

TO: MAYOR & COUNCILLORS

FROM: COUNCILLOR GU

SUBJECT: DEVELOPING A COMMUNITY INVESTMENT MODEL TO FINANCE AND SUPPORT SUSTAINABLE ENERGY DEVELOPMENT IN BURNABY

PURPOSE: To seek Council approval to explore the feasibility of a community investment model that would support the financing of the Burnaby District Energy System.

RECOMMENDATION

THAT staff be directed to explore the feasibility of establishing a community investment model (e.g. co-operative) that would allow residents of British Columbia, municipalities, First Nations, credit unions, and pension funds to financially invest in the Burnaby District Energy Utility (DEU), and to share in the DEU's profits.

BACKGROUND

The District Energy Utility (DEU) is a City-led project that will make a significant impact on reducing Burnaby's greenhouse gas (GHG) emissions – preventing approximately 22,400 tonnes of CO₂e annually from being emitted as compared to business as usual. The DEU has the potential to serve the space heating, domestic hot water, and cooling needs of tens of thousands of new homes in south Burnaby, as well as of commercial, industrial, healthcare and institutional buildings. Additionally, the DEU has the potential to retrofit existing buildings.

After capturing waste heat from Metro Vancouver's Waste-to-Energy facility, which operates regardless of the establishment of a Burnaby DEU, the District Energy System (DES) will distribute this heat through a network of connected, insulated, underground pipes of hot water. This heat will then be transferred to individual buildings, replacing the need for individual mechanical systems. This can free up rooftop space for green roofs, amenity space for residents, community gardens, and more.

The DEU represents the opportunity to decarbonize approximately 30,000 new homes without putting additional burden on the electrical grid, the potential to retrofit thousands of more homes in the future, all while providing climate resiliency in the form of both

heating and cooling. The mechanical equipment necessary to connect a building to the DES can be designed in a way that reduces the risk of extreme climate events interfering with energy supply to consumers, the DEU will offer energy at or below rates of what consumers would otherwise pay for electricity or fossil natural gas, and the construction and development of the project will support local green jobs.

On July 29, 2019, Council endorsed a series of six guiding principles for the DES and authorized staff to continue working on the project. On September 11, 2023, Council adopted the Burnaby DE Policy to ensure timely connection of buildings to the DES.

To fund the project, a capital investment of approximately \$190M is required.

FINANCIAL IMPACTS

Unknown, but if successful, would significantly mitigate Burnaby's exposure to debt.

DISCUSSION

The Burnaby District Energy Utility (DEU) has a very strong business case and projected financial returns. Concurrently, residents in Burnaby and writ large in British Columbia, have very limited opportunities to financially invest in projects that truly embody ESG (environmental, social, and governance) principles. Allowing the public to financially invest in the project not only allows community members to share in the project's profits but will also stimulate additional opportunities for engagement and education around the decarbonization of buildings and alternative energy systems.

Due to the Local Government Act and Community Charter, local governments are heavily restricted in the types of investments they can make. As a result, the return rates that they can expect tend to hover between 2-3%. This model proposes that the City of Burnaby offer local governments in BC, including First Nations, to invest in the Burnaby DEU. Local governments would benefit from the opportunity to diversify their portfolios, secure strong financial returns above those generally expected through municipal investments, and directly invest in local climate action. From a climate action perspective, allowing local governments to invest in the project could also enhance relationship-building, spur interest, and support capacity-building for more local governments to establish their own district energy systems.

By supporting the involvement of credit unions and pension funds within the Burnaby DEU community investment model, the City of Burnaby can further generate investment in the District Energy System and reduce the financial risk to residents of Burnaby and the public. Simultaneously, these institutions are under increasing pressure from their own members to divest their investments and retirement funds from fossil fuels and are looking for opportunities that provide reliable financial returns without sacrificing social and environmental responsibility.

Ultimately, this model proposes to offer a secure, ethical, and future-forward financial investment to the public, local governments, and credit unions and pension funds (and in turn, their members and employees). This model of investment aims to share the profits of alternative energy systems with community members, rather than paying back interest on a loan from a multibillion-dollar financial institution.

Respectfully submitted,

COUNCILLOR GU