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2006 CAPITAL BUDGET BRIEFING NOTE: Energy Retrofit Program (ERP) – Energy Savings Estimate

Issue/Background:

The Budget Advisory Committee at its meeting of November 14, 2005 requested the Deputy City Manager and Chief Financial Officer to report back to the Budget Advisory Committee Wrap Up on energy saving estimates for projects that have been approved and included in the \$20 million Energy Retrofit Program (ERP).

The ERP, with \$20.0 million of debt funding to be repaid from energy cost savings, was approved by City Council at its meeting of April 19-27, 2004 with the adoption of the report entitled, “A Framework for Establishing an Energy Retrofit Program and Financing Strategy”.

Key Point(s):

The following Table sets out the projects approved to-date from the Energy Retrofit Program with the proposed cash flow and expected annual savings (without inflation):

ERP PROJECTS

Energy Savings Estimates

		Ex Place				
	Cash Flow (M\$)	ARENAS	FIREHALLS	TRI GEN	5 BUILDING RETROFIT	NTC LIGHTING
	2005	2.5	0.9	2.2	0.78	0.05
	2006	7	1.866	2.2	0.83	0.75
	2007	0.713	0.211			
	Total	10.213	2.977	4.4	1.61	0.8
	Expected Incentives	0.127	0.287		0.11	
	Net Expenditure	10.086	2.69	4.4	1.5	0.8
	Estimated Savings(M\$)					
	2007	1.346	0.372	0.554	0.188	0.15
	2008	1.346	0.372	0.554	0.188	0.15
	2009	1.346	0.372	0.554	0.188	0.15
	2010	1.346	0.372	0.554	0.188	0.15
	2011	1.346	0.372	0.554	0.188	0.15
	2012	1.346	0.372	0.554	0.188	0.15
	2013	1.346	0.372	0.554	0.188	0.15
	2014	1.346	0.372	0.554	0.188	0.15
	2015	1.346	0.372	0.554	0.188	0.15
	2016	1.346	0.372	0.554	0.188	0.15
	Total	13.46	3.72	5.54	1.88	1.5

- All the projects have been approved by the ERP evaluation committee and meet the criteria as requested by Council.
 - All projects except the lighting retrofit at the National Trade Centre (NTC) have been awarded and are in the construction phase. The NTC lighting retrofit is currently being designed and construction is planned for June 2006 (the only time when the construction can be completed). The Arena, Firehall and the Exhibition Place projects will require most of 2006 to complete with a small amount of carry over into 2007 for the Arena and Firehall projects.
 - Some energy savings will be achieved during the construction phase for all projects listed above, but since the projects will not be completed until the end of 2006 repayment of ERP funding will not occur until 2007.
 - As approved by Council, repayment of ERP funding from savings will be achieved through a fixed repayment schedule included in the operating budget, starting in 2007, of the organizations benefiting from the work, i.e., Fire Services, Parks Forestry and Recreation and Exhibition Place. Actual energy savings will be monitored by the Energy and Waste Management Office of the Facilities and Real Estate Division.
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Circulated to: Budget Advisory Committee Members
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