



2016 Update to HRM Environment & Sustainability Committee

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HRM Update

Natural Gas and the Environment

- 🔥 **Natural Gas plays an important part in reducing HRM's greenhouse gas emissions to achieve targets in the Community Energy Plan**
- 🔥 **Customer conversions from heating oil and electricity drive reductions in GHG emissions:**
 - 🔥 Oil to natural gas conversions reduce GHG emissions by 2.5 – 4.5 tonnes per customer/year
 - 🔥 In 2015, CO₂ emissions in HRM were reduced by 200,000 tonnes
 - 🔥 In the last 10 years, CO₂ emissions in HRM have been reduced by 1.1 million tonnes

2015 Update

- ✧ Activated 561 new customers in 2015 for a total of 6,283
 - ✧ 369 Residential
 - ✧ 192 Commercial
- ✧ Installed 23 km of new pipeline mains and 408 distribution service lines
- ✧ 72 Halifax municipal buildings currently using natural gas
 - ✧ 38 HRM buildings
 - ✧ 34 HRSB schools
- ✧ Heritage Gas has been experiencing some loss of RC1 commercial customers in 2015 due to low propane prices relative to natural gas

2016 Plans

- 🔥 **Target to activate over 350 new customers:**
 - 🔥 **Focus on residential** – in-fill and new construction
 - 🔥 Several large new commercial customers
- 🔥 **Customer Retention Plan for RC1 commercial customers:**
 - 🔥 Received interim approval from the NSUARB to reduce the Base Energy Charge for RC1 commercial customers utilizing 500 to 4,999 GJs annually
 - 🔥 Final hearing in July
 - 🔥 Contracting for lower cost natural gas for 2016 and beyond
 - 🔥 Over 15% lower gas costs in 2016-17 vs. 2014-15 and 2015-16
 - 🔥 Reducing operating expenses and capital spending
- 🔥 **6 km of new mains planned**

GAS SUPPLY & PRICING

Natural Gas Supply and Pricing

- ❧ Declining offshore supply
- ❧ Pipeline constraints in the Northeast
- ❧ On-shore natural gas development moratorium
- ❧ Competing energy sources have experienced price declines
 - ❧ Propane pricing has fallen, driven by shale gas and oil production in the major North American shale basins
 - ❧ The cost of heating oil has also declined with the significant reduction in the price of oil

Natural Gas Future Supply

- ⚡ Northeast North America has enormous natural gas reserves
- ⚡ Pipeline build-outs will provide access to these reserves and provide direct benefits to Maritime gas consumers
- ⚡ Local natural gas storage will lower natural gas prices and volatility and enhance security of supply

Natural Gas Future Pricing

- Heritage Gas anticipated the change in the market and took steps beginning in 2014 to secure lower cost, stable gas supply from other supply basins beginning this year:
 - 50% of 2016-17 winter supply sourced from Western Canada - at lower price than local sources
 - 15-year contract on the Atlantic Bridge Pipeline to source gas from the United States (2017)
 - Long-term contract with Alton storage facility near Stewiacke (~2019)
- Changes in the market and action by Heritage Gas are expected to reduce gas prices by over 15% for this coming winter relative to recent prior years.

Working Together

Opportunities to Work Together

🔥 **Natural Gas and the Community Energy Plan:**

- 🔥 Natural gas can be a 'bridge fuel' to renewable energy and to help HRM achieve GHG reduction targets
- 🔥 Availability of natural gas is important to HRM businesses with interest in environmental issues (38% Very Important/48% Important But Not Critical)
**(CRA: 2014 Halifax Community Energy Plan Study)*

🔥 **Innovative ways to expand the natural gas system in HRM:**

- 🔥 Heating system conversion cost is a key barrier for homeowners
- 🔥 Use Local Improvement Charges/Property Assessed Clean Energy financing programs to improve energy efficiency of homes, generate renewable energy, or reduce GHGs

Opportunities to Work Together

- 🔥 **Halifax Transit CNG**
- 🔥 **Subdivision By-law changes**
- 🔥 **Cogswell Interchange District Energy**
- 🔥 **Renewable Natural Gas:**
 - 🔥 Landfill gas
 - 🔥 Biogas from organics processing (anaerobic digestion)
 - 🔥 Farm-based biogas

Summary

- 🔥 **Heritage Gas is making investments in natural gas transportation and storage assets to ensure Nova Scotians can continue to benefit from an energy source that is:**
 - 🔥 Competitively priced vs. other energy fuels
 - 🔥 Cleaner burning than other fossil fuels
- 🔥 **Heritage Gas appreciates the continued support from HRM:**
 - 🔥 Helping homeowners convert to natural gas through LIC/PACE financing programs
 - 🔥 Expand the availability of natural gas for residents of HRM through revisions to the Subdivision By-law



Thank You