

Staff Report

Report To: City Council
Report From: Paul McGrath, Manager of Community & Business Development
Meeting Date: March 25, 2024
Report Code: CM-24-011
Subject: Ontario Pumped Storage Project

Recommendations:

THAT in consideration of Staff Report CM-24-011 respecting Ontario Pumped Storage Project, City Council:

1. Supports TC Energy and the Saugeen Ojibway Nation (SON) on the proposed project; and
2. Directs the Mayor to send a letter of support to TC Energy and a copy to those listed in the Communication Strategy of the report.

Highlights:

- The project will prioritize local skilled workers, suppliers, and businesses, catalyzing job creation and stimulating economic activity in Owen Sound.
- By generating clean energy sufficient to power one million homes and reducing carbon emissions by 490,000 tonnes annually, the project supports Owen Sound's environmental sustainability goals.
- The collaboration with the Saugeen Ojibway Nation underscores a commitment to inclusive development and shared benefits, enriching the cultural and social fabric of Owen Sound.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: A City that Grows, Collaborative City, Green City.

Climate and Environmental Implications:

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by considering climate adaptation in the development of the City's strategies, plans and policies.

Previous Report/Authority:

None.

Background:

The Ontario Pumped Storage Project, spearheaded by TC Energy, represents a transformative energy storage solution, offering 1,000 megawatts of clean, reliable energy to Ontario's electricity system. This initiative is set to play a crucial role in meeting the province's rising electricity demands, which are expected to increase significantly by 2035.

Analysis:

The proposed Ontario Pumped Storage Project is set to be located on the premises of the Canadian Army's 4th Canadian Division Training Centre in Meaford, Ontario. This initiative aims to leverage pumped hydro storage technology to achieve a balance in electricity demand by storing excess power and generating it during peak periods. This process, which utilizes water and gravity, is an environmentally friendly solution that is expected to reduce carbon emissions significantly on a yearly basis.

As a company, TC Energy is deeply committed to the local community. As such, the project intends to hire locally, boost regional job opportunities, and support local businesses. The entire project is in Meaford, and the initiative promises substantial economic benefits to Owen Sound and the surrounding area, including long-term investments and partnerships.

TC Energy has indicated that the project would stimulate the economy and maximize the value of Ontario's electricity, generating approximately \$12.1 billion in energy system cost benefits. A domestic supply chain will design, engineer, and build the project. During construction, the project will create 1,000 well-paid, unionized jobs, and over 75 per cent of the total materials and supplies will be provided by Ontario-based companies.

Once operational, the project would pay approximately \$8.5 million annually in income to workers employed at the facility, off-site employees, and direct contract workers.

Central to the project is a partnership with the Saugeen Ojibway Nation, which highlights the initiative's commitment to respecting and integrating the values and traditions of First Nations communities. This partnership aims to ensure their active participation in the project's development and benefits. SON has noted that the Ontario Pumped Storage Project is a long overdue energy initiative with real benefits for the Indigenous people of the land.

The Ontario Pumped Storage Project presents a unique opportunity for Owen Sound and Grey County. By supporting this project, the City can foster community growth, environmental sustainability, and energy security in Ontario.

In January 2024, TC Energy announced that it would proceed with the Ontario Pumped Storage Project together with the Saugeen Ojibway Nation. The two parties will collaborate with the Ministry of Energy and the Ontario Energy Board to establish a potential long-term revenue framework for the project. They will also help the Ministry evaluate the project's broader societal and economic benefits. By working with the Saugeen Ojibway Nation and incorporating the critical aspects of their land and waterbed claim into the project's framework, TC Energy is adhering to legal and ethical standards and honouring the cultural and environmental connections that define this region.

Citizens and groups with concerns about the project's environmental impact should respect the Saugeen Ojibway Nation's extensive expertise in environmental stewardship and traditional knowledge. TC Energy and Saugeen Ojibway Nation will collaborate to address any questions that arise, ensuring that both environmental and cultural considerations are at the forefront of the project's development in accordance with provincial and regulatory requirements.

The approval of TC Energy's board of directors and Saugeen Ojibway Nation is required for the project to proceed. Construction is expected to begin in the next five years, with the project slated for in-service in the early 2030s, subject to environmental, government, regulatory and corporate approvals.

Project's Next Steps

TC Energy will immediately begin working with the Ministry and the Ontario Electricity Board (OEB) to establish a potential long-term revenue framework for the Project. This work will culminate in a report to the Minister by July 31, 2024.

Further, TC Energy will provide a report to the Ministry with a breakdown of estimated development costs and schedule. Following submission of these items, the Ministry will provide a recommendation to proceed with pre-development work within 45 days.

Following this, TC Energy would begin negotiating a cost recovery agreement with the Independent Electricity System Operator (IESO) to recover eligible, prudently incurred expenses associated with pre-development work. The IESO is to provide the Ministry with a follow-up report within 60 days of submission of the estimates.

TC Energy will also provide further information to assist the Government in assessing the Project's societal and economic benefits.

A final decision to fund development costs associated with the Project would be subject to Cabinet approval and a future Ministerial directive to the IESO to execute the agreement with TC Energy.

Financial Implications:

There are no additional financial implications at this time, as the work required aligns with the budget allocated in the Community & Business Development budget.

Communication Strategy:

A media release indicating Owen Sound's support of the project will be distributed following the approval of this report.

A copy of the letter of support will be sent to:

- Conrad Ritchie, Chief, Saugeen First Nation
- Greg Nadjiwon, Chief, Chippewas of Nawash Unceded First Nation
- Ross Kentner, Mayor, Municipality of Meaford
- Hon. Todd Smith, Minister of Energy
- Rick Byers, MPP, Bruce-Grey-Owen Sound
- Daniel Tisch, President & CEO, Ontario Chamber of Commerce

- Jack Oliveira, Business Manager, LiUNA OPDC and LiUNA Local 183

Consultation:

No external consultations were made.

Attachments:

Ontario Pumped Storage Project - Community Update Winter 2024

Recommended by:

Paul McGrath, Manager of Community & Business Development

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Paul McGrath, Manager of Community & Business Development at pmcgrath@owensound.ca or 519-376-4440 ext. 1254.