

2017 BUSINESS PLAN

TA14.4 - Attachment 1



2017

Embracing a Regional Approach

TAF is expanding to embrace opportunities for regional low-carbon investments and solutions across the Greater Toronto and Hamilton Area. This direction is supported by the new Provincial endowment and anchored by TAF's proven strategies and techniques. Our goal is to enhance our overall low-carbon impacts and the multiple benefits of a low-carbon economy.

TAF 2017 Business Plan

EMBRACING THE REGIONAL APPROACH

INTRODUCTION & CONTEXT

As we enter 2017, larger forces are impacting TAF's sphere of work. Strong momentum continues at the Provincial level as the Climate Change Action Plan and cap and trade program move into implementation phases, providing a critical opportunity to shape and promote these policies to ensure their impact and durability. At the federal level, the Pan-Canadian Climate Plan along with pipeline politics are keeping the climate file in the public eye, and normalizing the need for carbon pricing strategies and mitigation action across the nation. The Paris Agreement, which came into force in 2016, was ratified by 125 countries around the world. Cities remain at the forefront as key delivery agents for carbon reduction, and TAF is accessing a wealth of urban best-practice knowledge through the Federation of Canadian Municipalities, the Urban Sustainability Directors Network, C40 Cities, and other city-building organizations.

At the local level, TransformTO is demonstrating a way to engage a broad group of stakeholders in planning for deep long-term climate reductions and recognizing the potentially multi-beneficial nature of carbon reduction. Surging interest from the impact investment sector and fresh energy for linking carbon reduction with equity and local economic development strategies is represented by the successful development of a community benefits agreement associated with the construction of the Eglinton Crosstown LRT. There is wider acceptance of the need for more funding for public transit, signaled by the City of Toronto's road tolling plan. Perhaps counter-intuitively, there are signs that the emergence of the Trump administration in the US is bolstering the resolve to act on climate change and stepping up the urgency of the file in Canada.

This year, TAF is expanding its reach regionally, building on our track record of partnerships, innovation, and strategic capacity to make the most of this pivotal moment of federal, provincial and municipal alignment on climate action.

2017 BUSINESS PLAN AT-A-GLANCE

The 2017 Business Plan includes seven priority projects with associated objectives. Each project includes a range of practical, policy reform, communications and fundraising activities. Emerging activities are also indicated, recognizing that a key TAF strength and strategic direction is to keep our eyes on the horizon and have some capacity to be nimble and respond to opportunities.

1. **Accelerating Energy Efficiency** – Accelerate improved energy efficiency in the built environment, while demonstrating the multiple benefits through TowerWise and Building Value programs. Research, monitor, and provide strategic recommendations on climate policy developments at all levels of government.
2. **Electrification** – Analyze and demonstrate opportunities to power end-uses such as heating and transportation with low-carbon electricity instead of fossil fuels, focussing on heat pump technology.
3. **Mobilizing Capital** – In deploying the new endowment, maximize and demonstrate both the financial and carbon-positive impact of TAF’s investments
4. **TransformTO** – Continue to engage the community, experts, and stakeholders in creating excellent decision-support information to guide development of a carbon reduction strategy to achieve the City of Toronto’s 2020 and 2050 greenhouse gas reduction targets.
5. **Mobilizing Community Innovation & Action** – Cultivate high-impact grants across Toronto and TAF’s new region and engage partners beyond the usual suspects.
6. **Modal Shift** – Building on growing political and media interest in transit and microtransit, reinforce the importance of modal shift and investment in transit to reduce regional greenhouse gas emissions, collaborating with Move the GTHA partners.
7. **Operational Excellence** – Maintain a high standard of performance in the areas of governance, management, operations, communications and fundraising.

PROJECT #1: ACCELERATING ENERGY EFFICIENCY

Objective: Accelerate improved energy efficiency in the built environment, while maximizing and demonstrating the multiple benefits.

TAF lead: Bryan Purcell, Director of Policy & Programs, Ekaterina Tzekova, Building Research Manager, Jimmy Lu, GHG Quantification Manager, Ian Klesmer, Grants Manager and Policy Advisor

Key Partners: Toronto Community Housing Corporation, Federation of Canadian Municipalities, Natural Resources Canada, Independent Electricity System Operator, Enbridge Gas Distribution, McConnell Foundation, various provincial Ministries, Ecobee, engineering firms, various equipment manufacturers.

A. TOWERWISE

- **Complete and commission the ten (10) TWEED retrofits**, including seven (7) Toronto Community Housing buildings, and three (3) independent social housing cooperatives.
- **Continue the 'living lab' Indoor Environmental Quality (IEQ) research** at TCHC retrofit sites, analyzing the post-retrofit results to demonstrate the links between improved energy performance and IEQ in multifamily buildings.
- **Advise and assist Toronto Community Housing in scaling up** the implementation of deep energy and indoor environmental quality retrofits across their portfolio leveraging the TWEED and IEQ results. Also support other social housing providers to the extent possible.
- **TowerWise communications.** Share and transfer knowledge and tools with the aim of assisting professionals, policy-makers and others understand and more effectively achieve energy efficiency outcomes. Key channels include articles in trade and academic publications, TAF's blog and e-newsletter, conferences and events, and earned media and awards. Key content will include:
 - **a guideline** to support the use of Integrated Design Process for retrofits.
 - **a design resource for retrofitting heating systems of existing multi-family buildings.**
 - **case studies** of TWEED retrofits, including the use of Gas Absorption Heat Pumps
 - **TAF's Benefits of Efficiency Policies Calculator**, which will allow stakeholders to quantify the broader societal benefits – health, economic development, etc. -- of accelerating energy efficiency in their jurisdiction.
- **Emerging actions** in the TowerWise program include:
 - **Attract funding to launch a deep retrofit project** with the aim of demonstrating, de-risking and building capacity for achieving at least 40% GHG reduction and viable returns on investment, working with up to five sites (also see Mobilizing Financial Capital)
 - **Explore retrofit capacity-building needs, opportunities and partnership efforts** targeting key sectors such as: property-managers; engineering service providers; trades and contractors; and project originators/aggregators.

B. ADVANCING POLICY SOLUTIONS

- Leverage Building Value partnerships to **advance implementation of the Pan-Canadian climate plan's commitments to energy efficiency improvement.** Key federal actions include: encouraging a national energy reporting & benchmarking framework, advancing government progress on funding and/or financing of infrastructure, and continued policy advocacy on building codes and equipment standards. Disseminate TAF's Financial Tools Guidance Document to support federal, provincial and municipal governments in implementing appropriate financing tools for each market.
- **Support implementation of Ontario's Energy Reporting & Benchmarking.** While government must provide the core platform, develop a plan for non-government stakeholder

involvement, drawing on best practice examples in other jurisdictions, and help secure funding for implementation.

- Work with City Planning to **secure approval of Toronto Green Standard (TGS) Version 3.0, including a Near-Net Zero goal for 2030**; support industry implementation; and leverage for wider adoption GTHA-wide.
- **Monitor climate policy developments at all levels of government and provide strategic recommendations** where warranted, working in consultation with key stakeholders to align recommendations where possible.
- **Communications** will support policy objectives by building support in key audiences and raising awareness of the multiple benefits of climate change mitigation policies. TAF will work in collaboration with other groups to reach diverse audiences and maximize our reach across multiple constituencies.

PROJECT #2: ELECTRIFICATION

Objective: Analyze and advance opportunities to power end-uses such as heating and transportation with low-carbon electricity instead of fossil fuels.

TAF lead: Bryan Purcell, Director of Policy and Programs, Devon Calder, Heat Pump Researcher

Key Partners: IESO, electric utilities, property managers, equipment manufacturers, Canadian Standards Association, relevant government agencies, engineering firms, and investors.

- **Pumping Energy Savings: Assess the feasibility and business case for converting to heat pump technologies for space heating** in seven archetypal electrically-heated multi-unit residential buildings (EMURBs) and one gas-heated MURB (technical aspects, costs, savings, etc.) develop detailed financing plans for four of these.
- **Formulate and advance recommendations for programs, financing mechanisms, practical tools, resources and capacity-building** that will accelerate heat pump adoption in key markets.
- **Pumping Energy Savings communications** will align with TowerWise and focus on demonstrating the conservation potential and business case for heat pump retrofits to target audiences including utilities, industry players, building owners in key markets, and investors.
- **Emerging actions forced on the potential for GHG reductions through electrification include:**
 - **Heat pump retrofit demonstrations** – implementation of ground-source, air-source and/or other technologies in up to four of the participating EMURBs, working with utility, property portfolio manager, heat pump industry and co-investment partners; this is part of both TowerWise and Mobilizing Financial Capital and the main focus for Electrification fundraising.
 - **Explore TAF's potential role in** advancing regulatory reforms and business strategies that will allow local utilities to play their essential, strategic role in achieving low-carbon cities.

PROJECT #3: MOBILIZING FINANCIAL CAPITAL

Objectives: Develop investment opportunities that demonstrate and de-risk financial strategies and structures that will mobilize capital for energy efficiency and other low-carbon solutions, and generate a risk-adjusted return on investment.

TAF Lead: Tim Stoate, VP Impact Investment

Key Partners: Investment Committee members, colleagues in the financial sector and responsible investing organizations, owners of Efficiency Capital Corp., accounting and legal professionals.

A. IMPACT INVESTING TAF'S ENDOWMENT

- **Maximize both the financial and carbon-positive impact of TAF's full endowment.** Prudently deploy the new Ontario endowment, in tandem with the original endowment, in compliance with the investment policy's investment beliefs and to demonstrate, de-risk and mobilize investment in low-carbon opportunities. A key focus is to reduce the carbon exposure of TAF's fixed income portfolio.
- **Warehouse energy efficiency retrofit transactions,** structured as Energy Savings Performance Agreements (ESPAs) for purchase by ECC, with a total value of approximately \$9 million. Streamline the sales/marketing, client relations, reconciliation and payment, and reporting processes to facilitate volume and ensure performance.
- **Secure senior debt co-financing for ESPA transactions.** Leveraging TAF's SVX listing and first commitment of \$1M from Ivey Foundation, attract \$3 M as non-recourse 'take-out' financing for commissioned retrofits, with TAF maintaining at least 20% of each transaction.
- **Help commercialize low-carbon goods & services.** Invest, with co-investor partners, in deployment of up to three measures which generate both GHG reduction and financial return on investment to demonstrate the value, opportunity, and speed of market uptake. Emerging action is to explore if/how to leverage success in this space into a more formal and collaborative investment vehicle.
- **Impact investing communications.** Demonstrate TAF's leadership in impact investing including retrofit financing experience (in collaboration with Efficiency Capital Corp.) and other past and current investment case studies and results. Key audiences include the financial sector and investees and key channels will include conference presentations, earned media, and guest writing for external blogs and publications. Improve the TAF's website content about impact investing to serve as an entry point for potential investees and co-investors.

B. LOW-CARBON FINANCE STRUCTURES, TOOLS AND CAPACITY

- **Secure funding for a retrofit financing facility** from the emerging Canada Infrastructure Bank dedicated to demonstrating and de-risking deep retrofit financing, attracting co-financing, and stimulating retrofit origination/aggregation capacity in Canada; this dovetails with TowerWise.
- **Craft specialized financing approaches/structures to accelerate investment in retrofits and commercialization of low-carbon goods & services.** Key opportunities include addressing the specific barriers and needs faced by suite-metered buildings and privately-owned rental apartments, to implement fuel-switching, to maximize the use of LIC financing, and to continue de-risking performance contract financing.
- **Advance practical financing programs and strategies for the emerging Ontario and federal 'green banks'** that can maximize GHG reduction, with a priority focus on energy efficiency, fuel switching in key markets and mobilization of additional capital.
- **Engage a sustainability finance officer** to attract low-carbon implementation funding to Toronto, and second the position to the City of Toronto. Leverage the learnings to build financing capacity throughout the GTHA.
- **Low carbon finance communications** will focus on the emerging Federal and Ontario 'green banks' and their capacity to accelerate low-carbon solutions in cities, and the opportunities to mobilize capital in this space.

PROJECT #4: TRANSFORMTO

Objective: Create excellent decision-support and inspirational information to guide development of a carbon reduction strategy to achieve the City of Toronto's 2020 and 2050 greenhouse gas reduction targets (i.e.: 30% and 80% respectively compared to the 1990 baseline).

TAF lead: Mary Pickering, VP Programs & Partnerships; Julie Leach, Communications Manager

Key Partners: City of Toronto Environment and Energy Division, Toronto Public Health, Federation of Canadian Municipalities

- **Complete 2050 scenario modelling and multi-criteria analysis.** Supported by our external technical consultants, SSG, and with the oversight of the 35-member Modelling Advisory Group, we will develop new knowledge about how to drive deep carbon reduction in Toronto, and assess which measures bring the most overall benefit to the city considering the City's social equity, public health, and local economic goals.
- **Develop a 2050 Pathway strategy.** Based on the new knowledge developed, and considering best practices in public engagement, advocacy, financing, and urban low-carbon programming, create a strategy to support Toronto's success in reaching its 2050 carbon reduction target.
- **Help secure City Council approval and resourcing** to achieve Toronto's 2050 target. The report to Council will highlight key actions and present new interim targets, describe

capacity-building and partnership opportunities, address community engagement and identify policy priorities, along with a two-year implementation strategy, workplan and budget request.

- **Support implementation of Council-approved 2020 Action Plan.** Remain involved in the implementation of the City's 2020 Action Plan, synchronizing City and TAF efforts to maximize success.
- **TransformTO communications.** Initiate a communications and social media plan to highlight the new knowledge and associated recommendations as they emerge from the TransformTO process, leveraging the Modelling Advisory Group, community participation, graphic design consultants, and Environment and Energy Division's corporate communications team.
- **TransformTO stakeholder development.** Continue cultivation of partnerships with community and academic groups, regional counterparts, and potential supporters, leveraging relationships already established through the TransformTO Modelling Advisory Group.
- **Emerging actions focus on** initiating a 2050 implementation strategy, including co-developing a set of quick-start projects to ensure the longer-term reduction; and positioning TAF and/or others to advance them.

PROJECT #5: MOBILIZING COMMUNITY INNOVATION & ACTION

Objective: Cultivate high-impact grants and engage with key partners to advance TAF's 2015-2020 strategic directions.

TAF lead: Mary Pickering, VP Programs & Partnerships, Ian Klesmer, Grants Manager and Policy Advisor

Key Partners: Community climate advocates, climate and energy funders

- **Understand the Greater Toronto & Hamilton regional context.** With the support of a consultant: undertake research to understand best practices in regional (versus municipal) approaches, the stakeholder landscape in the GTHA and key strategy elements to support TAF's regional expansion; develop and test recommendations and ideas with the community; and set priorities by mid-year.
- **Cultivate regional grant opportunities.** Based on the findings and directions established, establish a regional cultivation strategy and initiate outreach and proactive searches, aiming for three aligned opportunities in 2017.
- **Cultivate thematic grant opportunities.** Based on TAF's recent assessment of high-impact opportunities, undertake proactive cultivation of grants in key areas, including:
 - Renewable natural gas;
 - Shared mobility;
 - Enhancing climate communications; and

- Understanding Scope 3 emissions
- **Initiate the development of a regional GHG inventory** which is required to support regional grantmaking and investment decisions, and ultimately to track progress; completion will likely require two years, and TAF will work with multiple partners to ensure a robust approach that serves the needs of municipalities and stakeholders. Best-available information will be used to assess early regional investments.
- **Support implementation of Ontario's Climate Plan and the Pan-Canadian climate action plan.** In collaboration with Environmental Defence, the Clean Economy Alliance and others, continue to participate actively in shaping Ontario's Climate Policy and its implementation, providing an urban solutions-focused perspective and sharing TAF's insights on policies and practical approaches.
- **Grants and programs communications.** Develop a communications plan to help broaden and diversify TAF's partners and followers in a way that drives grant applications from outside the pool of "usual suspects". Following on emerging grants strategy, create communications strategy to support grant cultivation and new partnership development in the region.
- **Grants and Programs fundraising.** Seek out a co-funding opportunity that focuses on social equity, public health or local economic development.

PROJECT #6: MODAL SHIFT

Objective: Identify and advance opportunities to create transportation options that support a shift away from use of the single occupancy vehicle.

TAF lead: Ian Klesmer, Grants Manager and Policy Advisor

Key Partners: Evergreen CityWorks, MaRS, Metrolinx, MaRS

- **Participate in Move the GTHA.** Continue to identify effective ways to jointly support development of new revenue tools to offset the expense of planned regional transit, and maintain an effective forum for knowledge-sharing and campaign coordination across multiple sectors. On an opportunistic basis, work with specific Move the GTHA member groups on strategic initiatives.
- **Advance the microtransit opportunities identified in the 2016 scoping study.** Work with partners and prospective funders to explore priority use cases in more detail. This could include securing funding to initiate a microtransit pilot within the GTHA and/or conducting further research to better understand the most promising GHG reduction opportunities within this sphere.
- **Modal shift communications.** Leverage the growing media trend focused on microtransit and shared mobility to embed TAF recommendations about the importance of modal shift in relevant and controversial dialogues. Work with Move the GTHA partners to continue developing communications around the need for dedicated funding for regional transit.

PROJECT #7: OPERATIONAL EXCELLENCE

Objective: Maintain a high standard of performance in the areas of governance, management, operations, communications and fundraising.

TAF lead: Julia Langer, CEO; Richard Rysak, Finance Director; Mary Pickering, VP-Programs and Partnerships; Julie Leach, Communications Manager

- **Support governance and decision-making.** Provide TAF's Board of Directors and Committees with relevant information, advice and/or recommendations needed to ensure compliance and alignment with City and Provincial requirements, evaluate performance against KPIs, and approvals and decision-making in keeping with the strategic plan and TAF's mission.
- **Establish and undertake a streamlined process for implementation of the Transfer Payment Agreement (TPA)** including securing BPSAA exemption, consequential amendments of the TAF/City Relationship Framework, and tune-up of TAF's management systems based on application of non-profit best practices.
- **Provide excellent financial and investment stewardship and compliance.** Ensure internal operations are in keeping with best practices and compliance with City and TPA requirements including: financial operations (cash management, payables/receivables, payroll); project management and accounting; corporate and government filings; management of TAF's subsidiary (CAIT Ventures Inc.); annual budget and Audited Financial Statements); HR functions; IT and information management systems.
- **Maintain and support the TAF staff to optimize their performance.** Undertake best practice mentoring and HR support to ensure TAF staff are learning and maximizing their professional potential in service of TAF's mandate, including providing compelling opportunities to stretch and enhance TAF staff capacity and attention to team-building and supporting TAF's culture of innovation. Secure suitable premises to facilitate team functions and staff productivity.
- **Corporate communications.** Build TAF's profile and recognition as a leader and innovator of urban climate solutions. Expand media presence by increasing social media and online news subscribership by 25%, developing media relationships, and making further website improvements to create an accessible resource on urban climate action for stakeholders and the public. Increase subscribers and followers by continuing to test and refine key messages and content. Encourage networking and presence at relevant events. Promote the relevance of climate solutions by emphasizing co-benefits such as equity, economic development and health. Clearly articulate TAF's value proposition vis a vis the City of Toronto and Province of Ontario.
- **Corporate fundraising.** Explore opportunities to attract contributions and/or financing for TAF's core capacities through emerging federal and provincial climate programs. Develop refined stewardship methods for existing funders to solidify their ongoing commitment.
- **Emerging actions will focus on a** more systematic approach to scanning and responding to changing conditions and new opportunities, and on implementation of management best practices based on "tune-up" assessment.