
DATE: January 6, 2010

REPORT TITLE: **ENERGY FROM WASTE FACILITY REQUEST FOR FEDERAL GREEN INFRASTRUCTURE FUNDING**

FROM: Dan Labrecque, Commissioner of Public Works

RECOMMENDATION

That the revised Expression of the Region's Interest in obtaining from the Federal Government an allocation of funding for the possible refurbishment or expansion of the Algonquin Energy from Waste facility, dated December 24, 2009 and directed by the Chair to the Federal Government (Parliamentary Secretary to the Minister of Transport, Infrastructure and Communications) following consultation with the Waste Management Committee, be ratified by the Council.

REPORT HIGHLIGHTS

- The Region has expressed interest in obtaining Federal funding for improvement of the Algonquin Energy from Waste facility, without committing to the project or limiting the Region's options.
- The Expression of Interest was made with guidance from views expressed by Members of the Waste Management Committee and subject to Council ratification, which is now requested.

DISCUSSION

1. Background

At the Waste Management Committee meeting of December 17, 2009 staff presented a proposal initiated by the owners of the Bramalea Road, Brampton Energy from Waste facility (Algonquin Power Energy from Waste Inc.) that funding for a possible future refurbishment and expansion of the facility be sought under the Federal Green Infrastructure Funding program. The committee resolved that it favoured an application for such funding at the highest available level (50 percent) based on an estimated project cost of approximately \$70M based on Peel ownership of a refurbished and expanded facility.

The funding application process takes place in two steps. The initial step is an Expression of Interest describing the project. The second step (upon invitation) is the provision of additional and more detailed information as requested by the Federal authorities. The Chair accordingly proceeded to submit a revised Expression of Interest dated December 24, 2009, a copy of which is attached as Appendix I to this report.

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The revised Expression of Interest requests the maximum available funding (\$35M at the 50 percent level based on an estimated project cost of \$70M) while making it clear that the request is without commitment to the project on the part of the Region of Peel and that Council retains the discretion to consider all alternatives, including not proceeding with the project at all. In the course of consulting with the Waste Management Committee in proceeding in this manner, staff indicated that this report advising Council of the Expression of Interest and seeking its ratification would be made as soon as possible. As a result, Council is being asked to ratify the Expression of Interest.

Algonquin Power has now been requested by staff to provide greater detail concerning the proposal to expand and refurbish the facility based on Peel's ownership. Subject to Council's ratification of the funding request, this and the results of the Expression of Interest to obtain funding will be the subject of future reporting for Council's ultimate decision.



DL Dan Labrecque
Commissioner of Public Works

Approved for Submission:



D. Szwarc, Chief Administrative Officer

For further information regarding this report, please contact [Patrick O'Connor] at extension 4319 or via email at patrick.o'connor@peelregion.ca

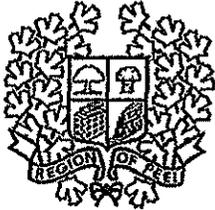
Authored By: Patrick O'Connor/ch

c. Legislative Services

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APPENDIX I



Office of the Chair

DELIVERED ELECTRONICALLY (JeanB@parl.gc.ca)
AND VIA COURIER

December 24, 2009

Mr. Brian Jean, MP
Parliamentary Secretary to the
Minister of Transport, Infrastructure and Communities
Place de Ville, Tower C
29th Floor
330 Sparks Street
OTTAWA, Ontario
K1A 0N5

Dear Mr. Jean:

Re: **Energy-from-Waste Facility, Brampton, Ontario**
Green Infrastructure Fund Allocation

I am writing to revise my expression of interest in obtaining funding for the subject project, dated October 30, 2009. Upon consultation with the Region of Peel's Waste Management Committee at its meeting held on December 17, 2009, I now wish to express interest on behalf of The Regional Municipality of Peel in receiving an allocation from the Green Infrastructure Fund based on the further development of the facility as a municipally owned public sector entity project eligible for 50% funding of its approximately \$70M cost. A partnership arrangement with the present owners of the facility (Algonquin Power Energy From Waste Inc.) remains a possibility but Peel also envisions the possibility of full municipal ownership of the facility and wishes to express interest in the allocation of the highest possible level (50%) of funding from the Green Infrastructure Fund on that basis.

In expressing interest or in otherwise pursuing an allocation of funding, Peel is not committing and has not committed to any particular form of arrangement, or indeed to any arrangement at all respecting the project. We anticipate that Peel's Council will consider a range of options for the processing of its municipal solid waste, some of which would involve proceeding with the project or a variation of it and some of which would not. We certainly do believe that the project, if approved as Council's preferred option, would merit support from the Green Infrastructure Fund.

The Energy from Waste (EFW) facility has been in operation since the early 1990s and has been part of Peel Region's waste management portfolio since that time.

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The facility utilizes thermal treatment (i.e. incineration with energy recovery) to convert waste into electricity, which is sold into the Ontario grid, and process steam, which is sold to a neighbouring Norampac recycled paper plant.

The facility has five thermal treatment lines with a combined capacity of 155,000 tonnes per year. Barring unforeseen circumstances, the facility will process approximately 152,000 tonnes of waste in 2009 of which approximately 110,000 will be converted into energy or recovered for recycling.

The existing plant is 18 years old and has reached the stage where if it is to be continued to be used it must be renewed to provide reliable service. The proposed project would, if approved and approved to its full extent:

- Renew and Refurbish: The five existing thermal treatment lines would be renewed. This includes the major refurbishment of the thermal treatment units, boiler tube replacement, control system upgrade, turbine generator overhaul, and general building repairs and upgrades.
- Increase Capacity: A sixth thermal treatment line would be added to increase the throughput capacity by 45,000 tonnes per year to 200,000 tonnes per year. This would result in an additional 32,000 tonnes of waste being diverted from landfill each year.
- Modernize: The existing Air Pollution Control (APC) System would be completely replaced and expanded to service the six thermal treatment lines. The APC system would also be enclosed to improve the visual impression of the plant and site.

The "Renew and Refurbish" and "Modernize" elements of the project could feasibly be undertaken in short order and can in that regard reasonably be characterized as "shovel ready". The capacity increase would require approval under applicable environmental assessment processes.

The total capital cost is expected to be approximately \$70 million in 2009 dollars. This estimate was prepared by Algonquin Power with the assistance of consulting engineers Camp Dresser & McGee (CDM) of Cambridge, MA. The attached table provides a more detailed breakdown of the cost.

As the Waste Management Committee is an advisory body of Council, it is our intention to report on this expression of interest and on any response that may be received from Infrastructure Canada, to the earliest available meeting of the full Regional Council in January, 2010 requesting its ratification. Based on the guidance of the Waste Management Committee we certainly anticipate obtaining Council's ratification but in the event that that does not occur, Peel's expression of interest will be withdrawn. In the meantime, we respectfully urge the Honourable Minister to recognize the merits of the project as proposed and to make an allocation for funding for it from the Green Infrastructure Fund. Such a decision can only serve to enhance the feasibility of the project and the potential for its approval when it comes to be considered by Council for its support.

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We understand that with this expression of interest in hand, you will proceed to advise us of any further details and information requirements you may have. As the project is now being characterized in terms of an ownership structure which would see Peel taking a 100% municipal ownership interest, we would ask that all communication respecting your process be directed through the Region's Director of Waste Management, Mr. Norman Lee.

We look forward with great anticipation to the results of your consideration of our expression of interest and request for allocation of funds.

Yours very truly,



Emil V. Kolb, Regional Chair & C.E.O.

POC/jlb
Att.

- cc. Chris Jarratt, Algonquin Power, Executive Director
- cc. Norman Lee, Director, Waste Management, Region of Peel

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Table 1
Summary of Brampton EFW Facility Expansion
and Refurbishment Capital Costs (\$2009, Million)

Addition of Sixth New Thermal Processing Line Installed	\$	12.4
Refurbish Five Existing Thermal Treatment Lines and Auxiliary Equipment, Installed	\$	17.6
New Air Pollution Control System, sized to Accommodate all 6 Processing Lines, Installed	\$	20.4
Enclose Air Pollution Control System	\$	3.0
Engineering, Construction Management General Contractor	\$	6.9
Total Above	\$	60.3
Contingency Allowance 10%	\$	6.0
Construction Financing, Insurance During Construction	\$	4.1
Total Capital Cost (\$2009, Million)	\$	70.4