

Corporate Emission Budgets for 2026-2030

Date: November 13, 2024

To: Infrastructure & Environment Committee

From: Executive Director, Environment & Climate

Wards: All

SUMMARY

In May 2023, City Council adopted a new [Climate Change Goals and Governance](#) chapter for the Municipal Code.¹ This chapter sets emission budgets outlining the total amount of greenhouse gas (GHG) emissions from both Community and Corporate sources² over a set period that is consistent with Council-adopted GHG reduction targets. The Corporate emissions budget is set at 2,016,471 t CO₂e (~2 MT) for the period 2026-2030. This enables the City to allocate and manage sector-specific emissions budgets for Corporate Buildings³ and Transportation⁴ sectors and track progress through comparing emissions "spending" with the remaining budget, akin to financial budgets.

The Executive Director, Environment & Climate, acting as designate for the City Manager under the *Climate Change Goals and Governance* chapter, and considering the opinions of Corporate Real Estate Management (CREM), Toronto Community Housing Corporate (TCHC), Fleet Services, and the Toronto Transit Commission (TTC) (collectively "Corporate Sector Leaders"),⁵ recommends emission budgets for Corporate Buildings and Transportation (i.e. fleet vehicles) amounting to 935,641 and 829,719 t CO₂e, or a ratio of 1.1:1 when comparing the two subsectors. This aligns with the trend in the ratio of emissions from Corporate Buildings and Fleet vehicles in the City's annual Sector-Based Emissions Inventory ("Inventory") over 2018-2021. In the City's most recent Inventory covering the 2021 year, Corporate emissions were split 43% from buildings, 40% from transportation, and 17% from waste. Within buildings, 56% of

1 [2023.IE3.4](#) - Carbon Accountability: Institutionalizing Governance, a Carbon Budget and an Offset Credits Policy.

2 Corporate emissions are those from the City government's own operations. The Corporate emissions budget applies to emissions from Corporate buildings and fleet vehicles (including TTC revenue vehicles).

3 Includes City-owned buildings, facilities, and certain yards plus Toronto Community Housing-owned buildings.

4 Includes fleet vehicles operated by Fleet Services Division, Toronto Transit Commission (including revenue and non-revenue), Toronto Police Service, Toronto Fire Services, Toronto Paramedic Services, Toronto Community Housing, Exhibition Place, Toronto Zoo, Toronto Parking Authority, and Toronto Public Library.

5 *Climate Change Goals and Governance*, Municipal Code Ch. 669, at § 669-2.3(A)(6).

emissions came from TCHC buildings and 44% from "City Facilities and Buildings" under capital control of various divisions and agencies including CREM, PF&R and TTC among others. Within transportation, 70% of emissions came from TTC buses, 4% from TTC subways and streetcars, and the remainder from fleet vehicles under capital control of divisions and agencies including Fleet Services and Toronto Police Service among others.

This recommendation is subject to adjustment pending ongoing work to refine the accounting of Corporate emissions in the Inventory, in particular the organization of emission sources into the correct subsectors. Environment & Climate is committed to working from the Corporate Sector Leaders over the rest of 2024 and early 2025 to make any necessary refinements. If this work results in changes to the Inventory that would necessitate changes to the emission budgets for Corporate Buildings and Transportation recommended in this report, a new recommendation would be brought to Council for consideration.

By the end of Q2 2025, plans for the key actions to reduce emissions from Corporate Buildings and Transportation in line with the recommended emissions budgets will be brought to Council as part of the Net Zero Strategy Action Plan for 2026-30. These plans will also set out the needs, risks and dependencies for those actions.

RECOMMENDATIONS

The Executive Director, Environment and Climate, acting as designate for the City Manager under the *Climate Change Goals and Governance* chapter of the Municipal Code, recommends that:

1. City Council to receive this report for information.

FINANCIAL IMPACT

There is no financial impact from this report. Any financial impacts for actions to reduce emissions from Corporate buildings or fleet vehicles in line with the relevant emissions budgets will be included in future year budget submissions for Council's consideration.

DECISION HISTORY

On May 10, 2023, City Council adopted the Carbon Accountability governance system that included, among other elements, a new [Climate Change Goals and Governance](#) chapter for the Municipal Code setting out 5-year emission budgets, with required planning and reporting processes, alongside a Carbon Budget process to identify and prioritize impactful GHG reduction actions in the City's annual budget ([2023.IE3.4](#)).

On December 15, 2021, Council endorsed the Transform TO Net Zero Strategy and adopted a number of related directions ([2021.IE26.16](#)). The TransformTO Net Zero Strategy listed developing a carbon budget system to enhance accountability as a key action in the 2022-2025 short-term implementation plan.

On October 2, 2019, City Council declared a climate emergency and strengthened Toronto's carbon-reduction goal by establishing a net-zero greenhouse gas emission target for Toronto by 2050 or sooner ([2019.MM10.3](#)). Council direction #6(k) directed the Director, Environment & Energy to explore the feasibility of creating a Toronto Carbon Budget to aid in the implementation of TransformTO.

COMMENTS

Benefits of Emission Budgets

Emission budgets differ from milestone year emission targets by focusing on cumulative emissions over a set period of time. This acknowledges the scientific reality that halting the rise of global temperatures at 1.5°C above preindustrial levels as Council has endorsed (2019.MM10.3) – or at any level – depends on the *total* amount of carbon dioxide emitted into the atmosphere between now and a future net zero state.

This science-based approach emphasizes equity by preventing younger and future Torontonians from bearing a future burden of making up for delayed action on reducing GHG emissions. It also enhances transparency by allowing for clear comparison of the prevailing rates of emissions against what remains in the overall emission budget (i.e. are we "spending" our emissions budget so fast that it will run out?). Finally, the Corporate emission budget for buildings and fleet vehicles can be allocated amongst relevant Divisions, Agencies and Corporations that control emitting assets (from a capital budget and operational perspective) for purposes of accountability.

Scope of Corporate Emission Budgets

The Corporate emissions budget applies to Corporate building and fleet vehicle emissions. The system of accounts for the Corporate emissions budget is the Inventory, specifically the subsectors labeled as "Corporate – Social Housing" and "Corporate – City Facilities and Buildings" which together constitute the Corporate Buildings subsector; and "Corporate - Transportation" which includes Corporate fleet vehicles, including TTC buses. Corporate emissions from the "Waste", "Wastewater Treatment", "Water Supply" and "Streetlights" subsectors in the Inventory are currently out of scope because the emissions in these subsectors are either: (i) due to waste treatment processes (methane and nitrous oxide) and are less readily able to be addressed than the carbon dioxide emissions from fossil fuel energy consumption in Corporate buildings and transportation; or (ii) trivial.

Like any system of accounts, the Inventory is periodically refined. For instance, changes to baselines, scope adjustments including reorganizing emission sources between subsectors, or methodological updates may alter the accounting of Corporate emissions. The *Climate Change Goals and Governance* chapter of the Municipal Code allows for such changes to be incorporated into to the Inventory, including retrospective adjustments.⁶ Environment & Climate staff responsible for the Inventory are working on

⁶ *Climate Change Goals and Governance*, Municipal Code Ch. 669, at § 669-1.1, see definition of *City of Toronto Sector-Based Greenhouse Gas Emissions Inventory* noting that Inventory data "include[es] any retrospective revisions due to updated emission factors or for any other reason."

refinements to the accounting of Corporate emissions in the Inventory with staff from the Corporate Sector Leaders. If this work results in changes to the Inventory that would necessitate changes to the emission budgets for Corporate Buildings and Transportation recommended in this report, a new recommendation would be brought to Council for consideration in future.

Corporate Emission Budgets - Next Steps

The *Climate Change Goals and Governance* chapter of the Municipal Code requires that an “Advanced Plan” for reducing emissions from Corporate Buildings and Corporate Transportation in line with emission budgets be presented to City Council by end of Q2 2025, as part of the Net Zero Strategy Action Plan for 2026-30. The Advance Plans must outline the allocation of emission budgets between portfolios of Corporate buildings and fleets, identify key actions to reduce emissions as well as the needs, risks and dependencies for those actions and strategies addressing them. The Advance Plans are to be submitted by the City Manager, or designate, in consultation with the Corporate Sector Leaders that are already charged with implementing Council-approved plans for decarbonizing Corporate buildings and fleet vehicles, *i.e.* Corporate Real Estate Management's Net Zero Carbon Plan ([2021.IE23.2](#)), the Sustainable City of Toronto Fleets Plan ([2023.IE3.5](#)) and TCHC emission reduction projects.

CONTACT

Cecilia Fernandez
Manager, Policy & Research
Environment & Climate Division
Tel: 416-338-5469
E-mail: Cecilia.fernandez@toronto.ca

James Nowlan
Executive Director
Environment & Climate Division
Tel: 416-392-6064
E-mail: james.nowlan@toronto.ca

SIGNATURE

James Nowlan
Executive Director
Environment & Climate Division

ATTACHMENTS

No attachments.