

Staff Report to Council

Title: Bruce Power Water Supply Agreement

Report Number: Environmental Services-2023-29

Director: Infrastructure & Development

Manager: Environmental Services

Meeting Date:
Wednesday, September 13, 2023

Date to be considered by Council:
Wednesday, October 11, 2023

Recommendation:

That Council direct staff to enter into an agreement with Bruce Power for the supply of Municipal water, to be considered at the October 11, 2023 Council Meeting.

Executive Summary:

The working group has been preparing and advancing the water supply agreement with Bruce Power and have come to a point where all stakeholders are comfortable with the proposed conditions. Appended to the report for Council consideration is the servicing agreement. Bruce Power would be responsible for all costs associated to become a water customer aside from any plant upgrades that are undertaken for future growth purposes by the Municipality. There are off-ramps built into the agreement that allows either party to step back should there be concerns as design and tendering advances following the completion of the environmental assessment. Staff are comfortable with the provisions within the agreement and are asking Council to consider Bruce Power as a water supply customer.

Strategic Priorities:

A.1-Work with the nuclear sector (clean energy) to leverage current and future opportunities

Financial Considerations:

Costs related to Bruce Power upgrades will be funded by Bruce Power in full. Bruce Power has funded all components to date through to the current Environmental Assessment stage. The Municipality will be responsible for costs associated with water treatment plant upgrades

based on our proportion of the capacity gained. These values will be further refined as we advance into the detailed design of the project.

Policy:

N/A

Context and Background Information:

On March 14, 2022, Council directed staff to prepare a draft agreement between the Municipality and Bruce Power for Council consideration. In May of 2023, staff updated the new term of Council on the status of the project and provided an overview of the history. The working group inclusive of Municipal staff, the Municipal engineer, the Municipal solicitor and Bruce Power staff have been working on the draft agreement since direction was provided in 2022. In parallel, the group has also been working on and advancing the environmental assessment.

Appended to this report is the final working draft agreement that the stakeholders have come to alignment on and are now presenting to Council for their consideration of endorsement. The agreement would see Bruce Power fund all capital works related to their benefit solely, while Kincardine would share the cost in any asset upgrades at the Kincardine Water Treatment Plant that would provide future benefit to our water supply network. Bruce Power will solely fund the pipeline extension and the water booster station with plant upgrades shared on a proportional basis to benefit received.

Staff had Hemson Consulting complete a peer review of the financial assessment to ensure current water users would not be funding any new costs associated with Bruce Power becoming a new water customer. This review by Hemson helped to inform the overall costing model laid out in the agreement. Based on the funding model, Staff feel there is minimal risk associated to the Municipality and that Bruce Power would be managed in a manner similar to all other customers and pay for water supply on a flat and volumetric rate based on their service size.

The agreement includes a framework around loss of water supply, service interruptions, volume requests and has various off-ramps built into the process advancing should there be concerns or expectations not met by the two parties. Given all, staff are comfortable with Bruce Power becoming a customer and are asking Council to consider the agreement with Bruce Power.

Consultation Overview:

The Municipality and Bruce Power commenced an Environmental Assessment (EA) to explore the potential to connect Bruce Power to the Municipal water system. Through this process public information sessions were hosted both in a virtual and in person format. External stakeholders and groups of interest were notified and have been circulated on information through the EA process.

Origin:

Bruce Power request to consider municipal water supply.

Implementation Considerations:

If an agreement was finalized and following the successful completion of the Environmental Assessment, detailed design work would commence with the goal to tender works in early 2024 for all upgrades and additions required to service Bruce Power. Bruce Power hopes to be a connected customer within the 2025 fiscal year.

Risk Analysis:

If the Municipality does not expand water services and provide potable water to Bruce Power, Bruce Power would continue to supply water on-site. Operationally nothing would change for the Municipality along with existing assets for maintenance and replacement.

The impact of adding Bruce Power as a customer would be offset by their financial commitments to fund the capital works and to cover their annual operating expenses as a customer under the full-cost recovery model. By adding Bruce Power as a customer, Council would be strengthening their business relationship with a larger industry and employer within the Municipal boundary. The agreement addresses periods of water supply loss and further provides offramps between the current stages and when construction would start.

Attachments:

Bruce Power – Kincardine Water Services Agreement

Summary of Bruce Power – Kincardine Agreements Payments Schedule

Prepared by: Adam Weishar, Director of Infrastructure & Development

Submitted by: Adam Weishar, Director of Infrastructure & Development