



REPORT FOR INFORMATION

Chief Executive Officer's Report

Date: September 13, 2017
To: Toronto Atmospheric Fund Board of Directors
From: Chief Executive Officer

GOVERNANCE & ORGANIZATIONAL MATTERS

City of Toronto Agency Governance Review

The City Manager's Office is planning to consolidate and strengthen Agency governance, policy and accountability requirements in a new Toronto Municipal Code Chapter. Proposed requirements would be a) based on the City's current Agency governance framework (ie: City of Toronto Act and other applicable legislation, applicable chapters of the Toronto Municipal Code, existing City policies, and Relationship Frameworks), b) draw on best practices from other jurisdictions, and c) incorporate or strengthen requirements relating to risk management, strategic planning, multi-year financial and business planning, and mandates and directives. Agency heads have been consulted and a session was held with Board Chairs (or their designate – in TAF's case Jacoline Loewen) on September 12. Comments have been conveyed with respect to administrative burden and TAF's unique governance and mandate established via the TAF Act. Development of the Code is planned for fall 2017.

Staff news

Two short-term contract positions are currently being hired. The Policy Research & Advocacy Coordinator will be responsible for low-carbon and sustainable finance policy research and analysis, stakeholder engagement, and project management. The Communications & Outreach Coordinator will support communications and liaise with regional stakeholders and grantseekers, helping to expand TAF's media presence and build regional relationships.

Jaime Klein, Executive Coordinator, is shifting some of her time to assist the Grants Manager and Policy Advisor on the grant intake process, and to support the Grants and Program Committee.

Q2 Financial Report

In compliance with TPA Section F.3.1, a Q2 Financial Report must be submitted by July 30; this was forwarded separately since results were not available at the time of the June 29 Board Meeting.

Regional Program and Cultivation Strategy

TAF has been in contact with the Province concerning the delay in completion of the cultivation strategy beyond the 180 day deadline due to advice TAF received concerning adequate consultation time required to complete the work. An interim progress report has been submitted. Based on their contract, Dunskey Energy Consulting is on track with the development of a GTHA cultivation and outreach strategy. Their second (of three) planned research reports outlines draft recommendations for TAF's regional strategy. These will be focus tested with groups throughout the region during Fall 2017, and results will inform the final strategy will inform development of TAF's 2018 Business Plan.

Compliance with Transfer Payment Agreement

This confirms that TAF is in compliance with the terms of the Transfer Payment Agreement with the Province of Ontario.

STRATEGIC PROGRAMS

TransformTO

The TransformTO Strategy was unanimously adopted by Toronto City Council on July 4, 2017. The related budget request will be debated during the 2018 budget process. Council has asked City staff to prepare a report prioritizing proposed actions with respect to their cost per tonne of GHG reduction.

TAF staff has responded to considerable interest in the TransformTO plan, undertaking 30 meetings with interested community groups, academics, corporations and provincial government departments.

Hiring processes were initiated by Environment and Energy Division during Summer 2017 with respect to filling positions approved in the 2017 budget. This includes hiring of a Sustainability Finance Manager to assist in mobilizing external funding to implement TransformTO actions.

TowerWise

The next phase of TowerWise will involve designing, implementing and monitoring deep energy retrofits across four residential sites, targeting a minimum of 40% energy and GHG emission. A variety of different building types and energy retrofit measures including heat pumps will be explored. TAF will also work to develop financing and scale-up strategy recommendations to help inform the Ontario's residential sector. TAF is starting pre-retrofit monitoring of the heating systems at two of these sites this month. TAF has secured \$1M in grant funding to support the project (see below).

An application for \$5.75M – a \$5M low-interest loan combined with a \$750K grant -- has been submitted to the Federation of Canadian Municipalities Green Municipal Fund (FCM GMF) to be used for financing the retrofits and supporting the design, monitoring and communications of these TowerWise projects. TAF currently holds a \$2.6M loan from FCM GMF, along with a \$511K grant, which has been used to finance the retrofit of seven TCHC buildings. TAF's Investment Committee has created a subcommittee to work with staff on conditions for TAF borrowing.

All Ecobee thermostats were installed across four of the TowerWise demonstration sites in August; TAF and its partners will continue resident engagement to ensure residents understand how to use this technology ahead of the heating season start. After the retrofits were completed across the seven TCHC buildings, summertime monitoring revealed significant improvements in indoor conditions; after the installation of new fresh air systems and duct cleaning buildings saw a 30% reduction in indoor carbon dioxide concentrations; max indoor temperatures at seniors buildings also reduced by introducing cool fresh air in the common area hallways

Policy Research and Advocacy

The Province is currently consulting on the future of the Ontario Building Code (OBC) energy and climate requirements. TAF is preparing a detailed submission and is also collaborating with a large number of other groups to coordinate recommendations as much as possible. This includes the City of Toronto, the Clean Economy Alliance (CEA), the Clean Air Partnership (CAP), and the CaGBC, in addition to a number of other associations and companies. As part of this effort we have also held webinars with CAP and the CEA. Submissions are due in late September.

Version 3 of the Toronto Green Standard, as well as the associated *Zero Emissions Buildings Framework*, will be going to the Planning and Growth Management Committee on October 12. TAF has worked with City Planning over the past two years to develop the proposed policy and framework. TAF will be providing its comments in support of the TGS and the ZEBF.

Pumping Energy Savings

With the support of expert consultants and advisors, TAF has developed a set of recommendations for accelerating the adoption of heat pumps in large, multi-unit buildings, initially focussing on electrically heated buildings but with relevance to gas-heated buildings as well. This complements the analytical tools, technical resources, and market intelligence that has been generated through the first phase of this project, including through intensive analysis and heat pump conversion plans for eight buildings. The second phase of Pumping Energy Savings has begun, integrated with the new TowerWise program, with support from several funders (see below). The aim is to have more on-the-ground experience to increase market confidence in heat pump retrofits and establish a scale-up implementation strategy.

Building Value

The Building Value project is approaching completion. Last year, in the lead up to the release of the *Pan-Canadian Framework on Clean Growth and Climate Change*, TAF developed consensus recommendations around buildings with a coalition of 11 environmental and industry groups which were highly successful in shaping the built environment section of the Framework. This June, timed to coincide with a federal provincial meeting of energy ministers, the TAF and the Building Value coalition submitted follow-up recommendations on implementation of the building sector commitments outlined in the Framework. Additionally, TAF and Pembina released a discussion paper around development of a national energy code for existing buildings (a key component of the Framework). Finally, TAF worked with Pembina and Environmental Defence to organize an interprovincial knowledge exchange between BC and ON on next generation building energy codes.

Impact Investing

A strong pipeline of potential investments is being actively evaluated with a focus on companies commercializing products and services that have potential to reduce urban GHG emissions. Our impact evaluation is now considering GTHA-wide reduction potential.

Staff are working with Proteus Performance Management, TAF's 3rd-party investment advisor, to develop a 'model portfolio' for the two endowments which takes into consideration the objective of having separate-but-parallel holdings, risk, return and impact, and assumes the current minimum/maximum levels established in the current Statement of Investment Objectives & Principles (SIOP). In tandem, action is being taken quarterly to deploy the funds.

TAF, represented by Tim Storate, was a speaker at the Green Bank Congress, providing perspectives on how various cities have taken the lead in developing innovative financing strategies and institutions to accelerate investment in low carbon solutions. Tim is working intensively in his role on the Green Ontario Fund, which launched at the end of August and is expected to roll out a range of new programs over the coming months.

Communications

Earlier in the summer, TAF published its [latest research](#) on electricity emissions factors for Ontario. Published as a handy guide, the groundbreaking research makes it possible to accurately gauge the emissions impact of shifting or conserving electricity consumption.

In August, the provincial government launched the [Green Ontario Fund](#) – with TAF VP Tim Storate as one of the board members. We amplified the great news through a media release and our email newsletter. Also in August, Pembina Institute and TAF [co-published a paper](#) TAF that underlines the need for government action on energy efficiency; without retrofits of existing buildings, Canada will not reach its Paris climate targets, our analysis showed. This was preceded by a [joint letter](#) from ten organizations

urging federal action on energy efficiency, including the need for energy reporting requirements for home sales (see Building Value above).

TAF continued its work on electric vehicles through its contribution to the nascent [EVchoice.ca campaign](#). Clean Energy Canada, Environmental Defence, Equiterre, SFU, and TAF have joined forces to get federal supply-side rules in place for EVs as part of the anticipated 2018 Zero Emission Vehicle strategy.

TAF's [Facebook page](#) has already grown to 1,300 supporters. Work is also underway to make important parts of TAF's website more user-friendly.

Updates from Completed Grants and Programs

Grant to Plug 'n Drive – Driving Down GHG in Toronto: Factors Shaping Electric Vehicle Ownership, Drive Patterns and Behaviours. The goal of this project was to gain a better understanding of the factors that drive the uptake of electric vehicles (EVs) in the GTHA, and to develop and promote evidence-based recommendations based on these factors.

Plug 'n Drive convened an Advisory Committee consisting of industry, academic and public sector experts in the EV sector to design and administer a comprehensive survey for local EV owners and non-EV owners regarding their driving behaviours and purchasing decisions. The proponents then published a report, [Driving EV Uptake in the Greater Toronto and Hamilton Area](#), which included key recommendations to accelerate EV adoption based on the survey results. Plug 'n Drive has disseminated the report widely, and continues to promote its findings and recommendations to key stakeholders within industry and all levels of government.

Internal Project -- TransformTO Modelling Advisory Group Facilitation Services. The TransformTO recommendations report was adopted unanimously by Toronto City Council on July 4, 2017. One objective of the recommendations was to support actions that had multiple benefits. To develop broader relevance for the actions proposed, the modelling included analysis of four lenses: GHG reduction, public health, social equity, and local economic development. To support this multi-criteria analysis, TransformTO convened a Modelling Advisory Group (MAG) comprised of 35 members of diverse backgrounds, selected because of their relations to key stakeholder constituencies, and to represent technical and subject matter knowledge in the four lens areas. TAF provided funds to hire a professional facilitator to design and run the MAG meetings, to provide a report on the MAG process and findings, and to support an evaluation of the final process. A [summary report](#) and [supplementary attachments](#) describing the MAG process, activities, findings and advice were prepared by the facilitator and appended to the City Council report.

Internal project -- Green Infrastructure Banks :Making them Work for Energy Efficiency at Scale. The aim of this project was to draw on TAF's strategic and technical expertise in mobilizing public and private capital for energy efficiency, as well as the expertise of colleagues in other organizations, in order to have a coordinated and influential voice as provincial and federal 'green banks' are formulated. Specifically, the

program allocation was dedicated to securing time-limited, additional capacity focused on ensuring our perspectives are heard and hopefully integrated into the design of the federal and provincial financing facilities. An additional benefit is demonstrating TAF's value proposition to the federal government as we pursue additional funding.

Activity update

This project was well-timed as there was a great deal of interest and activity in 'green banks' both at the federal and provincial (Ontario) levels. Key accomplishments included Tim Storate's appointment to the Green Ontario Fund Board of Directors, extensive contact with capital market and other stakeholders to gather insights regarding the role of 'green banks' in accelerating energy efficiency, and formulation of positions and presentation of TAF's thought-leadership on this topic to a wide range of stakeholders both inside and outside of government.

However, the communications and production of briefs and presentations were not completed as planned, mainly due to capacity constraints. A new strategy will be developed based on the state of play. A brief documenting evidence of capital market failures has been requested by the officials leading the development of the Canada Infrastructure Bank, and is currently being prepared by TAF and a consultant, Morrison Park Financial Advisors.

OPERATIONS

Fundraising

Since the last report, TAF has received three contributions to advance our work on improving the energy efficiency of existing buildings (described under TowerWise and Pumping Savings). None of these contributions overlap any current funding from the Province or from any other organization.

Funding Organization	Amount	Project Purpose
Independent Electricity System Operator (IESO)	\$500,000	Improving the energy efficiency of existing buildings.
Enbridge Gas	\$20,000	Supporting the in-suite heating controls and thermostat research.
Union Gas and Enbridge Gas	\$40,000	Gas absorption heat pump research

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