



January 10, 2017

Dear Chair and Members of Executive Committee:

RE: Exploring a Carbon Price Policy for City of Toronto Projects

This past summer, City Council unanimously supported an ambitious climate change action plan with the adoption of TransformTO. It sets a pathway to realizing a low-carbon City by reducing greenhouse gas (GHG) emissions by 80% by 2050.

TransformTO also calls on the City to maintain its leadership role with the greening of its municipal real estate and fleet. For example, all new City-owned facilities will be constructed to be near zero GHG emissions by 2026 and 45% of the municipal fleet will be low-carbon vehicles by 2030.

As the City embarks on major infrastructure investments to realize these goals, it is important for decision-makers to consider the long-term benefits and cost avoidance from undertaking low-carbon actions, in tandem with financial considerations.

Carbon pricing is emerging as a financial tool that provides such guidance. An internal carbon price quantifies the value from reductions in GHG emissions when alternatives are being evaluated (i.e. project selection). It allows for more robust analysis by incorporating the carbon intensities of different options as part of their overall financial viability. It helps to demonstrate, in financial terms, the inherent societal costs of public health and quality of life, among other measures, that are attributed to the carbon profile of any given project or investment.

Metro Vancouver Regional government recently implemented a carbon pricing policy for its projects and initiatives and there is growing number of international corporations who also are applying a 'carbon lens' to their business case models.

Utilizing carbon pricing will also help to hedge the City against the risk of rising utility costs associated with Ontario's cap and trade program by boosting the business cases for low-carbon actions, which would result in lower operating costs realized by the City of Toronto.

Therefore, I ask that, in accordance with Appendix B, Section I.2.B of City Council's Procedures By-law, Executive Committee request the Deputy City Manager, Internal Corporate Services and the Chief Financial Officer, in consultation with the Director, Environment and Energy, and the Executive Directors of Financial Planning and Corporate Finance, to report to the Parks and Environment Committee on the viability of a carbon pricing policy and, if appropriate, a proposed policy and implementation plan.

Councillor **Mike Layton**



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I believe it is prudent to ensure that investment decisions made today do not inadvertently result in greater costs to either the environment or society over time. I thank you for your consideration of this item and look forward to working with you on advancing the goals of TransformTO.

Sincerely,

Mike Layton
Toronto City Councillor
Ward 19, Trinity-Spadina