

To: Warden and Members of County Council

From: Director of Public Works

Low Carbon Economy Challenge Funding Application

RECOMMENDATIONS

1. That Oxford County Council authorized staff to submit an application for grant funding that would reduce the County's funding share associated with the renewable energy project identified in Report No. PW 2022-15;
2. And further, that staff report back to County Council, prior to the execution of any agreement associated with the acceptance of such grant, and seek commitment for any remaining funds required to proceed with the unbudgeted capital undertakings.

REPORT HIGHLIGHTS

- On January 27, 2022, the Minister of Environment and Climate Change announced a new funding intake for the *Low Carbon Economy Challenge*.
- Through the ongoing development of the County's *Long Term Renewable Energy Plan*, one project has been identified that would be eligible for this grant funding, the ground source heat pump system at Woodingford Lodge Woodstock, and a successful application would assist in offsetting future capital costs.
- The funding application deadline is March 25, 2022, and approved projects must be completed by March 2025.

Implementation Points

Upon approval of this report, Facilities staff will work with Finance to complete and submit an application for the grant funding.

Financial Impact

The funding requirements and potential grant funding for a ground source heat pump system at Woodingford Lodge Woodstock are outlined in Table 1 below.

Table 1 – Funding Summary

Budget Summary Description	Estimated Capital Cost
Engineering	\$170,000
Materials & Equipment	4,800,000
Labour	740,000
Permits & Fees	5,000
Commissioning	85,000
Total Project Budget	\$5,800,000
Maximum Eligible Funding % for Municipalities	40%
Maximum Eligible Project Funding	\$2,320,000
Potential County Funding Commitment (to be approved at a later date)	\$3,480,000







A formal funding request will be presented to County Council in the future, pending the outcome of this funding application.

Communications

In the event that this funding application is successful, staff will report back to County Council outlining the approved funding, and also seek commitment for the component to be funded by the County. This report will be complete prior to accepting any grant funding. Any approved funding will be identified in future Annual Budget and Business Plans as applicable.

Upon approval and implementation, Oxford County would communicate this project in the context of its ongoing commitment to 100% Renewable Energy (RE) and also update relevant community partners, including Future Oxford. The County will follow all communication requirements set out by the Minister of Environment and Climate Change as part of the funding agreement.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.			

DISCUSSION

Background

On June 27, 2018, County Council adopted the *100% Renewable Energy Plan*, which lays out a strategic approach to achieving the goal of 100% Renewable Energy by 2050. As part of this plan, the County organization has a large role to play, both as a contributor and as a leader. In order to create an organized approach to progress the County's renewable energy portfolio, Public Works staff began investigation work in 2020 to create a *Long Term Renewable Energy Plan* (LTREP), with the goal of increasing the renewable portfolio as well as reducing greenhouse gas emissions. The LTREP will be presented to County Council in Q2 2022.

Comments

On January 27, 2022, the Minister of Environment and Climate Change announced the launch of a new intake under the "Champions" stream of the *Low Carbon Economy Challenge*. This new intake will support projects across Canada that reduce greenhouse gas emissions and generate clean growth. As part of the program, municipalities are eligible to receive up to a maximum of 40% of eligible project expenditures to a maximum of \$25 million per project. In order to be eligible, a project must be valued at a minimum of \$2.5 million for the 40% cost share to equate to the minimum grant value of \$1 million.

Despite the LTREP not yet being finalized, of the projects that have been identified, only one would meet the eligibility requirements of this grant opportunity. The project entails the installation of a ground source heat pump (geothermal system) at the Woodingford Lodge facility in Woodstock. Attachment 1 outlines the initial project investigation and identifies potential project outcomes including:

- 60% reduction in building GHG emissions (830 Tonne CO₂e per year to approximately 330 Tonne CO₂e per year per reduction in natural gas consumption).
- Annual utility savings of ~\$32,000/year over the system's useful service life of 50 years.

While this project has a large capital requirement, this grant announcement represents an opportunity to leverage federal funding to progress a project that will be a significant contributor to the goal of reducing the County's GHG emissions as part of the LTREP and the larger 100% RE Plan.

Without searching for and taking advantage of creative funding opportunities such as this, the ability for the County to fund a project of this magnitude on its own may not be feasible. This type of funding opportunity is critical for the County to progress these large impactful projects, while demonstrating leadership in taking significant steps towards the goals of the 100% RE Plan.

The application submission deadline is March 25, 2022, and projects must be completed no later than March 2025. It is anticipated that this project will take approximately 17-24 months depending on the contracting strategy, which is achievable within the funding timeline.

Conclusions

Staff recommend taking advantage of this funding opportunity and completing an application. Based on a positive application response, staff will report back to County Council with the application outcomes and request authorization to proceed with executing funding agreement documentation and seek commitment for the remaining funding.

SIGNATURES

Report Author:

Original signed by

Mike Amy, FMP, SFP
Supervisor of Facilities

Departmental Approval:

Original signed by

David Simpson, P.Eng., PMP
Director of Public Works

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
Chief Administrative Officer

ATTACHMENT

Attachment 1: Renewable Energy Preliminary Engineering Study, 300 Juliana Drive,
November 10, 2021