

Transitioning the Vehicle-for-Hire Industry to Net Zero Emissions by 2030

Date: September 11, 2023

To: Economic and Community Development Committee

From: Executive Director, Municipal Licensing and Standards, in consultation with Executive Director, Environment & Climate

Wards: All

SUMMARY

In December 2021, City Council directed Municipal Licensing and Standards (MLS) to set a goal of net zero emissions by 2030 for vehicles-for-hire (VFH), and to align plans for vehicle electrification and emissions reduction to achieve this ambitious goal.

The transportation sector as a whole represents an estimated one third of the city's total emissions, of which the VFH industry contributes 4-6% of total transportation emissions. The VFH industry, which encompasses taxicabs, limousines, and private transportation companies (PTCs) such as Lyft and Uber, has a unique opportunity to be a leader in zero emission transportation, as VFH on a per-vehicle basis travel three to four times the number of yearly kilometres driven by private passenger vehicles. Transitioning this industry to net zero is part of the City's broader efforts to achieve community-wide net zero emissions through the TransformTO Net Zero Strategy.

This report outlines a proposed approach to support the VFH industry to achieve the Council-directed net zero by 2030 requirement, including recommended by-law updates and complementary programs. It includes the following suite of proposals: requiring VFH to be zero emission vehicles (ZEVs) by 2030 (with some exceptions); temporarily reducing licensing fees via grants for early adopters in the VFH industry who operate with a ZEV prior to 2030; supporting the expansion of electric vehicle charging infrastructure; providing operational flexibility by waiving vehicle age limits for ZEVs; permitting plug-in hybrid electric vehicles (PHEVs) to operate as VFH for an additional two years (until 2032) and extending VFH due for replacement in 2023 by one additional year; and providing education on the benefits and total cost of ZEVs ownership. The proposed approach was developed in response to feedback from industry and public stakeholders as well as consideration of the equity impacts of the net zero by 2030 requirement, as a substantial proportion of the VFH industry consists of lower-income individuals and equity-seeking groups.

Accomplishing the goal of net zero by 2030 requires a financial investment by the City, and an all-of-government approach, including key partnerships with City divisions,

corporations, and agencies. The proposals, both regulatory and financial, are the first step towards transitioning the VFH industry to net zero by 2030 and are designed to support the achievement of this ambitious goal as directed by Council. The goal of net zero by 2030 in the VFH industry is feasible only if equity-related barriers are adequately addressed and infrastructure development, ZEV availability, and market projections are achieved. Staff will continue to monitor and report back to Committee and Council on these key elements, as required.

This report was prepared in consultation with Environment & Climate, Transportation Services, Policy, Planning, Finance and Administration, and Legal Services.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards recommends that Council:

Creating a net zero requirement for vehicles-for-hire starting January 1, 2030

1. Amend City of Toronto Municipal Code, Chapter 546, Licensing of Vehicles-for-Hire, to require an individual, as of the date they are first granted a taxicab owner, limousine owner, or PTC driver licence or its renewal after December 31, 2029 to register and use a Zero Emissions Vehicle, and to require that as of January 1, 2031 all vehicles-for-hire must be Zero Emissions Vehicles, subject to the exceptions outlined below.

a. Provide an exemption for Stretch Limousines and Accessible Vehicles until further review determines that enough zero-emission vehicle models can be converted to be Stretch Limousines and Accessible Vehicles.

b. Permit Plug-in Hybrid Electric Vehicles to operate as vehicles-for-hire until December 31, 2032.

2. Amend City of Toronto Municipal Code, 546, Licensing of Vehicles-for-Hire to add the following definitions:

a. Zero-Emission Vehicle: A battery electric (BEV) or hydrogen fuel cell vehicle (HFCV) included in the Ontario Ministry of Transportation's Green Licence Plate Program's list of eligible vehicles, or a similar list of Zero-Emission Vehicles approved by the Executive Director, with the input of the Executive Director, Environment and Climate or their successor, at their sole discretion.

b. Plug-in Hybrid Electric Vehicle: A plug-in hybrid electric vehicle (PHEV) included in the Ontario Ministry of Transportation's Green Licence Plate Program's list of eligible vehicles, or a similar list of Plug-in Hybrid Electric Vehicles approved by the Executive Director, with the input of the Executive Director, Environment and Climate, at their sole discretion.

Providing Zero Emissions Grant to Taxicab and Limousine owners operating with a Zero-Emission Vehicle and PTCs for trips taken in a Zero-Emission Vehicle

3. Establish a Zero Emissions Grant Program, starting January 1, 2024 and ending December 31, 2029, that is:

a. Funded through MLS' operating budget to a maximum of \$10 million, or such lesser amount set by the Executive Director, MLS, at their sole discretion, based on their view of MLS' budgetary requirements;

b. Disbursed to taxicab and limousine owners who register a Zero-Emissions Vehicle at the time of application for a corresponding licence or its renewal, to be applied against fees owed to MLS; and

c. Disbursed periodically to PTCs for each trip completed on their platforms using a Zero-Emissions Vehicle, for remittance to the PTC drivers who delivered such trips.

1. A PTC shall submit a plan to MLS describing how it will remit the Zero Emissions Grant to PTC drivers operating a Zero-Emission Vehicle on its platform in a format prescribed or approved by the Executive Director.

2. Licensed PTCs shall submit their plans to MLS by March 1, 2024, December 1, 2024 and every year following on December 1, up to and including December 1, 2028.

3. MLS may post the PTC's grant remittance plans on the City's website in a manner determined by the Executive Director.

4. PTCs shall share their grant remittance plans directly with PTC drivers on their platforms on an annual basis.

4. Amend Chapter 546 to require PTCs to maintain business records of:

a. Trips that specify whether or not the trip was completed in a Zero-Emission Vehicle, Plug-in Hybrid Electric Vehicle, or internal combustion engine vehicle;

b. The total amount of Zero Emissions Grants remitted to PTC drivers on a monthly basis; and

c. The make and model of each vehicle for trips completed in a Zero-Emission Vehicle or Plug-in Hybrid Electric Vehicle.

5. Authorize the Executive Director, MLS or designate, at their sole discretion, to set or amend the amount of, or suspend disbursement of, the Zero Emissions Grant ("the Grant"), and to set or amend eligibility criteria for the Grant, to achieve one or more of the following goals:

a. Distribute funding as best as possible throughout the term of the Grant, within the overall funding maximum set by the Executive Director, MLS;

- b. Incentivize the early adoption and use of Zero-Emission Vehicles by the vehicle-for-hire industry; and
 - c. Ensure the Grant is distributed equitably among various classes of the vehicle-for-hire industry.
6. Set the following minimum criteria for a taxicab or limousine owner to be eligible to receive the Zero Emissions Grant. They must:
- a. Be granted a taxicab or limousine owner licence, or its renewal, by MLS;
 - b. Register a Zero-Emission Vehicle with MLS for use as a taxicab or limousine at the time of application for a taxicab or limousine owner licence, or its renewal; and
 - c. Provide such declaration or other proof satisfactory to MLS that these eligibility criteria, or other criteria set by the Executive Director, MLS, have been met.
7. Set the following minimum criteria for a PTC to be eligible to receive the Zero Emissions Grant. They must:
- a. Be licensed as a PTC under Chapter 546;
 - b. Provide complete and accurate trip records and data to MLS, as required by Chapter 546;
 - c. Remit the Zero Emissions Grant to PTC Drivers in accordance with the requirements of Chapter 546; and
 - d. Provide such declaration or other proof satisfactory to MLS that these eligibility criteria, or other criteria set by the Executive Director, MLS, have been met.
8. Authorize the Executive Director, MLS, to refuse or cancel a Zero Emissions Grant if the recipient does not meet or no longer meets the eligibility criteria; if a Grant was made by MLS due to an administrative or technical error, or if the recipient has not provided complete or accurate information or data to MLS.
9. Require the Executive Director, MLS, if they are considering refusing or cancelling a Grant, to provide the recipient with written notice and an opportunity to respond in writing within 10 days, and to subsequently provide the recipient with written notice of MLS' final decision regarding the Grant.
10. Authorize the Executive Director, MLS, to recover any Grant disbursed by MLS in error or based on incomplete or inaccurate information provided by the recipient, and to require that the recipient repay the Grant as a condition of future licence renewal.
11. Authorize the Executive Director, MLS, to fund, using licensing fee revenues held in the Vehicle-for-Hire Reserve Fund, one temporary full-time staff position for up to seven

years, and to renew the position for one additional term, to undertake compliance and auditing work required to help ensure Grant recipients meet eligibility criteria.

Developing an electric vehicle charging network to meet the needs of vehicles-for-hire

12. Direct the Executive Director, Environment and Climate, in consultation with relevant City divisions, agencies and corporations, to consider the advanced needs of the vehicle-for-hire industry in planning for public EV charging deployment.

13. Authorize the Executive Director, MLS, to fund, using licensing fee revenues held in the Vehicle-for-Hire Reserve Fund, one temporary full-time staff position at the Environment and Climate Division for up to three years, with an opportunity to review in the year following, to consider the advanced needs of the vehicle-for-hire industry in planning for public EV charging deployment and monitoring the availability of electric vehicle supply, in consultation with relevant City divisions, agencies and corporations.

Provide education on Zero-Emission Vehicles

14. Direct the Executive Director, MLS, in consultation with other relevant divisions, agencies and organizations, to provide education on zero-emission vehicles specifically for the vehicle-for-hire industry.

Waiving the seven model year maximum for Zero-Emission Vehicles operating as vehicles-for-hire

15. Amend City of Toronto Municipal Code, 546, Licensing of Vehicles-for-Hire:

- a. Such that no model-year maximum applies to taxicabs or limousines that are Zero-Emission Vehicles.
- b. Such that no model-year maximum applies to PTC vehicles that are Zero-Emission Vehicles.

Extending the maximum vehicle age by one additional year for vehicles required to be replaced by March 31, 2024 to provide vehicle-for-hire licensees more time to consider the 2030 requirement

16. Despite the provisions of Toronto Municipal Code, Chapter 546, Licensing of Vehicles-for-Hire, permit vehicles-for-hire that are required to be replaced by March 31, 2024 due to their vehicle age to operate for one additional year, to allow vehicle owners time to determine if they wish to purchase a Zero-Emission Vehicle or Plug-in Hybrid Electric Vehicle as a replacement vehicle.

Ending the temporary 50% reduction of renewal fees for certain vehicle-for-hire licensees

17. Amend City of Toronto Municipal Code, Chapter 441, Fees and Charges, to undo the temporary 50 percent reduction of renewal fees adopted by City Council on February 18, 2021 ([EX21.2 - 2021 Capital and Operating Budgets](#)) as a COVID-19 financial relief measure for certain vehicle-for-hire licensees, and return the fees to their 100 percent rates beginning on January 1, 2025, substantially in accordance with Table 1 below.

Table 1: Fees to return to 100 percent Fee Rate beginning January 1, 2025

Ref. No.	Service	Fee Description	Category	Fee Basis	2025 Fee*	Annual Adjust.
162	Renewal Fee: Licence & Permit Issuance	Taxicab Broker licence	Full Cost Recovery	Per application or renewal	\$312.24	Yes
164	Renewal Fee: Licence & Permit Issuance	Limousine Service Company	Full Cost Recovery	Per application or renewal	\$312.01	Yes
380	Renewal Fee: Licence & Permit Issuance	Standard Taxicab Owner licence	Full Cost Recovery	Per application or renewal	\$1111.63	Yes
380.2	Renewal Fee: Licence & Permit Issuance	Toronto Taxicab Owner licence**	Full Cost Recovery	Per application or renewal	\$1223.53	Yes
382	Renewal Fee: Licence & Permit Issuance	Limousine Owner licence	Full Cost Recovery	Per application or renewal	\$785.96	Yes
439	Renewal Fee: Licence & Permit Issuance	Taxicab Operator	Full Cost Recovery	Per application or renewal	\$338.85	Yes
<p>*2025 Fees assume an annual 2% inflationary increase **Toronto Taxicab Owners use accessible vehicles. Per Chapter 546, the licence application and licence renewal fees for wheelchair accessible vehicles are waived. Updating Chapter 441 for this licensing category is for administrative purposes</p>						

Implementation

18. Authorize the City Solicitor to introduce the necessary bills to give effect to City Council's decision and City Council authorize the City Solicitor to make any necessary clarifications, refinements, minor modifications, technical amendments, or by-law amendments as may be identified by the City Solicitor, and the Executive Director, Municipal Licensing and Standards.

FINANCIAL IMPACT

Setting a goal of net zero emissions by 2030 for the VFH industry, and developing a strategy to achieve this goal are Council-directed commitments, as per [2021.GL27.19](#) – Update on Outstanding Vehicle-for-Hire Directives and [IE26.16](#) – TransformTO – Critical Steps for Net Zero by 2040.

To support the 2030 goal, staff are seeking Council approval to reduce licensing fees temporarily via grants for taxicab and limousine owners of ZEVs, and to PTCs for trips taken in a ZEV. To help offset the upfront cost premium of ZEVs, staff recommend that Council adopt a phased approach for licensing fee reductions that are applied against licence application and renewal fees for taxicab and limousine owners of ZEVs and PTC

trips in a ZEV beginning January 1, 2024 and ending December 31, 2029. The estimated negative budget pressure for MLS would be \$9.55M in foregone revenue between 2024-29, varying between \$0.39M and \$2.5M per year depending on estimated ZEV adoption. Further details can be found in the Licensing Fee Reduction Schedule in Table 2 in Attachment 1. The table includes the estimated uptake of ZEV adoption within the VFH industry, leading up to the proposed net zero by 2030 requirement.

To help offset the impact of reduced licensing fees for early adopters of ZEV vehicles, staff are also seeking approval to end temporary COVID-19 related financial relief measures and reinstate licensing fees for the taxicab and limousine industries to their 100 percent rates beginning January 1, 2025. This approach is consistent with the end of temporary COVID-19 related financial relief measures for other industries. Table 3 in Attachment 1 outlines the current taxicab and limousine licensing renewal fees, with the temporary COVID-19 related financial relief, and the licensing renewal fees as of January 1, 2025.

If the proposed licensing fee reductions related to early adopters of ZEVs are approved, and the current temporary COVID-19 financial relief measure for the taxicab and limousine industries (50% reduction in renewal licensing fees) are maintained, it would result in a renewal licensing fee revenue loss of approximately \$20.4 million from 2024-2029. Therefore, staff recommend ending the temporary COVID-19 financial relief measures and reinstating licensing fees for the taxicab and limousine industries to their 100 percent rates beginning January 1, 2025. As noted above, ending the temporary COVID-19 financial relief measure would reduce the anticipated licensing fee revenue loss to approximately \$9.55 million. Were there to be a longer runway toward a ZEV compliance date, early adoption incentives may not be required to the level recommended in this report. It is important to note that MLS has been operating with a reduction in its licensing revenues since 2021, due to the COVID-19 relief measure. The total value of the new proposed licensing fee reductions is of a similar value to this revenue loss. It is also important to note that after December 31, 2029, revenues will return back to pre-pandemic levels when the reduced licensing fee ends for early adopters of ZEVs.

While the proposed licensing fee reductions related to ZEVs would create a temporary budget pressure until 2030, they are an important component of the regulatory framework being proposed to achieve the City's climate change and equity policy objectives. Should the proposed licensing fee reductions for early adopters of ZEVs be adopted by Council, staff will monitor the operating budget impact and adjust if required. Table 4 in Attachment 1 outlines projected fee amounts for ZEV taxicab and limousine owners and PTC ZEV trips throughout the duration of the licensing fee reductions. The projected total foregone revenue from reducing licensing fees is an estimate. The actual amount will depend on the number of taxicab and limousine owners who purchase a ZEV and PTC trips taken in a ZEV between 2024-2029. If ZEV uptake is higher than estimated, particularly in the short-term, then projected foregone revenues may be higher. Alternatively, if the annual ZEV uptake is lower than expected, projected foregone revenues may be lower than estimated. Therefore, as a fiscal sustainability measure, it is recommended that the Executive Director, MLS be granted the authority

to recalibrate the Licensing Fee Reduction Schedule for one or more years, so that total revenues foregone between 2024 and 2029 do not exceed \$10 million.

To support the administration of licensing fee reductions and additional compliance audit work, as well as support the Environment and Climate Division (E&C) related to charging infrastructure, MLS is recommending the funding of two temporary staff positions, respectively, funded through the existing VFH Reserve Fund's licensing fee revenues. Funding of two new staff positions would follow Council-adopted [criteria](#) for the VFH Reserve Fund, and would help support the implementation of the proposed recommendations. These changes would be accommodated within the 2024 operating budget of MLS.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

EQUITY IMPACT STATEMENT

The proposed approach to transition the VFH industry to net zero by 2030 has been analyzed for potential impacts on equity-seeking groups of Toronto.

A substantial proportion of the VFH industry consists of lower-income individuals, and/or individuals who identify with equity-seeking groups. As part of the public engagement process for this report, a survey was completed to solicit feedback on the proposed approach, including optional demographic questions. Although self-reported, approximately half of respondents who identified as a member of the VFH industry also identified as an equity-seeking groups and cited a lower income (an average household income of \$30,000 to \$69,999). Half of these respondents also reported living in a multi-unit residential building, which can present barriers to the ability to install private charging infrastructure.

Several equity-related barriers to widespread ZEV adoption for the VFH industry have been identified. For instance, the upfront cost premium of a ZEV when compared to an internal combustion engine (ICE) equivalent may act as a barrier to lower income and equity-seeking groups in the industry. The location and availability of charging infrastructure may also constitute a barrier, particularly for those who do not live in locations with available private vehicle chargers.

The recommendations in this report recognize these potential barriers, and equity considerations have been embedded in the proposed approach. For example, by setting a six-year transition period (2024-2030), the VFH industry has several years to consider and work towards this new requirement. It also provides time for market conditions, both in terms of cost and availability, to improve. In the meantime, staff recommend several supports to help transition the VFH industry to net zero by 2030. To address cost concerns, staff recommend the introduction of phased licensing fee reductions, the exemption of ZEVs from the maximum vehicle age limit, and permitting the use of PHEVs until 2032. To ensure the availability of charging, staff recommend that the advanced needs of the VFH industry are considered as part of the City's long-term planning for public charging infrastructure.

Leading up to 2030, staff would closely monitor market conditions for the affordability and availability of ZEVs and vehicle charging to help further inform the City on how to best support equity-seeking groups during the VFH industry's transition to net zero.

DECISION HISTORY

On July 19, 2022, City Council adopted [GL32.29 - Extending the Vehicle Age Limit for Accessible Taxicabs](#). Council permitted accessible taxicabs to be up to ten model years old and for the extension to be in effect until the end of 2025. In consideration of ongoing vehicle supply chain issues, Council also permitted taxicabs, sedan limousines and PTC vehicles to be used for a total of 10 model years. This extension expires at the end of 2023.

On December 15, 2021, City Council adopted [2021.GL27.19 - Update on Outstanding Vehicle-for-Hire Directives](#). Council directed the Executive Director of MLS to set a goal of net zero emissions by 2030 for the VFH industry, and to establish a working group, in consultation with the Environment and Climate Division, and The Atmospheric Fund, to develop a strategy to accelerate emissions reductions and electrification of the VFH industry. Council also directed MLS to report back on recommended by-law updates and complementary programs, and to review the feasibility of transitioning all VFH to lower emissions hybrid or electric vehicles.

On December 15, 2021, City Council adopted [IE26.16 - TransformTO - Critical Steps for Net Zero by 2040](#). Council endorsed the targets and actions included in the TransformTO Net Zero Strategy which included various zero-emission vehicle-related initiatives, such as a target for 30 percent of all registered vehicles to be electric by 2030. Council also directed MLS to set a goal of net zero emissions by 2030 for the VFH industry. The Strategy also requires any light duty vehicle being purchased by the City to be electric starting in 2022, where operationally feasible.

On February 18, 2021, City Council adopted [2021.EX21.2 - 2021 Capital and Operating Budgets](#). As part of COVID-19 relief measures for the taxicab and limousine industry, Council authorized a 50 percent reduction of related licensing renewal fees, until further City Council direction.

On December 16, 2020, City Council adopted, with amendments, [GL19.4 Vehicles-for-Hire and COVID-19 Related Financial Hardship](#), resulting in temporary changes to Chapter 546 to extend the maximum age of vehicles provision by two additional years for existing taxicab and sedan limousines.

On June 16, 2019, City Council adopted [2019.GL6.31 - Review of the City of Toronto Municipal Code Chapter 546, Licensing of Vehicles-for-Hire](#). Council endorsed the goal that by 2050, all licensed VFH would use low-carbon energy and requested a report back on an emissions reduction incentive program and low-emission standards and targets for the entire vehicle-for-hire industry to achieve this goal. At this time, Council removed the requirement for new vehicles to be alternative fuel, hybrid, or low emissions.

On May 3, 2016, City Council adopted [2016.LS10.3 - A New Vehicle-for-Hire Bylaw to Regulate Toronto's Ground Transportation Industry](#), resulting in a series of changes to the VFH industry, including permitting PTCs to operate under a licensing regime.

On February 19, 2014, City Council adopted [2014.LS26.1 - The Taxicab Industry Review - Final Report](#)). At this time, the vehicle age provision was amended to allow hybrid taxicabs and those using alternative fuel to be up to seven (7) model years old, an extension from the previously allowed five (5) years. Further, at the time of vehicle replacement, all taxicab vehicles were to be transitioned to alternative fuel and/or hybrid vehicles.

COMMENTS

Purpose

As outlined in TransformTO, the City's ambitious strategy to reduce community-wide greenhouse gas (GHG) emissions to net zero by 2040, the City identified the transportation sector as a major contributor to the City's overall GHG emissions, at approximately one third of the total. As VFH is a regulated part of the transportation sector, Council set a goal of net zero GHG emissions for 2030 for VFH in 2021 and directed staff to align the plans for vehicle electrification and emissions reduction to help achieve TransformTO's community-wide emissions goal. VFH include taxicabs, limousines, and PTCs, such as Lyft and Uber.

This report proposes both regulatory and financial approaches to support and transition the VFH industry to net zero by 2030. The recommended approach would require all vehicles in the VFH industry to be zero emissions (defined in footnote 1) by 2030 (with some exceptions), and includes a suite of supporting measures, such as providing licensing fee reductions, waiving vehicle age limits, and permitting plug-in hybrid electric vehicles (PHEVs) to operate as a VFH for an additional two years (until 2032).

Research and Engagement

Several major initiatives helped inform the development of report recommendations.

First, MLS and Transportation Services procured the services of the University of Toronto's Transportation and Air Quality (TRAQ) research group to determine the baseline value for GHG emissions generated by the VFH industry. Findings from this research project informed the development of the proposed approach, including the potential impact of different policy options.

1 Currently, there are two zero emission vehicle technologies that emit zero tailpipe GHG emissions: battery electric vehicles (BEVs) and hydrogen fuel cell vehicles (HFCVs). Hydrogen fuel cell technology, while not yet a widespread option, is expected to continue to evolve and improve. BEV technology is of sufficient commercial maturity to support large-scale adoption in the VFH industry in the coming decade. Both technologies have been included in policies and incentives related to the adoption of ZEVs.

Second, as directed by Council in 2021, MLS established a VFH Net Zero Working Group, in consultation with E&C and The Atmospheric Fund (TAF). The working group brought together industry members and relevant stakeholders to develop recommendations to accelerate GHG emissions reductions and electrification of the VFH industry, including considerations for equity and potential implementation challenges for proposed advice. Facilitated by a third-party, the working group met five times between November 2022 and February 2023 to identify issues related to electrifying the VFH industry and to produce a set of recommendations for consideration by the City. While there was general support for transitioning the VFH industry to net zero, the main concerns conveyed by the working group included access to charging and ZEV availability and affordability. Further details on the working group's formation and recommendations can be found in Attachment 2.

Third, the proposed approach was informed by feedback obtained through a public engagement process and best practice research from other jurisdictions. Public engagement from March 31 to April 21, 2023 included an online public survey, two public information sessions, and an opportunity for the public to submit feedback via email. A detailed summary of the public survey results and feedback received during the public information sessions is in Attachment 4.

Licensing, Vehicle, and Trip Data

The number of taxicab and limousine drivers has trended downwards since 2019, from 13,317 drivers in June 2019 to 6,667 drivers in June 2023. This is largely due to the lower demand associated with changing travel patterns since the COVID-19 pandemic. A similar trend has occurred with PTC drivers, where the number of active drivers has decreased from 90,435 in June 2019 to 59,457 in June 2023.

Since the City has not issued new taxicab owner licences since 2016, the number of owners has generally remained unchanged, at approximately 5,000. However, there has been a steep decline in the number of limousine owners, dropping to 114 owners by June 2023, down from 921 owners in 2016. The number of trips completed by PTCs remains lower than pre-pandemic levels but has rebounded substantially. By June 2023, trips per day recovered by 84% to an average of 145,453 trips per day. This is approximately 84% of pre-pandemic, 2019 trip levels.

The vast majority of VFH vehicles are internal combustion engine (ICE) vehicles: currently, MLS is aware of one battery electric vehicle (BEV) taxicab that is operating. Standard hybrid vehicles comprise around 40% of the current taxicab fleet. For PTCs, roughly 3% of trips were done in a ZEV or PHEV while around 15% were done in a standard hybrid vehicle from January to July 2023.

Jurisdictional Scan

Staff conducted a scan of ZEV policies for VFH for several Canadian, American, and European cities, such as the cities of Calgary, Montreal, Vancouver, Chicago, New York, Seattle, Washington DC, Amsterdam, and London, UK, as well as provinces and states, such as British Columbia, Quebec, and California.

Several other jurisdictions, as noted below, are adopting similar net zero emission goals for the VFH industry. Lyft and Uber have also committed to making all ride-hailing trips in North America be net zero emissions by 2030.

- **Amsterdam:** By 2030, all forms of transportation must be zero emissions.
- **Calgary:** By 2030, all new VFH must be net zero.
- **Montreal:** By 2030, aiming to have a zero emission zone in the downtown core.
- **New York City:** By 2030, Uber and Lyft must be net zero.
- **Seattle:** By 2030, all ride-hailing trips must be emissions free.

To achieve their net zero goals, jurisdictions have used various tools, such as financial incentives (e.g., licensing fee reductions and BEV purchase rebates) and requiring PTCs to report on their progress towards achieving net zero. Jurisdictions also provide support related to charging infrastructure. For example, some require the installation of charging stations in new gas stations or multi-unit residential buildings, directly install public charging stations, offer installation rebates, or provide low-interest financing. A detailed jurisdictional scan is contained in Attachment 3.

Study: Vehicle-for-Hire Emissions Calculations and Modeling

The City retained the University of Toronto's TRAQ research group to support the VFH emissions and modeling work. TRAQ is an applied research team focused on examining the environmental impacts of transportation, particularly related to air pollution and GHG emissions. Their expertise includes vehicle emissions testing and analysis, alternative fuels and technologies, and transportation planning and policy. The City has engaged TRAQ in past transportation emissions analyses, and as such, can draw on emissions-related modeling techniques already established in collaboration with staff in Transportation Services as well as E&C. The purpose of the research project was to expand the City's understanding of how the VFH industry contributes to GHG emissions, and ways to reduce its impact. This included:

- Establishing a GHG emissions baseline for the industry by calculating the vehicle-kilometers traveled (VKT) by VFHs compared to private passenger vehicles.
- Identifying policy options to meet the City's emissions reduction targets, including transitioning VFH to zero emission technologies.
- Quantifying the impact of policy options on VFH drivers and the City's overall goals.
- Determining the environmental benefits of transitioning to zero emission technologies based on various levels of uptake.
- Conducting a business case analysis on how long VFH drivers could take to recover (through lower operating and maintenance costs) the additional capital cost of buying a BEV.

Based on data available to the City, the analysis factored the different operating characteristics between the taxicab, limousine and PTC industries. A summary of the research and findings is in Attachment 5 and is discussed as part of the policy proposals described in the following sections.

Recommended Approach

Over the past year, staff have actively worked with the industry, academia, and advocacy associations to understand the challenges and opportunities with transitioning the VFH industry to net zero by 2030. Based on this research, staff developed the

following five policy proposals that form the proposed approach. They include a discussion of the challenges and opportunities with each proposal, including, where required, proposed amendments to Chapter 546.

1. Require all Standard Taxicabs, Sedan Limousines, and PTC Vehicles be ZEVs by 2030

As per Council direction that the VFH industry transition to net zero by 2030, Chapter 546, Licensing of Vehicles-For-Hire, would be amended to require all vehicles used as standard taxicabs, sedan limousines, and PTC vehicles be ZEVs, upon licence application or renewal, starting January 1, 2030. As the City's licensing renewal process operates on a rolling basis, existing licensees would have up to their renewal date to comply with Chapter 546. For example, if a licensee renews their licence on October 15 every year, the licensee will have until October 15, 2030 to register a ZEV. Licence applications would not be granted if a vehicle is not a ZEV, and renewals would be cancelled, per Chapter 546, if a vehicle is not a ZEV. The aim of this requirement is to provide the VFH industry with clear direction that the sector must be net zero by the end of 2030.

Stretch limousines and wheelchair-accessible vehicles would be exempt from this requirement until ZEVs are available to supply these markets.

Considerations

The VFH industry is well-positioned to lead the way on a broader transition to ZEVs, as they have large fleets of vehicles, with significant kilometres travelled, and are subject to municipal regulation. Transitioning the VFH industry to net zero is a key element of the City's broader efforts to achieve net zero GHG emissions through the TransformTO Net Zero Strategy. To ensure Toronto is on track to meet its 2040 goal, the TransformTO Net Zero Strategy has set a goal for 30% of registered vehicles in the city to be electric by 2030. The Strategy also sets a goal for transitioning 50% of City-owned vehicles to ZEV by 2030, which in addition to light-duty vehicles includes many medium- and heavy-duty vehicles.

As noted in TRAQ's research, VFH drivers travel three to four times more than private vehicle drivers (please see Attachment 5 for further details on VFH driving mileage). As a result, electrifying VFHs presents an opportunity to reduce emissions on a per-vehicle basis. According to Transportation Services, the VFH industry represents about 3-5% of Toronto's traffic, but 4-6% of emissions relative to all transportation modes in Toronto. See Table 5 in Attachment 1 for details.

The VFH industry's transition to ZEVs would also contribute to positive health impacts in Toronto. In a [2017 report published by Toronto Public Health](#), ICE vehicles accounted for 42% of premature deaths and 55% of hospitalizations from respiratory symptoms in Toronto—identifying that traffic-related air pollution is the biggest local contributor to Toronto's overall burden of illness. ZEVs do not have tailpipe emissions, so as ICE vehicles are replaced by ZEVs, there will be a reduction in GHG emissions and in local air pollution.

Despite the positive impact of switching from ICE vehicles to ZEVs, this does not suggest that individuals should transition away from VFHs to private vehicles. While the

most efficient mode of travel from a climate perspective is public transit or active transportation, VFHs play an important role in the transportation network, as highlighted by the [2019 VFH Transportation Impact Study](#) completed by Transportation Services. While the research shows that increasing pooled rides provides some benefit, the most significant emissions reductions are gained by a shift to ZEVs for VFHs.

Cost

A primary concern heard throughout the engagement process was the higher purchase price of a ZEV compared to an ICE vehicle. As of June 2023, Kelley Blue Book, an American automotive research and valuation company, noted that the average transaction price of a new BEV was 18% higher than a new non-luxury vehicle (\$53,438 USD compared to \$45,291 USD). However, the International Council on Clean Transportation (ICCT) predicts that from 2024 to 2030 the vehicle price for different models of BEVs will become lower than ICE vehicles. There is evidence that this decrease is already happening, as Kelley Blue Book reported that the average transaction price of a new BEV in June 2023 was down nearly 20% from its peak of \$66,390 USD one year ago. The federal government currently provides a rebate of up to \$5,000 for eligible BEV purchases in Canada.

TRAQ further explored the ICCT prediction in their research and determined that the total cost of ownership between BEVs and ICE vehicles for VFH owners may be reached earlier for both part-time and full-time drivers. It was determined that cost parity with ICE vehicles for part-time drivers using a BEV may be reached between 3.4 and 8.8 years, depending on charging costs and available incentives (such as the federal government's current \$5,000 incentive for BEV purchases), while cost parity for full-time drivers is achieved between 1.7 and 4.4 years (more information on these projections can be found in Attachment 5).

While the cost to purchase a BEV is currently higher than an ICE vehicle, it is anticipated that, by 2030, cost parity or better will be achieved. To support early adopters, it is recommended that the City offer licensing fee reductions for early ZEV purchases. This is further discussed in Proposal 2.

Stakeholders have expressed growing concerns about rising insurance premiums and a lack of available insurance products for the VFH industry. As BEVs are typically more expensive vehicles (and by extension, have higher replacement costs), insurance premiums may reflect this. As BEVs achieve cost parity with ICE vehicles, this discrepancy is likely to be reduced. Staff have met with the Insurance Bureau of Canada and the Ontario Ministry of Finance and have raised these concerns, as auto insurance is provincially regulated. The Ministry has suggested they are exploring the issue.

ZEV Availability

Readily available retail ZEVs are limited at present amidst ongoing supply issues. However, BEV production is expected to steadily increase by 2030, in line with new government requirements and goals for increasing new BEV sales. For example, the federal government has set a requirement that 100% of new light duty vehicles sold in Canada must be ZEVs by 2035. As a result, many car manufacturers have signalled that they will be increasing BEV research and production ahead of 2030-2035.

While ZEV availability overall is expected to increase over the coming decade, challenges are likely to remain for the conversion of stretch limousines and wheelchair-accessible vehicles (WAVs). Currently, under Chapter 546, every limousine service company must have and maintain service agreements for at least one stretch limousine and at least two sedan limousines. As such, staff are recommending that stretch limousines be exempt from the requirement to be zero emission by 2030.

Similarly, given the limited availability of BEVs that may be converted to WAVs, it is recommended that WAVs be exempted from the requirement to be ZEV by 2030. This ensures that the City meets the requirements of the *Accessibility for Ontarians with Disabilities Act, 2005 (AODA)*. Under the AODA, municipalities are required to determine the proportion of on-demand accessible VFH service required in the community and identify progress made towards meeting the need for on-demand accessible VFH service.

Ongoing Monitoring

Based on current research, the goal of net zero by 2030 in the VFH industry is feasible if estimates related to market projections and ZEV availability and charging are achieved. As part of implementation of this approach, staff will monitor vehicle supply and relative cost, as well as the prevalence of publicly available charging infrastructure. Staff will report back to Committee and Council if amendments to the approach are required.

2. Provide Licensing Fee Reductions via Grants to Offset the Cost of Early ZEV Purchases

A primary concern expressed by stakeholders during the engagement process was the higher upfront capital cost of purchasing a ZEV compared to an ICE vehicle. While cost parity is expected by 2030, staff recommend reducing some licensing fees to incentivize early adoption of ZEVs and in recognition that a substantial proportion of the VFH industry consists of lower-income individuals. To align with the expected cost parity of ZEVs and ICE vehicles, and the proposed net zero by 2030 requirement, the licensing fee reductions would be higher in the near-term and reduce to zero by 2030. This phased approach to fee reductions is described in detail in the Financial Impact section above and outlined in the proposed Licensing Fee Reduction Schedule in Table 6 in Attachment 1 (which includes the estimated uptake of ZEV adoption within the VFH industry leading up to the proposed net zero by 2030 requirement).

Considerations

Reducing VFH licensing fees via grants encourages the early adoption of ZEVs prior to 2030, as it offsets costs over time. Paired with the federal government's current rebate of up to \$5,000 for eligible BEV purchases, reducing licensing fees would help reduce the number of years it takes ZEVs to achieve cost parity with ICE vehicles. Under the phased approach, from 2024-2029, a taxicab or limousine owner operating with a ZEV would realize an estimated total savings of around \$2,000, and a full-time PTC driver with a ZEV would realize an estimated total savings of around \$3,500. Staff are also recommending removing vehicle age limits for ZEVs, which would be another incentive

to encourage ZEV adoption by reducing future vehicle replacement costs (further details in Proposal 4).

To simplify the administrative process, licensing fee reductions would be applied based on how fees are currently paid by the VFH industry, either a flat-rate upon application or renewal (for taxi and limousine fees) or per-trip (for PTC fees).

To ensure that savings from the fee reductions are passed from the PTC to the individual PTC driver who completes a trip using a ZEV, staff recommend that Chapter 546 be amended to require that PTCs remit the savings to the PTC driver of the ZEV, and submit a plan to the City regarding how the savings will be remitted to drivers to enhance transparency and keep PTCs accountable for ensuring eligible drivers receive savings resulting from the fee reductions. PTCs would be required to maintain business records that include information specifying whether a trip was completed in a ZEV, the make and model of the ZEV and how much they are remitting to drivers. This information would then be subject to periodic audits, to verify that savings are being remitted to PTC drivers. As part of the audits, MLS would also assess compliance based on whether PTCs were following their submitted plans to further help verify whether savings from the fee reductions are being properly remitted to drivers. In cases where a PTC is found to have provided incomplete or inaccurate information, MLS would have the authority to rescind licensing fee reductions or compel repayment.

A phased approach for reducing licensing fees was determined to be the most efficient way to help offset the upfront higher cost of ZEVs, and to incentivize early adoption. As ZEV costs are expected to decrease over time, providing a financial incentive to the earliest adopters and having that incentive gradually decrease over time aligns with the policy intentions of the program, and is fiscally responsible.

The net zero by 2030 goal is ambitious, and earlier than most jurisdictions. Early adoption incentives are an important part of supporting the industry transition to ZEVs and the City achieving its overall climate and equity goals. Were there to be a longer runway toward a ZEV compliance date, early adoption incentives may not be required to the level recommended in this report.

3. Support the Expansion of Charging Infrastructure for the VFH Industry

Charging infrastructure was identified as one of the primary challenges to wide-scale ZEV adoption in the VFH industry. Lower power (Level 1 or Level 2) charging stations may be used to fully charge a VFH, if the vehicle is not in use for several hours. Higher power Level 3 DC Fast Charging (DCFC) stations are required to charge VFHs that are in constant use and to minimize downtime during a shift. Results from the TRAQ research found that for full-time VFH drivers, 66% would require charging during their shift. Under Toronto's February weather conditions (when charging is slower due to colder temperatures), a 60-kW DCFC is expected to provide 68 km of range after 15 minutes of charging. This charging speed provides VFH drivers with more reasonable wait times, and better driving range compared to Level 1 and Level 2 chargers. More information about the different power levels of charging infrastructure can be found in Table 7 in Attachment 1 and in the City of Toronto's [Electric Vehicle Strategy](#).

The VFH industry is well-placed to be a leading industry in BEV adoption in Toronto, in part given the sizeable and predictable demand for charging infrastructure localized around specific areas. As found in previous VFH Transportation Impact Studies conducted in [2019](#) and [2021](#) by Transportation Services, VFH activity is highly concentrated around economic hotspots, major transit stations, shopping destinations, post-secondary institutions, and residential developments. The high daily vehicle kilometers travelled around these locations create sizeable, and predictable demand for charging where drivers, owners, and the public work and live.

Considerations

As heard in the VFH Net Zero Working Group, and the public engagement process, broad adoption of ZEVs in the VFH industry requires a significant expansion of electric vehicle charging infrastructure, including a greater analysis on home charging and on-the-go charging needs.

Most drivers within the VFH industry (roughly 60%) do not live in the City of Toronto, which limits the City's ability to promote or install home chargers. Level 3 public chargers would create the least amount of downtime for VFH drivers who need to charge in the middle of their shifts, as Level 1 and 2 charging speeds are considerably slower. New York City, for example, prioritizes Level 3 stations in their [Roadmap to Electrifying the For-Hire Transportation Sector](#).

Per data obtained from [ChargeHub.com](#), as of July 2023, there were 1,843 publicly available charging stations in Toronto. This includes 1,645 Level 2 charging stations and 198 Level 3 stations. Within these totals, the City and the Toronto Parking Authority (TPA) have installed 109 Level 2 and 8 Level 3 chargers in Green P off-street parking facilities and 47 Level 2 on-street chargers. To adequately support a 100% ZEV VFH fleet which solely depends on public charging, TRAQ projected a need of 3,449 Level 3 stations. TRAQ projects a need of 2,446 Level 3 stations if drivers rely on a mix of home and public charging. For more details on these estimates, please see Attachment 5.

To increase the availability of charging infrastructure in Toronto, the City is deploying charging stations at on-street parking spaces and in Green P off-street parking facilities. Following the conclusion of the City's On-Street EV Charging Station pilots with Toronto Hydro and Council direction in [June 2022](#), the TPA will take responsibility of the operations and maintenance of existing on-street chargers and the roll-out of additional charging infrastructure beginning in late 2023 as part of its [EV Charging Program](#). To date, the City has installed 47 Level 2 on-street charging stations—all of which were installed via the City's On-Street EV Charging Station pilot with Toronto Hydro, while the TPA has installed 109 Level 2 and 8 DCFC charging stations in Green P parking facilities. The TPA's deployment will continue over the next two years, with plans to reach over 150 on-street charging stations and over 500 charging stations in Green P off-street parking facilities by the end of 2024, subject to budget approval.

Deployment of charging stations by other organizations is also expected to continue to meet increased demand for charging as more people switch to BEVs. Organizations such as TAF are already helping meet this demand with the re-launch of its EV Station Fund in July 2023, after receiving a [\\$3 million top-up from the federal government](#). This round of funding includes a focus on funding EV chargers in multi-unit residential

buildings with residents who work in the VFH industry. Toronto Hydro, in partnership with Plug 'n Drive and Elocity Technologies Inc., launched its two-year [EV Smart Charging Pilot Program](#) in 2022 and provided 100 Toronto Hydro customers a free smart charging device for their existing charging stations.

To help ensure that sufficient public charging is in place to support the TransformTO goals for ZEV uptake, the City is developing a Toronto Public EV Charging Network Study. The Study will provide the detailed information needed to guide deployment of public EV charging infrastructure in Toronto between 2025 and 2040, including identifying the amount, type, location, and timing of public charging infrastructure that will be needed by VFH drivers through engagement with the VFH industry and building on TRAQ's research. Development of the Study is currently under way, with the goal of finalizing it by the end of 2023.

As a follow-up to the Study, additional work will be needed to have a deeper look into VFH-specific considerations, such as affordability, possible business models, expected commercial provision of public charging, and the respective roles and contributions of VFH industry participants and other actors, including the City, for a Toronto-wide public charging solution for the VFH sector. To support this work, staff recommend that a position be created in E&C, funded through VFH licensing revenues drawn from the VFH Reserve Fund. Per the Council-adopted [criteria](#) for the VFH Reserve Fund, one of the purposes of the fund is to provide funding for initiatives associated with environmental goals relevant to the VFH industry.

4. Provide Operational Flexibility: Exempt ZEVs from the Maximum Vehicle Age Limit, Permit Extended Vehicle Age Limits for PHEVs, and Extend VFHs Due for Replacement in 2023 by One Year

In accordance with Chapter 546, all vehicles are subject to a maximum vehicle age, and must be no more than seven model years. Generally, vehicles used by the PTC or limousine industries are newer (39% and 30% are model year 2020 or newer, respectively), and vehicles used in the taxicab industry are older (7% are model year 2020 or newer).

To further support the adoption of ZEVs, staff recommend amending Chapter 546 to exempt ZEVs from the maximum vehicle age limit. This would aid owners, as it spreads the cost of a ZEV over a longer timeframe. To maintain safety standards, vehicles would still be subject to annual mechanical safety inspections and as required during an investigation.

Given the high proportion of owners who will be purchasing new vehicles in the near-term, and the short-term challenges with purchasing ZEVs, it is also recommended that the maximum vehicle age limit for PHEVs used as taxicabs, sedan limousines or PTC vehicles be extended by two additional years beyond 2030 until December 31, 2032. Note that PHEVs would not be eligible for the licensing fee reductions or the maximum vehicle age limit exemption available for ZEVs.

Recognizing that implementing the transition to net zero will begin in 2024, this report is also recommending the City provide a one-year extension to vehicles required to be

replaced by March 31, 2024 so that these vehicle owners have sufficient time to consider the new requirements before replacing their vehicles.

Considerations

In consultations with experts in vehicle safety and manufacturing, and as noted in [2020.GL19.4](#), the age of a vehicle is not necessarily linked to its state of repair. The automotive industry notes that there is no “ideal” age to replace a vehicle, as it is dependent on multiple factors. Historically, vehicle age limits were introduced to improve the experience of customers. For example, as part of taxicab reform in 1998, limits ensured only newer vehicles were being used as taxicabs. Council required that, by 2003, vehicles used as taxicabs could not be more than one model year old at purchase and must be replaced at five model years. In 2016, with the introduction of Chapter 546, Council introduced greater flexibility, by placing a seven model year age limit on all VFHs. Vehicles must also pass an annual mechanical inspection, or additional mechanical inspections, if required during an investigation.

Exempting ZEVs from the maximum vehicle age limit would offer an incentive to prospective purchasers. During the engagement process, industry stakeholders noted that the current maximum vehicle age limit acts as a barrier to investing in a ZEV, due to the higher upfront cost. By exempting ZEVs, owners would be able to spread the cost of the vehicle over a longer timeframe. This is particularly relevant as a high proportion of the VFH industry must replace their vehicles within the next two years. Vehicle owners who received the one-year age extension could potentially use the additional time to consider purchasing a ZEV or PHEV for their next vehicle.

To support taxicab owners affected by lower demand during the pandemic, Council temporarily extended the maximum vehicle age in [2020](#) and [2022](#). As a result, VFHs manufactured from 2013 to 2016 are currently required to be replaced by March 31, 2024, as per the [Vehicle Age Interpretation Bulletin](#) (approximately 56% of taxicabs, 17% of limousines, and 15% of PTC vehicles), and 2017 vehicle model years are required to be replaced by March 31, 2025 (approximately 33% of taxicabs, 17% of limousines, and 13% of PTC vehicles). Implementing the recommended one-year extension for vehicles that currently need to be replaced by March 31, 2024 would mean that approximately 89% of taxicabs, 34% of limousines and 28% of PTC vehicles would need to be replaced by March 31, 2025. Given that implementing the transition to VFH net zero would begin in 2024, providing another year would provide owners more time to consider the new requirements and the benefits of owning a ZEV before 2030.

In consideration of the short-term challenges with ZEV availability, and the high proportion of the industry that will purchase vehicles in the next two years, it is also recommended that PHEVs be permitted to operate an additional two years after 2030 (up to December 31, 2032). The purpose of this extension would be to encourage prospective purchasers to consider PHEVs as an alternative, in place of ICE vehicles, leading up to the net zero by 2030 requirement. However, since PHEV batteries are tailored for short trips, it is difficult for VFH drivers to realize the intended emission savings because of drivers' higher mileage needs. This is a significant reason for why this report is not recommending PHEVs be eligible for the same incentives as ZEVs.

5. Provide Education on the Benefits and Total Cost of Ownership for ZEVs

To increase the awareness of the long-term benefits of ZEVs, and the proposed net zero by 2030 requirement, staff recommend creating and executing an education campaign and budget that is targeted towards the VFH industry. During the lead up to 2030, MLS and E&C would partner with relevant City divisions, agencies, and corporations, as well as external organizations, to develop and distribute informational materials, and potentially provide opportunities for practical in-person experiences.

Considerations

A key finding in the literature and expressed by members of the VFH Net Zero Working Group was that misconceptions and knowledge about the benefits of ZEVs remains a barrier to their adoption. Consumer studies also show that individuals who have a good understanding of BEVs are 15% more likely to purchase a BEV as their next vehicle.

While the City's [Electric Vehicles webpage](#) provides information related to the City's efforts for supporting EV adoption, additional education targeted to the VFH industry would help support their specific needs. This information could include:

- The total cost of ownership and long-term financial benefits of transitioning to ZEVs.
- Key indicators related to ZEV availability, cost, and charging infrastructure.
- Efforts by the City and other levels of government to support the transition to net zero by 2030.

Through education, the City would also promote ride pooling given its emission savings benefits when compared to single occupancy rides. For example, TRAQ's research found that pooled PTC trips are estimated to be 28% lower in average emission intensity when compared to non-pooled trips. Ride pooling also helps reduce the number of vehicles on the road.

The City would leverage existing or potential future opportunities to expose the VFH industry to the benefits of ZEVs and ride pooling, such as information related to emission savings of ZEVs and ride pooling and ZEV testing programs that allow for single or short-term rentals of ZEVs.

Next Steps and Implementation

Upon Council approval, the proposed approach for transitioning the VFH industry to net zero by 2030 would come into effect, with exceptions noted below. This means that starting January 1, 2030, upon licence application or renewal, a standard taxicab or sedan limousine owner, and a PTC driver, must have a ZEV or PHEV (eligible to operate until December 31, 2032).

Commencing on January 1, 2024, licensing fee reductions would come into effect for eligible recipients, while the end of temporary COVID-19 relief measures that reduced licensing renewal fees for the taxicab and limousine industries would commence the following year on January 1, 2025, to provide the VFH industry additional time to adjust to the return to 100%, pre-pandemic fee levels.

Commencing March 1, 2024 and every December 1 thereafter up to and including December 1, 2028, PTCs receiving reduced licensing fees would be required to

annually submit a report, in a format to the satisfaction of the Executive Director, MLS, describing how they will remit savings resulting from reduced licensing fees to PTC drivers operating with ZEVs on their platform. In advance of the deadline each year, MLS will communicate with PTCs regarding the format and posting of the report. MLS will use these reports to support their periodic audits of PTC remittance processes to validate whether PTCs are remitting the licensing fee savings to eligible drivers appropriately. If an audit finds that a PTC is providing inaccurate or incomplete information, MLS will have the authority to rescind licensing fee reductions or compel repayment, if necessary. The recommended new temporary full-time staff position at MLS would create the required capacity for the division to undertake this work. MLS will be engaged with PTCs to help operationalize remittances by January 1, 2024.

Upon Council approval and leading up to January 1, 2030, staff will collaborate with relevant City divisions, agencies and key stakeholders to address areas critical to the success of these proposals. For instance, ongoing and extensive collaboration will be required to address vehicle charging infrastructure in a way that supports the VFH industry, such as through the upcoming Toronto Public EV Charging Network Study (expected to be finalized by the end of 2023). In addition, MLS and E&C will work collaboratively to support the new temporary staff position in E&C, who will be focused on considering the advanced needs of the VFH industry in planning for public EV charging deployment, as well as monitoring the affordability and availability of ZEVs. Additionally, collaboration will also be critical to providing effective ZEV-related education and outreach to further encourage ZEV uptake. Examples of how this work is already underway amongst City divisions and agencies beyond MLS include:

- E&C's engagement session with the VFH industry in February and upcoming session later this year to understand the industry's charging needs as part of developing the Toronto Public EV Charging Network Study;
- E&C building on TRAQ's research to understand VFH charging needs;
- TAF re-launching its [EV Station Fund](#), which now has a specific focus on funding EV charging infrastructure in multi-unit residential buildings, especially those with residents who work in the VFH industry;
- [TPA](#) continuing to expand the number of public EV charging stations across Toronto and preparing to set its 2024 targets, subject to budget approval, which may have a larger focus on on-street charging; and
- Toronto Hydro continuing its EV Smart Charging Pilot Program to better understand charging patterns and behaviours across the City.

MLS will share details of the policy framework with stakeholders to ensure they are aware of the requirements in advance of them taking effect. To this end, MLS will be developing a detailed implementation plan that will include components related to technology, education, communications, and administration of licensing fee reductions. MLS will undertake the following activities to implement the proposed approach:

- Creating systems and processes for administering licensing fee reductions and monitoring uptake.
- Creating a detailed, multi-year education and communications plan for VFH drivers, including any potential funding supports.
- Updating public-facing information including updates to the City's website to allow users to readily locate information on specific regulations and requirements.

- Enhancing current systems to collect data on VFH vehicle types and PTC trips done on a ZEV or PHEV; for example, incorporating the Ontario Ministry of Transportation’s Green Licence Plate Program’s list of BEV and PHEVs to help validate eligibility for reduced licensing fees and compliance with regulatory requirements.
- Working with PTCs to support remitting the per-trip fee savings to ZEV drivers on their ride-hailing platforms, as well as the contents of their supporting plan.

Leading up to 2030, MLS will also develop and implement a compliance and enforcement approach for the 2030 requirement that addresses issues on a case-by-case basis to make sure reasonable, fair, and appropriate actions are taken and industry members are compliant by 2030 and thereafter. For the 2030 requirement, this could potentially include:

- As a first step, MLS proactively engaging with the VFH industry before 2030 on the new regulatory requirements through education;
- MLS establishing processes so that staff can ensure new applicants or individuals seeking to renew their VFH licence are registering with a ZEV or PHEV in 2030 and thereafter; and,
- As a last resort, taking enforcement action such as charges, fines and/or licence suspensions.

The Council-directed requirement for the VFH industry to be net zero by 2030 is an ambitious target that requires an investment by the City to help meet the goal of electrifying vehicles and reducing emissions in this industry, while also respecting equity considerations. MLS will continue to closely monitor challenges related to vehicle supply and cost, as well as the amount of publicly available charging infrastructure by assessing equity impacts and market information, as it becomes available, and regularly engaging with industry stakeholders and City partners throughout the transition. Staff will report back as required on identified challenges, progress on implementing proposed supports (including licensing fee reduction amounts), and overall progress towards the goal of net zero for VFH, leading up to 2030. MLS is also planning to conduct a comprehensive review of VFH regulations in 2024, which would be an opportunity to further assess VFH licensing fees.

This report’s recommended approach is a first step to moving the VFH industry to net zero by 2030. A successful transition will require complementary efforts across the City and its partners to effectively support a net zero VFH industry.

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ATTACHMENTS

Attachment 1: Report Tables

Attachment 2: Third-Party Public Vehicle-for-Hire Net Zero Working Group Engagement Report (March 2023)

Attachment 3: Jurisdictional Scan

Attachment 4: Summary of VFH Net Zero by 2030 Public Consultations

Attachment 5: Summary of the University of Toronto Transportation and Air Quality (TRAQ) Research on Vehicle-for-Hire Emissions Calculation and Modelling