

Tuesday, April 25, 2023

**RE: 2023 IE3.4 - Carbon Accountability: Institutionalizing governance, a Carbon Budget, and an Offset Credits Policy**

To the Infrastructure and Environment Committee:

**Toronto Environmental Alliance commends City staff and the Infrastructure and Environment Committee on advancing this Carbon Budgeting and Accountability Framework.** TEA has strongly supported codifying accountability and carbon budgeting into the City's operational plans. Passing this bylaw and writing Section 669 into the Municipal Act will help to ensure that Toronto meets its Net Zero by 2040 goals.

Setting emissions reduction milestones through a carbon budget can help turn an ambitious target into shorter, more achievable steps. Carbon budgets are also critical to ensuring climate commitments are tracked at regular intervals, and governments are held accountable for the commitments they've made.

In this spirit of increasing transparency and accountability, **TEA has several recommendations for this framework in order to increase the level of certainty and accountability.**

### **Identifying high-emission projects**

To improve accountability and transparency, **TEA recommends that the City of Toronto adopt processes for the City, the public, and third party researchers to identify high-emission (or fossil fuel reliant) capital projects, in order to track the impacts of these projects on Toronto's carbon emissions.**

The proposed accountability protocols identify and track projects that reduce emissions, but **there is no proposed mechanism to identify and track projects that would significantly increase emissions.**

For example, Chapter 669, Schedule 1 (6c) of the proposed Municipal Code creates a summary of actions that would reduce Corporate emissions sources from buildings. But no such report is required for projects that would significantly increase corporate emission sources (for example, by constructing a new city building(s) with a gas heating system, or expanding the City's gas vehicle fleet).

Council direction 6(e) directed the Director, Environment and Energy to include in the 2021-2023 TransformTO implementation plan, among other things, a Climate Lens that evaluates and considers the climate impacts of ALL major City of Toronto decisions, including financial decisions. The proposed carbon budget process should grow to encompass all major decisions and capital projects which would have a significant impact on carbon emissions, whether positive or negative.

### **Setting real emissions reduction goals for 2040**

Toronto is currently planning to use offsets to help meet its 2040 goal of net zero emissions. This is due, in part, to Toronto's reliance on energy sources like our electricity grid which are under provincial or private control and impossible for the city to decarbonize. While it would be preferable to meet the 2040 target entirely with "real" emissions reductions and not through purchasing offsets, which are much costlier than not creating emissions in the first place, City staff are preparing a policy to guide the purchase of offsets if necessary.

The proposed bylaw and Municipal Act adjustments rightfully sets absolute, non-offset emission targets for the years 2025 and 2030, with 2030 emissions targets broken down by sector. However, no absolute reduction targets have been set for the year 2040.

This means that, despite the principle that offsetting should be used when only absolutely necessary, a situation could potentially arise where most of the emissions reductions in 2040 could be accounted for via the purchase of offsets. This would be an astronomically more expensive way to reach Net Zero.

Setting real emissions reduction targets for 2040 is particularly important because 669-3 (E) prevents the Corporation of the City of Toronto from balancing out Community 2040 residual emissions without prior approval from Council.

**In order to support the principle of using offsets as a last resort, the City of Toronto should set real emissions reduction targets for both corporate and community inventories for the year 2040.** This would reduce the likelihood of too large a proportion of the 2040 Net Zero emissions target being achieved via the purchase of carbon offsets. It would also essentially cap the amount of offsets which could be purchased and applied to Toronto's carbon reduction goals in order to ensure the vast majority of emissions reductions are achieved locally.

## Offset purchase and sale transparency

The proposed Carbon Offset Policy is rightfully concerned with the quality of any carbon offsets that may be banked or obtained to meet with the city's 2040 Net Zero goals. The policy wisely considers additionality, avoided double-counting, and permanence as just some of the factors that dictate which carbon offset projects are acceptable to balance residual emissions in 2040.

However, TEA is also aware that defining additionality, double-counting, and permanence varies significantly from one carbon offset methodology to another. Some methodologies have quite stringent validation and verification processes, while others do not. For example, poor methodologies are rampant across the voluntary offset market.

To reduce the likelihood of the City purchasing or producing offsets of poor quality, **TEA calls on the City to disclose in its annual TransformTO report any carbon offsets purchased or produced by the corporation, and include in that report the methodological standard(s) by which those offsets were validated and verified.**

## Conclusion

The Toronto Environmental Alliance would like to reiterate support for this Carbon Accountability and Budgeting plan. It is a vital foundation for ensuring that the City meet the 2040 Net Zero goals approved by City Council in 2040, and we strongly recommend that it be passed by City Council.

In addition to codifying this Carbon Accountability framework into the City's processes, TEA recommends that the City also codify the identification of high emissions projects, absolute and real 2040 emissions reduction goals, and increased transparency around offset purchasing and production undertaken by the City into its Carbon Accountability processes.

Sincerely,



How-Sen Chong  
Climate Campaigner  
Toronto Environmental Alliance