

DATE: April 26, 2022

TO: MAYOR AND COUNCIL

NAME AND TITLE: Blake McIntosh, Director of Civic Operations

SUBJECT: CleanBC Communities Fund – Grant Application – Renewable Natural Gas (RNG) Plant at Wastewater Treatment Centre (WWTC)

ATTACHMENT(S): CCF Confirmation of Funds – City of Prince George – RNG Plant

RECOMMENDATION(S):

1. That Council APPROVES the addition of the “Renewable Natural Gas (RNG) Plant” capital project to the 2022-2026 Financial Plan with a budget of \$12,900,000, with \$9,400,000 to be funded by Grants and \$3,500,000 to be funded from the Sewer Capital Expenditure Reserve Fund as detailed in the report dated April 26, 2022 from the Director of Civic Operations titled “CleanBC Communities Fund – Grant Application – Renewable Natural Gas (RNG) Plant at Wastewater Treatment Centre (WWTC)”.
2. That Council AUTHORIZES the City of Prince George to submit an application under the Investing in Canada Infrastructure Program – British Columbia - CleanBC Communities Fund, for the construction of a renewable natural gas conditioning plant as described in the report dated April 26, 2022 from the Director of Civic Operations titled “CleanBC Communities Fund – Grant Application – Renewable Natural Gas (RNG) Plant at Wastewater Treatment Centre (WWTC)”, and AUTHORIZES the Director of Civic Operations to sign any associated funding agreements should the application be successful.

PURPOSE:

To provide Council with information related to the proposed grant application for the construction of a renewable natural gas (RNG) conditioning plant at the Lansdowne Wastewater Treatment Plant and to obtain the necessary budget in order to complete the work.

BACKGROUND:

CleanBC Community Fund is offering their third round of grant funding opportunities for projects that must meet at least one of the 4 program outcomes:

1. Increased capacity to manage renewable energy
2. Increased access to clean energy transportation
3. Increased energy efficiency of buildings
4. Increased generation of clean energy

The City of Prince George is proposing to move forward with an application to construct a new RNG facility which will meet program outcomes 1 and 4 listed above.

The wastewater treatment plant currently produces an average of 3000 cubic meters of biogas per day. Under current operating conditions, 1800 cubic meters is used by the WWTC with the remaining gas being flared. Fortis BC has approached the City of Prince George and is interested in purchasing the biogas and converting it into renewable natural gas (RNG).

The RNG Upgrade project would involve the installation of a new gas conditioning system. The new RNG conditioning system will process the biogas into RNG for sale to Fortis, rather than flaring (burning off) the excess biogas.

Current market pricing:

Renewable Natural Gas	sale price	\$30 - \$35 per GJ
Standard Natural Gas	purchase price	\$10 per GJ

The grant funding provides 73.33% of the design/construction costs. The City's contribution could be funded by the Sewer Capital Expenditure Reserve Fund to cover costs. The sale of RNG provides a potential revenue of between \$400,000 and \$800,000 per year to recover the City's portion of the costs and offset the WWTC operational costs.

The initial cost estimates to complete the project is \$12,900,000. This includes design and construction costs along with a contingency. With the CCF grant, the City's contribution towards to the project amounts to \$3,500,000.

The grant funding application is due to close on May 25, 2022. Initial shortlisting of projects (confidential approval in principal) will be completed in the fall of 2022 by the Province. Federal approval is anticipated by late summer 2023. Projects need to be substantially complete by March 31, 2027.

The project must not start construction until after final federal approval is received. The City's contribution to the project will need to be secured prior to approval of the project.

STRATEGIC PRIORITIES:

This grant funding will assist the City with two of Councils sustainability pillars; City Government and Infrastructure, and Environmental Leadership and Climate Action.

FINANCIAL CONSIDERATIONS:

The City's contribution towards the design and construction costs for this project of \$3,500,000 can be funded through the Sewer Capital Expenditure Reserve and the project should recover the City's portion of the costs over a 10-year period. The potential revenue from the operation of the RNG facility will provide cost recovery as well as provide future revenue which will be allocated towards the sewer reserve fund.

SUMMARY AND CONCLUSION:

A Council approved budget of \$3,500,000 from the Sewer Capital Expenditure Reserve is requested by City Administration in order to complete the RNG Plant at the WWTC.

RESPECTFULLY SUBMITTED:

Blake McIntosh, Director of Civic Operations

PREPARED BY: William Wedel, Manager, Utilities Division

APPROVED:

Walter Babicz, City Manager

Meeting Date: 2022/05/09