

December 1, 2021

Executive Committee, City of Toronto
12th Floor, West Tower, City Hall
100 Queen St W
Toronto, ON M5H 2N2

Dear members of the Executive Committee:

Re: Toronto Hydro's Climate Action Plan (Agenda item EX28.1)

On behalf of the Pembina Institute, we are pleased to submit comments in support of Toronto Hydro's Climate Action Plan: "Powering Forward – Building a greener city through climate action." We recommend that the Executive Committee accept Toronto Hydro's Plan and ensure its swift implementation as it is a critical piece to delivering on the City's climate targets.

For 35 years, the Pembina Institute, a registered charity and non-partisan think tank with offices in British Columbia, Alberta, and Ontario, has worked with governments, business, and local and Indigenous communities to advance climate and energy policy in Canada.

Cities have a crucial role to play in delivering climate action on the ground as they continue to recover from the COVID-19 pandemic and heed the call to build back better. Following City Council's declaration of a climate emergency in October 2019 and Toronto's first climate action strategy, TransformTO, the recently proposed Net Zero Strategy sets a bold new climate target of net-zero by 2040 – one of the strongest targets set by any government in Canada. The proposed strategy sets an ambitious target for renewable energy, calling for 50% of total energy use to be renewable and low-carbon by 2030. Rapid and immediate action across sectors – government, business, and civil society – will be needed to achieve these targets and to limit global warming to no more than 1.5 degrees above pre-industrial levels.

As the City's sole electricity distributor, Toronto Hydro has a significant role to play to create the conditions for success – a secure and reliable distribution grid to support future electricity demand. As the City aims to phase out fossil fuels used in buildings and transportation by 2040 and fill the gap with electricity generation and distribution, Toronto Hydro's role will become increasingly critical. It's estimated that 75% of the City's Net Zero Strategy would rely on Toronto Hydro's upgraded distribution system. There are opportunities for deep emissions reductions from electrification given the high proportion of non-emitting sources that

currently make up the grid. To unlock the full potential of electrification and to provide all Torontonians with access to zero-emission technologies, critical investments are urgently required.

As directed by City Council in April 2021, Toronto Hydro developed a Climate Action Plan that outlines how the company can help the city achieve its climate change objectives. Since July, Toronto Hydro has sought advice from the Pembina Institute in developing their plan. We are aware that Toronto Hydro has also engaged a broad set of stakeholders in developing its Plan.

To our knowledge, Toronto Hydro is the first local distribution company in Ontario, and possibly across Canada, to develop a climate action plan. The utility is demonstrating its leadership by committing to net-zero emissions from their direct operations by 2040 and going beyond the responsibilities of a regulated electricity distribution company by proposing new capital investments, as well as new and expanded services, that can enable and accelerate uptake of clean technologies. We see opportunities for the City of Toronto to realize deep decarbonization while also spurring economic growth by supporting Toronto Hydro to do the following:

- Expand its existing regulated electricity distribution business to help ensure the grid is capable of supporting the City of Toronto’s climate strategy. Investments into the City’s distribution grid are fundamental to unlocking the potential of electrification in transportation and buildings.
- Establish a new unregulated and entirely self-funded “Climate Advisory Services” business, which would allow Toronto Hydro to draw on its connections with customers and cleantech companies to facilitate climate action across the City. With \$15 million allocated per year towards this new business, Toronto Hydro would enable i) the installation of charging infrastructure for electric vehicles; ii) building retrofits that promote conservation and energy efficiency; and iii) the deployment of distributed energy resources like solar panels or battery storage by supporting customers in project management, evaluation, and accessing grants and other funding. Toronto Hydro is well-positioned to offer these services as it can leverage the expertise developed and connections made during Ontario’s Conservation and Demand Management program.
- Establish another unregulated business arm, which would allow the company to make direct capital investments in climate action projects like transportation and building electrification, or renewable energy and storage. This is similar, but separate to the unregulated arm that would allow Toronto Hydro to make investments into the modernization of Toronto’s streetlights. Where there aren’t other vendors available to take action, Toronto Hydro can be well-suited to fill this gap.

We support Toronto Hydro’s efforts to improve social equity and work with key partners and stakeholders to address concerns around the affordability and accessibility of climate solutions. For instance, Toronto Hydro’s proposed “Green Choice Customer Assistance Program” would allow the utility to provide low- or no-cost retrofits and electrification solutions for renters in low-income multi-unit residential buildings in partnership with organizations such as Toronto Community Housing Corporation and the Greater Toronto Apartment Association. Moreover, the utility has identified strategies to increase the availability and accessibility of EV chargers in underserved neighbourhoods. Collectively, we believe these actions will support a just and prosperous future for all Torontonians.

We look forward to seeing concrete steps taken to immediately implement Toronto Hydro’s Climate Action Plan. We encourage Toronto Hydro to continue engaging key stakeholders. We would be pleased to continue working with the utility to support next steps.

Yours sincerely,



Carolyn Kim, MCIP RPP
Director, Ontario Region
Pembina Institute