



## REPORT FOR INFORMATION

### Chief Executive Officer's Report

Date: July 13, 2020  
To: Toronto Atmospheric Fund Board of Directors  
From: Chief Executive Officer

#### **GOVERNANCE AND ORGANIZATIONAL MATTERS**

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##### **Staff and Organizational News**

The TAF team continues to work remotely and will not be returning to the office in any capacity until September at the earliest, following the City's instructions to have staff who are able to work remotely to continue to do so and not return to City workplaces. The Operations team continues to support the engagement, productivity and wellbeing of our remote team, through staff meetings and virtual socials, redistributing resources from the office to employees' homes, and providing financial support to cover reasonable home office expenses incurred. Health and safety of all staff is our key priority as we develop plans to reopen the office, which we will consider once the Province is in a position to move into Stage 3 of the [Framework for Reopening](#). Our reopening will be guided by Toronto Public Health's COVID-19 Planning Guide for Resumption of City of Toronto Programs and Services.

##### **Compliance with Transfer Payment Agreement**

Following TAF's submission of the 2019 Annual Report, we adjusted the information related to Administrative Costs, which will also be re-stated in the 2020 Audited Financial Statements. This confirms that TAF is in compliance with the terms of the Transfer Payment Agreement with the Province of Ontario.

#### **STRATEGIC PROGRAMS**

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##### **TowerWise**

Work has resumed on the retrofit of Toronto Community Housing's (TCH's) 66 Walpole site (120 suites, \$2.7M project) that had been suspended due to Covid-19 safety concerns. We worked closely with TCH to ensure that robust site safety plans and protocols were put in place to ensure worker and resident safety. Despite the additional safety precautions and concerns, work is proceeding smoothly and we expect the project to be substantially complete by the end of August.

Our work to secure additional deep energy retrofit projects continues. Discussions are progressing with TCH regarding scope and financing of a deep energy retrofit of a 174-unit townhouse complex; we anticipate TCH board approval of the project in September. Contracts are now being prepared for an air-source heat pump (ASHP) retrofit of a private apartment building in Mississauga (127 units), and discussions are underway with the owner of a 59-suite apartment building in Toronto on a deep energy retrofit that would include the demonstration of new gas-absorption heat pump technology.

We continue to develop our plan to scale up energy retrofits through what we are calling a Retrofit Delivery Centre (RDC)—a trusted retrofit delivery partner that will help building owners finance, manage, measure, and optimize retrofit projects. We have initiated discussions with the New York State Energy Research & Development Authority ([NYSERDA](#)) to exchange ideas on scaling retrofits, met with the Pembina Institute to discuss their [Reframed Lab](#) retrofit pilot program, and met with members of the [ReCover Initiative](#)—an initiative with the goal of scaling deep energy retrofits in Nova Scotia. As a learning organization, we value these discussions as they provide opportunities for us to receive and share feedback from organizations focused on scale-up in different regions and markets; this process is key to the development of the RDC and expanding the reach and impact of our work. In addition to our RDC development work, we have met with numerous social-housing providers in Durham, York, and Peel regions to establish relationships and discuss partnering on retrofit projects. Our proposals have been well received, and follow-up discussions continue.

## **Climate Policy**

The Federal and Provincial governments have begun to shift from emergency operations to recovery and are beginning to roll out programs designed to stimulate the economy. TAF has continued to engage with government on all levels to provide support and advocacy for a green recovery that also emphasizes ‘co-benefits’ to provide holistic advice. Our message has been crafted for each level whether it is Federal, Provincial or Municipal to increase its chances of adoption.

TAF has continued to operate as an advocate for an effective federal Clean Fuel Standard, working in concert with many companies, associations, and organizations across Canada in the CFS-Advocates (CFSA). The timing of the CFS roll out has become clearer over the last few months and we expect the first round of the regulation (Canada Gazette 1) to be introduced in the fall. The CFSA is supportive of the changes we have seen to the CFS, including around modifications to the stringency requirements. Over the summer months TAF will continue to support the CFSA and the Technical Working Group members as the group prepares a submission to ECCC and additionally a letter to the Minister of Environment and Climate Change. We are waiting to see how the CFS is structured after its initial release in the fall, but we are cautiously optimistic that the CFS will be presented in a form that will lower Canada’s emissions in a significant manner.

The Ontario Energy Board (OEB) has extended the gas conservation framework that is meant to expire in 2020 to 2021. TAF, in conjunction with other stakeholders, are working on a letter to various provincial ministers. The goal of this letter is to have the province issue clear directives to the OEB for outcomes around gas use reduction and emission reductions as detailed in the “Made in Ontario Plan”. Another objective of this letter is to hasten the OEB’s current process for replacing the interim plan as it is moving far too slowly to be implemented for the end of 2021 when the interim framework expires.

TAF has also been involved in the implementation of the Whitby Green Standard. The implementation of mandatory, tiered, Green Standards across the GTHA is important as we seek to have more municipalities adopt effective Green Standards. Whitby Council will be considering the matter in the fall and TAF will be engaging with Council, Staff, and community members in an effort to ensure its passage in its current form.

### **Impact Investing**

Given market conditions, a significant effort has recently been focused on assisting the finance team with understanding our liquidity needs.

In seeking to scale our Direct Investment portfolio, three new requests were presented to the Investment Committee. One of these was recommended to be presented to the Board and is included as Item 5. Additionally, four previously approved transactions are continuing to be progressed with an expectation for financial close on three prior to the end of Q3 or early in Q4. Transaction origination prospects are consistently incoming, supporting the realization of syndicated investment opportunities and strengthening our strategic relationships.

The focus on trade association engagement to uncover investment-ready technologies has also started to pay dividends. We are now working to understand the suitability of translating this effort into definitive transactions suitable for a TAF hosted Technology Exchange event, bringing together prospective investees; potential syndicate partners; and relevant technology end-users / clients.

With the support of the communications team, we are ready to roll out a marketing strategy targeted at the Renewable Natural Gas (RNG) sector. This will be closely followed by a similar strategy directed the transportation sector and opportunities for electrification.

### **Allocating the \$2 million operating fund**

Subject to confirmation of the shift from endowment to operating funds, and approval of the funding agreement, a plan for use of the operating funds is being crafted. At least \$1 million will be retained for at least three years until the asset value can be built up, serving as a buffer for the requirement to maintain the nominal value. The balance will be dedicated to operating expenses including grants, program and/or administrative costs.

## **Communications**

Through our newsletter, blog, and social media, we continue to create original content and work in collaboration with others (e.g. Efficiency Canada, Clean Energy Canada) to support a resilient recovery, providing recommendations to all levels of government. We are seeking communications opportunities to emphasize how TAF's low-carbon solutions, such as building retrofits, offer stimulus scale opportunity and multi-solve in a pandemic recovery context.

The communications team is supporting our policy advocacy work to promote the Whitby Green Standard. We are running a targeted campaign to generate earned media and grassroots support for the adoption of the standard by Town Council this fall. We are promoting key messages that draw on the positive outcomes from our experience with the Toronto Green Standard and the critical nature of this policy decision to influence green development across the region. We have published a blog, official policy comments, social media posts, and are reaching out to local and regional media.

We are supporting the grants team in updating their application process and our website materials for potential grantees to improve the user experience. Working with the quantification team we hosted a successful inaugural virtual meeting of the Carbon Data Network and are currently developing the second. A few major communications outputs from the TowerWise team are to launch this summer, including a major business case report on deep energy retrofits, a video on heat pumps, and two new retrofit case studies. Having improved our communications briefing processes, we are confident they will provide greater value to our audience, drive more new followers, and increase digital engagement.

Unfortunately, our excellent communications coordinator has departed TAF in order to move back to her hometown. This will impact our overall communications capacity temporarily, but we plan to re-hire for the position in August.

## **CONTACT**

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## **SIGNATURE**

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