

# north shore news

## City heat utility's energy hogs to see rates rise

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This issue is overdue for a critical analysis by an independent engineering body. - cjk



file photo Cindy Goodman, North Shore News

North Vancouver's heat provider owes the city more than \$14 million – but no one on council is getting hot under the collar about it just yet.

While giving an overview of Lonsdale Energy Corporation Monday night, director Ben Themens explained the rationale for a shift that will raise rates an average of seven per cent.

But while overall rates are up, customers in smaller buildings may be in for a decrease, according to a city staff report.

The metering charge, which has been set at a monthly fee of \$150, is slated to drop to \$30 for customers using less than 300 megawatt hours per year. City residents who exceed that energy threshold will see their metering charges bumped up to \$161.55.

The change seems like a step in the right direction, according to city resident Scott Robertson.

While a staff reported pointed out that **LEC's hot water heating system** is approximately 36 per cent cheaper than BC Hydro – based on the amount paid for each megawatt hour – Robertson pointed out that's not always the case.

"Depending on the actual composition or number of units in a building it could actually be considerably higher to the end user," he told council.

Robertson's view was supported by a city staff report, which found the meter charge represented 22 per cent of the yearly cost for customers in smaller buildings. On average, the metering charge represented four per cent of the annual fee for LEC users.

But while the metering charge will drop, the commodity charge is set to rise by 23.7 per cent, according to the staff report. For customers using more energy, the jump is expected to be 4.5 per cent.

The monthly capacity charge will also tick up 10 per cent across the board.

This is LEC's first rate hike since successive five per cent jumps in 2013 and 2014.

"As a comparison, BC Hydro announced in 2013 that it would increase rates by 28% over 5 years," stated a city staff report.

The higher prices are expected to yield LEC an extra \$164,776 annually.

LEC has borrowed \$22 million from the city – more than \$14 million of which has already been spent.

"We don't have the money to do new projects and bring down the principal at the same time," explained LEC director Ben Themens.

While LEC turned a profit in 2015, a good portion of that money went back to the city. LEC paid the city \$247,282, which was strictly cover the interest on the utility's debt to the City of North Vancouver. That left the heat utility with a profit of \$12,655 for the year.

High construction costs as well as the price of hiring the staff to meet the demand of a growing city are a few of the factors that have kept LEC from being able to pay back the city, according to Themens.

"If the city was to decide we don't want to expand anymore ... we definitely would be able to reimburse the principal faster," he explained to council.

LEC services about 3,700 households clustered in Lower and Central Lonsdale, as well as Harbourside and Marine Drive.

City council recently authorized a \$3.25 million loan to LEC to install a heat recovery system at Until We Meet Again pet crematorium in Harbourside. LEC would essentially snatch heat from the crematorium's flue rather than letting it spill into the atmosphere.

A similar projects is planned for the Lot 5 ice rink.

Mayor Darrell Mussatto and Coun. Pam Bookham did not attend the meeting.