

Economic and Community Development Committee

City of Toronto
100 Queen St W
Toronto, ON

September 18, 2023

EC6.6 Transitioning the Vehicle-for-Hire Industry to Net Zero Emissions by 2030

Dear Economic and Community Development Committee Members,

The Atmospheric Fund (TAF) strongly supports the adoption of the staff recommendations to transition the vehicle-for-hire (VFH) industry to net zero emissions by 2030. These recommendations have been developed following an extensive stakeholder consultation process in which the views of VFH companies and drivers, industry experts, and non-profit organizations were collected and carefully considered.

The Council-directed goal and strategy to achieve net zero emissions for the VFH industry by 2030 is an essential element of the City's [Electric Vehicle Strategy](#) and supports its broader efforts to drive down community-wide emissions through its [TransformTO Net Zero Strategy](#). If adopted, the report would establish Toronto as a North American leader in accelerating the decarbonization of the VFH sector.

With the right supports in place, the VFH sector is well-positioned to lead the community transition to zero emission vehicles (ZEVs), for three reasons:

- **Electrifying VFH is cost-effective.** Electric vehicles (EVs) are much more affordable to operate than gas-powered cars because of the operational savings generated from avoided gasoline and maintenance costs. The payback on an EV is shortest for high-mileage VFH drivers who can travel up to five times as much as the average driver.
- **Electrifying VFH can accelerate broader EV adoption.** As noted in the staff report, the VFH industry creates a sizeable and predictable demand for public EV charging which can catalyze greater investment in charging infrastructure across the city. This expanded infrastructure can, in turn, persuade more Toronto residents to buy EVs, creating a virtuous cycle that strengthens the business case for investing in even more public charging. Electrifying thousands of VFH will also give millions of local passengers first-hand exposure to EVs and their many benefits, making it more likely that they make their next car an EV.
- **Electrifying VFH supports a more equitable EV rollout.** Today's EVs tend to be driven by higher-income residents, with most of the public charging infrastructure found in the neighbourhoods where they live. Conversely, a substantial portion of VFH drivers come from equity-deserving and lower-income communities. If the VFH sector can lead on the electrification wave, it will attract more EV charging infrastructure to the lower-income neighbourhoods where many VFH drivers tend to live and work. This will provide traditionally underserved communities with greater access to public charging infrastructure, as opposed to being the last to receive access as is so often the case.

We believe that the report includes many of the key recommendations necessary to support the sector's successful transition to ZEVs, including:

- **A clear regulatory requirement** that all VFH be zero emission by January 1, 2031 with short-term exemptions for stretch limousines, accessible vehicles and plug-in hybrid EVs. This will send a clear market signal to the sector and inform future capital investment decisions.
- **Increased affordability** through the establishment of a grant program that incentivizes drivers to shift to EVs as soon as possible. While this measure reduces overall operating costs, TAF is working with the industry and financial sector on a complementary financing solution that would make the *upfront* cost of EVs more affordable for VFH drivers.
- **Waived model-year maximum for ZEVs** which allows drivers to use their capital-intensive vehicles over a longer timeframe.

Beyond these measures, we have one additional recommendation to strengthen the strategy and support its ultimate success. We emphasize that this recommendation should not delay adoption of the report as proposed by staff.

Public Charging Infrastructure

As the staff report indicates, a major concern raised by the VFH Net Zero Working Group participants was the lack of affordable and accessible EV charging infrastructure available to serve drivers' needs. TAF is working to address the critical gap for home charging through the [EV Station Fund](#), our funding program that is prioritizing the installation of chargers in multi-unit residential buildings where multiple VFH drivers reside.

In terms of public EV infrastructure, however, we believe that the report's recommendations are incommensurate with both the scale and the urgency of the sector's needs. With respect to scale, the University of Toronto report commissioned by City staff estimates that a fully electric VFH fleet will require up to 2,500 level 3 public fast chargers to support its operational needs. For context, the number of level 3 public charging stations available in Toronto today is roughly 200 – about 8% of the volume identified as needed.

With respect to urgency, we have no time to lose in filling this large gap between needs and reality. The staff report notes that 89% of taxicabs, 34% of limousines and 28% of PTC vehicles will need to be replaced by March 31, 2025. This represents roughly 17,000 vehicles that will turn over within the next 18 months. Without a clear and credible plan in place to meet the surging demand for EV charging, many drivers will be forced to buy another gas-powered car which will become a stranded asset by 2030. Even drivers who make their next car a plug-in hybrid electric vehicle, which may be driven as a VFH until the end of 2032, will still require much more public charging to meet their operational needs.

In this context, we believe the City should go further than the current proposals in the staff report to identify the VFH sector's charging needs through the forthcoming Public EV Charging Network Study and create a staff position to consider the sector's specific needs over the next three years. **Instead, a credible action plan for filling the identified gap is needed as soon as possible.** Such a plan will signal to the sector that the City has heard the concerns expressed by VFH drivers and is committed to ensuring they are adequately met through this major transition.

Overall, TAF is very supportive of the City of Toronto's VFH proposal and **we strongly recommend that Council implement these important recommendations with one proposed amendment.** Doing so will lead to significant local emissions reductions and help Toronto achieve its climate goals.

Sincerely yours,

A handwritten signature in black ink that reads "Ian Klesmer". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Ian Klesmer
Director of Strategy and Grants, The Atmospheric Fund

About The Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. We are experienced leaders and collaborate with stakeholders in the private, public, and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies, and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.