



Mayor John Tory
City Hall, 2nd Floor
100 Queen St. W.
Toronto, ON M5H 2N2

Re: EX34.9 [Update on Toronto Hydro Climate Action Plan and Next Steps](#)

Jul 12, 2022

Dear Mayor Tory and Executive Committee members,

Electrification is the foundation for TransformTO and the key to achieving Toronto's ambitious climate commitments. Shifting fossil fuel-powered technologies to electricity needs to happen at a rapid pace and on a massive scale. When Council unanimously supported the City's goal to achieve net zero by 2040, Council committed to electrifying everything in our lives as quickly as possible - our homes, our vehicles, our businesses, and our industries.

Toronto Hydro will need to play a critical role in this process, and the City as its sole shareholder will need to provide clear direction to Toronto Hydro to undertake bigger, bolder steps to ensure the tools and infrastructure are in place to make this shift.

When Toronto Hydro provided a Climate Action Plan in December 2021 to Council, it was clear that this plan was not sufficient to reach the City's newly enhanced climate targets. Council has now received a status update from Toronto Hydro on this plan after working with City staff.

TEA's comments on Toronto Hydro's Climate Action Plan Status Report

The status update and plan provide basic first steps which will give Toronto Hydro a mandate to explore deeper action in specific areas. However, the reports before us will not lead to the scale and pace of action necessary to support the transformative electrification process that Council has committed to.

The City of Toronto as sole shareholder must direct TO Hydro to undertake the steps necessary for the transformative scale of electrification necessary to meet our ambitious climate goals. These steps realistically include both expanding/upgrading the electricity distribution grid to accommodate net zero by 2040 electrification demand and local renewable generation, and taking a direct role in rolling out the technology necessary for Toronto Hydro customers to shift from fossil fuels to electricity.

Toronto Hydro is very clear about their limitations in their role as an electricity distributor with obligations to the Ontario Energy Board (OEB) and their shareholders which make it difficult to provide many of the programs Council has requested, including bulk purchasing, owning and operating electrification technologies, and providing funding programs to accelerate technological shifts. Toronto

Hydro has provided some viable options to remove some of these limitations, however the City will need to work with Toronto Hydro to undertake significant advocacy to the Province to ask for regulatory reform allowing for rapid electrification in Toronto. The Province's plan to continue increasing fossil fuel (natural gas) use in Ontario's electricity grid will also make it extremely difficult for Toronto to meet its climate targets, which will require significant advocacy from affected municipalities to change.

In their report, Toronto Hydro recommends "based on consultations with City Staff, that City Council defer a decision on a mandate for Climate Capital Investments until mid-2023." This initiative is "an approach through which the City would fund climate action projects that Toronto Hydro would directly own and operate. Toronto Hydro's Climate Action Plan recommends this only be deployed where other market actors are not able or willing (i.e. lower return on investment, high administrative costs) to undertake projects (i.e. the "provider of last resort")."

Although we acknowledge that there are regulatory and other barriers to implementing this program, it is difficult to see an alternative path forward which would allow delivery of climate action projects and technologies at the scale necessary to achieve their electrification goals. Private market actors have no existing incentive to meet Toronto's timelines for GHG emission reduction, and do not have the same mandate as the City to prioritize public good. Deferring this decision and/or limiting Toronto Hydro's role to owning and operating projects only "as a last resort" would hand over a significant amount of Toronto's climate action to private interests, and rely on private market actors to deliver transformative electrification technologies at scale to customers. This could also present significant affordability concerns for customers if private stakeholders prioritize profit over public good.

Through Climate Capital Investments, the City and Toronto Hydro have the opportunity to take a more direct, active role in this transformation, ensuring benefit for all in the City and potentially reaping the benefits of controlling the revenue streams from these technologies (as well as ensuring price stability for customers). Revenues could be reinvested into customer affordability initiatives or other climate action projects.

The window for Toronto Hydro and the City, as its sole shareholder, to implement electrification programs with sufficient time to meet their climate goals is closing quickly. Therefore, **TEA recommends that Council take the following steps to bring Toronto Hydro's plans into alignment with Council's ambitious climate commitments:**

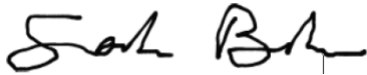
- Council should approve the proposed steps in this report including a mandate to pursue **Climate Advisory Services**, which will help customers navigate the complex technological and regulatory shift necessary in the coming decade
- Council should establish a working group with relevant City departments to ensure integration of Climate Advisory Services with other relevant City programs (e.g. HELP program, Tower Renewal)
- Council should direct Toronto Hydro to report back in 2023 on the progress of possible **Climate Capital Investments**, (whereby Toronto Hydro owns and operates climate action assets to

implement Net Zero goals), and work with the City to remove barriers at any level of government to Toronto Hydro owning/operating these assets

- Council should investigate revenue sources and financing tools capable of **funding Climate Capital Investments** and other initiatives to help residents undergo the technological shifts necessary to achieve NZ 2040 goals
- Council should direct City staff and TO Hydro to work together to intervene in regulatory proceedings and advocate for regulatory reform to ensure that TransformTO Net Zero goals are recognized and realized.
- Council should direct TO Hydro to **embed Net Zero 2040 GHG reduction targets into local capacity planning processes** with IESO, and Toronto Hydro's 2025-2029 rate application to the OEB in order to ensure technical capacity for necessary grid expansion and local renewable generation, and report back in their annual progress report on the status of local capacity planning to integrate Net Zero 2040 goals.
- TO Hydro needs to clearly and transparently outline the necessary timeline and steps to upgrade Toronto's electricity distribution system in line with achieving net zero by 2040

Thank you for this opportunity to submit a written letter.

Sincerely,



Sarah Buchanan, Campaigns Director

Toronto Environmental Alliance