

NO: R096

COUNCIL DATE: May 30, 2022

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **May 24, 2022**

FROM: **General Manager, Engineering**

FILE: **5514-102**

SUBJECT: **Appointment of District Energy Expert Rate Review Panel Member**

RECOMMENDATION

The Engineering Department recommends that Council:

1. Receive this report for information; and
2. Appoint Melissa Davies as a member of the District Energy Expert External Rate Review Panel for an additional three-year term.

INTENT

The purpose of this report is to obtain Council approval for the appointment of a District Energy Expert Rate Review Panel (the “Panel”) member for an additional three-year term.

BACKGROUND

In July 2019, Council appointed Melissa Davies as a member of the Panel for an initial three-year term. As per the District Energy Rate-Setting Policy, No. H-53, Panel members can serve up to two three-year terms to a maximum of six years. The option to appoint a Panel member to a second three-year term up to a maximum of six years is allowed in cases where a particular Panel member is able to provide additional value to the rate review process and are able to do so with a greater level of understanding of the business functions of Surrey City Energy (“SCE”) due to their previous experience on the Panel.

Melissa Davies worked with the two other Panel members to complete the annual rate review from 2019 – 2021. These reviews included:

- City staff update of the financial model for SCE, which included proposed rates, a rate escalation factor, and any other changes to the financial structure of SCE considered necessary by staff;
- Review of the updated financial model and proposed rates and rate structure, submission of an information request for staff, and review of staff responses to the information request; and
- Preparation of a letter of endorsement for the rates and rate structure, as proposed in the updated financial model.

Through this process, SCE has been held to a high level of accountability in its stewardship of the utility and related reporting.

DISCUSSION

The annual district energy rate review process has been successfully conducted for each year since SCE first began operations. Over this time, the Panel has been responsible for providing subject matter expert review and recommendation on rates and rate structure, which are brought forward for Council's consideration and approval.

Panel Appointment

Ms. Davies specializes in utility rate regulation, including electricity, natural gas, water, wastewater, sanitary sewer and storm water. Her experience includes working as a consultant for utilities (including Crown-owned, municipally-owned and privately-owned), regulatory boards, industrial customer groups and residential customer groups. Ms. Davis has assisted these clients in rate applications, with a focus on revenue requirement, cost of service, rate design and integrated resource planning. She has worked in jurisdictions across Canada (including BC, Alberta, Saskatchewan, Manitoba, Northwest Territories, and Newfoundland & Labrador) and in the U.S. In addition, she has experience with socio-economic and economic impact assessment, public engagement programs (including workshops, open houses, and stakeholder interviews) and with energy and policy-related research and outreach. Ms. Davies has served on the Panel since her initial appointment in 2019.

Next Steps

The Panel will be convened in July 2022 in order to commence review of the proposed 2023 rates, which will be completed later this fall and will result in a letter of endorsement to staff for the rates and rate structure. As in previous years, staff will invite customers and members of the Urban Development Institute and representatives from developers with active development applications in each Service Area within the Surrey City Centre to submit questions for the Panel's consideration. Staff will bring forward a recommended rate for Council's consideration in late 2022.

SUSTAINABILITY CONSIDERATIONS

The operation of a district energy system in the City Centre supports the objectives of the City's Sustainability Charter 2.0. In particular, Panel member appointments relate to the Sustainability Charter 2.0 themes of Built Environment and Neighbourhoods and Infrastructure. Specifically, these appointments support the following Desired Outcomes ("DO") and Strategic Direction ("SD"):

- Buildings and Sites DO 11: Surrey is at the forefront of sustainable and restorative building design and technology;
- Buildings and Sites DO 13: Buildings are healthy and energy and resource efficient;
- Buildings and Sites SD 13: Continue to support low carbon district energy networks; and
- Energy and Climate DO9: Energy is produced locally, using distributed and renewable sources when economically feasible.

CONCLUSION

Based on the above discussion, the Engineering Department recommends that Council approve Melissa Davies as a member of the District Energy Expert External Rate Review Panel for an additional three-year term.

Scott Neuman, P. Eng.
General Manager, Engineering

https://surreybc.sharepoint.com/sites/eng.administration/wp_docs/2022/admin/cr/final/may_30/district_energy_rate_review_panel_appointment.docx
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