

**REGULAR COUNCIL**

TO: **Mayor & Council** DATE: **April 30, 2024**  
 FROM: **General Manager, Engineering** FILE: **5524-003/01**  
 SUBJECT: **Funding Agreement with BC Hydro and Award of Contract No. 5524-003 Detailed Design for Sewer Heat Recovery Project**

**RECOMMENDATIONS**

The Engineering Department recommends that Council:

1. Authorize the Mayor to execute the funding agreement for \$5,000,000.00 with BC Hydro for the Surrey City Energy’s Sewer Heat Recovery Project;
2. Award Contract No. 5524-003 to Kerr Wood Leidal Associates Ltd. in the amount of \$3,998,975 (including GST) for the design of the Sewer Heat Recovery Project;
3. Set the expenditure authorization limit for Contract No. 5524-003 at \$4,400,000 (including contingencies and GST);
4. Authorize the General Manager, Engineering to execute Contract No. 5524-003; and
5. Authorize the General Manager, Engineering to award and execute a Consultant Construction Agreement with Kerr Wood Leidal Associated Ltd. for the optional construction services at an estimated fee of \$1,910,000 (including contingencies and GST) for the Sewer Heat Recovery Facility, should the optional construction services to retain Kerr Wood Leidal Associates Ltd. be undertaken.

**INTENT**

The intent of this report is to obtain Council’s approval to execute a funding agreement with BC Hydro and award a contract for the Sewer Heat Recovery Project for Surrey’s District Energy System, as illustrated on the map attached to this report as Appendix “I” and as detailed below in the following table:

<b>Map Reference Number</b>	<b>Project Description</b>	<b>Location</b>
1	Sewer Tie-in and Heat Recovery Facility	11010 128 St.
2	Ambient Line	11010 128 St. to 13439 94A Avenue
3	West Village Energy Centre	13439 94A Avenue

## **DISCUSSION**

The Sewer Heat Recovery Project is a 6-megawatt (“MW”) renewable energy plant which will generate heat by harnessing waste heat extracted from Metro Vancouver’s regional trunk sewer. In 2023, the City approached BC Hydro for funding under the BC Hydro Incentive Fund for Low-Carbon Electrification and received approval for \$5 million in funding for design and construction of the Sewer Heat Recovery Project. This agreement provides funding up until completion of the project in 2027, and is attached as Appendix “II”.

### **Scope of Work**

The first phase of the project is the multi-disciplinary engineering services for the detailed design of the Sewer Heat Recovery Project. The detailed design services include necessary upgrades at the existing West Village Energy Centre, piping to the sewer heat recovery facility, new infrastructure connections to Metro Vancouver’s interceptor, archaeological and environmental assessments and support for City’s rezoning and permitting process.

The design phase involves overall project management, design works, coordination with Metro Vancouver and tendering. The construction phase includes contract administration, inspection, commissioning support and post-construction services.

At this time, a contract will be awarded for the design services only, with the option to award construction services upon successful completion of the design phase.

The total capital value of the completed project is estimated to be \$70 million, of which the City has received \$32.2 million in external funding to date. The project is planned to be completed in 2026 and 2027.

### **Evaluation**

The City invited three qualified engineering consultants to respond to a Request for Proposals (“RFP”); Kerr Wood Leidal Associates Ltd., AECOM and Stantec.

The evaluation included consideration of the understanding of the project scope, previous and recent performance on projects of a similar nature, strength of the project team, demonstrated capability to deliver on project objectives, work plan and schedule, and financial submission.

Kerr Wood Leidal’s proposal demonstrated a thorough understanding of the scope of work and a strong proposed work plan. Furthermore, Kerr Wood Leidal has substantial experience with district energy projects in Surrey and the region, and a strong understanding of the Project’s opportunities and constraints. Collectively, they have put forth a team, including Associated Engineering as a subcontractor, with considerable experience related to similar work. Their total engineering fee is competitive, is considered appropriate for this type of engineering assignment and represents best value for the City. Staff therefore recommend that Contract 5524-003 be awarded to Kerr Wood Leidal Associates Ltd.

## **Project Schedule**

The design work is expected to start in May 2024 and be completed by April 2025. Construction of this project is anticipated to be completed in two phase, beginning in 2024 and ending in Fall 2027.

## **FUNDING**

Funding for this contract is available within the 2024 District Energy Budget.

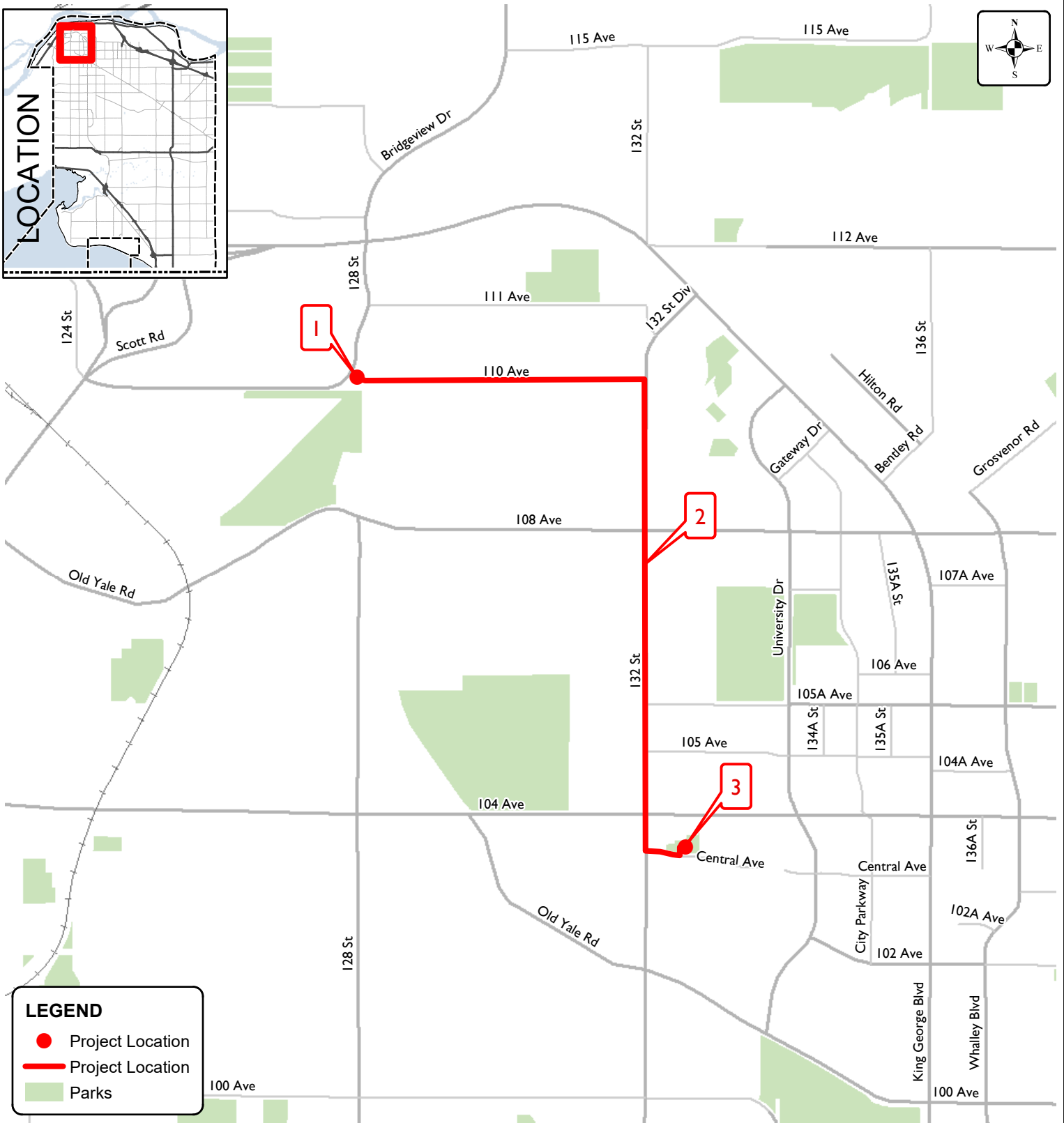
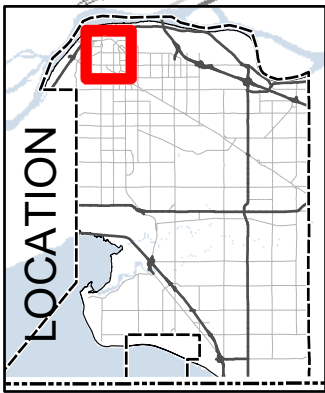
Scott Neuman, P.Eng.  
General Manager, Engineering

DM/EK/bn

Appendix "I" – Map of Location – Contract No. 5524-003

Appendix "II" – BC Hydro Incentive Fund Agreement Low-Carbon Electrification

[https://surreybc.sharepoint.com/sites/eng.administration/gm administration/corporate reports/2024/may 6/award of contract no. 5524-003 sewer heat recovery facility design/award of contract 5524-003 sewer heat recovery facility design \(05012024\) final.docx](https://surreybc.sharepoint.com/sites/eng.administration/gm%20administration/corporate%20reports/2024/may%206/award%20of%20contract%20no.%205524-003%20sewer%20heat%20recovery%20facility%20design/award%20of%20contract%205524-003%20sewer%20heat%20recovery%20facility%20design%20(05012024)%20final.docx)



**LEGEND**

- Project Location
- Project Location
- Parks

Produced by GIS Section: 11-Apr-2024

Scale: 1:15,000 0 100 M



## Contract No. 5524-003

### Sewer Heat Recovery Project

## ENGINEERING DEPARTMENT

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



**Between:**

**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY**, a Crown Corporation in the Province of British Columbia having an office at 333 Dunsmuir Street, Vancouver, British Columbia, V6B 5R3,

(“**BC Hydro**”)

**And:**

**CITY OF SURREY**, having an office at 1<sup>st</sup> Floor – 13450 104 Avenue, Surrey, British Columbia, V3T 1V8,

(the “**Applicant**”)

**WHEREAS:**

- A. BC Hydro wishes to encourage existing or potential customers to use electricity to power certain parts or all of their facility(s) instead of using other sources of energy that produce greenhouse gas emissions as contemplated in the *Greenhouse Gas Reduction (Clean Energy) Regulation* pursuant to the *Clean Energy Act* (British Columbia),
- B. The Applicant wishes to receive an incentive from BC Hydro to allow it to fund the acquisition, installation and operation of equipment identified as necessary for the electrification of certain Applicant sites in order to reduce its greenhouse gas emissions (the “**Project**”); and
- C. Based on the Project details and, if applicable, the reports and information provided to BC Hydro prior to the date of this Agreement (“**Project Information**”), BC Hydro expects that the Project meets its required terms and conditions for funding and, as a result, BC Hydro intends to provide the Incentive Funds (defined below) to the Applicant in accordance with the terms and conditions set out in this Agreement.

**NOW THEREFORE**, in consideration of BC Hydro and the Applicant entering into this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. Conditions Precedent**

- 1.1 BC Hydro’s obligations under this Agreement are subject to the following conditions:
  - a) The Applicant having a credit rating acceptable to BC Hydro, or if required by BC Hydro, the Applicant having provided a letter of credit in a form and amount acceptable to BC Hydro,

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



- b) The Applicant having not entered into any agreement with any contractors, consultants, or advisors (collectively, the “**Project Contractors**”), or ordered or purchased any equipment for use, in each case in relation to the Project without the prior written consent of BC Hydro; and
- c) The Applicant having provided information describing the Project in sufficient detail for BC Hydro to determine eligibility for funding hereunder (as determined by BC Hydro acting reasonably), including information concerning the estimated capital and operating costs of the Project, the Anticipated Consumption Increase and Anticipated Average Peak Demand Increase (defined in Schedule B) and the Anticipated Greenhouse Gas Emissions Reduction.
- d) The Applicant having satisfied the Payment Conditions set out in [Section 3.1](#).

## 2. Incentive Funds – Amount, Adjustments and Repayments

- 2.1 Subject to the terms of this Agreement, BC Hydro will pay the Applicant an amount up to **\$5,000,000.00** (the “**Incentive Funds**”). The Incentive Funds will be paid in accordance with the payment schedule specified in Schedule A. If the Applicant receives funding towards the Project from another person or organization (“**Other Funding**”), such funding will be deemed to be paid first and BC Hydro will contribute the Incentive Funds towards the remaining eligible cost of the Project.
- 2.2 The actual amount of the Incentive Funds will be determined by BC Hydro, in its sole discretion acting reasonably, in consideration of the anticipated increase in annual electricity use by the Project for each applicable Applicant site for the Term of the Agreement, which as of the date of the Agreement is as specified in the Project Information.
- 2.3 If the Post-Implementation Review, the Site Inspection, the M&V Report and/or the Independent Review (each of which are defined below in [Section 4](#)) reflect that the actual increase in annual electricity use by the Project (“**Actual Energy Consumption Increase**”) is less than 100% of the Anticipated Energy Consumption Increase provided in the Project Information and/or the Evidence, as the case may be, BC Hydro may reduce the amount of the Incentive Funds, in its sole discretion acting reasonably, to reflect the Actual Energy Consumption Increase. For certainty, BC Hydro will not be obligated in any circumstances whatsoever to pay to the Applicant any Incentive Funds in excess of the amount specified in [Section 2.1](#) to reflect an Actual Energy Consumption Increase and Actual Average Peak Demand Increase greater than the Anticipated Energy Consumption Increase and Anticipated Average Peak Demand Increase respectively.
- 2.4 GST is not applicable on Incentive Funding.
- 2.5 The Incentive Funds will be paid by BC Hydro by way of direct deposit to a bank account designated by the Applicant. The Applicant will provide written confirmation of the bank account to which the Incentive Funds are to be deposited. The Applicant will be responsible for any direct deposit fees charged by its financial institution.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



- 2.6 If the Applicant is required to repay any portion of the Incentive Funds to BC Hydro as a result of any recalculation or adjustments under, or termination of this Agreement, then the Applicant will make such payment within 45 days of receiving an invoice from BC Hydro.
- 2.7 The Applicant shall pay interest to BC Hydro on any amount payable from and after the date on which the amount becomes due and payable at BC Hydro's standard interest rate, and in accordance with BC Hydro's standard invoice terms.
- 3. Payment Conditions**
- 3.1 BC Hydro will pay the Incentive Funding in accordance with the terms of this Agreement so long as the following conditions are satisfied by the Applicant:
- a) The Applicant will confirm to BC Hydro that it has reached normal operations such that the Project is deemed capable of achieving its Anticipated Energy Consumption Increase and Anticipated Average Peak Demand Increase, which confirmation must happen by no later than **October 31, 2027**. In this Agreement, the date on which the Applicant provides this confirmation to BC Hydro is referred to as the **"In Service Date" or "ISD"**,
  - b) The Applicant provides the following evidence (the **"Evidence"**) in a form acceptable to BC Hydro by no later than 30 days following ISD:
    - (i) A completed Schedule B,
    - (ii) A completed Schedule C, together with all supporting documentation for purchase and installation of the equipment installed in connection with the Project; and,
    - (iii) Other Project related records, including but not limited to accounting and permit documentation that BC Hydro may request,
  - c) If required, the Applicant taking all commercially reasonable actions to assist BC Hydro in completing the Site Inspection in accordance with [Section 4.2](#) below.
- 3.2 If any of the conditions in [Section 3.1](#) are not satisfied as required, BC Hydro has no further obligation to pay any of the Incentive Funds to the Applicant.
- 3.3 Notwithstanding any other provision of this Agreement, and without limiting [Section 3.2](#), in the event the Applicant fails to comply with any of the terms of this Agreement, BC Hydro may withhold the Incentive Funds until the Applicant is in compliance with this Agreement.
- 3.4 BC Hydro may set-off against any Incentive Funds due to the Applicant any amounts owed by the Applicant to BC Hydro which are due and payable to the Applicant under any other agreements in force between BC Hydro and the Applicant.
- 3.5 If BC Hydro requests a letter of credit from the Applicant as permitted by the terms of this Agreement, the terms and conditions set out in Schedule F attached hereto shall apply.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



## 4. Review and Validation Activities

- 4.1 As soon as reasonably practicable following its receipt of the Evidence under [Section 3.1](#), BC Hydro will review and verify the Evidence ("**Post Implementation Review**"). The Applicant must submit accurate and truthful Evidence to BC Hydro. BC Hydro reserves the right, acting reasonably, to accept, verify, and reject any and all Evidence.
- 4.2 Upon reasonable notice, BC Hydro may attend at the location where the Project is installed ("**Site Inspection**") and may inspect the Project within 90 days of the ISD to ensure that the Project conforms to the Project Information and the Evidence.
- 4.3 BC Hydro may evaluate the Project to ensure it meets the terms and conditions contemplated herein using the Measurement and Verification ("**M&V**") plan attached as Schedule D (the "**M&V Plan**") and, in such a case, BC Hydro will provide an M&V Report (defined below) as required to the Applicant.
- 4.4 Where BC Hydro evaluates the Project pursuant to [Section 4.3](#), BC Hydro will complete an M&V report (the "**M&V Report**") subject to the following:
- a) The Applicant will maintain and submit to BC Hydro a record of changes in the facility that would impact the Actual Energy Consumption Increase arising from the Project after the ISD.
  - b) Following ISD, BC Hydro will conduct M&V activities in accordance with the M&V Plan (including at the time intervals so specified herein) as well as the International Performance MV Verification Protocol and may use the results to prepare an M&V Report that will specify the Actual Energy Consumption Increase attributed to the Project.
  - c) If an M&V Report indicates that the Project's actual electricity use over a particular period is less than the anticipated electricity use of the Project over that same period as specified in the Evidence, then within 14 days of completion of the M&V Report the Applicant may notify BC Hydro that it wishes to have an independent consultant review, verify, and prepare a written report concerning the contents and conclusions of the M&V Report ("**Independent Review**"). At BC Hydro's discretion, BC Hydro may contribute funding towards the Applicant's cost of any Independent Review.
  - d) Where the Applicant notifies BC Hydro that it wishes to have an Independent Review, the parties will agree upon one independent consultant to conduct the Independent Review ("**Independent Consultant**").
  - e) The Applicant will provide BC Hydro and the Independent Consultant with any information reasonably required by BC Hydro to complete any M&V Report and the Independent Consultant to complete any Independent Review, as applicable.
  - f) The Applicant will maintain suitable personnel and financial records related to the Project, recording the work performed and findings determined from the Project, and will permit BC Hydro's representatives and the Independent Consultant, as applicable, access to the Project during normal business hours, including access to the Applicant's



# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



offices, research facilities and test sites, and any books and records related to the Project. The Applicant will make available key personnel for consultations (including any Project Contractors), and provide such further information, as BC Hydro or the Independent Consultant may reasonably request.

## 5. Project Details

- 5.1 The Applicant will be responsible and bear the risk for all Project commitments, costs, and cost overruns.
- 5.2 BC Hydro representatives may communicate with the Applicant's Project Contractors.
- 5.3 If the Applicant receives Other Funding, then the Applicant will advise BC Hydro concerning the nature and the amount of the Other Funding as soon as reasonably possible. If BC Hydro has already paid the Incentive Funds to the Applicant prior to receiving the aforementioned notice, BC Hydro may recalculate the amount of the Incentive Funds in accordance with [Section 2.1](#), and [Section 2.6](#) shall apply.
- 5.4 BC Hydro will keep confidential any business, technical or financial information or records of the Applicant that are marked as confidential and made available to BC Hydro in connection with this Agreement, and will not disclose such confidential information except as may be required by law or with the prior consent of the Applicant; provided, however, that BC Hydro may share such confidential information or records of the Applicant with the Province of British Columbia, the British Columbia Utilities Commission and, upon request, with the Government of Canada. In addition, the Applicant consents to BC Hydro disclosing publicly the fact that BC Hydro paid the Incentive Funds, the Applicant's name and industry, Project location, the estimated potential electrical load additions in GWh and MW, as well as the estimated potential reduction of greenhouse gas emissions.
- 5.5 Neither the Applicant nor BC Hydro will use any logos, copyright, trademarks or trade names of the other without first obtaining the written consent of that party.
- 5.6 The installation, operation and maintenance of the Project must meet or exceed all requirements set out in applicable laws, regulations and codes in British Columbia.
- 5.7 The Applicant will make all commercially reasonable efforts to maintain and operate the Project during the Term (defined in [Section 8.1](#) below). To the extent that the Project is not operated or maintained to ensure the Anticipated Energy Consumption Increase is realized, BC Hydro may recalculate the amount of the Incentive Funds in accordance with [Section 2.2](#) and the Applicant will repay any overpayments to BC Hydro in accordance with [Section 2.6](#).
- 5.8 The Applicant may make improvements to the Project without the prior written consent of BC Hydro, provided that the improvements do not reduce the actual electricity consumption of the Project, or emissions reductions attributable to the Project. Notwithstanding the foregoing, the Applicant will not make any material changes to the Project scope, objectives, schedule and costs, without the prior written consent of BC Hydro.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



5.9 If the Project is decommissioned, taken out of service for an extended period, lost or destroyed following ISD, or sells if the Applicant sells any of the sites and fails to provide evidence that the new purchaser has assumed the obligations of the Applicant, then BC Hydro may recalculate the amount of the Incentive Funds on a pro rata, annual basis and the Applicant will repay any overpayments to BC Hydro in accordance with [Section 2.6](#).

## 6. Shortfall Payments

6.1 Annual Electrical Shortfall - A Shortfall Payment (defined in [Section 6.1a](#)) below) obligation will arise for the Applicant if the aggregate Actual Energy Consumption Increase at each site is less than 95% of the aggregate Anticipated Energy Consumption Increase for any reason whatsoever, other than Force Majeure, at BC Hydro's sole discretion acting reasonably. For greater certainty, no incremental Shortfall Payment obligation arises, and no Shortfall Energy is created if the aggregate quantity of Actual Energy Consumption Increase by the Project that has reached ISD in a Contract Year is between 95% and 100% of the aggregate Anticipated Energy Consumption Increase for the Project In any Contract Year:

- a) Within 45 days after the end of the Contract Year in which a Shortfall Payment obligation arises pursuant to [Section 6.1](#)), BC Hydro will invoice the Applicant for a Shortfall Payment amount ("**Shortfall Payment**") which will be payable within 45 days of the date of the invoice and will be calculated as a *pro rata* portion of the Incentive Funds to BC Hydro based on the actual energy consumed within that Contract Year. The formula will be as follows:

$$\text{Energy Shortfall Payment} = (\text{Incentive Funds}) \times \left[ 1 - \left( \frac{\text{Actual Energy Consumption Increase}}{\text{Anticipated Energy Consumption Increase}} \right) \right]$$

- b) For greater certainty:
- (i) any payment under this [Section 6.1](#) will not be considered an adjustment to the Incentive Funds for the purposes of any other section of this Agreement; and
  - (ii) if the Agreement is terminated during a Contract Year, the Shortfall Energy will be determined by comparing Actual Energy Consumption Increase during the period from the start of that Contract Year and the date of termination of the Agreement to the Anticipated Energy Consumption Increase for that Contract Year. The Applicant will not be entitled to defer any Annual Electrical Shortfall and will be required to make a Shortfall Payment as contemplated above.

"**Incentive Funds**" means, at any given time, the incentive amounts attributable to the Project and the Project as determined pursuant to [Section 2.2](#) and as adjusted pursuant to [Section 2.3](#).

"**Contract Year**" means a full year, initially measured from the ISD to the first anniversary of the ISD, and to and from successive anniversaries thereafter. For greater certainty, the partial year following any anniversary of the first ISD until the date of the expiry or earlier termination of this Agreement is a "Contract Year".

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



**"Repayment Term"** means the period of time between the ISD and the date that is the 10th anniversary of the ISD.

## 7. Site Visit During Term

7.1 On reasonable notice to the Applicant, BC Hydro may conduct a site visit at any point during the Term to monitor Project performance and to audit the Project for the purpose of ensuring its ongoing operation in compliance with this Agreement.

## 8. Term and Termination

8.1 Unless terminated sooner in accordance with the terms of this Agreement, the term of this Agreement shall commence from the Effective Date of the Agreement and will expire on the expiry of the Repayment Term, which means the period of time between the ISD and the date that is the 10th anniversary of the ISD.

8.2 If the Applicant fails to comply with any term or condition of this Agreement, or becomes insolvent or bankrupt, or is dissolved or struck, or fails to provide a letter of credit in a form and amount that is acceptable to BC Hydro during the term of the Agreement if requested by BC Hydro, or if BC Hydro (acting reasonably) is of the view that any other event or circumstance pertaining to the Applicant or the Project warrants withdrawal of its financial assistance, then BC Hydro may, in addition to any other right or remedy available to it, terminate this Agreement immediately by giving notice to the Applicant.

8.3 If the Agreement is terminated prior to the end of the Term, BC Hydro, in its sole discretion acting reasonably, may require the Applicant to repay a *pro rata* portion of the Incentive Funds to BC Hydro based on the number of years left in the Term.

## 9. Consent

9.1 Except for an Independent Review, the Applicant consents and agrees that all decisions made by BC Hydro relating to the Project, the ISD, the Incentive Funds, the Evidence, Post-Implementation Review, Site Inspection, the M&V Report, Anticipated Energy Consumption Increase, Actual Energy Consumption Increase, greenhouse gas emissions, repayment, or any other matter related to this Agreement will be final and binding on the parties.

## 10. Representations, Warranties and Indemnity

10.1 If the Applicant is not the registered owner of a site on which the Project will be completed, the Applicant represents and warrants that it has the authority from the registered, legal owner to install the Project and the Applicant will provide BC Hydro with evidence of the Applicant's authority upon request.

10.2 BC Hydro makes no representations or warranties of merchantability and fitness, including design, or the capability of the equipment, installation, or workmanship related to the Project, or the Anticipated Consumption Increase, or that any aspect of the Project will satisfy legal requirements or specifications.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



- 10.3 The Applicant is responsible for all actions and omissions and wilful misconduct (and the consequences thereof) of the Applicant in connection with this Agreement and the Project. The Applicant will indemnify and save harmless BC Hydro, its directors, officers, agents, and employees from all liability, damages, claims, demands, expenses and costs for claims, arising from or occurring by reason of this Agreement and the Project, including any actions, omissions or wilful misconduct by the Applicant and any of its Project Contractors.
- 10.4 BC Hydro will not be responsible for any tax liability imposed on the Applicant as a result of any Incentive Funds given pursuant to this Agreement.

## 11. Force Majeure

- 11.1 In this Agreement, the term Force Majeure means any event or circumstance beyond the reasonable control of a party, and which could not, with reasonable foresight, have been anticipated and avoided by the party. Force Majeure includes, but is not limited to, the following:
- a) fire, explosion, flood, storm or other natural catastrophe or Act of God;
  - b) war (declared or non-declared), riot, civil disturbance or disobedience,
  - c) strikes (legal or illegal), legal lockouts, or other labour disturbances (including exercise of non-affiliation rights but excluding illegal lockouts),
  - d) curtailment, shortage, rationing, allocation, or failure of normal sources of supply of labour, materials, transportation, energy or utilities, including (without limitation) delay or failure to perform by tunnel contractors or other contractors, or suppliers of materials, beyond the reasonable control of the Customer,
  - e) extraordinary breakdowns of plant or equipment,
  - f) action or inaction of governmental, legislative, judicial or regulatory agencies or bodies, including but not limited to unavailability of or restrictions in any environmental or other permits or authorizations necessary for or applicable to a party's operations.

In no event shall lack of finances, loss of markets or inability to perform due to the financial condition of either party constitute Force Majeure.

- 11.2 Neither party will be liable to the other for any non-performance, or delay or interruption in the performance of its obligations under this Agreement caused by an event of Force Majeure.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



- 11.3 If an event of Force Majeure occurs or is likely to occur, the party directly affected will notify the other party promptly in writing, stating the nature of the event, its anticipated duration and any action being taken to avoid or minimize its effect. The party claiming Force Majeure will use all reasonable efforts to resume performance of its obligations with the least possible delay and shall suspend performance only to the extent and for such period as is necessary as a result of the Force Majeure. Nothing herein, however, shall be construed to require a party to settle any strike or other labour disturbance, nor to require a party to test the validity of any law, rule, regulation or order of any apparently duly constituted court or governmental authority.
- 11.4 If in any Contract Year the quantity of Actual Energy Consumption Increase and Actual Average Peak Demand Increase by the Project that has then reached ISD is less than the Anticipated Energy Consumption Increase and Anticipated Average Peak Demand Increase due to an event or events of Force Majeure affecting the Project, the Applicant may, by exercising the election described in [Section 11.4a](#)), elect to be excused from the obligation to make a payment to BC Hydro pursuant to Section 6.1 in respect of the Energy and Demand that could not be consumed due to the event or events of Force Majeure, subject to the following:
- a) The Applicant may only exercise its election to be excused from the obligation to make a payment to BC Hydro pursuant to [Section 6.1](#) in respect of a Contract Year by delivering a written notice to BC Hydro by not later than 30 days after the last day of the Contract Year in which the event of Force Majeure commenced: and
  - b) The Applicant may exercise an election under this [Section 11.4](#) in respect of an event specified in [Section 11.1e](#)) only once during the Term.

## 12. Notices

- 12.1 A notice that either party may be required or may desire to give the other party will be in writing and will be delivered, by hand, by courier, by fax, or by prepaid mail, at the following addresses:

BC Hydro: Conservation and Energy Management  
5<sup>th</sup> Floor, 333 Dunsmuir Street  
Vancouver, BC V6B 5R3

Applicant: City of Surrey  
1<sup>st</sup> Floor – 13450 104 Avenue,  
Surrey, BC V3T 1V8

Either party may change its address for notice by giving notice to the other party.

## 13. Miscellaneous

- 13.1 The Applicant must notify BC Hydro if it sells any of its sites and provide evidence that the new purchaser has assumed the obligations of the Applicant under this Agreement, failing which [Section 5.9](#) shall apply.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



- 13.2 BC Hydro will not acquire any legal right or title to the Project.
- 13.3 This Agreement will not take effect unless Applicant executes and returns this Agreement within 60 days from the date this Agreement is executed by BC Hydro.
- 13.4 [Sections 2.6, 2.7, 3.4, 5.1, 5.3, 5.4, 5.9, 8.3, 9, 10.2, 10.3, and 10.4](#), will survive the expiry or termination of this Agreement.
- 13.5 Each party shall from time to time promptly execute and deliver and take all further action reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement and to complete the matters contemplated by this Agreement.
- 13.6 This Agreement will not be assigned in whole, or in part, by the Applicant without the prior consent of BC Hydro.
- 13.7 This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein.
- 13.8 This Agreement, including all Schedules, embodies the entire Agreement between the parties with regard to the subject matters dealt with herein, shall extend to, be binding upon and ensure the benefit of BC Hydro and the Applicant, and shall not modified except with the consent of both parties.
- 13.9 Time is of the essence in this Agreement.
- 13.10 This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered to be read together and constitute one and the same instrument, and delivery of executed counterparts by facsimile or other electronic format shall be as effective as delivery of an original.

**IN WITNESS WHEREOF** the duly authorized representatives of each party have executed this Agreement on the dates written below.

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



**BRITISH COLUMBIA HYDRO  
AND POWER AUTHORITY**

**CITY OF SURREY**

**Per:**

A handwritten signature in blue ink, appearing to read "Diana Stephenson", written over a horizontal line.

Authorized Signatory

**Per:**

Authorized Signatory

**Name:**

Diana Stephenson

**Name: (Please  
print)**

**Title:** Senior Vice President, Customer  
and Corporate Affairs

**Title:**

**Date:** December 18, 2023

**Date:**

# BC Hydro Incentive Fund Agreement Low-Carbon Electrification



## SCHEDULE A

### Payment Terms and Additional Conditions

#### Section 1 – Incentive Payout Schedule

Subject to the terms of the Agreement (including the satisfaction of the conditions specified in Article 3), BC Hydro will pay the Applicant the Incentive Funds in accordance with the payment schedule set out below:

Payment Amount	Timing of Payment
\$3,750,000.00	75% payable within 30 days upon BC Hydro receiving the information specified at Section 3.1 of the Agreement in a form that is acceptable to BC Hydro.
\$1,250,000.00	25% payable within 30 days of the completion of the M&V Report, as required.



**SCHEDULE B**

BC Hydro Representative:	Rick Truong	Project File Number:		BCH-09668
<b>PROJECT INFORMATION</b>				

Company Name:	City Of Surrey		
Anticipated Energy Consumption Increase:	15,373,000	kWh / year	
Total Annual GHG Emissions Reduction	10,126	tonnes CO2e/yr	
Total Expected Project Cost:	\$25,630,000.00		
Total Expected Incremental Project Cost:			
Number of sites included in Project:	1		

**TABLE 1: LOW CARBON ELECTRIFICATION MEASURES**

List of Low Carbon Electrification measures ("LCE") in the Project

#	Site Location	LCE #	Implemented Low Carbon Electrification Measures	Anticipated Energy Consumption Increase (kWh/year)	Anticipated Incremental Average Peak Demand (KW)	Expected Annual Emissions Decrease (tCO2e/yr)	Persistence (years)	Implemented as anticipated*	Not Installed
1	13231 CENTRAL AVE, SURREY [5150380]	1.01	Water-to-Water Heat Pump	(15,373,000)	2,099	10,126	15	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/>
			Total per Site:	(15,373,000)					
			Total:	(15,373,000)					

PLEASE SEE BELOW OR NEXT PAGE TO SIGN DECLARATION

**APPLICANT'S DECLARATION**

\* If Low Carbon Electrification Measure (LCE) NOT implemented as anticipated, please submit additional information regarding LCE measure as implemented (attach separately).

I, the undersigned, declare:

- that I am the owner, or a duly authorized representative of the owner, of the building described here above;
- that the information in this document, along with the supporting evidence, is accurate and complete;
- that all the LCE measures are installed and implemented as described in Table 1 as of the Project Implementation Date indicated below.

<b>Project Implementation Date:</b>		(yyyy-mm-dd)
Legal Name of Applicant:		
Authorized signature:		Job Title:
Name (please print) :		Date:
Site Inspection Contact:		Phone #:

### SCHEDULE C

BC Hydro Representative:	Rick Truong	Project File Number:	BCH-09668
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Please complete the following and submit along with Invoice Reconciliation and Implementation Support Documents for the approved LCE measures as described in Schedule B of the Incentive Fund Agreement.

#### PROJECT INFORMATION

Company Name:

Number of sites included in Project:

#### PROJECT COST SUMMARY

TOTAL ACTUAL PROJECT COST (excluding tax)	
TOTAL ESTIMATED PROJECT COST (excluding tax)	<b>\$25,630,000.00</b>

**PLEASE NOTE THAT SUBMISSION OF PROJECT INVOICES IS REQUIRED**

#### APPLICANT'S DECLARATION

I, the undersigned, declare that the information contained in this declaration and the attached Invoice Reconciliation Template is accurate and complete and all invoices pertaining to this Project have been paid in full and all applicable permits pertaining to the Project are in place.

Legal Name of Applicant:			
Authorized signature:		Job Title:	
Name (please print) :		Date:	

#### Additional documentation as part of Schedule C submission:

- Invoices will be submitted for major equipment, materials, and labour associated with the project LCE measures which significantly impact the incremental energy demand and cost. I.e. Heat Pumps, electric boilers, heat recovery systems, electric dryers, electric conveyors, electric vehicles, etc.
  - Invoices will include part numbers and quantities as required to assess installed equipment and the completed project.
  - BC Hydro has the option to request for further invoices if required.
- In addition an invoice reconciliation spreadsheet listing all invoices associated with the project will be submitted. A formatted excel spreadsheet template has been provided with your contract to assist in consolidating your invoice information for submission.
- A sample of the spreadsheet is attached to this PDF for reference purposes only. Please do not submit this sample copy, but rather use the excel version when reconciling invoice information.
- Evidentiary information as listed on the following pages is to be submitted in support of verification of installation of energy conservation.