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This Addendum forms part of the above mentioned RFP document and is to be read, interpreted, and coordinated with all other parts. The following revisions supersede the information contained in the original RFP documents issued for the above-named project to the extent referenced and shall become part thereof.

The following information supplements and/or supersedes the RFP document issued on **April 09, 2019**.

## **1. QUESTIONS & ANSWERS**

Q1) Connection Charge (TECA):

a. On a typical project with a residential GFA of 350,000 sf (32,516 m<sup>2</sup>) the connection charge will be \$2,129,798. This charge is greater than the avoided cost of the mechanical equipment in a traditional building with a standard natural gas boiler and electric chiller.

i. Will TCHC negotiate on this charge? ii. What is included (equipment, etc.) by the supplier for this charge?

b. On a typical project with a commercial GFA of 25,000 sf (2,322 m<sup>2</sup>) the connection charge will be \$286,650. This equipment is typically provided by the commercial tenant. How is the avoided cost calculated for this charge?

c. The TECA summary notes that, "The supplier may, at its sole discretion, initiate a recalculation of the Connection Charge... [after a two-year gap]." What protection does the Developer have that any of the recalculations will be based on market costs? If the Developer disputes the recalculation is there an arbitration process or does the Developer have to accept whatever charge is levied by TCHC?

**A1) a. The connection charge offsets more items than just the cost of the mechanical equipment in a traditional building with a standard natural gas boiler and electric chiller. RPEI would not negotiate this charge, it is competitive compared to other similar services.**

ADDENDUM 4

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***For some additional information: Standard natural gas boilers and electric chillers will not have the system efficiency currently applied in the consumption rate. Also, standard natural gas boilers and electric chillers will not get the building LEED certified.***

***b. Equipment typically provided by the commercial tenants are terminal units, not heating and cooling sources. The avoided cost calculation is applicable.***

***c. RPEI rates can be compared to other rates with the same terms of agreement as other district energy services in the GTA market. Condominiums should expect rate adjustments similar to how other local utilities annually change their rates. There is no arbitration process.***

Q2) Capacity Charge (TESA):

a. On a typical project with a residential GFA of 350,000 sf (32,516 m<sup>2</sup>) the annual capacity charge will be \$140,143. Based on market analysis of residential condominiums this is an ongoing additional charge of \$0.023/sf per month in condominium fees. If the condominium corporation sues the Developer for a non-market agreement will TCHC indemnify the Developer?

b. On a typical project with a commercial GFA of 25,000 sf (2,322 m<sup>2</sup>) the annual capacity charge is \$18,227. This charge is an additional charge not incurred by commercial tenants due to the independent nature of tenant HVAC systems. Will TCHC provide a credit on the land purchase to offset this ongoing additional charge?

c. The TESA summary notes that “the Supplier may, at its sole discretion, periodically initiate a resetting of the Capacity Charge... [after a five-year gap]”. As the Developer has committed the condominium to an exclusive HVAC system via the district energy system is there any legal protection for the users (residential and commercial) regarding increases through the Capacity Charge Reset Date? If the users (residential and commercial) sue the Developer for a non-market charge via the increase will TCHC indemnify the Developer from all legal action as a result of the market condominiums requirement to connect to the district energy plant?

d. The RFP references a 2017 analysis regarding a capacity charge, however is TCHC able to guarantee that market condominium developments will pay no more for heating and cooling than a market condominium development serviced by a stand-alone heating and cooling system (natural gas and electricity)?

**A2) a. No. The capacity charge is competitive compared to other similar services.**

***b. No. Independent HVAC systems are neither the only nor the best option for commercial tenants. Independent HVAC systems are not needed with the capacity charge.***

***c. No. There is a clear and transparent documented process for resetting of these charges. RPEI rates can be compared to other rates with the same terms of agreement as other district energy services in the GTA market. No, indemnification would not be provided.***

***d. The capacity charge offsets more items than the maintenance cost of standalone heating and cooling equipment, including a reserve fund to replace chiller/ boiler/ pumps/ controls at the end of their useful life etc., and it is competitive compared to other similar services.***

Q3) Consumption Charge (TESA)

a. Will the input values of the commodity (natural gas and electricity) be directly tied to the market price of the commodity? Will those commodity charges reflect decreases in charges as the market fluctuates or is the district energy system locking in rates for a prescribed time?

ADDENDUM 4

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b. The City of Toronto mandates that new construction must meet Tier 1 Energy Efficiency of the Toronto Green Standards. The Boiler System Efficiency used in the Heating Consumption Rate is lower than what would be required in a stand- alone system to receive development approval. As such the residential and commercial customers are paying the higher costs of an inefficient system which would not be allowed in any new development. Will TCH adjust this calculation to reflect the minimum requirement from the City of Toronto via the Toronto Green Standards?

c. The RFP references rates and calculations for the Consumption Charge, however, is TCHC able to guarantee that market condominium developments will pay no more for heating and cooling than a market condominium development serviced by a stand-alone heating and cooling system (natural gas and electricity)?

**A3) a. The market prices of natural gas and electricity costs are the major components of the consumption charges. The consumption charges will fluctuate in line with market price fluctuations.**

**b. The minimum efficiency requirement from the City of Toronto via the Toronto Green Standards is applicable to the equipment of boilers, while the overall heating system efficiency considers total energy consumption from boilers, pumps, fans and other system equipment.**

**The building heating return water temperature, as a result of building design and operation, is also part of the district energy boiler system that affects the system efficiency significantly. Heating terminal units need to be selected and operated with the expected return water temperature in order for district energy to maintain high efficiency.**

**c. RPEI will provide rates that are in line with district energy systems and these services do not operate in the same fashion as a stand alone system. Stand alone systems vary in complexity and quality.**

**2. NOTIFICATIONS:**

The following are the same notifications as outlined in Addendum 3:

a. As noted for Question #12 of Addendum 3, a tour of the district energy facilities has been scheduled for Friday, May 31<sup>st</sup>. Proponents are to meet at 12:30pm sharp outside the front entrance of 252 Sackville Street. Proponents may bring a maximum of 4 individuals each. As the plant is under construction, PPE is required.

b. As noted for Question #15 of Addendum 3, proponents are to submit 5-10 open-ended questions to TCHC regarding the input they seek from the community around community vision, community engagement, community economic development, the social development plan or other community concerns, priorities, or interests. The deadline for submitting questions is Wednesday, May 29<sup>th</sup> by 12:00PM to Ramie at [Ramie.Younan@torontohousing.ca](mailto:Ramie.Younan@torontohousing.ca).

All other terms and conditions remain the same.

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[End of Addendum #4]