

Toronto Hydro and City of Toronto Memorandum of Understanding for Toronto Hydro's Climate Advisory Services

Date: April 18, 2023

To: Executive Committee

From: Deputy City Manager, Corporate Services & Deputy City Manager, Infrastructure and Development Services

Wards: All

SUMMARY

At its July 19, 2022 meeting, Toronto City Council requested City staff and Toronto Hydro-Electric System Limited ("THESL") to develop a Memorandum of Understanding (MOU) related to coordination of THESL's Climate Advisory Services with the City's TransformTO programs. This MOU sets out how the two parties will coordinate communications and marketing to customers, align key performance indicators, and develop an implementation plan with timelines and progress reporting. This effort will ensure value-for-money in relation to any future impacts on the Toronto Hydro dividend to the City and achieve climate action at scale. The MOU is enclosed with this report as Attachment A.

The MOU will ensure that the City's TransformTO programs and policies and THESL's Climate Advisory Services will operate in a complementary manner, avoid duplication, and provide maximum value for taxpayers and ratepayers. The key sections of the MOU regarding TransformTO and Climate Advisory Services include:

1. Coordinating Action

The parties acknowledge the importance of a robust coordination and issues management framework. Though both parties will work independently, they will maintain alignment and cooperate to avoid duplication. The existing City-Hydro meeting framework will be developed further to support collaboration. The parties will also coordinate through the City's TransformTO Net Zero Strategy Accountability and Management Framework.

2. Communication

The parties commit to coordinating marketing plans regarding major project announcements, events and press releases and highlight each others' contributions.

3. Setting Targets and Measuring Success

Recognizing that climate action targets will evolve over time, both parties commit to aligning targets and measures to provide value for money by avoiding duplication and identifying synergies. Both parties will maintain Key Performance Indicators that measure their own performance in achieving targets.

4. Value for Money

With prior experience in conservation programs and its relationships with its customer base, THESL is well positioned to accelerate climate action through Climate Advisory Services. The business cost of Climate Advisory Services represents a small percentage of the overall cost to achieve net zero emissions in Toronto. The City and THESL will align their programs to avoid duplication and identify savings, providing value to taxpayers and ratepayers.

5. Implementation Planning

City Staff will report annually to City Council on its progress on TransformTO. Toronto Hydro will provide climate action updates to City Staff through regular meetings, and City Council through its corporate reporting and public Annual General Meeting. Both parties will continue to engage and coordinate both within and outside of formal reporting structures to advance climate action.

City staff are supportive of the MOU as it will enable much required coordination and collaboration between the City and Toronto Hydro to advance climate action.

RECOMMENDATIONS

The Deputy City Manager-Corporate Services and the Deputy City Manager-Infrastructure and Development Services recommend that:

1. City Council receive this report for information.

FINANCIAL IMPACT

The recommendations in this report have no immediate impact on the City's 2023 Capital or Operating budgets.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On July 19, 2022 City Council requested Toronto Hydro and City staff to negotiate and create a Memorandum of Understanding related to Toronto Hydro's Climate Advisory Services - including coordinated communications to customers, alignment of key performance indicators, implementation plan with timelines and progress reporting -- to ensure that the implementation of Climate Advisory Services and TransformTO are coordinated and provide value-for-money, in relation to any future impacts on the Toronto Hydro dividend to the City and report back to City Council on the Memorandum of Understanding in the first quarter of 2023.

[Agenda Item History - 2022.EX34.9 \(toronto.ca\)](#)

On May 11, 2022, City Council received a report on the Accountability and Management Framework for the TransformTO Net Zero Strategy, and requested staff identify any funding enhancements necessary to accelerate the TransformTO Net Zero Strategy to achieve upcoming community-wide greenhouse gas reduction targets.

[Agenda Item History - 2022.IE29.10 \(toronto.ca\)](#)

On December 15, 2021, in response to the Toronto Hydro Climate Action Plan, City Council requested additional information. Council also directed the City Manager to report to Council on the information submitted by Toronto Hydro, in consultation with Toronto Hydro and relevant divisions and agencies

[Agenda Item History - 2021.EX28.1 \(toronto.ca\)](#)

On April 7, 2021, City Council requested Toronto Hydro to report to the City Manager by the end of the third quarter of 2021 on current work and an action plan to achieve outcomes regarding electric vehicle-charging infrastructure, modernization of outdoor lighting, renewable energy and energy storage, and attracting revenue through non-rate sources of capital funding. Council also directed the City Manager to report to Council on the information submitted by Toronto Hydro by the end of the fourth quarter of 2021, in consultation with Toronto Hydro and relevant divisions and agencies.

[Agenda Item History - 2021.EX22.5 \(toronto.ca\)](#)

On October 27, 2020, City Council directed the City Manager, in consultation with the

Environment and Energy Division and the Toronto Atmospheric Fund, to develop recommendations for Toronto Hydro to achieve greater outcomes for energy efficiency, demand management and renewable energy within the service area, and report back to City Council by the end of 2020 on the proposed recommendations and how to implement them.

[Agenda Item History - 2020.EX17.1\(toronto.ca\)](#)

COMMENTS

At its July 19, 2022 meeting, City Council requested Toronto Hydro expand its business activities beyond electricity distribution services by establishing a new stream of unregulated operations within its regulated business, specifically Climate Advisory Services, in keeping with the proposal set out in Toronto Hydro's Climate Action Plan. Climate Advisory Services (CAS) offered by Toronto Hydro focuses on supporting and guiding its customers with their decisions to electrify their homes and businesses. CAS will develop programs that complement City initiatives and help customers develop personalized climate action plans, access incentives and find qualified companies to implement projects.

Council also directed that the City and Toronto Hydro negotiate and create a Memorandum of Understanding related to Toronto Hydro's Climate Advisory Services - including coordinated communications to customers, alignment of key performance indicators, implementation plan with timelines and progress reporting -- to ensure that the implementation of Climate Advisory Services and TransformTO are coordinated and provide value-for-money, in relation to any future impacts on the Toronto Hydro dividend to the City, and report back to City Council on the Memorandum of Understanding in the first quarter of 2023.

City staff from the Environment and Climate Division, City Manager's Office, and Legal Services Division met multiple times with Toronto Hydro's staff over a period of six months to negotiate the terms of the MOU. City staff support the MOU as it will enable much required coordination and collaboration between the City and its divisions and agencies and Toronto Hydro to advance climate action.

As directed by Council, Toronto Hydro will submit its 2023 Climate Action Status Report later this year. Toronto Hydro will also support the City staff's Streetlighting Report on its City-wide streetlight LED conversion and Climate Capital Investments Report on investment opportunities and barriers.

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SIGNATURE

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ATTACHMENTS

Attachment A: Toronto Hydro and City of Toronto Memorandum of Understanding