



REPORT FOR INFORMATION

Chief Executive Officer's Report

Date: April 12, 2019
To: Toronto Atmospheric Fund Board of Directors
From: Chief Executive Officer

GOVERNANCE AND ORGANIZATIONAL MATTERS

Board and Committee Membership

As Grants & Programs Committee member Tamar Heisler is on parental leave, Chris Wray, Director of Government and Industry Relations at Alectra Utilities, will stand in in her absence, providing similar strategic advice and expert guidance.

Staff and Organizational News

Estelle Taylor has joined the team as Communications Manager, filling in for Julie Leach while she's on parental leave. Estelle brings over 20 years of communications experience, working and volunteering with policy, campaigning and service delivery non-profits, mainly in the environmental, social services, and international development subsectors.

Enhancement of TAF's Endowment

We are grateful to the Government of Canada for its contribution of \$40 million to TAF's endowment, which will significantly increase our capacity to accelerate low-carbon solutions in the GTHA. This was part of a much larger funding package announced in the Federal Budget for the Federation of Canadian Municipalities Green Municipal Fund (GMF) to support energy efficiency and greenhouse gas emission reduction in Canadian cities. Once a contribution agreement is negotiated, the funds will be received from and overseen by the GMF. A separate item is included in this meeting's agenda.

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

TowerWise

TAF's latest white paper -- "[*Smart Thermostats: Technology Assessment and Field Test Findings in Multi-Unit Residential Buildings*](#)" -- documents findings from the deployment of nearly 800 smart thermostats as part of comprehensive retrofits at four TowerWise

demonstration sites. This first-of-its-kind demonstration of smart thermostat technology in hydronic-baseboard heated buildings was facilitated by sponsorship from Enbridge and the donation of thermostats by Ecobee. Highlights of the thermostats' benefits include savings of 8.8-11 per cent of space heating energy over the course of a year and thermal comfort improvements. The report also covers implementation challenges and the scale-up potential for this fast-growing technology.

TAF and Toronto Community Housing (TCH) are working together on a deep retrofit of a TCH housing complex at 66 Walpole. The tenants at this 120-unit, low-rise site will soon have highly efficient heating and air conditioning through the installation of air-source heat pumps. Preliminary design work has been completed along with pilot testing of the heat pump measure; TAF has issued an RFP to select an integrated project delivery partner for this project; selection will be complete by the end of April, with construction starting this summer.

A \$150,000 grant has been received from Canada Mortgage and Housing Corporation (CMHC) to support design, monitoring, and communications for two of our new demonstration sites (including 66 Walpole).

Our short video "[Heat Pumps – how they work](#)", developed with the support of Natural Resources Canada (NRCan), has received over 2,000 views since its release in March. Who knew heat pumps were so popular!?

Policy Development

TAF is continuing to engage in the development of Canada's Clean Fuel Standard (CFS), in partnership with other stakeholders. One of our key policy design goals is to ensure that the CFS accelerates electrification of heating and transportation by including these as compliance options. This has now been secured for the transportation electrification, thanks in part to our collaboration with Electric Mobility Canada. We are now turning our attention to electrification of heating, which is a more difficult hill to climb because Canada would be the first jurisdiction to include this in a clean fuel standard type policy.

Working with the Clean Economy Alliance, TAF has also supported and [commented](#) on a provincial proposal to increase renewable content requirement for gasoline to 15% by 2025. Although provincial renewable fuel mandates may become somewhat redundant once a national Clean Fuel Standard is in place, they provide clear signals to industry to drive investment, and a backup in the event that the Federal CFS is cancelled or rescinded.

Transportation Electrification

TAF is a member of the City of Toronto EV Working Group which contracted Pollution Probe and The Delphi Group to begin convening key stakeholders and develop a [baseline report](#) which explores a broad range of issues related to electric mobility, from current adoption levels and supportive policies, to municipal best practices in electric mobility deployment, social equity considerations, grid impacts, key areas for action,

and relevant stakeholder groups to involve in collaborative efforts. The City will soon be engaging a consultant to develop an Electric Mobility Strategy that addresses these.

The federal government announced new supports designed to accelerate the adoption of electric vehicles (EVs) in its 2019 budget. These include a \$130 million investment in recharging and refuelling infrastructure over five years, a \$300 million investment over three years to support EV purchase incentives of up to \$5,000 per vehicle, and a capital cost allowance for EVs in business fleets up to a limit of \$55,000.

Impact Investing

A new Direct Investment business plan is being developed with Investment Committee input that aligns with TAF's new strategic directions, and includes deployment plan for the current and new Federal endowment capital. Key features will include more clearly defining TAF's "strike zone", putting TAF in the role of lead investor with a mandate to attract co-investors, and leveraging the full range of TAF's capabilities to accelerate commercialization and capital mobilization. It will also highlight key conditions for success including alignment on risk/return expectations, opportunity for follow-on investment in emblematic projects and high-potential companies, and streamlining governance. In general, the pipeline of direct investment opportunities is increasing as is the availability of capital from investors interested in having environmental impact in their portfolios.

Two transactions approved by the Board are in the legal phase of contract development, with expectation of advancing funds for one mid-May and the other late 2019.

Communications

The federal budget contribution to Low Carbon Cities Canada (LC3) [was announced in March](#), highlighting TAF's leadership and innovative funding model. With our partners, we published a national release and FAQ and updated the [LC3 website](#). We also published a local release and informed our subscriber base. Generally speaking, further communications around LC3 will be muted until there is greater clarity from the Government of Canada and our national partner, FCM, regarding roles and messages.

It's not good enough to send out messages (though social media posts, blogs and e-newsletters) – the point is for our audiences to receive them. So what are people actually learning about TAF and our work? TAF advances solutions - our tweets and blogs about heat pumps and EVs are positive, solutions-focused and of value to the audience. Carbon is being reduced in Toronto - the report showing progress on the Transform TO goals resonated with audiences. TAF offers analysis, great ideas and thought-leadership in on policy solutions - for instance our suggestions for optimizing the impact of the Ontario Carbon Trust. TAF is trailblazing and collaborative - audiences responded well to posts about the LC3 announcement. And, we have a sense of humour - our April Fool's Day smart thermostat blog is the most popular so far this year.

Please see the attached Dashboard which tracks the status of our objectives and key projects.

Updates from Two Completed Grants

Environmental Defence – Locking in Ontario's Clean Economy – \$300,000 over two years. Environmental Defence (ED) has completed the second of two, two-year investments made by TAF in its efforts to convene the multi-sectoral Clean Economy Alliance (CEA). The CEA is a network of over 100 organizations from the environmental, clean energy, labour, health and industrial sectors which share an interest in strong climate action. The goal of this second tranche of funding was to enable ED to continue coordinating the CEA to ensure that Ontario's climate strategy – which contained many of the elements initially championed by the CEA – was implemented effectively. ED engaged with CEA members in multiple ways including a Thought Leaders campaign, telephone town halls, workshops and webinars. Following the change in provincial government, ED coordinated formal CEA submissions regarding key legislation including the *Cap and Trade Cancellation Act* and the *Green Energy Repeal Act*.

ACORN Canada Institute – Co-Creating Co-Benefits through Tenant Engagement – \$30,000 over six months. ACORN is a leading non-profit, non-partisan organization for low-income tenant engagement in the GTHA. Through this grant project, ACORN developed best practices for engaging tenants in building retrofits, bridging gaps between tenants, landlords, governments, and environmental organizations. Research involved several elements, including a literature scan, two focus groups with low-to-moderate income ACORN members in Toronto and Hamilton, and a survey administered to its entire membership. Research findings found substantial evidence that early engagement of tenants in the retrofit design process, as well as ongoing communication and support, will help to maximize co-benefits for tenants and improve building performance due to changes in tenant behavior. A key recommendation was to improve tenant protections to prevent above guideline increases as a result of building retrofits. ACORN will launch its final, public-facing report, “*Tenant engagement for maximizing co-benefits in energy and building retrofits*” in April 2019. As a result of this research, ACORN recently was approved for a follow-up grant from the Canada Mortgage and Housing Corporation (CMHC) to work in partnership with CUG+R (part of the City of Toronto's Tower Renewal team) to scale up its tenant engagement model and leverage its research findings through either a pilot project or as an advisor. TAF has invited ACORN to presents its findings to TAF staff so that our TowerWise team can consider how best to involve tenants through our own retrofit activities.

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SIGNATURE

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