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Nelson Hydro No Longer Pursuing District Energy System

Nelson, BC – Nelson Hydro has suspended active efforts to develop a District Energy Heating system in the downtown of the City of Nelson. The high cost of facility construction, retrofits to heat customer buildings and the supply lines to connect them have made the project uneconomical for the foreseeable future. Access to low-cost biomass is also a project risk with other larger-scale facilities in the region potentially moving forward, such as REN Energy's Renewable Natural Gas facility in Fruitvale and Mercer's Biomass Gasification project in Castlegar.

The City of Nelson CAO, Kevin Cormack, has said he is "happy there is potential that the private sector will step up to build these facilities in our area, and that has allowed us to step back and be a customer versus the developer. These facilities will help the region meet its GHG reduction goals and allow Nelson Hydro to focus on serving its customers."

A District Energy System (DES) to supply heat from a centralized source to multiple buildings in Nelson's downtown core has been under investigation by Nelson Hydro since the success of its geothermal source district energy system constructed at Nelson's Selkirk College 10th Street Campus in 2011. Several studies were completed to determine the feasibility of a DES; however, the potential GHG reduction benefits don't offset the high-cost estimates. Energy options other than biomass like heat pumps that use lake water, geo-exchange and sewer waste heat as sources were also explored but proved either technically not feasible or too high of a cost for further consideration.

"The City of Nelson aspires to achieve 100% renewables by 2040, and the district energy concept was a desirable option to reduce GHGs produced by heating from Natural Gas. Unfortunately, it isn't an economically viable solution at this time," says Scott Spencer, Nelson Hydro General Manager. "Nelson Hydro will continue to monitor developments in district heating; however, its primary focus will continue to be providing low cost, reliable, renewable electricity."

Nelson Hydro, founded in 1896, is the oldest electric utility in British Columbia. It is wholly owned by the City of Nelson and supplies power to over 10,800 customers in the City and the surrounding area.

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