

Municipality of Chatham-Kent
Finance, Budget, Information Technology & Transformation
Administration
Information Report

To: Mayor and Members of Council

From: Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
GM, Finance, Budget, Information Technology & Transformation

Date: August 28, 2022

Subject: Waste to Energy Project Update

This report is for the information of Council.

Background

On June 21, 2021, the Federal Government launched the Clean Fuels Fund, a \$1.5 Billion fund to ensure Canada's economy will be powered by clean power and clean fuels to meet its goal of net-zero emissions by 2050.

At the July 15, 2019 meeting, Chatham-Kent Council unanimously declared a Climate Emergency, joining an international effort to change the way we deal with the negative effects of climate change. Administration was tasked with developing a climate change action plan to bring options for long term solutions, and at the June 6, 2022 meeting, Council reaffirmed their commitment to the Climate Change Action Plan project and the corporate priorities identified, one of which is Waste Management.

The Chatham-Kent Waste to Energy Project comprises an industrial anaerobic digester built to process industrial organic wastes (ICI) that would otherwise be disposed of in a landfill and turn the waste into Renewable Natural Gas (RNG). Greenfield Global currently operates a similar plant in Varennes, Quebec and has been very successful in serving over 30 local municipalities in the area south of Montreal. A plant in Chatham-Kent will provide significant environmental benefits and outcomes of this project fully align with Council Strategic Direction related to climate.

At its September 27, 2021 meeting, Council endorsed recommendations in support of the Waste to Energy project, including the continued due diligence of legal contracts and financial reviews.

Comments

The due diligence process has continued over the last year with a significant amount of staff time invested in the project, and this remains a top priority of staff.

The Federal Government currently has not approved or rejected the Clean Fuels Fund Application. It currently sits in step 3 of the process with the Evaluation Committee.

Regardless of the potential federal grant/loan opportunity, Administration and Greenfield Global staff continue to build the business case of the project. High construction inflation has complicated the process; however, prices for steel and other inputs seem to have now stabilized.

The team along with external capital project experts are contemplating the possibility of combining Phase 1 (ICI waste including Public Utilities Commission [PUC] sludge) and Phase 2 (Source Separated Organics). Final engineered costing estimates on the combined project are due this fall.

To date, the review of revenue streams has been positive.

Work is continuing with the assistance of external legal staff in addressing the legal governance structure and agreements required.

It is expected that Council will be considering a final decision on this project in 2022 Q4 or 2023 Q1 with the plant potentially operational in 2025.

Consultation

The Chief Financial Officer, the General Manager, PUC and the Director, Legal Services have been engaged in consultation with Greenfield Global, external legal counsel and capital financial experts for the past several months.

Financial Implications

There are no financial implications at this time. Administration will present Council with final recommendations and seek confirmation of the municipality's investment once due diligence has been completed.

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Attachments: None