

March 30, 2021

To the Chair and Members of the Executive Committee:

Re: EX22.5 Recommendations to Toronto Hydro on Climate Action

Electrification is central to Toronto's climate strategy and Toronto Hydro has a strategic and leadership role to play. As the sole shareholder of Toronto's only electricity utility, Torontonians have a unique opportunity to increase revenues (and the dividend paid to the City) by catalysing electrification of heating, manufacturing and transportation, reduce customers' operating costs through efficiency and conservation, alleviate electricity constraints through demand management, green energy and storage solutions, while achieving climate and equity objectives. Toronto Hydro's role and mandate around microgrid and distributed energy resource development, and the implementation of TransformTO should be clarified and strengthened.

The City Manager's recommendations identify some important projects which require Toronto Hydro's leadership. More systematically, the importance and value of Toronto Hydro's involvement needs to be established as a core expectation, and the tool to do this is via the Shareholder Direction. The current reference to environmental issues is too vague and does not reflect City Council's climate and equity goals, nor does it identify electricity market growth as a business objective.

The accountability of city agencies and their senior management for the achievement of TransformTO's specific GHG emission reduction goals within their mandates and areas of operation should be strengthened, including regular progress reporting to council.

Updates to the Toronto Hydro shareholder direction should include: the modernization and strengthening of the current aspects of the agreement as they relate to incorporating; adding electrification/load growth to the Business Plan; build a larger market share by working towards greater electrification of entire sectors; adding metrics and accountability for implementation (eg: what being to do be consistent with climate plan, to have the requisite experience on the Board); emphasize regulated and unregulated activity; attract third-party resources; and regulate and recognize Toronto's unique context and requirements to provide electricity to its residents.

Recommendations

Executive Committee revise the current recommendation 2 as 3 and refer to both 1 and 2 for a report back to council with recommendations regarding the shareholder direction so the new recommendations are:

1. Council request the City Manager to consult with Toronto Hydro, and relevant divisions and agencies, with respect to the role Toronto Hydro and its subsidiaries may have in achieving the City's climate change and equity objectives through electrification, conservation, energy efficiency, demand management, renewable energy and other mechanism and report back by Q4 2021

Councillor
Mike Layton

Ward 11 University–Rosedale



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2. City Council direct the City Manager to report to Council by the end of Q4 2021 with respect to the report from Toronto Hydro referred to in recommendation 1 and the consultation referred to in recommendation 2 of this report and any recommendations regarding Toronto Hydro's shareholder direction arising therefrom.

Thank you,

A handwritten signature in black ink that reads "Mike Layton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Councillor Mike Layton
Ward 11, University-Rosedale