

To: Corporate and Finance Services Committee

From: Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department

Report Number: CF-24-16

Date of Report: February 28, 2024

Date of Meeting: March 4, 2024

Subject: Combined Heat and Power Plant at Delpark Homes Centre

Ward: Ward 1

File: 03-05

---

## **1.0 Purpose**

The purpose of this Report is to recommend Council terminate all agreements between Oshawa P.U.C. Energy Services Inc. (“O.P.U.C.E.S.”) and the City related to the Combined Heat and Power Plant at Delpark Homes Centre.

## **2.0 Recommendation**

That the Corporate and Finance Services Committee recommend to City Council:

That in accordance with Report CF-24-16 dated February 28, 2024 concerning the Combined Heat and Power Plant at Delpark Homes Centre, staff be directed to terminate all agreements related to the Combined Heat and Power Plant at Delpark Homes Centre.

## **3.0 Executive Summary**

Not Applicable

## **4.0 Input From Other Sources**

- Chief Administrative Officer
- City Solicitor
- Director, Legislative Services/City Clerk
- Oshawa P.U.C. Energy Services Power

## **5.0 Analysis**

In 2018, through Report CNCL-18-11 dated April 5, 2018, Council directed staff to proceed with the installation of a Combined Heat and Power (“C.H.P.”) plant at the Delpark Homes Centre (previously Legends Centre).

As outlined in Section 5.2 of Report CNCL-18-11, the City agreed to Scenario 2 in which O.P.U.C.E.S would own and operate the C.H.P. for the following reasons:

- No requirement for the City to finance the capital expenditure for the project,
- Commodities are acquired by O.P.U.C.E.S.,
- Risks are assumed by O.P.U.C.E.S.,
- Energy savings are transferred to O.P.U.C.E.S.,
- City would receive a royalty of \$30,000 in year one escalating at 2% per year, and,
- The dividend payment from the O.P.U.C.E.S. is estimated to increase by \$40,000 based on earlier financial projections.

The Report authorized the City Manager to execute any agreement between the City and O.P.U.C.E.S. to implement the C.H.P.

Installation of the C.H.P. at the Delpark Homes Centre (previously, Legends Centre) commenced in 2019; however, there were many delays due to the COVID-19 pandemic. The C.H.P. unit was ready for use in late 2021, but due to rising gas costs and the introduction of the carbon tax, it was not financially viable for O.P.U.C.E.S. to operate the C.H.P.

Since that time, the C.H.P. unit has not operated and in the current environment, it has resulted in and continues to result in an annual operating loss. As such, it is not financially feasible for both O.P.U.C.E.S. and the City to operate the C.H.P. unit.

O.P.U.C.E.S. has recommended decommissioning the C.H.P. plant and in order to do so, the E.S.A., including any other agreement related to the C.H.P. between the City and the O.P.U.C.E.S. needs to be terminated. The City and O.P.U.C.E.S. will continue to collaborate on the best solution to explore options related to the C.H.P., including disposition strategies.

## **6.0 Financial Implications**

As the City has not received any royalties to date related to the C.H.P. there are no financial implications with terminating the agreement.

## **7.0 Relationship to the Oshawa Strategic Plan**

The recommendation advances the Accountable Leadership and Economic Prosperity and Financial Stewardship goals of the Oshawa Strategic Plan.

A handwritten signature in black ink, appearing to read 'S. Sinnott', written in a cursive style.

Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department