse consent resolutions addressing the business that would otherwise be required to be transacted at an annual general meeting. LIEC's articles of incorporation also require that the Board appoint an auditor and officers of LIEC, and that LIEC holds an annual information meeting open to the public, at which LIEC must present the audited financial statements for the previous fiscal year.

Council is responsible for approving and enforcing connection requirements and for establishing retail rates under Service Area Bylaws. LIEC currently operates under three Service Area Bylaws (an artifact representing that the Olympic Oval service area preceded the larger CCDEU Service Area), with three separate rate schedules.<sup>23</sup> In setting rates, Council must have regard to the costs of LIEC (net of any developer contributions or grants) and also any conditions of financing for LIEC. However, Council has considerable discretion to manage rates through the use of deferral accounts (which operate like lines of credit to manage discrepancies between revenues and costs over time, particularly during the early development phases of development where infrastructure is constructed in advance of development).

Retail rates for end users are also managed through the use of developer contributions and external grants, when available. Developer contributions may be required as a condition of connection and may take the form of financial contributions or contributed infrastructure (e.g.,

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<sup>23</sup> [ADEU Bylaw](#), [CCDEU Bylaw](#), [OVDEU Bylaw](#)

energy transfer stations or interim on-site energy sources which are designed and constructed by developers under the direction of LIEC and Corix).

Under the DBFOM agreement with Corix, equity financing is provided on terms similar to regulated utilities in BC, with Corix assuming certain risks and performance requirements in exchange for a return on its equity. Long-term debt financing is provided by the [Canadian Infrastructure Bank](#) on favourable terms.

Council provides direction to LIEC on low-carbon energy. LIEC, in turn, is responsible for reviewing and approving Corix's annual capital and operating plans to achieve these goals. Corix is compensated for its cost of service, which includes financing, staff and other approved costs. The cost of service is calculated annually but payments may be deferred subject to limits on cumulative deferrals. Any deferred payments are subject to financing on comparable terms. Deferrals are used to ensure affordable rates as infrastructure and carbon requirements are phased.<sup>24</sup>

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<sup>24</sup> This case study is based on Reshape's first-hand experience supporting LIEC development and agreement negotiation on behalf of LIEC.

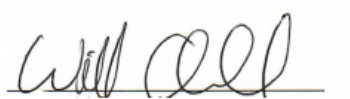




# 5 Report Submission

RESHAPE INFRASTRUCTURE STRATEGIES

Prepared By:



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Principal

Reviewed By:



Sonja Wilson, PEng (AB, BC, ON)  
Principal

Revision History

Revision #	Date	Status	Revision Description	Author
0	2024.03.08	Draft	Issued for Client Review	WPC
1	2024.03.13	Draft	Issued for Client Review	WPC
2	2024.01.16	Final	Final Issue	WPC

Filename: RPT-P808-RegionOfDurham-DEOwnership-FINAL-R2.docx

## Business Case



## COURTICE DES SERVICE AREA (CONCEPTUAL ONLY)

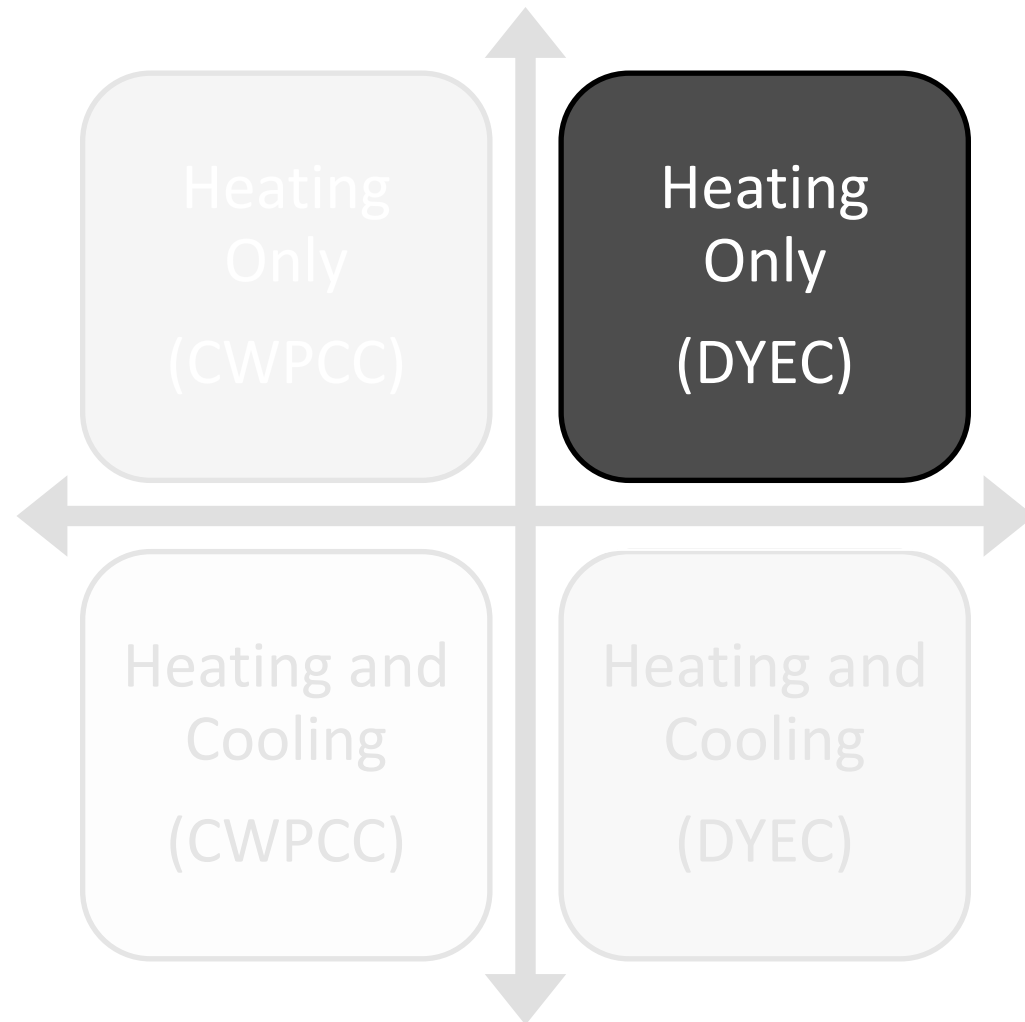


Red outline indicates  
approximate DES service area  
(can be expanded to serve  
adjacent areas)

CTOC 3D View Looking SW (Urban Strategies DRAFT CTOC Demonstration Plan, December 2023)



## DISTRICT ENERGY OPTIONS EVALUATED



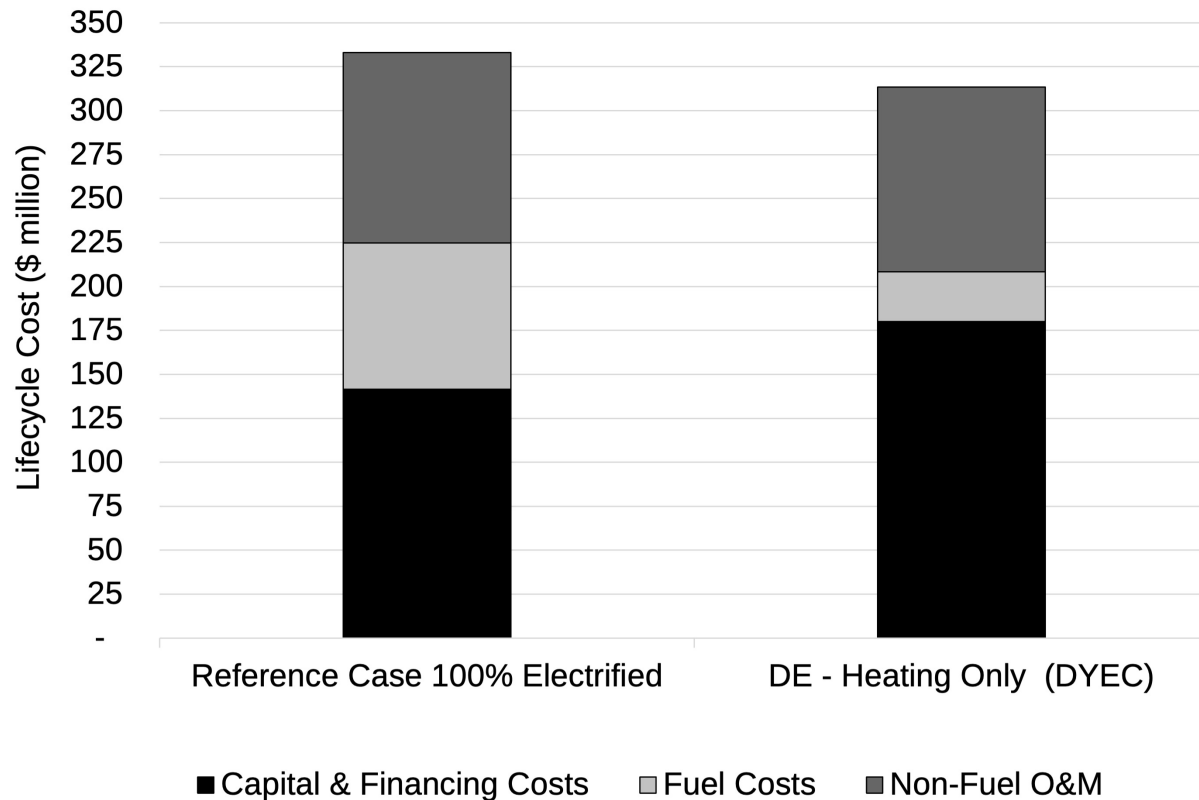
A heating-only system with heat from DYEC is the preferred DES concept and the basis of the DE business case because it:

- Has the lowest capital and lifecycle cost<sup>1</sup>
- Results in an 70% reduction in GHG emissions from gas boiler BAU over analysis period.
- Results in the lowest cost per tonne of avoided GHG emissions.

1. Including the capital and lifecycle costs of in-building cooling systems

## DYEC HEATING ONLY - DES BUSINESS CASE

Lifecycle Cost of DE vs. Reference Case



- To achieve similar GHG outcomes without the DES, all buildings in the Courtice MTSA would need to have 100% electrified heating (Reference case).
- The lifecycle cost of low-carbon heating in the Courtice MTSA supplied by DE is lower than electrification of heating at the building level.
- In the reference case, fuel costs are ~30% of the lifecycle cost, and capital is ~40%. In the DE case, capital and financing costs are 57% of the total lifecycle cost and the fuel cost is 9%.
  - DE provides greater energy cost stability to MTSA residents, relative to building electrification, due to reduced exposure to escalating electricity rates.

# LANDOWNER GROUP (LOG) DEVELOPMENT FORECAST (UPDATED JANUARY 2025)



Ownership	Parcel	# Units / Year				Total Units
		2029	2030	2031	2032+	
Tribute	9	800	900	845	9,214	11,759
Brookfield Properties	12	525	550	550	3,725	5,350
Louisville Homes	15	-	-	-	1,625	1,625
Metrolinx	13	-	-	-	5,080	5,080
Non-Participants (NP)	NP, 32	-	-	-	6,401	6,401
Total Units		1,325	1,450	1,395	26,045	30,215

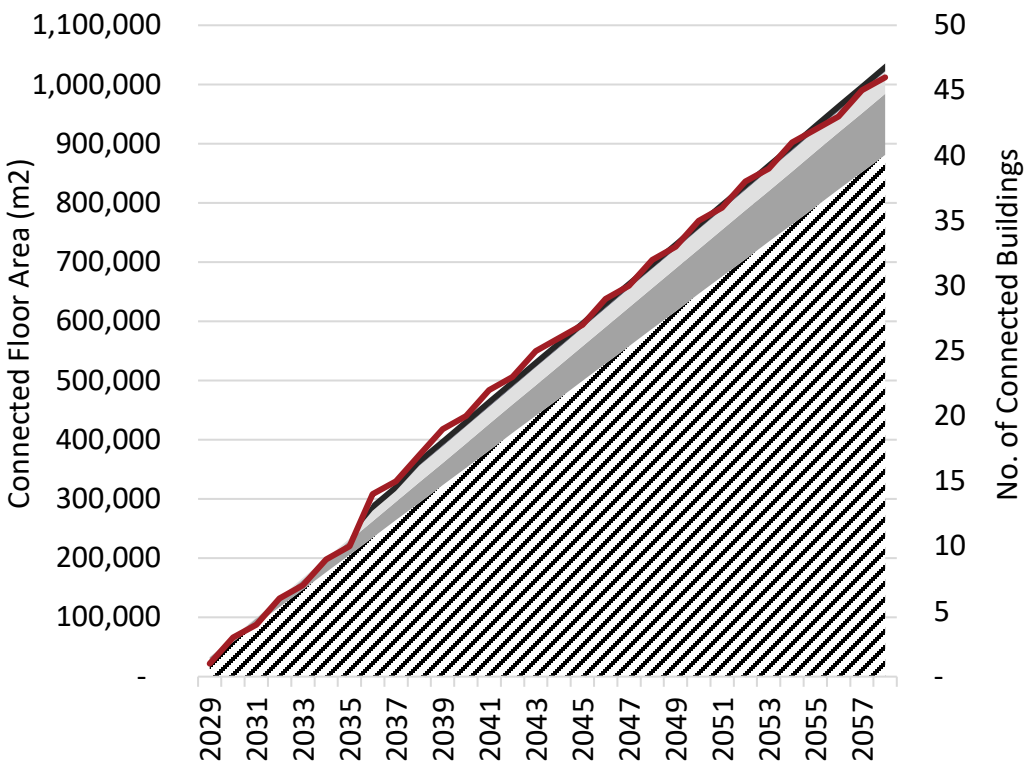
At an estimated average unit size of 720 ft<sup>2</sup> (67 m<sup>2</sup>), the build-out floor area in the high-density area of the MTSA is estimated to be **2 million m<sup>2</sup> or ~20 million square feet.**

MTSA Boundary

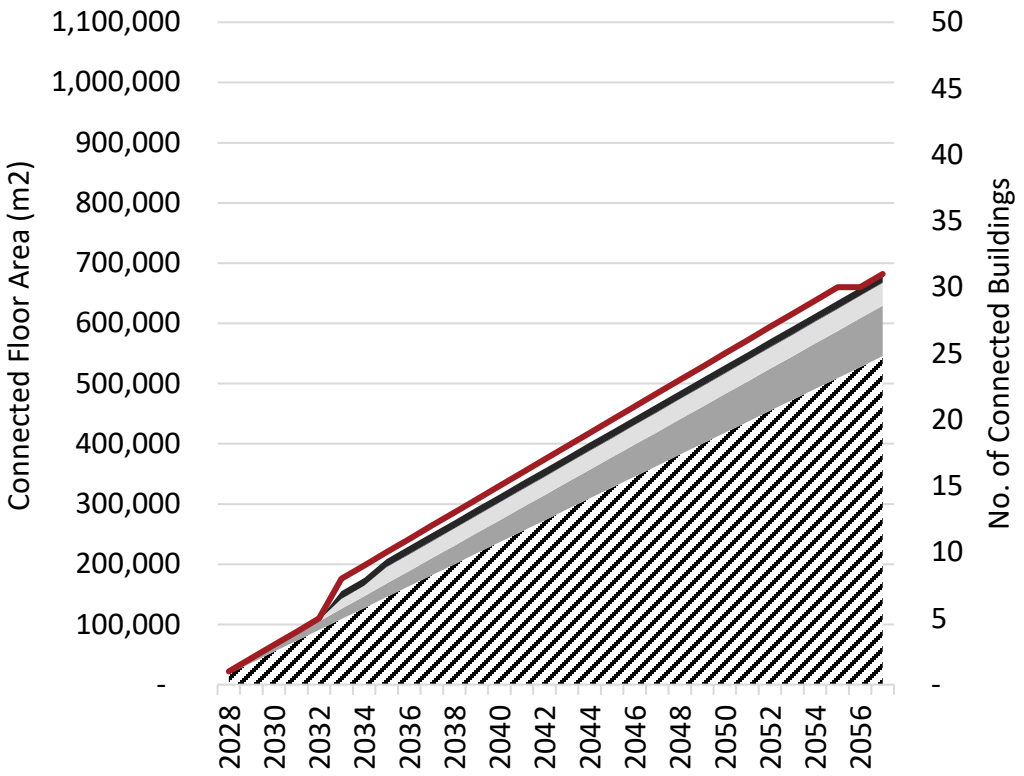
# COURTICE DES LOAD FORECAST ASSUMPTIONS (UPDATED)



2025 Updated Forecast (“Target” Density)



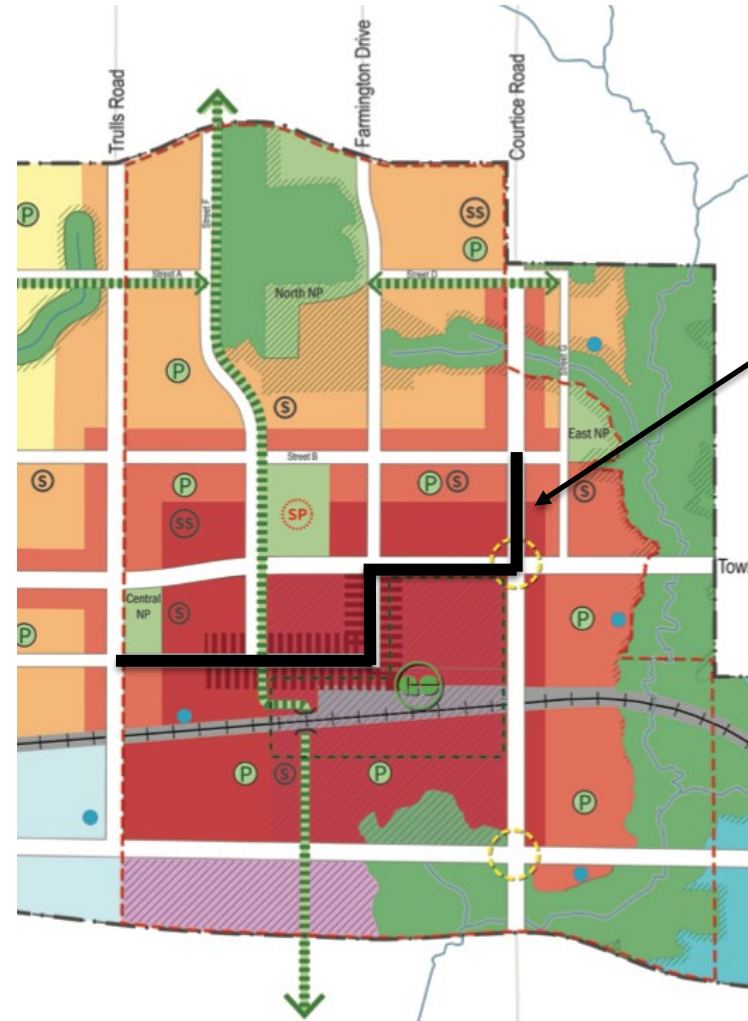
2023 Prior Forecast (“Minimum” Density)



- High Rise MURB
- Office
- Advanced Manufacturing
- Low Rise MURB
- Retail
- Total Connected Buildings



## PHASE 1 DISTRIBUTION PIPING PLAN ASSUMPTIONS

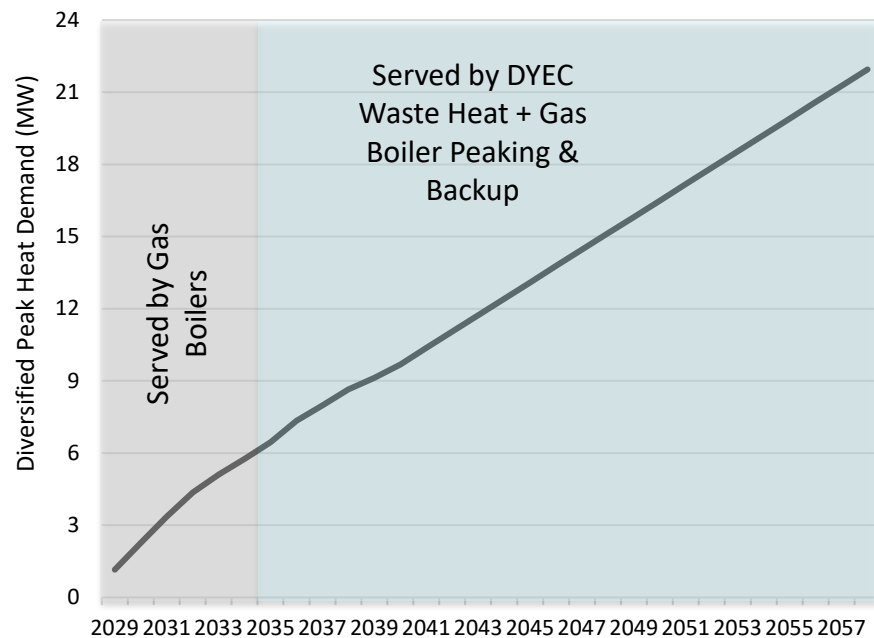


- First phase of distribution piping system
- Estimated to be 1400 m
- Service connections to buildings not shown



## PHASE 1 – ENERGY CENTRE

- The first phase of the DES will be heated by a ~7 MW temporary energy centre (TEC).
- Once sufficient development in CTOC is underway, connection to DYEC will be

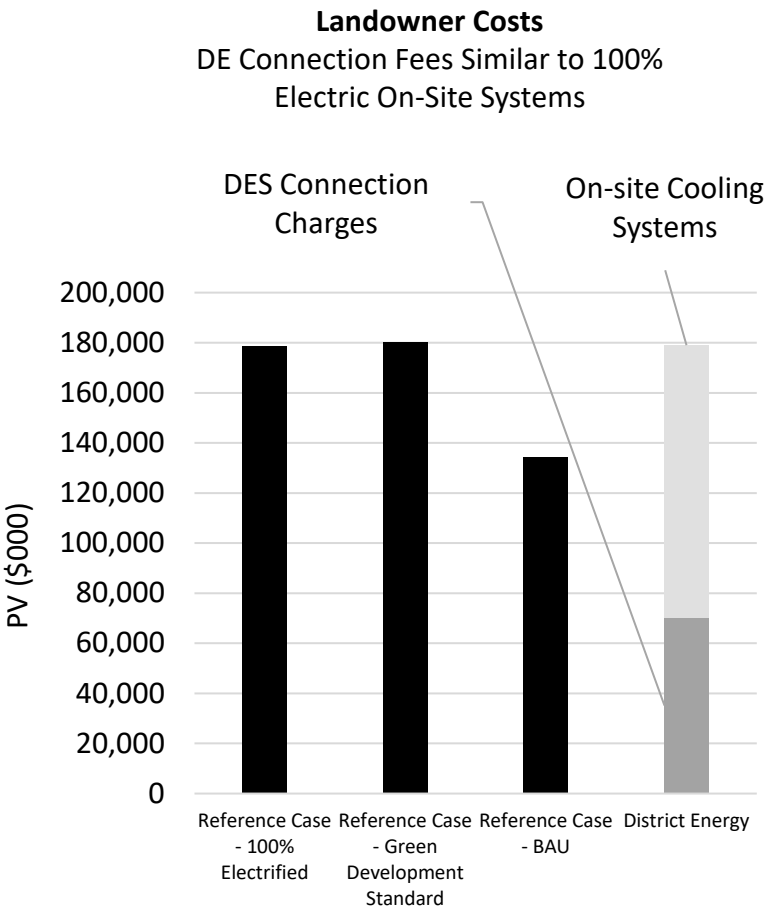
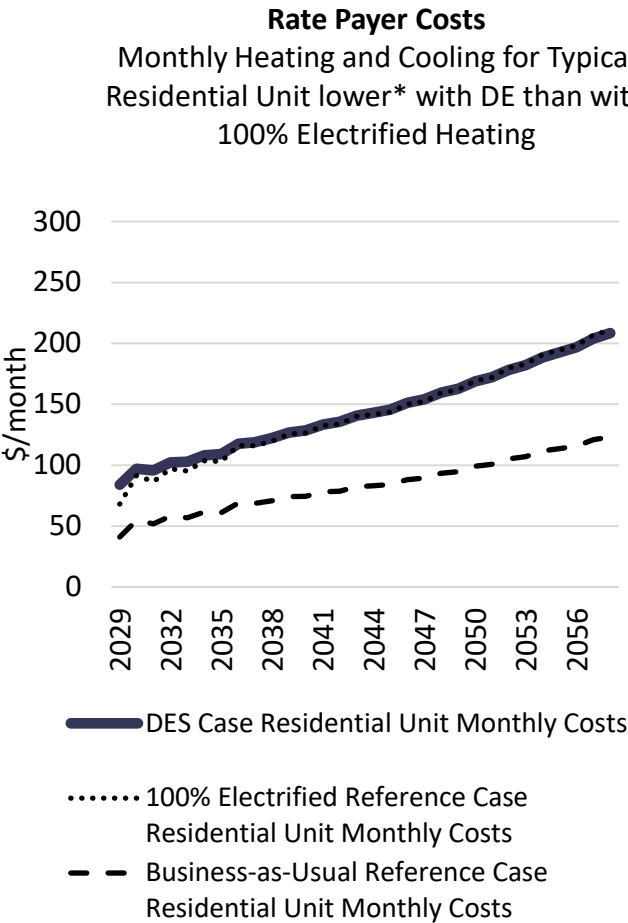
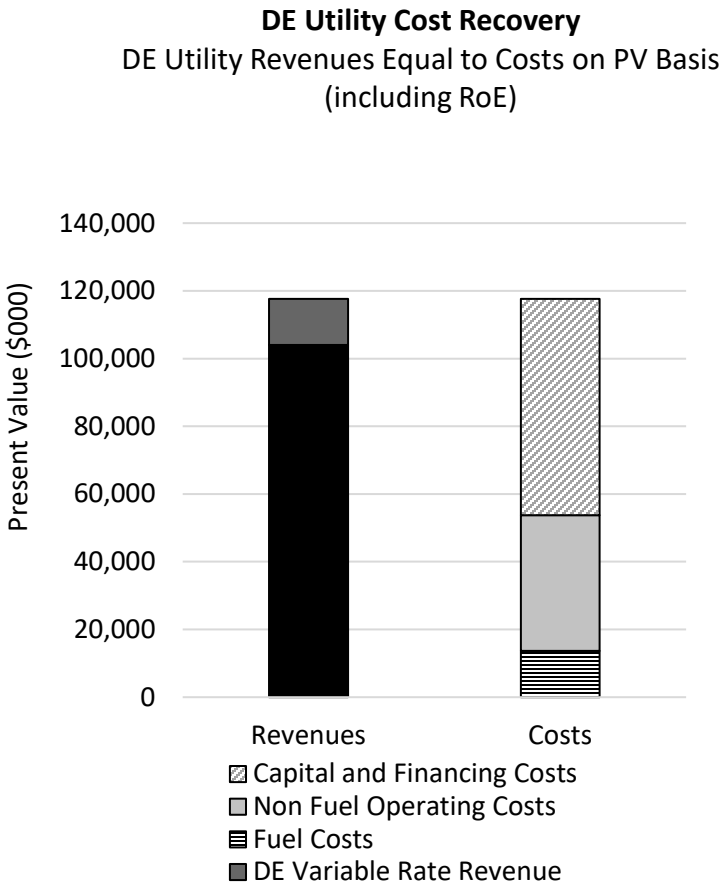


Temporary Energy Centre at the UBC Neighbourhood District Energy System (Corix Utilities)

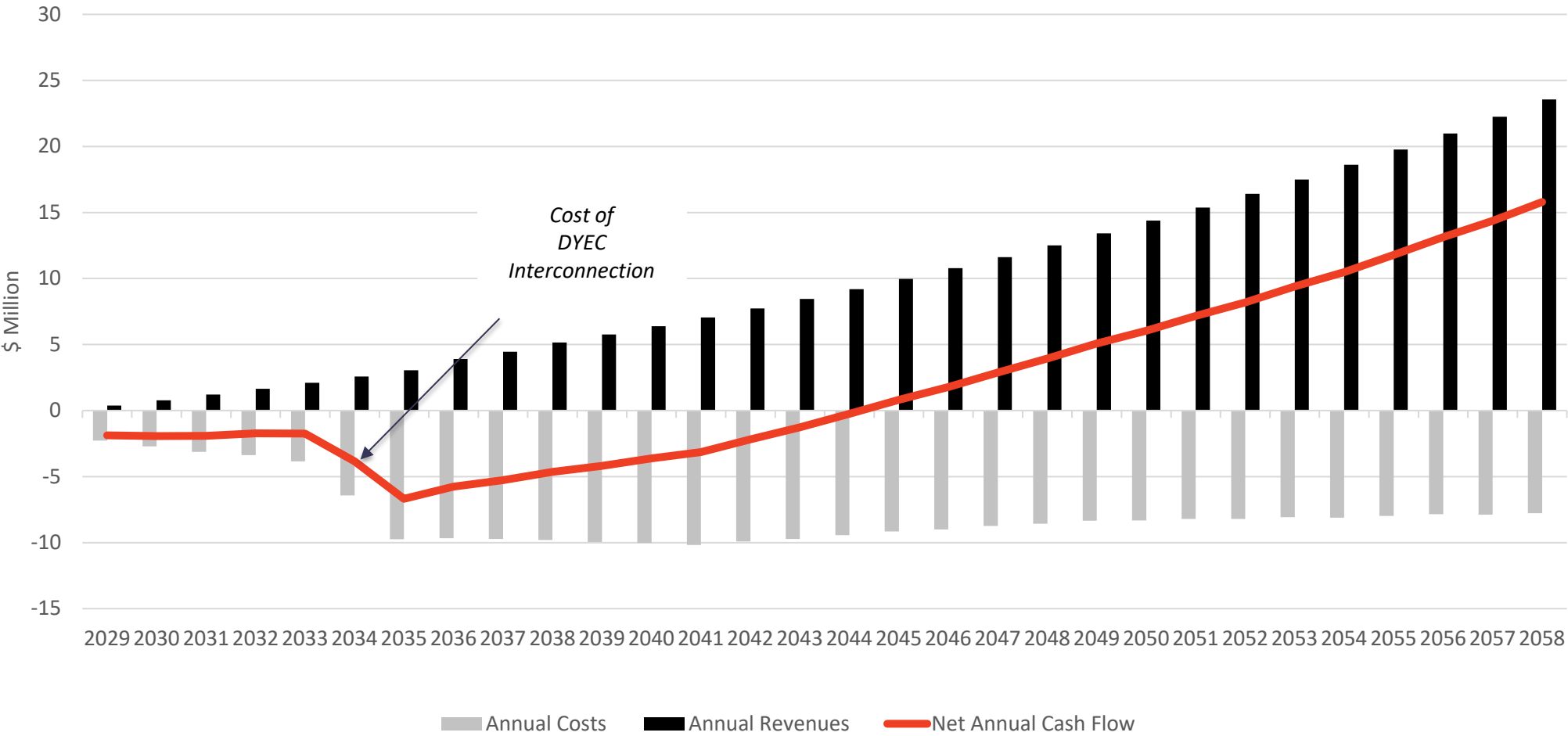
# UPDATED DES BUSINESS CASE (BASE CASE)



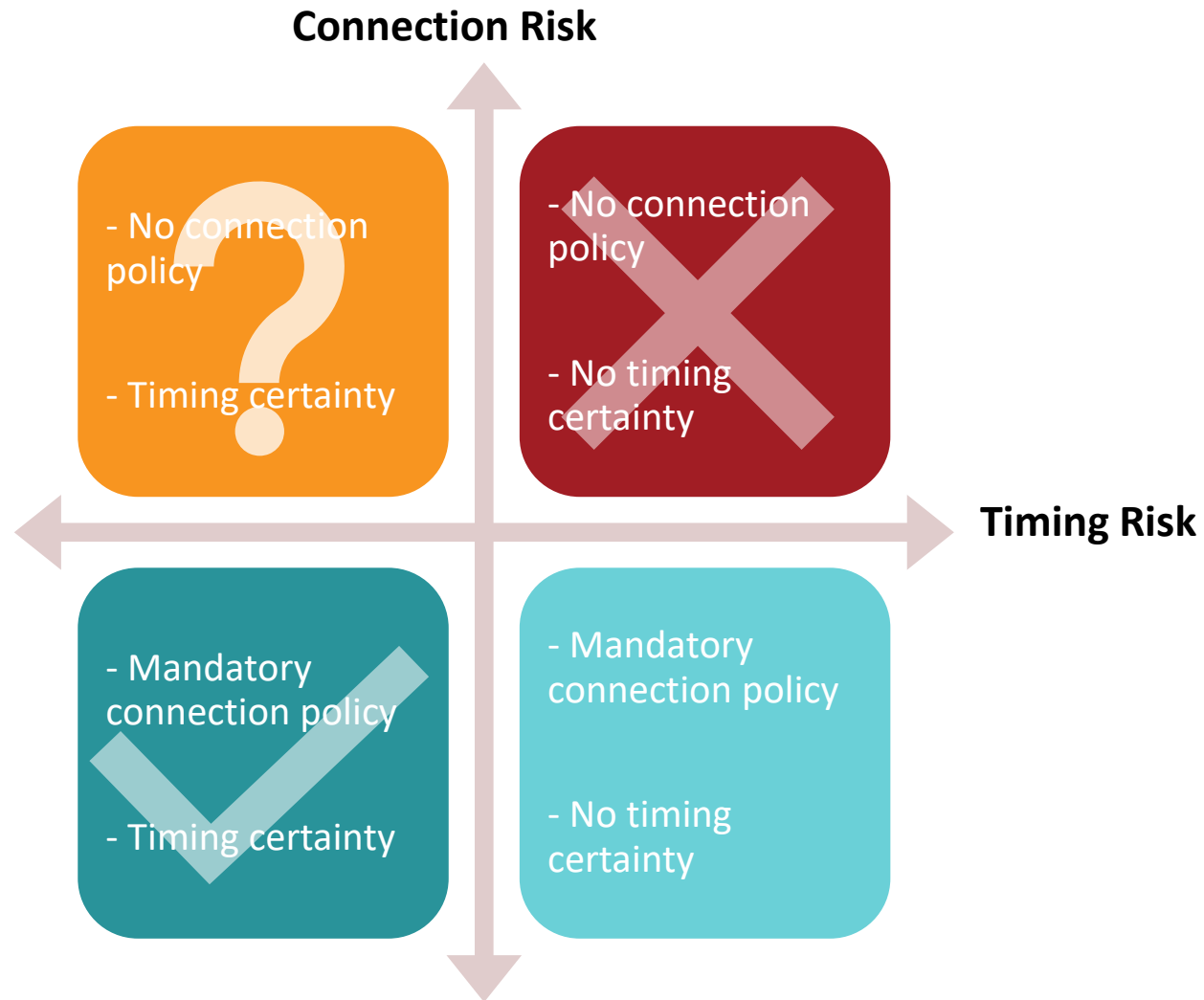
Business case is presented as cost neutral from the DE Utility perspective (including return on equity) with competitive costs for DE rate payers and similar capital costs for landowners relative to the 100% electrified reference case.



DES BUSINESS CASE – DE UTILITY CASH FLOW







**Connection Risk:** *Will* buildings connect?

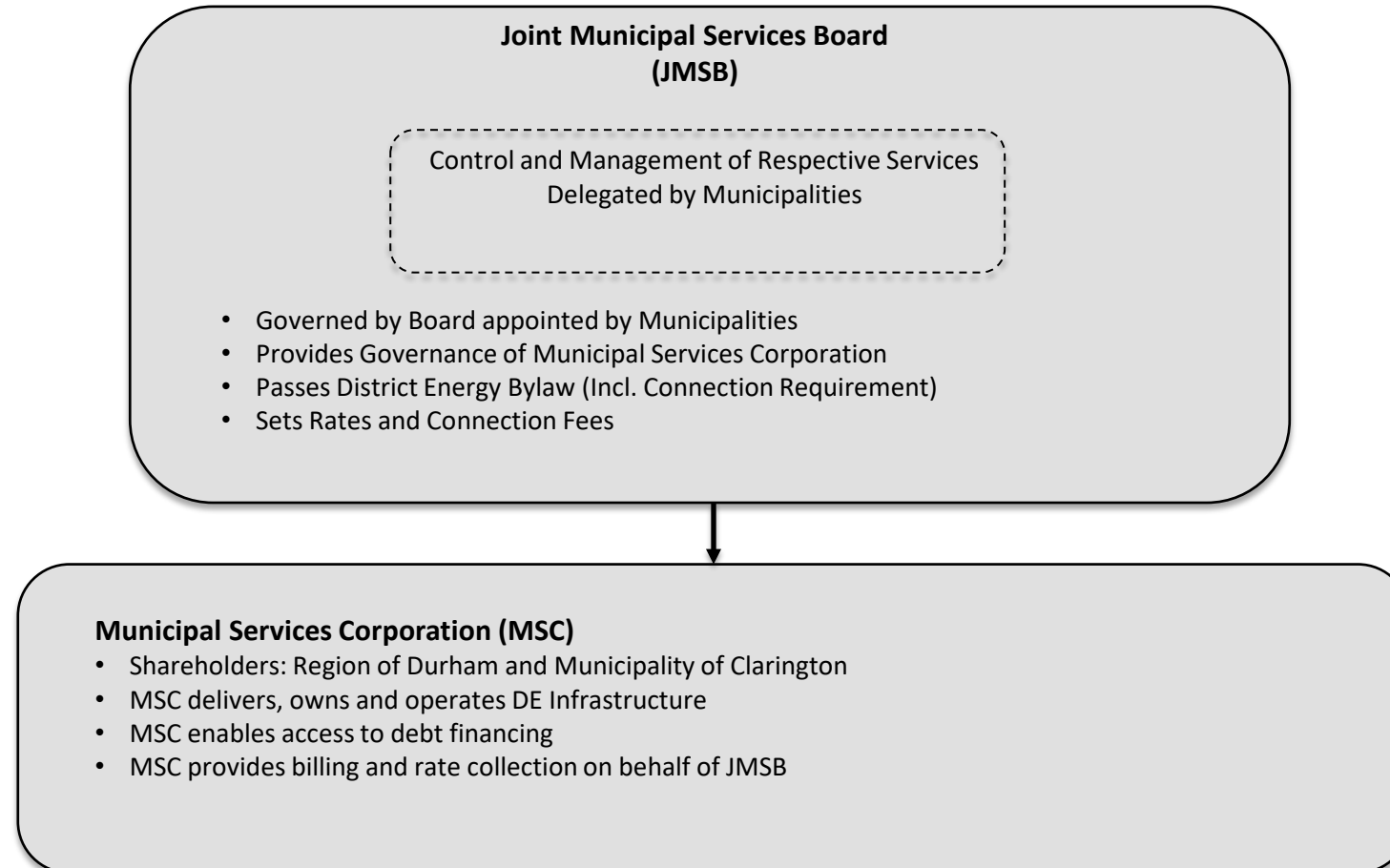
**Timing Risk:** *When* will buildings connect?

### Mitigating Strategies for Connection Risk

- Mandatory connection bylaw in defined service area.
- Supported with:
  - Competitive rates
  - Competitive connection fees
  - Streamlined / accelerated permitting process
  - Other incentives

### Mitigating Strategies for Timing Risk

- Don't build too much too soon!
  - Minimize early investment in system
  - Plan expansion of DES to match growth of neighbourhood
  - Utilize temporary energy centres
  - Complete cost/benefit analysis of extending service to new service areas (extension test).



## POTENTIAL FOR LOW-COST FINANCING AND GRANTS



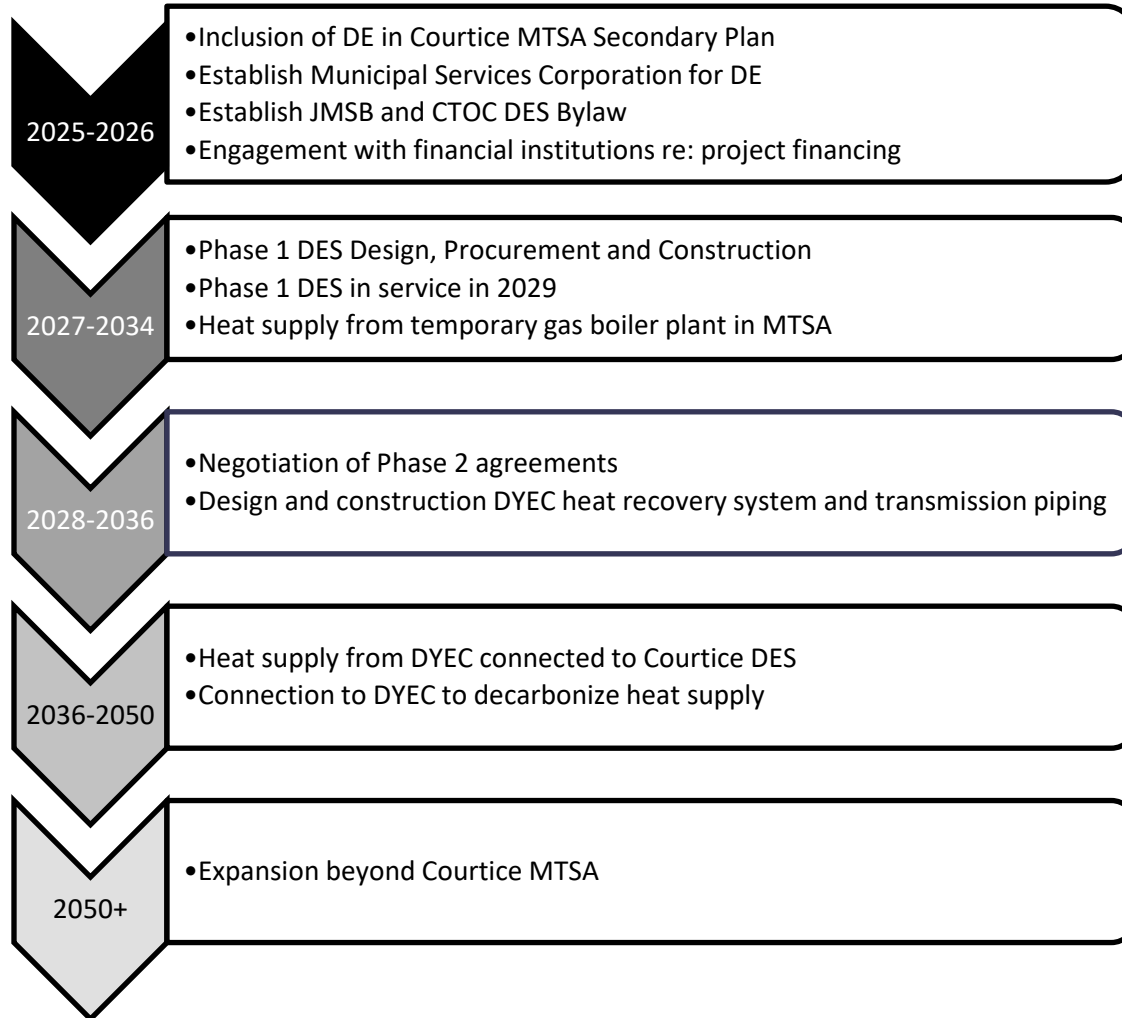
- Over the past 2-3 years CIB has entered into financing agreements with three DES utilities totaling more than a billion dollars.
- Many low-carbon DE projects secure lesser amounts as grants.

### Selection of Funding and Financing Recipients (non-exhaustive)

Name of Program	Recipient Project	Grant Amount (\$ million)	Financing Amount (\$ million)
Canadian Infrastructure Bank (CIB)	Markham Centre District Energy		135
Canadian Infrastructure Bank (CIB)	Enwave Energy Corporation		600
Green Municipal Fund (GMF)	Markham Centre District Energy	1	7.2
Green Municipal Fund (GMF)	Zibi Community Utility	3	20
Green Municipal Fund (GMF)	City of Vancouver NEU	1.5	15
Green Municipal Fund (GMF)	Lonsdale Energy Corporation	2	2
Low Carbon Economy Fund	Enwave Energy Corporation - PEI	3.5	



# TARGET PROJECT DEVELOPMENT TIMELINE & PROCESS



- In the near term, the Municipalities will work to include DE as part of the Courtice MTSA Secondary Plan as an enabling policy for DE.
- The objective is to have DE service available in time for the first buildings in the CTOC to connect (2029).
- The DE Service Area and Phasing Plan will be developed in coordination with Landowner's Group.
- To manage investment risk, the first phase of the DES will be served by a temporary gas boiler plant (or plant integrated with a municipal facility).
- Once sufficient load is connected to the DES, the connection to DYEC will be completed, decarbonizing the heat supply to all buildings connected to the DES.
- Depending on growth outside the MTSA, the DES may be expanded to serve additional areas.

- Following Council endorsement of proposed governance and ownership model, Regional and Clarington staff will undertake next steps as mandated by the Municipal Act to develop the proposed governance and ownership model, including:
  - **Develop a comprehensive Business Case Study** that outlines the rationale for establishing the Municipal Services Corporation, including projected costs, revenue streams, operational structure, and key benefits. The Plan will include:
    - **Governance structure design** – determine board composition, decision-making processes, and reporting mechanisms
    - **Funding mechanisms** – detail how the MSC will be funded through debt financing, connection fees, and user rates
    - **Asset transfer policies** – describe which assets will be transferred, and under what terms
    - **Staffing and recruitment** – describe the staffing plan, including management and technical personal, and how they will be recruited
  - **Conduct public consultations** – engage public through public meeting/information session to gather feedback on the proposed MSC, its services and potential impacts
  - **Legal review** – consult with legal counsel to ensure compliance with relevant provincial legislation regarding creation and operations
  - **Council approval** – Fall/winter 2025 staff will return to council to present the business case and seek approval



# The Regional Municipality of Durham Report

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To: Committee of the Whole  
From: Commissioner of Finance and Commissioner of Community Growth and Economic Development  
Report: #2025-COW-20  
Date: May 14, 2025

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**Subject:**

Sole Source Procurement for the preparation of the GO Lakeshore East Extension Transit Station Charge Background Study

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**Recommendation:**

That the Committee of the Whole recommends to Regional Council:

- A) That a sole source contract for the preparation of the Transit Station Charge Background Study be awarded to a consultant team led by N. Barry Lyon Consultants (NBLC), including Watson & Associates Economists Limited, with an upset limit of \$175,000, to be funded from the anticipated Transit Station Charge (TSC), with interim financing to be sourced at the discretion of the Commissioner of Finance;
- B) That authorization be provided to proceed with the Transit Station Charge Background Study as soon as possible as per the GO Transit Station Funding Act, 2023;
- C) That the Region advise the Province that it will contribute all the funds it collects from the Transit Station Charge over 30 years following approval of the TSC by-law after deducing financing and any other related costs, toward the cost of the four new GO Train Stations;
- D) That the Commissioner of Finance be authorized to execute the necessary agreements and contracts to implement the above-noted actions; and

- E) That a copy of Report #2025-COW-20 be forwarded to the area municipalities for their information.
- 

**Report:****1. Purpose**

- 1.1 The purpose of this report is to seek Council authorization to award a sole source contract to N. Barry Lyon Consulting (NBLC) and Watson & Associates to undertake the TSC Background Study under the Transit Station Funding Act (the Act).
- 1.2 This report complements the resolution passed unanimously at the Regional Council meeting held on March 26, 2025, requesting the province to expedite the release of the regulations to the Act.

**2. Background**

- 2.1 The GO Lakeshore East Extension to Bowmanville has been a long-standing priority for Durham Region, the City of Oshawa, the Municipality of Clarington, and the province. It proposes a 20-kilometre extension of rail service from its current terminus in Oshawa, along the CP Rail line, with four new GO Train stations, two in the City of Oshawa and two the Municipality of Clarington.
- 2.2 In 2018, the Province announced that while it would continue to pay for the cost of extending rail infrastructure, but that it would no longer pay for the design and construction of new GO stations. As there is no scenario in Durham Region whereby a single developer will come forward to pay for/build these new GO Train stations, the Region must take the initiative to ensure four new stations are operational on the opening day of service.
- 2.3 On December 4, 2023, the Transit Station Funding Act (Bill 131) received Royal Assent, which enables municipalities to support the delivery of new GO Stations by paying for the costs of station design and construction upfront, and collecting a transit station charge levied on new development surrounding the proposed GO Stations. To implement a TSC, the Act requires the completion of a “Background Study”, and a by-law to establish the amount of the charge, which must also be approved by the Minister of Infrastructure.
- 2.4 The requirements for the prescribed Background Study will be detailed in the impending regulations to the Act. The Province has not indicated an anticipated date of release at this time. While awaiting the release of the regulations for the Act, N.



Barry Lyons Consulting (NBLC) was engaged in April 2024 to conduct a preliminary Economic Study to identify land value capture potential using current and future market projections, and assess the financial feasibility of a TSC as a funding tool for the proposed stations. Watson & Associates was retained as a subconsultant to NBLC to undertake financial testing using growth forecasts and identify projected transit station charge revenues.

### **3. Previous Reports and Decisions**

- 3.1 On March 26, 2025, Regional Council unanimously endorsed a motion requesting the Province to expedite the release of the regulations to enable the Region to proceed with a TSC by-law (Attachment 1).
- 3.2 On September 25, 2024, Regional Council received a confidential briefing on the Durham Station Implementation Strategy and the interim findings of the GO Lakeshore East Transit Station Charge Economic Study.
- 3.3 In April 2024, Committee of the Whole and Council considered Report #[2024-COW-14](#) which recommended the Region's response to the Ontario Regulatory Registry posting related to the "Proposal to create regulation to support implementation of the GO Transit Station Funding Act, 2023".
- 3.4 In April 2024, Committee of the Whole and Council considered Report #[2024-COW-13](#) which recommended the sole source procurement for the Economic Study to undertake the analysis necessary to prepare the Region for the future prescribed Bill 131 Background Study.

### **4. Importance of Being in a State of Readiness**

- 4.1 Regional staff continue to advance efforts towards implementing a TSC under the Act, including assessing the financial feasibility of a TSC as a funding tool for four new stations through a preliminary TSC Economic Study. However, the Province has yet to release the necessary regulations under the Act that allow the Region to proceed with the Background Study, public consultation process, and other requirements necessary to adopt a TSC by-law.
- 4.2 During this interim period, there have been several residential and mixed-use development applications brought forward to the City of Oshawa and the Municipality of Clarington proposing significant new units adjacent to the planned GO Station sites. To ensure the viability and effectiveness of the Region's station funding program, it is essential that commitments from the developers of these

projects are obtained in the absence of a TSC by-law. It is critical that the province expedite the release of the regulations under the Act, and that the Region remain in a state of readiness to proceed with next steps upon their release.

- 4.3 While the regulations are necessary to complete the Background Study, staff, in consultation with NBLC and Watson & Associates, have identified early portions of the work, including the economic components and analyses, that can be completed during the interim period, considering the active development applications. Proceeding with these early components will ensure that the Region is prepared to advance other requirements of the Background Study upon the release of the regulations, as well as the public consultation process and the TSC by-law.

## **5. Financial Implications**

- 5.1 The Region's Purchasing By-law #16-2020, Sec. 7.2 Limited Tendering (sole/single source purchases) permits the acquisition of goods and services through limited tendering under specific circumstances outlined in Appendix C of the By-law. Section 1.1 of Appendix "C" permits sole source purchases where the goods or services can be supplied only by a particular supplier, to ensure compatibility with existing goods, or to maintain specialized goods that must be maintained by the manufacturer of those goods or its representative.
- 5.2 NBLC was initially engaged in 2019 to review and recommend a rail alignment that would generate the best outcomes from a development perspective and in 2021 to assist the Region in creating a modified, market-driven Station Implementation Strategy. NBLC has continued to work with the Region, providing the foundational research and analysis for the strategy that was used as the basis for the Economic Study to examine the efficacy of a TSC for the GO Lakeshore East Extension. Through their research and analysis not just within Durham Region but across other municipalities in the Greater Toronto and Hamilton Area, NBLC and Watson & Associates have gained extensive knowledge, relationships, and strategic insights to enable this work to proceed and would be difficult to replace through an alternative source. Continuing the project with the same consultants will give the project the best chance for positive outcomes as well as meeting project timelines.
- 5.3 Staff recommend that a sole-source contract be awarded to NBLC including Watson & Associates, with an upset limit of \$175,000 to undertake the Background Study, in order to ensure the Region's preparedness to advance the TSC program and minimize risks to the TSC program and development activity timelines.

- 5.4 Potentially, the Region will be required to undertake long term debt to cover the upfront contribution to the costs of the new GO Train stations, which will trigger associated financing costs. Debt is likely required due to the unpredictable timing of revenues from the TSC over the 30-year period, and the contribution amount from the Region will be the net revenue after accounting for financing and other administrative costs associated with the debt.
- 5.5 It is recommended that the Commissioner of Finance be authorized to use interim financing to cover the \$175,000 necessary for the TSC Background Study. As the project proceeds, the interim financing could be restructured to become part of the long-term debt to upfront the cost of the four new GO stations with recovery through the new TSC. However, in the unlikely event the project does not advance, the Region would be unable to recover the interim financing.

## **6. Relationship to Strategic Plan**

- 6.1 The GO Lakeshore East Extension to Bowmanville will improve mobility and travel options, supports transit-oriented development and in particular, housing, and aligns with/addresses the following Strategic Direction(s) and Pathway(s) in the Region's 2025-2035 Strategic Plan:

### **a) Connected and Vibrant Communities**

- C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
- C2. Enable a full range of housing options, including housing that is affordable and close to transit.
- C3. Improve public transit system connectivity, reliability, and competitiveness.
- C4. Improve road safety, including the expansion and connection of active transportation networks to enhance the range of safe mobility options.
- C6. Continue to revitalize and transform downtowns into hubs of economic, social, and cultural connection.
- C7. Create accessible, lively, and culturally welcoming public spaces, including opportunities to access nature.

### **b) Environmental Sustainability and Climate Action**

- E2. Collaborate with partners on the low-carbon transition to reduce community greenhouse gas emissions across Durham Region.

c) Strong Relationships

- S1. Enhance inclusive opportunities for community engagement and meaningful collaboration.
- S2. Build and strengthen respectful relationships with First Nations, Inuit, Métis, and urban Indigenous communities.
- S3. Collaborate across local area municipalities, with agencies, non-profits, and community partners to deliver co-ordinated and efficient services.
- S4. Advocate to the federal and provincial government and agencies to advance regional priorities.
- S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.

6.2 This report aligns with/addresses the following Foundation(s) in the Region's 2025-2035 Strategic Plan:

- a) People: Making the Region of Durham a great place to work, attracting, and retaining talent.
- b) Processes: Continuously improving processes to ensure we are responsive to community needs.

## 7. Conclusion and Next Steps

- 7.1 The preliminary TSC Economic Study found that land value capture is a viable approach to financing transit stations. However, there are active developments seeking to proceed in the interim period, prior to the enactment of the TSC by-law.
- 7.2 To ensure the success of the station funding program through the TSC, it is critical that the Region remain in a state of readiness to proceed with the Background Study and TSC by-law immediately following the release of the regulations to the Act. As such, it is critical that the Region to embark on the early stages of the Background Study as soon as possible. Regional staff will continue to collaborate with area municipalities, the province, Metrolinx, and other stakeholders in the development of the preliminary components of the Background Study.
- 7.3 Upon the release of the regulations to the Act, Regional staff will undertake the necessary public consultation and draft a by-law for Regional Council's consideration to implement the TSC.



7.4 This report was prepared in consultation with staff from Legal Services and the CAO's Office.

## 8. Attachments

Attachment #1: Resolution adopted at the Regional Municipality of Durham Council meeting held on March 26, 2025, requesting the Province of Ontario to Expedite Release of the Regulations for the GO Transit Station Funding Act, 2023.

Respectfully submitted,

Original signed by

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Brian Bridgeman, MCIP, RPP, PLE  
Commissioner of Community Growth and  
Economic Development

Original signed by

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Nancy Taylor, BBA, CPA, CA  
Commissioner of Finance

Recommended for Presentation to Committee

Original signed by

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Elaine C. Baxter-Trahair  
Chief Administrative Officer



SENT VIA EMAIL

March 26, 2025

The Honourable Doug Ford  
Premier of Ontario  
Legislative Building, Queen's Park  
Toronto, ON M7A 1A1

Dear Premier Ford,

**The Regional  
Municipality of  
Durham**

Corporate Services  
Department –  
Legislative Services  
Division

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PO Box 623  
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**Alexander Harras  
M.P.A.  
Director of  
Legislative Services  
& Regional Clerk**

**RE: Request to the Province of Ontario to release the regulations to enable the Region of Durham to proceed with a background study on Transit Station Charge(s) to support the funding and delivery of four new GO stations and Transit-Oriented Communities along the GO Lakeshore East Extension to Bowmanville, Our File: D21**

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Council of the Region of Durham, at its meeting held on March 26, 2025, passed the following resolution:

“WHEREAS residents, workers, and businesses in the Region of Durham rely on regional transportation to connect with one another, commute to and from work, and reach new customers;

AND WHEREAS current economic uncertainty reinforces the need to invest in our communities, invest in public infrastructure, build more homes, and strengthen the connections between residents, workers and businesses in the region;

AND WHEREAS the Region of Durham identifies the GO Lakeshore East Extension as a priority project that can drive economic development, transform and connect our communities and help achieve a more sustainable future;

AND WHEREAS the Province of Ontario committed to build and fund the GO Lakeshore East Extension in the 2022 provincial budget;

AND WHEREAS the Region of Durham and the Province of Ontario have worked collaboratively together on an innovative approach to transit-oriented community development;

AND WHEREAS the Province of Ontario introduced and passed the GO Transit Station Funding Act, 2023, to enable more GO stations, spur more housing and mixed-use communities around transit, and help make it more convenient to travel across the Greater Toronto Area and surrounding regions;

AND WHEREAS the Region of Durham estimates that the GO Transit Station Funding Act, 2023 will enable up to 16,000 new homes across four new transit-oriented communities in the next 30 years, providing much needed housing options in the Region of Durham;

AND WHEREAS the Region of Durham wishes to expeditiously pass a transit station charge by-law under the GO Transit Station Funding Act, 2023 to support the funding of the four new GO stations along the GO Lakeshore East Extension;

AND WHEREAS there are current development applications in the City of Oshawa and Municipality of Clarington that are within the area of future GO stations where a transit station charge would apply.

NOW THEREFORE BE IT RESOLVED: THAT the Council of the Regional Municipality of Durham hereby requests that the Province of Ontario expedite the release of regulations under the GO Transit Station Funding Act, 2023 to enable the Region of Durham to proceed with a background study and pass a Transit Station Charge By-law to support the funding of four new GO stations and Transit-Oriented Communities along the GO Lakeshore East Extension to Bowmanville.

AND THAT a copy of this resolution be sent to the Honourable Doug Ford, Premier of Ontario, the Minister of Transportation, the Minister of Infrastructure, all local Durham MPPs, and all Durham local area municipalities.”

*Alexander Harras*

Alexander Harras,  
Director of Legislative Services & Regional Clerk

AH/sr

- c. Hon. Prabmeet Singh Sarkaria, Minister of Transportation  
Hon. Kinga Surma, Minister of Infrastructure  
Hon. P. Bethlenfalvy, Minister of Finance, MPP, Pickering/Ajax  
R. Cerjanec, MPP, Ajax  
L. Coe, MPP, Whitby  
Hon. T. McCarthy, Minister of Environment, Conservation and  
Parks, MPP, Durham  
J. French, MPP, Oshawa  
L. Scott, MPP, Haliburton/Kawartha Lakes/Brock  
Hon. D. Piccini, Minister of Labour, Immigration, Training and Skills  
Development, MPP, Northumberland/Peterborough South  
Town of Ajax  
Township of Brock  
Municipality of Clarington  
City of Oshawa  
City of Pickering  
Township of Scugog  
Township of Uxbridge  
Town of Whitby



## **Motion to Establish Social Procurement Practices**

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Moved by: Councillor Lee

Seconded by: Councillor Crawford

That we recommend to Regional Council:

Whereas the impact of American tariffs has resulted in a strengthened call for modernization in municipal procurement processes to reflect current economic and social realities;

And Whereas every purchase the Region makes has a social, economic, cultural, and environmental impact;

And Whereas social procurement is a holistic approach to strategic social, economic, environmental, and inclusive goals that drive positive community outcomes through the strategic use of procurement policies and practices;

And Whereas social procurement still requires that equal opportunity be provided to all vendors and does not provide preferential treatment, in that competitive pricing must still be provided;

And Whereas the City of Toronto, City of Pickering, and City of Calgary are among those who have successfully executed social procurement practices, leading to beneficial outcomes for both the community and the economy;

Now Therefore Be It Resolved That:

1. Staff be directed to investigate the implementation of a social procurement program, with a focus on:
  - a. Prioritizing inclusion and diversity in our supply chain and the business practices of our suppliers;
  - b. Promoting that our suppliers be good corporate citizens through social equity, climate sustainability and community development practices;
  - c. Including local economic development and employment targets or goals that support Durham Region residents to work in the Region; and
  - d. Supporting local businesses when possible, by continuing to prioritize purchasing for below trade agreement thresholds;
2. Staff establish a process for businesses to become a diverse or sustainable supplier with the Region, including holding education sessions on achieving certification from non-profit and accredited supplier organizations;
3. Staff report back to the council with their recommendations within one year; and
4. Staff share their findings and outcomes with lower-tier municipalities to align procurement practices across the Region.