



# Newmarket Energy Efficiency Retrofit Business Plan, Final Plan



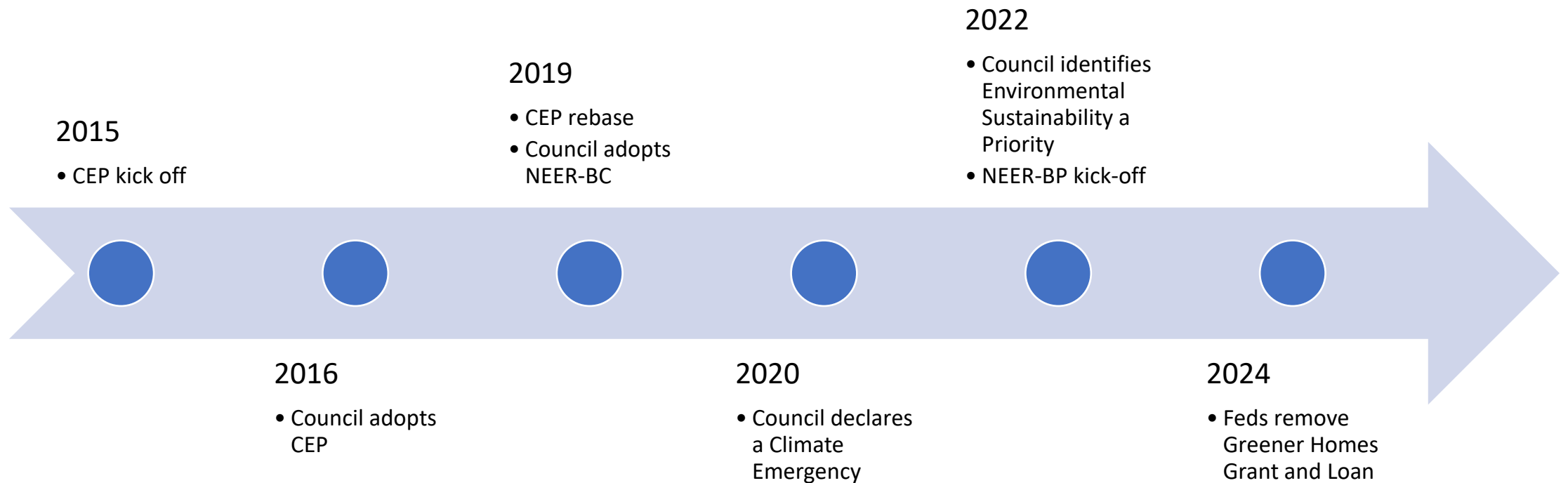
Presented by Craig Schritt; June 17, 2024



# Presentation Agenda

- Timeline of the Community Energy Plan and NEER program
- The Business Plan
  - Key points
  - Town Risk Reduction
  - Benefits for Customers
  - Program Potential
  - Funding Sources
  - Implementation
- Staff Recommendations
- Future Council Approval Points

# Timeline of the Community Energy Plan and NEER program



# Key Points – Business Plan

- Four-year pilot program with potential for expansion
- Creation of Municipal Service Corporation (NEWCO) to deliver NEER program
- Concierge 2.0 platform provides digital service
- External funding sources are available
- Implementation Partnership to resource and operate the program
- Designed to be self-sustaining, reduce GHG emissions, and provide a scalable model for future expansion

# Town Risk Reduction

- Mitigation by structuring as a Municipal Service Corporation
  - Liability
  - Debt
- Mitigation of Financial Risks
  - Startup Costs
  - LIC loan security
  - Loan default funding
- Resourcing Risks removed from Town

# Benefits for Customers – Heat Pumps

- How heating works
  - Heat absorption from outside air
  - Compression of absorbed heat to a higher temperature
  - Heat release inside the building via a heat exchanger
- How cooling works
  - Process is reversed, heat is absorbed from the inside air and transferred outside
  - The refrigerant expands and cools, absorbing heat from indoor air
- Efficiency
  - Natural gas → 1 unit of energy produces 0.9-0.98 units of heat
  - Air sourced heat pump → 1 unit of energy moves 2-4 units of heat

# Benefits for Customers (continued)

- Energy efficiency
- Reduced GHG emissions
- Can both heat and cool without the need for two separate systems
- Safer and less maintenance
- Long-term savings and increased property value

# Program Potential

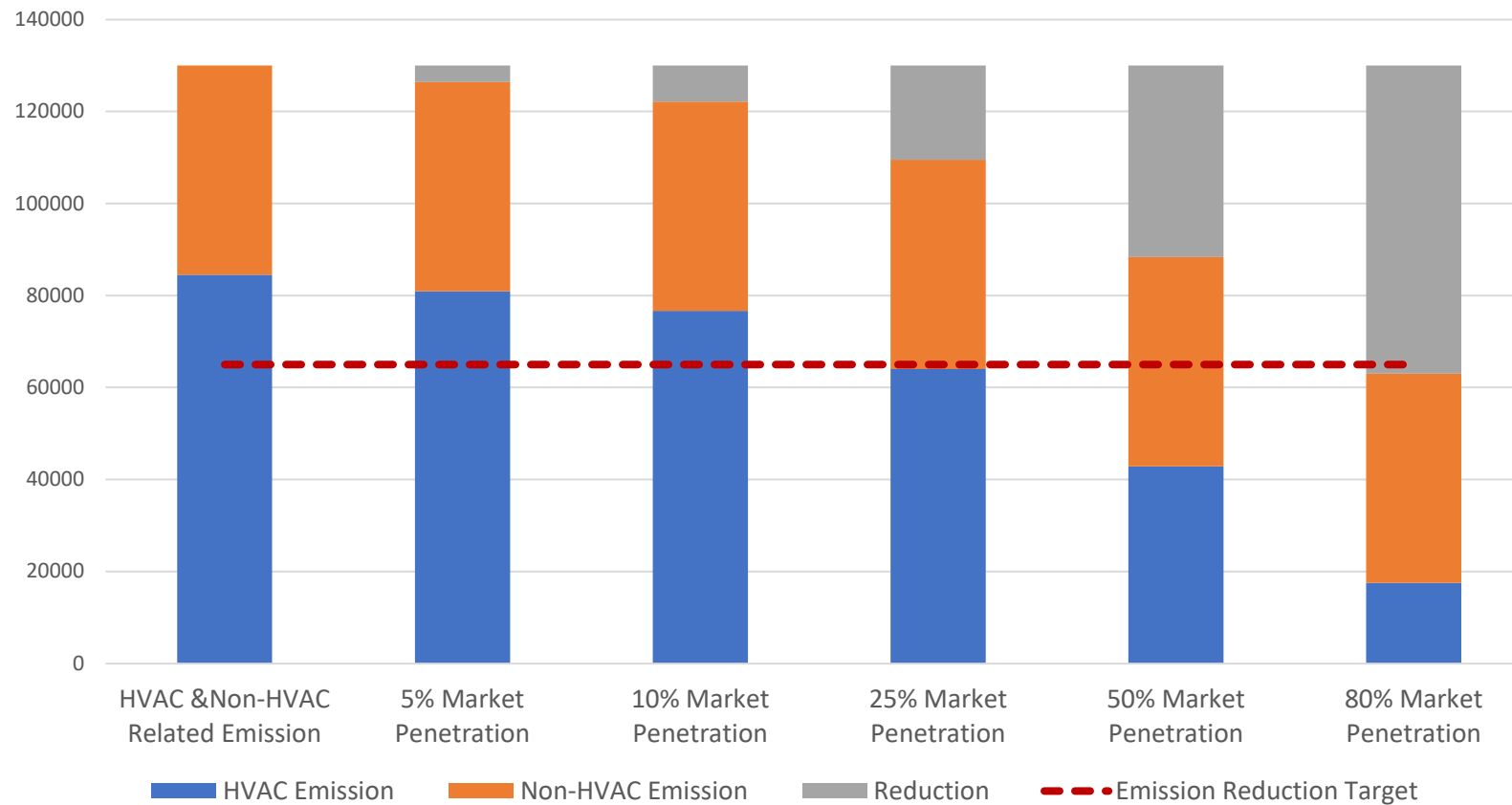


Target Market	A	B	C	D	E
Architecture	Detached	Detached	Detached	Detached	Semi, Row & Townhouse
Basement	Yes, mostly unfinished	Yes, mostly unfinished	Yes, mostly unfinished	Partially finished	Typically no basement
Central Cooling	~50%	~71%	~61%	~76%	~57%
Construction Period	Prior 1975	1997-2006	Built after 1990	1975 – 1990	Mostly built around 2000 & some ~1960
Assessed Value	~\$550k	~\$750k	Top 20% assessed value (>\$827k)	~\$700k	~\$500k
Size (Sq Ft)	~2,000 sq ft	~3,500 sq ft	~5,000 sq ft	2,000 – 6,000 sq ft	~2,000 sq ft
Market Size %	12%	14%	15%	31%	27%



# Program Potential (continued)

*Predicted Aggregate Residential Emission Reduction at Various Penetration Levels*



# Funding Sources

- Federation of Canadian Municipalities
  - Green Municipal Fund's Community Efficiency Financing Program
    - 80% up to \$10M loan
    - 80% up to \$5M grant for operating expenses
- Possible for the remaining 20% to come from the Implementation Partner
  - This would be negotiated through the Implementation Amendment if approved

# Implementation

- Enerva was competitively procured through RFP 2021-076 to develop the Business Plan and become the Implementation Partner following negotiation of an Implementation Amendment
- The Implementation Partner will be responsible for resourcing NEWCO to:
  - Implement marketing and sales plan
  - Development and implementation of Concierge 2.0
  - Sales closing
  - Implement Administrative Plan
  - Implement Operations Plan
  - Operational System: Customer On-boarding and workflow automation system
  - Legal Contracts
  - Project Delivery

# Staff Recommendations

- If the report today is approved by Council:
  - Staff will prepare and submit an application for financing from the CEF program
  - Once successful funding is confirmed, Staff will have external counsel conduct negotiations of an Implementation Partner Amendment with Enerva as per RFP-2021-076 to be approved by Council
  - Staff will prepare the necessary by-law to support Local Improvement Charges to be approved by Council



# Future Council Approval Points

- Short Term
  - Approval of the Local Improvement Charges By-Law
  - Approval of the Implementation Amendment with Enerva (following confirmation of funding)
    - Will include the Shareholder Agreement for NEWCO
- Medium Term
  - Approval of by-law to create NEWCO
- Long Term
  - Review and possible approval of NEWCO expansion following the 4 year pilot

# End

Thank you