LONSDALE energy

2025 Annual Report

A Year of Progress

Designing the next phase of community energy

Board and CEO Message

Larry Sawrenko
Chair, Lonsdale Energy Board

On behalf of the Board of Directors, I'm pleased to present Lonsdale Energy's 2025 Annual Report. This past year marked continued progress as the organization advanced its transition to lower-carbon energy while maintaining the reliable service our customers depend on.

The Board remained actively engaged in guiding Lonsdale Energy through a period of growth and transformation. In 2025, we saw meaningful advancement on key projects, including the design of the Urban Heat Recovery Centre, which will play an important role in expanding our low-carbon energy capacity.

We were also proud to see Lonsdale Energy recognized with environmental and industry awards, reflecting the strength of the organization and its leadership in community energy.

Financial performance remained stable, supporting continued investment in infrastructure and long-term system resilience.

Thank you to the Lonsdale Energy team, our partners, and Mayor and Council for their continued commitment and support. We look forward to building on this momentum in 2026.

Karsten Veng
CEO, Lonsdale Energy

As I reflect on 2025, I'm proud of the continued progress made by the Lonsdale Energy team. It was a year defined by steady growth and meaningful steps forward in our transition to lower-carbon energy.

Throughout the year, we focused not only on advancing our infrastructure, but on strengthening how we serve and engage with our customers and partners. As an example, we launched a customer satisfaction survey to gather feedback on service, pricing, and communications; this is an initiative we plan to conduct regularly. In parallel, we introduced a new developer resource to provide guidance when first connecting to our community energy system.

We also made important strides toward our long-term sustainability goals. This included building a new electric energy centre to support the continued expansion of our low-carbon energy portfolio. In addition, our team advanced the design of the Urban Heat Recovery Centre, laying the groundwork for construction to begin in 2026.

I would like to thank our employees, customers, partners, and Mayor and Council for their continued support. Together, we are building a more sustainable energy future for North Vancouver.

About Us

Lonsdale Energy, a municipally-owned utility, has provided heating and cooling services in the City of North Vancouver since 2003. Operating the community energy system (district energy), we serve thousands of customers daily in the Lower Lonsdale, Central Lonsdale, Marine-Hamilton, and Moodyville neighbourhoods.

On behalf of the City, we also review and inspect projects connecting to Lonsdale Energy, providing oversight during development, permitting, construction, and operation.

Our Mission

We deliver reliable, affordable energy to the City of North Vancouver while improving efficiency and reducing emissions.

Our Vision

A connected, resilient city that's powered by low-carbon energy.

Our Values

- Safety: We protect the well-being of our team, customers, and community.
- Efficiency: We make every unit of energy, time and resource count.
- Reliability: We deliver dependable energy and follow through on our commitments.
- Customer Commitment: We anticipate needs, resolve quickly, and provide reliable support.
- Innovation: We find better ways to work, and improve how energy is produced, shared, and used.
- Environmental Stewardship: We reduce emissions and protect natural resources for future generations.

Efficiency and flexibility

Community energy systems are an efficient way to distribute heating or cooling energy to many buildings. Instead of every building having its own system, heating is centrally produced then distributed through an underground network of pipes to all connected buildings.

Diverse energy sources

Our network is designed for flexibility, allowing us to incorporate a variety of energy sources. Our ultimate goal is to achieve net-zero emissions by 2050. As we transition to cleaner energy, connected building owners benefit from lower long-term costs and a reduced carbon footprint, helping improve local air quality.

Current energy mix

Key benefits of community energy systems

There are many benefits to community energy systems:

- **Energy efficiency:** Community energy systems provide economies of scale and significant efficiencies compared to individual systems, reducing overall energy consumption.
- **Enhanced reliability through redundancy:** With energy centres located throughout the city, Lonsdale Energy is providing more redundancy compared to a single boiler system. This means our customers experience virtually uninterrupted service.
- **Streamlined path to low-carbon energy:** Community energy systems allow buildings to connect to a shared network that integrates multiple low-carbon energy sources. This reduces the need for complex and costly building-specific solutions.
- **Space savings:** Developers can benefit from space savings, as it reduces the capital costs associated with designing and constructing a heat generation system for a building. Energy transfer stations are much more compact compared to traditional heating systems, resulting in space savings within buildings.

Climate Action

City goal of net-zero emissions

In June 2024, Council endorsed the City's Climate and Environment Strategy, which sets out a target of net-zero emissions by 2050.

According to the strategy, natural gas use in buildings accounted for approximately 42% of community GHG emissions in 2020. Buildings connected to Lonsdale Energy represented about 6% of total emissions at that time. As the system grows, Lonsdale Energy will play an increasingly important role in reducing emissions across the community.

Environmental targets

Lonsdale Energy has established the following targets to guide the transition to low-carbon energy and support long-term emissions reductions:

- 2027: 40% of energy delivered to come from low-carbon sources
- 2030: 60% of energy delivered to come from low-carbon sources
- 2040: 80% emissions reduction (2007 baseline)
- 2050: Net-zero emissions (2007 baseline)

2025 in Review

In 2025, Lonsdale Energy advanced its mission to deliver cleaner, more resilient energy in North Vancouver. We strengthened customer support and community engagement by participating in local events and conducting our inaugural customer satisfaction survey.

As the city has grown, so has our energy network, with projects underway to implement low-carbon solutions and reduce greenhouse gas emissions.

Lonsdale Energy wins Environmental Initiative award

In 2025, Lonsdale Energy received the Environmental Initiative Award from the North Vancouver Chamber of Commerce, recognizing leadership in environmental sustainability. The company was also a finalist for the Innovation Award, a nod to our unique approach to identifying low-carbon energy solutions.

Lonsdale Energy wins international award for system growth

The City of North Vancouver continues to advance as a leading example of community energy in North America.

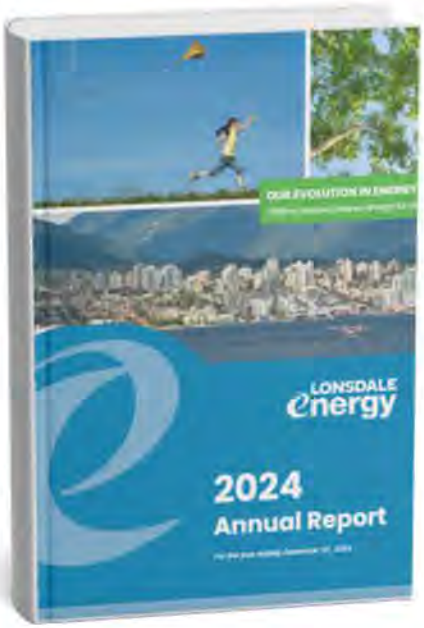
In 2024, Lonsdale Energy earned Bronze for connecting the most buildings in a single year in North America, placed alongside larger U.S. cities like Seattle, WA and Phoenix, AZ. The top international performers included Empower, Tabreed, and EMICOOL, all based in the United Arab Emirates.

The recognition reflects the rapid expansion of our network and our ongoing commitment to supporting the City's Resilient City priorities and delivering sustainable energy to the community.

Improving transparency and public awareness

To make information more accessible to the public, partners, and customers, Lonsdale Energy published its first public Annual Report, offering a comprehensive overview of operational progress, key milestones, and strategic priorities.

The report was supported by targeted promotional efforts to raise awareness and showcase the organization's achievements.



Low-carbon energy rate introduced

As part of the annual rate review, Lonsdale Energy aligned pricing with its core objectives of supporting the transition to low-carbon energy, maintaining reliable operations, and ensuring affordability for customers.

In 2025, Lonsdale Energy introduced an optional low-carbon energy rate, allowing customers to opt in and receive the full greenhouse gas (GHG) reduction benefits of our energy supply.

The low-carbon energy rate was set higher than the standard rate, reflecting the incremental cost of procuring low-carbon energy (currently renewable natural gas, heat recovery, solar thermal, and geoexchange energy). The rate is expected to change as additional low-carbon sources, such as electrification and sewer heat recovery, are added to the system.

Overall, the optional rate provides customers with greater choice while supporting the continued expansion of Lonsdale Energy's low-carbon energy portfolio.

Listening, tracking and improving the customer experience

In late 2025, Lonsdale Energy conducted a customer satisfaction survey to better understand how customers experience our service, pricing, and communications. The feedback is already helping shape improvements and strengthen how we connect with customers.

This work is supported by a new centralized system that tracks all customer inquiries - from initial contact through to resolution - in one place. With a clearer view of customer needs and outcomes, we can identify trends, improve collaboration across teams, maintain a complete service history, and respond more effectively.

Together, these initiatives strengthen Lonsdale Energy's ability to respond to customers, increase transparency, and deliver a more customer-focused experience.

New guide created to better support developers

The Developer Guidelines and Requirements guide was published in 2025 to better support developers and ensure new developments are optimized to connect to the community energy system. It also serves as a useful resource for the developer's contractors and design consultants.

The guide provides a general overview of the City of North Vancouver's community energy system. It also outlines the responsibilities of developers and of Lonsdale Energy and summarizes the City of North Vancouver's development process as it relates to Lonsdale Energy. Most importantly, the guide also lists critical factors to consider during building installation.

Investing in our people

Since transitioning from contracted operations to a City-run model in 2014, staff turnover has consistently stayed at or below the national average of 10.2% per cent (2025 Mercer Canada Turnover Survey). Over that time, the team has grown thoughtfully, bringing in new expertise while maintaining a strong core of long-term staff.

In 2025, Lonsdale Energy strengthened its commitment to employee growth and recognition through two new initiatives. A new Professional Development Policy was implemented to support ongoing training and role-specific learning opportunities. The organization also introduced the SERVICE Awards, a peer-driven recognition program designed to celebrate employees who exemplify Lonsdale Energy's core values: Safety, Efficiency, Reliability, Customer Commitment, Innovation, and Environmental Stewardship.

Voluntary Staff Turnover

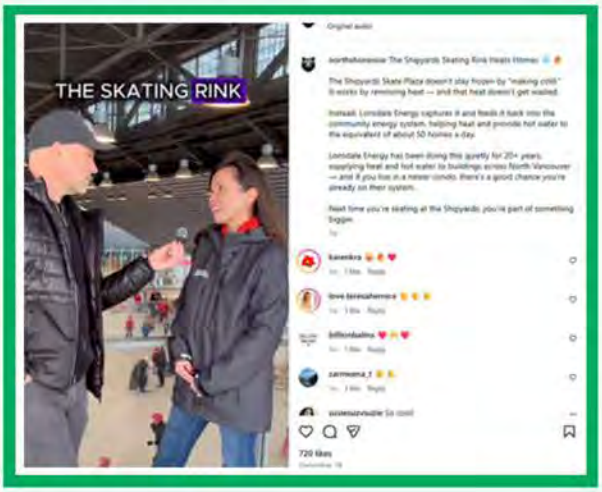
	2021	2022	2023	2024	2025
Annual Rate	10%	0%	7%	0%	10%

Snapshots from 2025

In October 2025, Lonsdale Energy was recognized by the business community when CEO Karsten Veng accepted the Environmental Initiative Award at the North Vancouver Chamber of Commerce Business Excellence Awards.

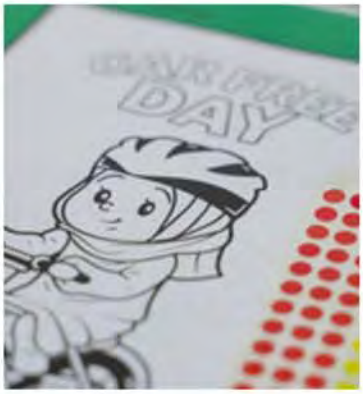
The award highlighted Lonsdale Energy's leadership in advancing low-carbon district energy, including investments in renewable energy sources, waste-heat recovery, and long-term decarbonization initiatives.

In 2025, Lonsdale Energy partnered with local community blog, North Shore Now, to produce a video about our work. The piece highlighted how we recover waste heat from the Shipyards skating rink and was shared across their social channels, reaching more than 35,600 views and generating 970 likes and 734 shares across Instagram, Facebook, and TikTok.



Lonsdale Energy added a fully electric Ford F-150 Lightning to its fleet in 2025 for operations and construction work.

Lonsdale Energy at the 2025 Shipyards Festival



"I wanted to give a shout out to the road crew that is at 3rd and St. Andrews right now. Our building parking is sometimes impacted but only for brief moments as they work hard to give us access. They are a great crew.

Super professional, friendly, hard working. Just wanted to point out they're doing an excellent job."

Plans for 2026

Building on the momentum of recent accomplishments, Lonsdale Energy is entering 2026 with a clear focus on growth, innovation, and sustainability.

Key initiatives include:

- **The start of construction on the Urban Heat Recovery Centre**: Lonsdale Energy's first standalone energy centre will officially start construction in 2026. Once commissioned, it will capture and reuse waste heat to provide low-carbon heating to customers.

- **The completion of our Clean Energy Action Roadmap and updated cooling policy**: The Clean Energy Action Roadmap (CLEAR) is our guiding document that outlines our strategic approach to meeting carbon emission reduction targets while ensuring we can reliably serve future energy demand.

  CLEAR will define what infrastructure, technologies, and system capacity are required to support growth and decarbonization, and sets out a clear pathway to achieve net-zero emissions by 2050.

- **Commissioning of new electric boiler energy centre:** The new energy centre located in Central Lonsdale will further strengthen system flexibility and support our transition to low-carbon energy sources.

- **Implement a new software system:** Lonsdale Energy will implement a new Enterprise Resource Planning (ERP) system to integrate core functions including accounting, asset management, customer information, and inventory. Consolidating multiple systems will centralize information across the organization, improve accuracy, and streamline workflows.

A rendering of Lonsdale Energy's first standalone energy centre, the Urban Heat Recovery Centre. Construction is set to begin in 2026.

2025 Statistics

Each year, we track important numbers to monitor our growth, performance, and emissions. The following statistics are effective up to December 31, 2025.

CUSTOMER CONNECTIONS

Connected Buildings

	2021	2022	2023	2024	2025
Residential	48	51	54	58	60
Mixed Use	26	26	28	33	36
Commercial	17	16*	16	16	16
Civic	8	10	10	12	12
TOTAL	**99**	**103**	**108**	**119**	**124**

**2023 - figure adjusted down due a building classification error.*

Building Service Type

	2021	2022	2023	2024	2025
Heating only	93	97	102	113	118
Heating and Cooling	6	6	6	6	6

Residential Customers

	2021	2022	2023	2024	2025
Suites	6,765	7,052	7,430	8,536	9,023
Customers served*	14,207	14,809	15,603	17,926	18,948

Source: 2021 Census; average household size 2.1; City of North Vancouver population 58,120.

Safety

	2021	2022	2023	2024	2025
Serious injuries or fatalities	0	0	0	0	0

2025 Statistics

NETWORK SIZE

	2021	2022	2023	2024	2025
Floor Area Added (sq. ft.)	297,225	249,783	345,998	1,665,774	333,627
Total Floor Area Served (sq. ft.)	7,671,248	7,921,031	8,267,029	9,932,803	10,266,430
Length of distribution network (km)	13.9	14.2	14.7	15.2	16.3
Number of energy centres	8	8	8	8	9

SERVICE DELIVERY

	2021	2022	2023	2024	2025
Heating energy delivered (MWh)	74,783	78,704	74,453	82,702	87,333
Cooling energy delivered (MWh)	1,858	2,221	2,215	2,239	2,445

CUSTOMER SUPPORT

Customer queries is a new metric introduced this year. The count reflects inquiries received through email, the office phone line, or the emergency line. Each initial inquiry, including any follow-up questions, is counted once to represent a complete customer interaction.

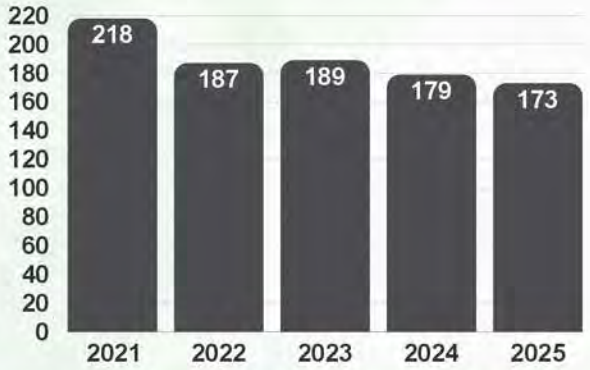
Number of queries	General feedback for info request	Service issue, LE system	Service issue, building system	Billing
82	23	39	15	5

2025 Statistics

GHG EMISSION INTENSITY

This metric shows how much carbon pollution is produced to deliver energy.

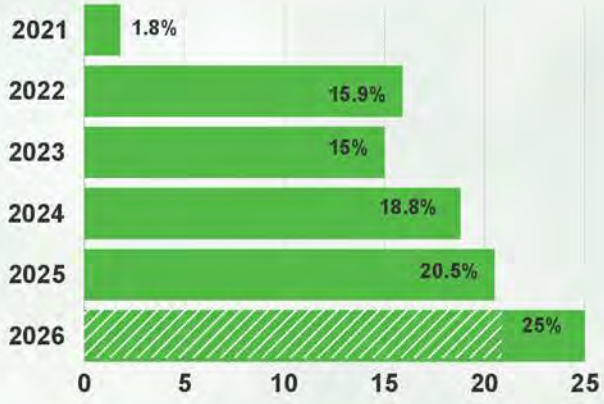
The figures in the table are measured as kilograms of carbon dioxide equivalent per megawatt-hour (kg CO_2e/MWh). This accounts for all greenhouse gases, expressed as an equivalent amount of CO_2.



Since 2021, emission intensity declined by 26%. Progress is being carefully paced to support our 2027 target of supplying 40% low-carbon energy, while maintaining affordability and overall system performance. For comparison, an all-natural-gas system has an emission intensity of approximately 220 kg CO_2e/MWh, while a hydroelectric-based system is 9.9 kg CO_2e/MWh.

PERCENTAGE OF ENERGY FROM LOW-CARBON ENERGY SOURCES

Low-carbon energy refers to energy sources that produce significantly fewer greenhouse-gas (GHG) emissions than conventional natural gas. Lonsdale Energy's low-carbon sources in 2025 included RNG, solar, geothermal, and heat recovery via an outdoor skating rink.



In 2022, Council directed Lonsdale Energy to reduce emissions by integrating new renewable or low-carbon energy sources. Lonsdale Energy introduced renewable natural gas (RNG) in 2022 as an initial tool to reduce emissions.

More low-carbon sources are being added in the near future – electric boilers (2026) and sewer heat recovery through the construction of the Urban Heat Recovery Centre (2027).

The City of North Vancouver has committed to adopting the new low-carbon energy rate, which we anticipate will help increase our low-carbon energy use by about 4.5% in the coming year.

LONSDALE energy

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