



INFORMATION REPORT

TO:	Chair and Members of the HRPI Board
DATE:	September 16, 2019
SUBJECT/REPORT NO:	Hamilton Renewable Power Inc. Operating and Financial Update
WARD(S) AFFECTED:	Not Applicable
SUBMITTED BY:	Rom D'Angelo, C.E.T.; CFM President, HRPI Director, Energy, Fleet & Facilities Management Public Works Department
SIGNATURE:	

The purpose of this Information Update is to advise and inform on the operational and financial status of HRPI business. Attached in Appendix A is an update, in the form of a presentation, of the operations for the Woodward cogeneration unit and the Glanbrook landfill site as well as a financial update and summary.

Operational Update

For the period of January 1st 2019 to June 30th 2019 the operational highlights include;

- Overall kilowatt hour combined production for Woodward & Glanbrook is higher by 15.9%:
 - Glanbrook production is down 2.8% relative to last year (2018);
 - Woodward production is up from 2018 by 104%.
- Prime reasons for production performance is the 2018 period when Woodward was offline due to the methane sphere coating project:
 - Glanbrook had 2% (165) higher engine run hours compared to the same period in 2018;
 - Woodward engine run hours are higher by 109% (1,775) hours compared to same period in 2018.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Financial Update

The HRPI operations have earned a net profit of \$131,688 at the mid-year point in 2019 which covers the 6 month period from January 1 to June 30. This reported profit has exceeded year-to-date budget expectations by \$67,781 or 106%, with favourable variances being realized in both revenues and expenditures as follows:

Revenues \$38,984

- Glanbrook electricity variance is favourable by \$65,241 as actual engine run hours surpassed budget levels resulting in better than expected energy production.
- Woodward electricity and thermal energy variance is unfavourable by (\$27,717) on account of hydro outages that negatively impacted engine run performance.
- Bank interest slightly above budget by \$1,460 due to improved cash flows.

Cost of Goods Sold \$6,345

- Represents the cost of methane purchased from the City which is in a slightly positive variance position that is mathematically insignificant relative to the budget.

Expenditures \$22,452

- Operating expenditures are below budget by \$44,962 with the largest contributors being repair and maintenance \$26,447 and depreciation \$11,054. Lower actual engine run hours compared to budget for Woodward is the main reason for the favourable variances in these two expense items.
- Payments in lieu of taxes (PILs) are overspent (\$22,510) due to actual net income before tax being higher than budget.

Going forward, a net profit of approximately \$258,000 is being projected by the end of 2019, translating into a year-end favourable budget variance of \$118,000. This year-end forecast assumes the current profit trend will continue with no changes in the operating environment (i.e. major engine breakdown), and factors in all known future costs.

One last financial disclosure worth noting is the status of the outstanding loan with the City. This debt obligation was paid in full in the first half of 2019, eliminating the liability on the HRPI books.

If you require further information on this matter, please contact Tom Chessman, Senior Vice President at extension 2494.

Appendices and Schedules Attached

Appendix “A” – Hamilton Renewable Power Inc. Board Meeting Presentation

Copy to:

Dan McKinnon, General Manager, Public Works
Andrea Holland, City Clerk, General Manager’s Office