

# BudgetTO

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#budgetTO

# Carbon Budget

January 15, 2025



# Carbon Budget: Basis and Purpose

- In May 2023, Council adopted a Carbon Accountability governance system ([2023.IE3.4](#)), codified in the [Climate Change Goals and Governance](#) by-law (Mun Code, Ch. 669)
  - Among other things, this system requires a Carbon Budget report in each budget cycle that addresses key questions such as:
    - What is the budget's impact on GHG reduction?
    - What is the budget's impact on fossil fuel dependencies?
- The [Carbon Budget Baseline](#) was released with the 2024 Capital and Operating Budget. Unlike previous years, this report focused on the **impact** of City-led GHG reduction actions & fossil fuel dependencies in Corporate service delivery
- Starting in 2024: Carbon Budget Prioritization Process
  - Proactively identify new and enhanced actions that could reduce GHGs and be included in 2025 proposed budget, providing additional impact on top of baseline actions that continue year-over-year
  - Culminates in Carbon Budget reporting (BN on staff-proposed budget, Staff Report on Council-adopted budget)

# 2021-2025: Climate Briefing Note Evolution

## 2021 Greenhouse Gas and Climate Resilience Investment Summary

- ✓ Project identification via tagging – capital projects that reduce GHGs and/or increase Climate Resilience

## 2022 Greenhouse Gas (GHG) Reduction and Climate Resilience Investment Summary

## 2023 Greenhouse Gas (GHG) Reduction and Climate Resilience Investment Summary

- ✓ Refinement of tagging instructions with a standardized list of objective criteria
- ✓ Helped build public awareness of climate-related spending in the capital budget
- ✓ No measure of progress on “climate action”
  - Will identified spending reduce GHG emissions and by how much? Will it enable achievement of Council-set GHG targets?

## 2024 Carbon Budget Baseline

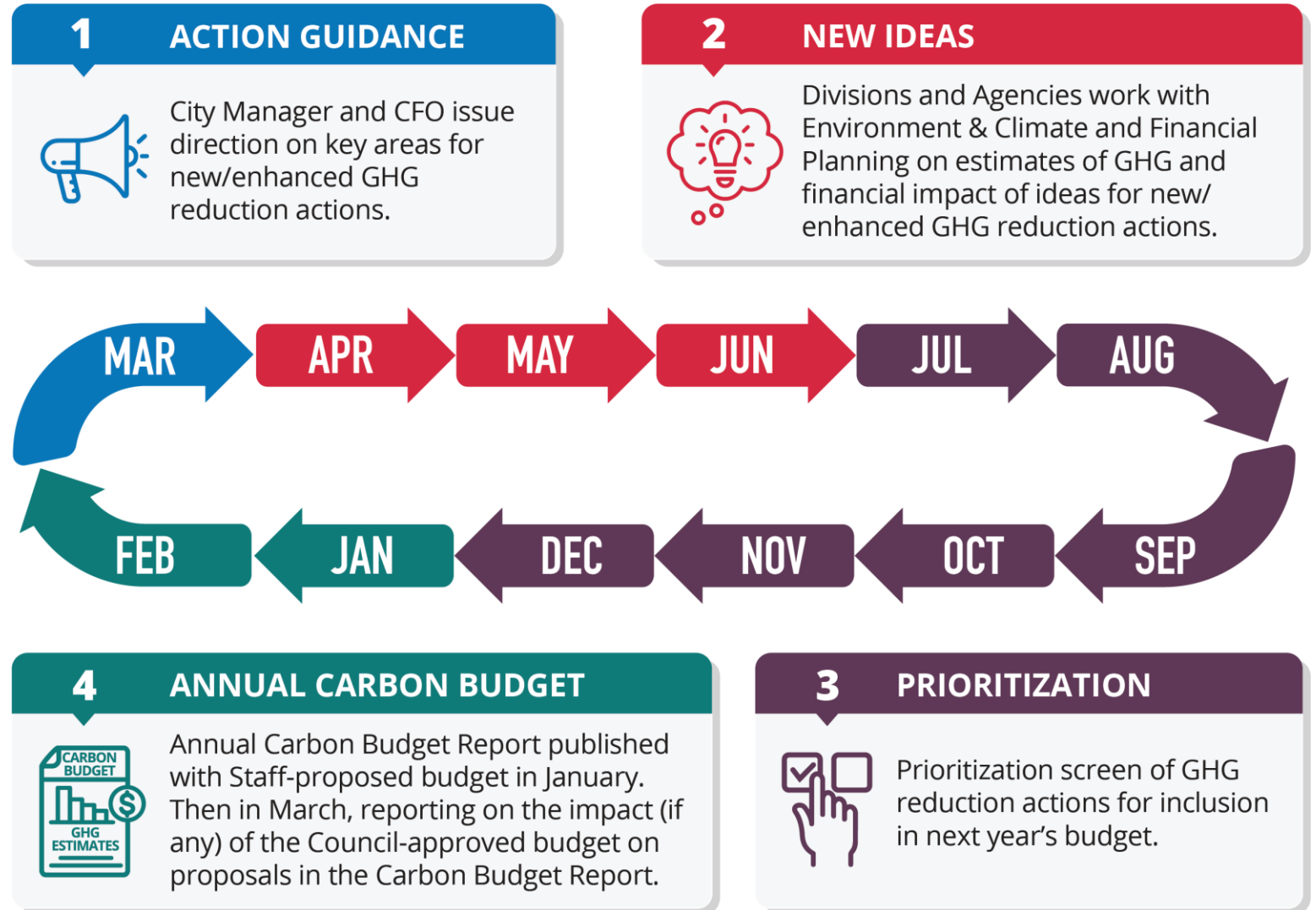
- ✓ Focus on GHG reduction impact and include operating budget: estimated GHG reduction potential for each key City-led action (projects and programs) in annual budget
- ✓ Assessment of budget alignment with progress on Net Zero Strategy goals
- ✓ Track fossil fuel dependencies in the City’s operating and capital budget proposals

**NEW for 2025:** Carbon Budget Prioritization process to identify new/enhanced actions that can help accelerate toward Council-set GHG goals

# 2025: Carbon Budget Prioritization Process

Annual process to identify and prioritize new/enhanced GHG reduction actions for inclusion in budget

Budget 2025 contains 31 new/enhanced GHG reduction actions with an estimated annual GHG reduction impact of 65,858 t CO<sub>2</sub>e in 2025, growing to 244,615 t CO<sub>2</sub>e annually once fully implemented



# 2025: Carbon Budget Process

Proposals sorted into priority tiers of impact for Net Zero Strategy, based on presence of one or more factors (GHG, Enabling, Inclusivity/Equity contribution):

Priority tier	GHG reduction (est. annual, t CO <sub>2</sub> e)	Enabling potential (indirect GHG reduction)	Contribution to inclusive/equitable NZ*
HIGH	100s – 1,000s	High	High
MEDIUM	10s – 100s	Moderate-High, though uncertain	Moderate
LOW	0 – 10	Insignificant	Insignificant

\*Analysis used was similar to framework for assessing high/med/low impact in 2024-25 Equity Responsive Budgeting manual, adapted to net zero context.

# Investments in Climate Action

The 2025 Budget makes investments in climate mitigation and adaptation actions aimed at reducing ~160,725 tonnes/CO<sub>2</sub> while improving resilience to climate change. Key highlights across key sectors include:



## Buildings

-  **Enhanced Home Energy Loan Program** for modest income homeowners in low-rise buildings (incl. multi-unit)
-  **New bulk purchase program** for residential heat pump installations
-  **Fuel switching and energy retrofits** in city-owned buildings



## Mobility & Fleet

- **Bike Share Toronto expansion**
-  **TTC green bus program continuation**
- **EV charging infrastructure**
-  **Hybrid waste truck pilot** for City-owned fleet



## Water & Waste

- **Basement flooding protection program**
-  **Organics diversion boost** with upgrades at Dufferin Organics Processing Facility



## Resilience

- **Port Lands flood protection** through Don River naturalization
- **Green streets infrastructure**
- **Stream restoration and erosion control**
- **Enhanced greenspaces** for better cooling and water absorption

\*Projects noted with  prioritized using new Carbon Budget Prioritization Process

# Other Highlights

- ✓ City's ongoing support of Toronto Hydro investments to ready the local electricity distribution grid for increasing electrification in the building and transportation sectors.
  - City will facilitate investments through:
    - a one-time special equity injections of \$50 million,
    - annual investments of \$25 million from 2025-2034, and
    - a targeted and phased down fixed dividend payment schedule by Toronto Hydro ([2024.EX15.7](#))
  
- ✓ Increasing Climate Resilience
  - Program areas that contribute to increasing climate resilience have a planned capital investment of \$17,545 million over the next 10 years
  - Focus in 2025 to gather information to better understand overall costs of climate change to the City and prioritize climate-related risks for action

# Corporate Fossil Fuel Dependencies

**Fossil Fuel Reliant  
Capital Projects**



**Fossil Fuels for  
Corporate Operations**

2025 Capital budget contains \$1,367M and 2025-2034 Capital plan contains \$10,066M for projects tagged as containing at least one “fossil fuel reliant” element (e.g. procurement of assets powered by fossil fuels)

2025 Operating budget contains \$50.3M for the purchase of fossil fuels to consume in Corporate operations (e.g. fossil natural gas to heat buildings; diesel and gasoline for vehicles). Projected consumption of fossil fuels in Corporate operations in the 2025 budget year would result in 332,007 t CO<sub>2</sub>e emissions.



# Intergovernmental Dependencies

- ✓ Achieving net-zero requires sustained collaboration across governments, despite fiscal constraints, shifting public priorities, and election-driven policy uncertainties.
- ✓ Potential federal government change may impact key decarbonization policies (e.g., Carbon Pricing, Clean Fuel Regulation, EV Availability Standard).
- ✓ Ontario's energy plans (IRRP, IERP) will significantly influence decarbonization outcomes.
- ✓ Ontario's IERP will define the future of energy use, including electricity grid carbon intensity and fossil natural gas policies for the buildings sector.

# Intergovernmental Dependencies (cont.)

- ✓ To meet the City's climate goals in the three largest emission categories will require leadership and assistance from other orders of government:



## Buildings

- Pathways and standards to achieve net-zero emissions from new and existing buildings
- Financing and incentives to support building energy retrofits, with a focus on low and modest income households and small business



## Transportation

- Accelerated implementation of the Canada Public Transit Fund (before the 2026 budget year)
- Accelerated Electric Vehicle (EV) uptake with increased purchasing incentives or mandates from either federal or provincial governments
- Accelerated EV uptake through increased incentives to build out EV charging infrastructure guided by the City's approach and strategy of the Public Electric Vehicle Charging.



## Electricity

- Establishment of an implementation plan, with identified major transmission, distribution and generation infrastructure needed to achieve a net-zero, decarbonized grid
- Ambitious and achievable federal Clean Electricity Standards

# Thank You

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