



Chief Executive Officer's Report

Date: November 24, 2016

To: The Atmospheric Fund Board of Directors

From: Chief Executive Officer

GOVERNANCE & ORGANIZATIONAL MATTERS

Provincial endowment

The Transfer Payment Agreement between TAF, the Province of Ontario (Ministry of Municipal Affairs – the Ministry) and City of Toronto came into effect on October 30, having been signed by all parties. The Provincial government's \$17 million contribution was recognized at the TAF@25 event, as was the City of Toronto's leadership and vision in establishing TAF, long before climate change was headline news.

Approximately 400 guests heard from Senator Art Eggleton, Minister of Municipal Affairs Bill Mauro, and me about TAF's founding, some current initiatives, and our future work in the Greater Toronto & Hamilton Area.

An implementation plan has been developed by staff which identifies one-time, condition-triggered and ongoing requirements. For instance, TAF will provide the Ministry with our GHG Quantification Methodology within 30 days of signing, within 180 days amend the Grants & Programs Committee Terms of Reference to include regional expertise in the membership, and develop and publish new grantmaking criteria within 60 days. We are commissioning a review of TAF's core management systems which will identify areas that may need reinforcement to implement our expanded mandate with excellence and comply with all new requirements. The Atmospheric Fund has been registered as TAF's operating name; Toronto Atmospheric Fund remains our legal name.

TAF's Auditor has conducted a review as of September 30 to determine the Net Asset Value of TAF's current endowment which will inform the proportional sharing of expenses for the balance of the year; proportionality for subsequent years will be established via the Annual Audited Financial Statements. The Ministry has provided consent for a Line of Credit supported by the new endowment, mirroring the current LOC, which will be used for initial regional program development including discovery of regional stakeholders, GHG reduction opportunities, and best practices, and GHG quantification needs.

TAF will also continue to work with the City Manager's Office to implement Council's decisions including requests to the Province regarding the TAF Act and Broader Public

Sector Accountability Act, and amendment of the TAF/City Relationship Framework to align with the TPA.

Staff news

Anil Dular has joined the team on a short-term contract to assist in developing our Direct Investment Diversification Strategy. Anil has worked in the resource sector, for the federal Budget Office, and several venture capital funds and investors.

STRATEGIC PROGRAMS

TowerWise

TW Energy Efficiency Demonstration Program: TAF's award-winning, seven building retrofit project with TCHC is now two-thirds completed and on track for substantial completion by the end of the year. This includes retrofit measures financed by TAF (including capital from Federation of Canadian Municipalities Green Municipal Fund) and additional measures recommended by the project engineers that TCHC is paying for, and which are much cheaper when integrated with the project as a whole. The project is expected to reduce emissions by 960 tonnes annually while improving comfort and indoor environmental quality for over 1200 low-income households.

Pumping Energy Savings: Feasibility studies for heat pump retrofits are underway with eight partner buildings across the GTHA. IESO, the main project funder, has indicated strong interest in second phase of work which TAF is currently designing; heat pumps were recognized in the Ontario climate change plan as a key approach for achieving ambitious GHG reductions in the buildings sector.

Building Value

TAF is developing an on-line calculator tool to assist cities and other stakeholders across Canada in evaluating and quantifying the multiple benefits of energy efficiency policies and programs, including carbon reduction, local economic development and health. A beta version is being circulated to key stakeholders for testing.

Impact Investing

Green banks: TAF's investing expertise and in-depth understanding of energy efficiency investment, has been shared with provincial and federal colleagues who are exploring mechanisms to scale up the pace and scope of investment in energy efficiency retrofits. TAF participated in consultations regarding the Ontario 'green bank/agency' announced in the Climate Change Action Plan. We focused our advice on how the government can strategically use cap & trade revenues to leverage additional investment given the business case and potential for return. Similarly, the federal government has made energy efficiency a priority in the pan-Canadian climate plan context and our emphasis has been on how infrastructure funds can be deployed into retrofits, despite their disaggregated nature. Given the potential for impact, additional effort will be dedicated over the next several months to advancing – in collaboration with non-profit and for-profit colleagues – innovative financing strategies via these emerging green banks.

Retrofit Financing Challenges: We are experiencing a problematic unintended consequence of the Ontario government’s announcement that approximately \$900 million from the cap & trade program will be dedicated to supporting energy efficiency in the social housing and apartment sectors and the federal government’s announcement of millions for social housing retrofit/renewal. Specifically, building owners are waiting for capital grants rather than pursuing non-debt financing from TAF or other specialized investors. TAF has outlined approaches for deploying public capital in a manner that maximizes GHG reduction and mobilization of third-party capital in this space, and has offered social housing managers in the GTHA a way to match up TAF ESPA financing and public grants and/or financing to achieve comprehensive retrofits with deeper savings.

Direct Investment Diversification: A second workshop will be held December 15 focused on establishing a clear investment strike zone. The workshop will focus on opportunities for investment in products/technologies and/or services related to energy efficiency, transportation and waste management. We are looking for approaches that have potential for significant deployment in Canadian cities, are proven in Canada or elsewhere, but are not extensively deployed locally. It will also focus on where TAF financing and other support can address challenges or barriers, and strategies that will provide a suitable risk-adjusted return profile.

TransformTO

[TransformTO: Climate Action for a Healthy, Equitable and Prosperous Toronto – Report #1](#) was amended and adopted by the Parks and Environment Subcommittee on Climate Change Mitigation and Adaptation on November 14, and Parks and Environment Committee on November 17. The report identifies five short-term strategy areas to set Toronto on the path to exceed our goal of a 30% reduction in greenhouse gas (GHG) emissions by 2020 and put us on a trajectory to reach 80% reduction target by 2050. It also summarized a “Business as Planned” model showing that without a considerable amount of new GHG reduction programming, GHG reductions in Toronto will flatline after 2025 and Toronto will fail to meet its 2050 target, missing the target by 8.73 megatonnes. Over 100 residents attended the meetings to support the City of Toronto’s commitment to climate action and to hear 30 public deputations concerning the report. Many deputants expressed concern that no new funding was being considered in the 2017 budget to accelerate the City’s GHG reduction actions. TAF continues to work with Environment and Energy Division, our technical modelling consultant, and a 37-member public advisory group to create long-range GHG reduction plans and consider their implications for public health, social equity and local economy. A final report on this work will be advanced to Toronto City Council in May 2017.

Transportation-related projects

Move the GTHA: A collective response has been prepared to the City Manager’s report on new funding sources for transit and all Move the GTHA organizations signed on to an [OpEd published in the Toronto Star](#) on November 24 that supported new dedicated revenue tools to fund transit. TAF and Evergreen jointly developed a case study about the experience of working in the Move the GTHA collaborative and several collective impact organizations have shown interest in publishing the report.

Microtransit: TAF and Coop Carbone, a Montreal-based organization focused on advancing GHG reduction, jointly commissioned MaRS Data Catalyst to assess the potential of microtransit to curb GHG emissions. Microtransit can be defined as “shared public/private sector transportation offerings that offer fixed or dynamic routes in response to demand”. Microtransit has strong potential to address transportation challenges relatively quickly and cheaply -- for instance ‘sharing economy’ services like Uber and Lyft, commuter shuttles, ride sharing services such as UberPOOL – and there is significant opportunity for scaling adoption and impact. The report will be released on December 5th and is the focus for a dialogue hosted by TAF and MaRS to explore the potential for effectively deploying microtransit services in the Greater Toronto and Hamilton Area (GTHA).

Communications

Building on the note above, TAF’s 25th anniversary party and endowment launch was supported by a press release, an Op-Ed in NOW Toronto, a TAF blog post, and a social media campaign. All Toronto City Councillors received a briefing note about the anniversary and details about the new endowment, including how the new capital will enhance TAF’s work in Toronto and support new regional strategies to reduce GHG emissions and the name change. We were delighted to received certificates from Mayors John Tory, Don Mitchell (Whitby) and Frank Scarpitti (Markham) to mark the occasion. The event attracted 12 sponsors who generously covered the venue and hospitality costs in-full and helped publicize the event and occasion via their social media networks.

TAF has been reaching out to communications professionals to explore best practices and opportunities for more effective approaches to conveying the need for, approaches to and benefits of urban climate action; this will be reflected in future grant-making and TAF’s own communications strategy, including via relationships with new stakeholders across the region. The 80X50 blog has grown into a go-to site for in-depth information and insight about urban climate action, and we are on-track to having 1,000 subscribers by year-end.

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SIGNATURE

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