TA5.11

REPORT FOR ACTION

Grants and Program Allocation Recommendations

Date: January 31, 2020
To: Toronto Atmospheric Fund Board of Directors
From: Grants Manager

SUMMARY

At its January 24, 2020 meeting, the TAF Grants and Programs Committee recommended that the Board approve six grants with a combined value of $819,030 and five internal program allocations with a total value of $968,512. This report provides funding recommendations and minutes from the Committee meeting.

RECOMMENDATIONS

The Grants Manager recommends that the Toronto Atmospheric Fund Board of Directors:

1. Receive Attachment 1: Minutes of the Grants and Programs Committee Meeting held January 24, 2020 for information.

2. Approve the following grant requests funded jointly from the Ontario and City of Toronto endowments except where otherwise indicated:

   a. $240,000 over 26 months to Environmental Defence Canada to support the achievement of the Ontario government's climate targets, and to mobilize stakeholders to advance ambitious climate action in the GTHA *(funded from the City of Toronto endowment only)*.

   b. $170,000 over one year to Ontario Home Builders' Association to develop a manual for conducting air tightness testing in multifamily buildings, and to implement the manual at two pilot sites.

   c. $99,000 to Pembina Institute over nine months to develop an action plan for businesses to adopt electric vehicles into their freight fleets, as well as a policy guide on the infrastructure, plans and policies required to advance fleet electrification in the GTHA *(funded from the City of Toronto endowment only)*.

   d. $68,030 over five months to the Regional Municipality of Durham to develop a concept plan for a Durham residential home retrofit program, and a multi-year implementation plan *(funded from the Ontario endowment only)*.

e. $92,000 over two years to the Smart Freight Centre, University of Toronto to deliver and monitor an expanded off-peak delivery program, and to study the economic and GHG impacts of the program *(funded from the City of Toronto endowment only)*.

f. 150,000 over two years to Volta Research to develop a new software tool to simplify the energy modeling process, and to improve the depth of low-carbon retrofits that are recommended to residential building owners in the process.

2. Decline the following grant requests:

a. $300,000 over two years to Building Owners and Managers Association (BOMA) to renew their race2reduce initiative which recognizes building performance leadership and facilitates sharing of best practices amongst industry members.

b. $250,000 over 18-24 months to the City of Burlington to develop an Integrated Mobility Plan, which will establish a framework for a future transportation network that meets regional mode share targets.

c. $37,651 over six months to Durham Regional Labour Council to engage decision-makers and local stakeholders on the viability of retooling the Oshawa auto assembly plant to build battery electric vehicles using a public enterprise model.

d. $70,000 over two years to Mohawk College to create a digital platform that will engage Hamilton and Burlington residents in understanding, supporting, and advocating for climate change initiatives.

e. $103,200 over 25 months to QUEST Canada to develop and disseminate an *Electric Vehicle (EV) Charging in Multi-Family Unit Residential Building Toolkit,* consisting of practical guidance for stakeholders to overcome challenges of installing EV chargers.

f. $110,000 over six months to Urban Analytics Institute, Ryerson University to implement a study that quantifies the GHG emissions generated by the vehicle-for-hire industry in Toronto under three distinct regulatory scenarios.

g. $132,641 over 18 months to Sheridan College to establish a monitoring and reporting system for GHG emissions in real-time along major transportation infrastructure in the GTHA.

3. Approve the following project allocation requests to be funded jointly from the Ontario and City of Toronto endowments:

a. $150,477 over one year to ensure TAF's impact investing team has the resources to reach the Target Portfolio goal of at least 30% of the TAF endowments in Direct Investments, while demonstrating leadership in impact investing.

b. $51,675 over one year to enhance TAF's policy activities through the engagement of subject matter experts as consultants on key policy files, through adequate internal resourcing, and through relevant travel, communications, and events.

c. $476,860 over one year to support TAF's TowerWise program in leading deep energy retrofits in multi-unit residential buildings that demonstrate feasibility and provide knowledge to inform policy and programs required for scale.
d. $187,500 over one year to provide TAF with the resources to operationalize the Retrofit Delivery Centre, which will accelerate the implementation of high-quality energy retrofits.

e. $102,000 over one year for TAF to hire a Climate Financing Advisor who will support GTHA municipalities in securing funding (grants) and financing (loans and other repayable capital) for climate action.

FINANCIAL IMPACT

If the recommended grants are approved, $601,205 would come out of TAF's 2020 budget, $217,825 would come out of the 2021 budget.

Grants Program Budget	**2020**
Total available funding	$1,774,159
Grant allocations committed to date	$564,059
Recommended allocations from January 24, 2020 Committee meeting	<u>$601,205</u>
Remaining balance	**$608,895**

If the recommended project allocations are approved, $949,012 would come out of TAF's 2020 budget, and $19,500 would come out of the 2021 budget.

Internal Program Budget	**2020**
Total available funding	$1,262,858
Internal program allocations committed to date	$65,700
Recommended allocations from January 24, 2020 Committee meeting	<u>$949,012</u>
Remaining balance	**$248,146**

BACKGROUND

<u>Grants</u>

Environmental Defence Canada | Climate Accountability in Ontario | $240,000 over 26 months
Applicant's address: 116 Spadina Avenue, Suite 300, Toronto, ON M5V 2K6
Location of proposed activities: Ontario

The objective of this project is to support the achievement of the Ontario government's climate targets as outlined in the Made-in-Ontario Environment Plan. The longer-term objective is to strengthen Ontario's environmental movement and create the conditions for more ambitious climate change action in Ontario. To achieve these outcomes, Environmental Defence Canada will:

- Monitor and respond to developments, legislation, projects, and announcements which will impact Ontario's climate progress
- Produce two annual progress report reviewing Ontario's climate change action compared with stated goals and targets
- Produce two special reports outlining the local climate, health, and environmental impacts of specific high-carbon projects
- Collaborate with and recruit organizations who can provide credible insight into impacts and co-benefits in local communities
- Coordinate and support local community members in voicing concerns with high carbon projects to local decision-makers

Ontario Home Builders' Association | Multi-Family Air Tightness Testing Pilot | $170,000 over one year
Applicant's address: 20 Upjohn Road, Toronto, ON, M3B 2V9
Location of proposed activities: Toronto

The purpose of this project is to develop a standardized approach for conducting air tightness tests in multi-family buildings. This will improve the industry capacity to perform air tightness tests, and ultimately increase the number of buildings that are tested. Addressing this challenge begins with identifying the logistical barriers faced by builders and testers and providing best practices to overcome them. The project will be implemented through four major milestones:

- Assemble a team of technical advisors, testers and writers, and engage potential pilot builders and other key stakeholders.
- Perform background research for a testing manual that provides a step-by-step guide to planning, preparing and testing multi-family buildings.
- Conduct a case study involving two buildings and two testing teams, recording the test results, and debriefing with the builders and testers on their experience.
- Capture the lessons and refine the Testing Manual based on the pilot outcomes.

Pembina Institute | An action plan for urban freight electrification in the Greater Toronto and Hamilton Area | $99,000 over nine months
Applicant's address: 600-920 Yonge Street, Toronto, Ontario, M4W 3C7
Location of proposed activities: GTHA

The objective of this project is to equip GTHA businesses with the information they need to integrate and scale-up electric vehicles in their freight fleets. Through modelling analysis and stakeholder engagement, Pembina Institute will examine the segments in the supply chain best poised for electrification and assess the capital and operational costs and GHG mitigation potential of electric urban freight fleets. The analysis will also identify infrastructure requirements for electrified fleets. The findings will be used to create an action plan for businesses, with steps that can be taken immediately and in the medium term to electrify their fleets. Pembina Institute will also develop a policy guide on the infrastructure, plans and policies that are required to support fleet electrification, and meet with policy makers at all levels of government to advance these recommendations.

Regional Municipality of Durham | $68,030 over six months | Durham Deep Retrofit Program – Concept Development
Applicant's address: 605 Rossland Rd E. Whitby ON
Location of proposed activities: Durham Region

The objective of this Concept Development project is to develop a multi-year implementation plan for a residential home retrofit program in Durham Region. This will be achieved by conducting a market analysis to identify target segments for initial implementation. Following market segmentation, the project team will conduct focus groups with homeowners representing target segments to confirm market barriers and explore potential program interventions that are likely to accelerate the adoption of deep energy efficiency retrofits. Concurrent with the market research and analysis will be a technical assessment that will analyze the specific retrofit packages that are suitable to the dwelling archetypes commonly found in the Region. Based on these findings, the project team will engage potential program partners to provide feedback before finalizing and launching the program.

Smart Freight Centre, University of Toronto | $92,000 over two years | Expanding an Off-Peak Delivery Program in the Greater Toronto Area
Applicant's address: Department of Civil & Mineral Engineering, 35 St. George Street, Toronto, M5S 1A4
Location of proposed activities: Toronto, Peel Region, York Region

The objective of this project is to engage academic, industry, and government partners in establishing a permanent, multi-region off-peak delivery (OPD) program in the GTHA. This work builds on the success of the TAF-funded Peel Region Off-Peak Delivery pilot project, which led to a 10.6% decrease in air quality pollutants and increased travel speeds by 18.1% for those delivery trips that were shifted to OPD. To achieve these outcomes, the project team will:

- Secure support from the City of Toronto, Peel Region, and York Region to relax noise by-law extensions that prohibit OPD in their jurisdictions
- Confirm at least 23 retail partners to participate in the project by integrating OPD into their freight system
- Monitor and evaluate GHG emission reductions, travel speeds, and noise complaints associated with OPD
- Develop a model to project the GHG emission reductions associated with scale-up of the program across the GTHA.

Volta Research | $150,000 over two years | Expanding an Off-Peak Delivery Program in the Greater Toronto Area
Applicant's address: 418-530 Indian Grove, Toronto, ON M6P 0B3
Location of proposed activities: GTHA

This project will develop and deploy a software tool that will increase the efficiency of the energy modelling process and suggest low-carbon retrofits for low-rise residential dwellings that will result in more significant emission savings. The current home evaluation process has two main drawbacks: it is time-consuming, and the resulting retrofit recommendations do not adequately account for emissions. This software aims to address both shortcomings by making the process easier and ensuring that the resulting actions produce meaningful emission reductions. The tool will leverage current and future federal policy mandates, which are moving toward mandatory adoption of energy modelling in the energy building code.

Program Allocations

Impact Investing for Excellence | $150,477 over one year

This project will ensure that TAF's impact investing team has the resources to reach the Target Portfolio goal of at least 30% of the endowments in Direct Investments while maintaining compliance with TAF's governance requirements. Specifically, the project involves:

- Developing strategic and specialized investment vehicles/tools that address barriers to, and new opportunities for, the flow of capital to low-carbon solutions
- Identifying, scoping, and originating new investment opportunities focused on the sectors identified in the 2020 Business Plan
- Undertaking due diligence and specialized research to complete prudent and successful impact investments
- Engaging potential co-investors and partners to mobilize capital for low-carbon projects and enterprises
- Managing the direct investment process and portfolio with the use of a fit-for-purpose data management system.

Advancing Low Carbon Policy Solutions | $51,675 over one year

Low carbon policy solutions are key to driving large-scale emissions reductions, and have accounted for the majority of TAF's historic GHG impacts. This program allocation provides the funding required to maintain and enhance TAF's policy research and advocacy. Funding supports the Policy Coordinator contract staff position, as well as policy-related travel, communications, events, and subject matter experts as consultants on key policy files. These efforts will advance implementation of low carbon policy solutions for the GTHA at the federal, provincial and municipal levels.

TowerWise: Accelerating Deep Energy Retrofits | $476,860 over one year

The TowerWise ADER project builds on TAF's successful track record of pioneering technical, financial, and policy solutions to decarbonizing the building sector. This phase of TowerWise aims to accelerate deep energy retrofits (≥40% energy and emission reductions) across the multi-unit residential building sector. This project is two years into its four-year implementation plan. In 2019, TAF finalized a project delivery agreement with Toronto Community Housing for the first demonstration site, completed procurement and design work for the site, and launched into construction. In addition to completing construction on the first demonstration site, the TowerWise team will finalize project agreements, complete design work, and begin retrofit construction on an additional three sites in 2020. This field and partnership work will continue to inform our scale-up initiatives and policy activities.

TowerWise: Scaling Deep Energy Retrofits | $187,500 over one year

Based on experience with the TowerWise program and consultation with key partners, staff have developed the concept of a Retrofit Delivery Centre (RDC) as the key strategy for leveraging $300 million in new funding for multi-family building retrofits by 2022, as outlined in TAF's board-approved Strategic Directions. The RDC will act as a trusted partner for delivering high-quality retrofits at scale by managing administrative tasks, leveraging economies of scale to reduce transaction costs, and increase industry capacity. Through the course of 2020, TAF will operationalize the RDC concept and develop the key partnerships needed to launch a first cohort of retrofit projects in the community housing sector.

Attracting Funds for GTHA Climate Solutions: Support for a Climate Financing Advisor | $102,000 over one year

To achieve ambitious local climate targets and plans, significant investment and re-direction of investment is needed, including public and private resources. While municipalities have limited capital, higher levels of government have dedicated billions in funding/grants and financing for climate actions. At the same time, private capital is increasingly seeking sustainable investment opportunities. To accelerate municipal climate action in the GTHA, TAF would hire a Climate Financing Advisor (for a 1-2-year term) to secure the maximum amount of funding (grants) and financing (loans and other repayable capital) by:

- Developing a pipeline of qualified projects related to priority, high-impact GHG reduction opportunities in the existing buildings, new construction, transportation, and waste management areas;
- Identifying the various sources and criteria for public, private and community capital
- Working with and creating collaboration among regional stakeholders such as utilities, institutions, businesses, and community organizations to develop compelling, implementable and high-impact proposals;
- Building and supporting municipal capacity for leveraging their tools and resources to attract capital.

CONTACT

Ryan O’Connor, Grants Manager, roconnor@taf.ca

SIGNATURE

Ryan O’Connor
Grants Manager

ATTACHMENTS

1. Minutes from the Grants and Programs Committee meeting held January 24, 2020