

TransformTO Net Zero Strategy: Action Plan (2026-2030)

Date: November 26, 2025

To: Infrastructure and Environment Committee

From: Executive Director, Environment, Climate and Forestry and Chief Financial Officer and Treasurer

Wards: All

SUMMARY

This report responds to requirements in the *City of Toronto Municipal Code Chapter 669, Climate Change Goals and Governance* to provide the TransformTO Net Zero Strategy (NZS) Action Plan (2026-2030) ("the Plan"). The Plan, available in Attachment 1, focuses on mitigating greenhouse gas (GHG) emissions to limit future climate change and was co-developed with Divisions, Agencies and Corporations, including Finance and Treasury Services, with further analysis required for future considerations.

In 2021, City Council adopted the TransformTO Net Zero Strategy, along with an ambitious target of net zero GHG emissions by 2040 community-wide, and the first implementation plan. Since that time the City's approach to climate has developed substantially and now includes a robust Carbon Accountability framework, delivery of foundational programs and projects, in-house technical GHG modelling, a sophisticated understanding of the City's climate opportunities and challenges, and advisory tables, all of which informed the development of this Plan.

The City is moving toward net zero GHG emissions community-wide and doing as much as it can as soon as it can, while being sensitive to residents' and businesses' current economic situations and the limitations on what actions can reasonably and legally be implemented by municipal governments. The actions in the NZS Action Plan (2026-30) are designed to benefit Torontonians by contributing to climate resilience, considering affordability and opportunities for economic prosperity, improving health and leading to more equitable outcomes, as well as reducing GHG emissions that cause climate change.

Investing in climate action reduces the high cost of adapting to Toronto's changing climate and responding to extreme weather events. The City is already taking action to address climate risks, and existing climate change adaptation actions are identified at toronto.ca/climateready. Key initiatives that promote climate-resilient natural and built environments include the [Toronto Green Standard](#), [Toronto Green Streets](#), the [Wet](#)

[Weather Flow Master Plan](#), a new incentive for rain barrels on private property, and the [Ravine](#), [Biodiversity](#), [Pollinator Protection](#) and [Parkland](#) Strategies. Responding to climate impacts is a core component of the City's [Emergency Response Plan](#), as well as key people-centered initiatives such as the Heat Relief Strategy, the [Air Conditioner Assistance Program](#) and the [Wildfire Smoke Response Strategy](#). The City also has a long track record on climate action to reduce GHG emissions, such as improving affordability of energy efficient retrofits for homeowners with support from the Home Energy Loan Program (HELP), replacing TTC diesel buses with hybrid and battery-electric buses to improve air quality, and introducing the first Carbon Budget for 2025. A comprehensive description of the City's latest GHG-reduction actions is available in the [NZS 2024 Progress Report on Implementation Progress](#). Strengthening the City's relationships with Indigenous communities is understood to be critical to climate work however, City staff must continue to build internal capacity so that engagements with Indigenous partners are informed, respectful and reciprocal.

Achieving Toronto's climate goals will require coordination with, and prioritization of, strong climate action policy leadership alongside adequate and stable long-term funding, policy and program supports from other levels of government. A shifting policy and program landscape in recent months at other levels of governments is an ongoing source of uncertainty for those looking to take action to reduce emissions and the businesses and supply chains that enable those actions. Since the beginning of 2025, there have been a number of global, national and provincial actions that directly impact the City's ability to achieve its net zero target, including its ability to establish a successful Building Emission Performance Standards (BEPS) program. These include the removal of a consumer carbon price, the non-renewal of federal funding to support home and building energy retrofits in the recent federal budget, and imposition of tariffs and legislative changes that make more challenging the ability of municipalities to implement climate-positive programs. Given these challenges, along with the affordability and economic competitiveness questions raised by Toronto City Council this past July ([2025.EX25.6](#)), City staff have not brought forward a bylaw for consideration and will continue to review opportunities to address these challenges before seeking Council direction on a bylaw. The City will also postpone the data reporting requirement for buildings exceeding 929 square metres (~10,000 square feet) but less than 4,645 square meters (~50,000 square feet) until 2027, while work continues to put in place a reporting help centre and streamline access to building data.

When only City-led actions are considered and federal and provincial policies removed, a significant gap remains between the BAP emissions trajectory and the level required to reach the City's 2040 net-zero community emissions target. More specifically, community-wide modelling to 2040 shows that a combination of the Business-as-Planned (BAP) actions already being implemented by the City and covered in the NZS Action Plan (2026-2030), and additional quantifiable actions proposed in Attachment 1, anticipate a decline in emissions by approximately eight per cent (1.1 MtCO₂e) compared to the Business-as-Usual (BAU) scenario by 2040. This highlights the importance of coordination with other levels of government and the prioritization of strong climate action policy, programs and funding to achieve Toronto's climate goals.

While community emissions remain challenging to address, the City has made policy changes, dedicated budget and driven operational commitments to make corporate

emissions targets more achievable. City corporate modelling shows a smaller gap between anticipated emissions from corporate sources and the 2040 net zero target after planned climate actions are implemented. The greatest corporate GHG-reducing actions modelled are the TTC Green Bus Program and actions related to decarbonizing existing City buildings and fleets. As directed by City Council through Item 2024.IE12.3, this report includes recommendations to transition the City's own equipment to lower carbon energy sources.

The Net Zero Strategy Action Plan (2026-2030) will not meet the 2030 target of 65% reduction from 1990 levels, nor will the emissions budget allotted for community-wide emissions be achieved for this time period given the external factors described in this report. Affordability challenges combined with changes to federal and provincial policies have resulted in a Plan which moves climate action forward while supporting residents with their everyday essential life activities, strengthening Toronto's resilience to future risks posed by shifting energy policy, focusing on corporate decarbonization, and ensuring that equity is embedded in climate work going forward.

In addition to the NZS Action Plan (2026-2030), an update on the City's approach to public electric vehicle (EV) charging is provided in Attachment 7 of this report. An update on vehicle idling (responding to a separate City Council direction, 2025.IE19.2 Decision Part 3) is available in Attachment 8.

Please note that the signature from the Chief Financial Officer and Treasurer relates only to those portions of the report that support Recommendations 1 and 2, including Attachments 1 and 4.

RECOMMENDATIONS

The Executive Director, Environment, Climate and Forestry and the Chief Financial Officer and Treasurer recommend that:

1. City Council receive for information Attachment 1 and Attachment 4 to the report from the Executive Director, Environment, Climate and Forestry and the Chief Financial Officer and Treasurer, which together represent the Advanced Plan for Community emission sources as required by section 669-2.3C (1) of Code Chapter 669 (Climate Change Goals and Governance).
2. City Council direct the Executive Director, Environment, Climate and Forestry, in consultation with the Chief Financial Officer and Treasurer, to report to Infrastructure and Environment Committee in the second quarter of 2028 with a financial analysis of reaching Toronto's net zero goals by 2040. The financial analysis will include estimated funding needs to achieve the City's target of net zero greenhouse gas emissions from corporate building and transportation sources, including those activities that will need to be undertaken by Divisions, Agencies and Corporations.

The Executive Director, Environment, Climate and Forestry recommends that:

3. City Council receive for information Attachment 2, "Advanced Plan for actions to achieve the 2026-2030 greenhouse gas emissions budget for Corporate emission

sources – Buildings, and Accountability Plan” as required by section 669-2.3D (1) of Code Chapter 669 (Climate Change Goals and Governance).

4. City Council receive for information Attachment 3, “Advanced Plan for actions to achieve the 2026-2030 greenhouse gas emissions budget for Corporate emission sources – Transportation, and Accountability Plan” as required by section 669-2.3E (1) of Code Chapter 669 (Climate Change Goals and Governance).

5. City Council direct the Executive Director, Environment, Climate and Forestry; in consultation with the Executive Director, Corporate Real Estate Management Division, the Chief Executive Officer, Toronto Transit Commission, the Chief Executive Officer, Toronto Community Housing Corporation and other affected City Divisions, Agencies and Corporations; to report to Infrastructure and Environment Committee in the second quarter of 2028 with a policy to guide the transition of all City of Toronto Divisions and Agencies away from the procurement and operation of equipment that combusts fossil fuel in City-owned facilities by 2040; such policy to include:

a. timeline, resources for, and process for the phase-out of procurement and operation of equipment that combusts fossil fuel, subject to a list of exceptions, determined based on the Zero Carbon Transition Plans for buildings that must be developed by December 31, 2027, as required by Municipal Code Chapter 669, Appendix A section 4A(7)(c);

b. an appropriate report back mechanism for adherence to the policy through Municipal Code Chapter 669; and

c. other elements deemed necessary to operationalize the policy and enable the City’s transition away from equipment that combusts fossil fuel in City-owned facilities by 2040.

6. City Council amend Code Chapter 367, as follows:

a. in §367-2.1.A.(2), delete “2026” and replace with “2027” in order to postpone the required reporting; and

b. in §367-2.4.B., renumber subsection (3) as subsection (4) and add a new subsection (3) to address the 2026 reporting year that states: “(3) On or before July 2, 2026 for the 2026 reporting year.”

7. City Council direct that the amendments to Code Chapter 367, described in Part 6 above, come into force on January 1, 2026.

8. City Council authorize the Deputy City Manager, Corporate Services, or their designate, until December 31, 2030, to negotiate and enter into agreements, as may be required, to support the implementation of the City Council-adopted recommendations presented in the Transform TO Net Strategy Action Plan 2026-2030 with non-profit, public, and private sector organizations to:

a) collaborate on projects or initiatives;

b) provide in-kind and/or financial support from the approved Environment, Climate and Forestry Division budget on projects or initiatives; and/or

c) receive funding, on terms and conditions acceptable to the Deputy City Manager, Corporate Services, in consultation with the Executive Director, Environment, Climate and Forestry, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The TransformTO Net Zero Strategy Action Plan (2026-2030) ("the Plan") builds on previous City Council investments to support climate action. In December 2021, City Council endorsed the TransformTO Net Zero Strategy, a Greenhouse Gas (GHG) reduction target of net zero community-wide by 2040 and the Short-term Implementation Plan (2022-2025) ([2021.IE26.16](#)). The report's Financial Impact Statement, at the time, indicated that, "significant future budget impacts are expected from affected divisions as the implementation of existing programs continue or are accelerated and as new actions are initiated."

The Carbon Budget Prioritization process, adopted by Toronto City Council in 2023 as part of the Carbon Budget Accountability framework, was implemented in 2024 for the 2025 budget cycle. This process focuses on the costs of new and enhanced climate actions and integrates their prioritization into the City's budget planning. For the 2025 Budget, staff prioritized 31 new or enhanced GHG reduction initiatives, projected to reduce emissions by 65,858 t CO₂e in 2025 and up to 244,615 t CO₂e annually upon full implementation. The City allocated \$1.95 billion in its 2025 Capital Budget and \$13.87 billion in the 10-year Capital Plan (2025–2034), along with \$78.47 million in the 2025 Operating Budget, achieving an estimated reduction of 160,725 t CO₂e.

In July 2021, City Council received the report, Building Net Zero Emissions City Buildings – Corporate Real Estate Management's Net Zero Carbon Plan. The Financial Impact Statement for the report estimated the total and annual investment required in City buildings to reduce GHG emissions to net zero by 2040. The total annual cost was estimated at \$205 million, and the total estimated investment to 2040 was estimated at \$4.1 billion.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.IE23.2>

In May 2023, City Council adopted the Sustainable City of Toronto Fleets Plan (2023 Update and Status Report). The report's Financial Impact Statement identified the estimated ten-year capital funding required to implement the Sustainable Fleets Plan for Fleet Services at \$213.2 million, over and above the ten-year Fleet Replacement Program.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE3.5>

Advanced Plans for corporate buildings and transportation (presented in Attachments 2 and 3) represent the next step of refinement of the original budget estimates. The development of Advanced Plans, as required by sections 669-2.3D (1) and 669-2.3E (1) of Code Chapter 669 (Climate Change Goals and Governance), is driven by imposing

2026-2030 emissions budgets limits which are then mapped to corresponding financial budget requirements. The process ensures that links are made to decarbonize City assets and equipment in a systematic way over the time period.

Although funding is currently allocated to reducing the City's corporate emissions, as described above, existing capital plans across City's Divisions, Agencies and Corporations are insufficient to fully implement the current Plan and future Action Plans needed to achieve the 2040 net-zero target. Additional funding will be required, along with consideration of funding mechanisms and trade-offs. For example, prioritizing net-zero initiatives may necessitate reallocating funds from other purposes. Implementation costs for measures outlined in the Plan will be reflected in future budget requests from the responsible Divisions, Agencies, and Corporations.

Staff will report back in 2028 with a more comprehensive financial analysis of reaching Toronto's net zero goals by 2040. The financial analysis will include estimated funding needs to achieve the City's target of net zero greenhouse gas emissions from corporate building and transportation sources, including those activities that will need to be undertaken by Divisions, Agencies and Corporations. The report will include an estimate of the anticipated operational savings, a description of the financial trade-offs, and any additional funding approaches that will need to be considered to meet the target.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

EQUITY IMPACT

The Plan aims to embed equity in its approach, giving attention to the inequalities experienced in how communities experience climate change, but also the opportunities to improve equity, resilience, prosperity and health through climate action.

Equity-deserving communities disproportionately bear the adverse effects of climate change due to systemic issues. Examples of the disproportionate burdens of climate change include greater susceptibility to extreme heat for residents of apartments without cooling, and increased vulnerability to damage to housing from extreme weather and higher repair and retrofit costs for people living in lower quality housing.

The Plan was developed using an equity lens with the intent of creating more equitable outcomes, by including actions that offer communities more equitable opportunities to participate in, and benefit from, climate action initiatives. During Plan development, actions for potential inclusion in the Plan were considered through a number of lenses, including a social equity lens to identify equity considerations, contributions or impacts, and an affordability lens to consider potential burdens to impacted people. The applied equity lens includes embedded reflection on how programs and policies impact people of diverse incomes, abilities, ages and English proficiency. Attention was also given to the co-benefits of climate action – health, prosperity and resilience. Actions were included, excluded or improved and then included based on this approach.

For each action that is included in the Plan equity considerations are noted, where applicable. Examples of new and expanded climate actions in the Plan that can provide more equitable opportunities include enhanced youth climate engagement initiatives and a Black-led climate action grants program. Enhanced transit and cycling actions provide safe, lower cost transportation options to help people of a range of incomes and abilities access employment, education and daily needs. People who live close to major roadways experience greater exposure to air pollutants that impact health and therefore benefit from transportation actions that lower the consumption of fossil fuel, reducing emissions of both air pollutants and greenhouse gases.

For the first time, a set of climate equity indicators has been developed to track progress towards embedding equity in climate-related actions. This initial set of climate equity indicators focuses on home energy, transportation and the urban forest. The climate equity indicators will be tracked and reported on an annual basis where possible.

DECISION HISTORY

At its meeting July 23 and 24, 2025, City Council adopted the report, *Mayor's Economic Action Plan in Response to United States Tariffs - Update to Council*. City Council's decision Part 4 directed the development of a report on "The Electrification Advantage" that outlines the accelerated concrete actions to increase the deployment of local renewables. City Council's decision Part 6 requested the Executive Director, Environment, Climate and Forestry "to prioritize actions that do not adversely affect affordability and economic competitiveness and include these in the report in the fourth quarter of 2025 for Building Emission Performance Standards with the next short-term plan to reduce community-wide and City corporate greenhouse gas emissions over 2026-2030". <https://secure.toronto.ca/council/agenda-item.do?item=2025.EX25.6>

Annual reports on progress in implementing the TransformTO Net Zero Strategy have been adopted by City Council for the years 2022, 2023 and 2024.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.IE22.9>

<https://secure.toronto.ca/council/agenda-item.do?item=2024.IE12.3>

<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE3.3>

At its meeting March 26 and 27, 2025, City Council directed the Executive Director, Environment, Climate and Forestry and the General Manager, Transportation Services, in consultation with Toronto Public Health, to report back to the Infrastructure and Environment Committee in the fourth quarter of 2025 with recommendations on how to enhance enforcement and compliance by diesel trucks with Toronto's anti-idling by-law (Decision Part 3), and the report back is included as Attachment 8 to this report.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.IE19.2>

On October 9 and 10, 2024, City Council adopted the report, *Approach to Public Electric Vehicle (EV) Charging to 2030*, that outlined a strategy and plans that will ensure sufficient public charging infrastructure will be in place to accommodate growth in EV ownership to 30 per cent of registered personal vehicles by 2030. A report back requested by City Council is included in Attachment 7 to this report.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.IE16.5>

At its meeting April 17 and 18, 2024, City Council directed the Executive Director, Environment and Climate, and the Executive Director, Corporate Real Estate Management, in collaboration with other Divisions, Agencies, Boards and Corporations of the City of Toronto, to include in the TransformTO Net Zero Implementation Strategy for 2026-2030 a timeline, the resources for, and process for, phasing out the use of fossil gas in all new and existing City-owned facilities by 2040 (Decision Part 3). The recommendations being brought forward in this staff report respond to the City Council direction.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.IE12.3>

At its meeting May 10, 11 and 12, 2023, City Council adopted the report, *Carbon Accountability: Institutionalizing Governance, a Carbon Budget and An Offset Credits Policy*, that set out the carbon accountability system including Municipal Code Chapter 669, Climate Change Goals and Governance.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.IE3.4>

On December 15, 2021, City Council endorsed the Transform TO Net Zero Strategy and adopted the target of net zero GHG emissions in Toronto community-wide by 2040. City Council also endorsed the TransformTO Short-Term Implementation Plan (2022-2025).

<https://secure.toronto.ca/council/agenda-item.do?item=2021.IE26.16>

COMMENTS

The City of Toronto is working toward the TransformTO vision of an equitable, healthy, prosperous and resilient city that meets the ambitious target of net zero GHG emissions. City Council, in 2021, adopted the TransformTO Net Zero Strategy (NZS), a target of net zero GHG emissions community-wide by 2040, and the short term implementation plan for 2022-2025. The NZS Action Plan for 2026-2030, outlined in this report, builds on the work done to date and retains the net zero GHG ambition but also recognizes that action is being carried forward under a different policy context and different economic and social conditions.

The City is already taking action to address climate risks, and existing climate change adaptation actions are identified at toronto.ca/climateready. Key initiatives that promote climate-resilient natural and built environments include the [Toronto Green Standard](#), [Toronto Green Streets](#), the [Wet Weather Flow Master Plan](#), a new incentive for rain barrels on private property, and the [Ravine](#), [Biodiversity](#), [Pollinator Protection](#) and [Parkland](#) Strategies. Responding to climate impacts is a core component of the City's [Emergency Response Plan](#), as well as key people-centered initiatives such as the Heat Relief Strategy, the [Air Conditioner Assistance Program](#) and the [Wildfire Smoke Response Strategy](#). The City also has a long track record on climate action to reduce GHG emissions, such as improving affordability of energy efficient retrofits for homeowners with support from the Home Energy Loan Program (HELP), replacing TTC diesel buses with hybrid and battery-electric buses to improve air quality, and introducing the first Carbon Budget for 2025. A comprehensive description of the City's

latest GHG-reduction actions is available in the [NZS 2024 Progress Report on Implementation Progress](#).

Approach

The NZS Action Plan (2026-2030) focuses on opportunities with greater impact on GHG reductions. It also includes enabling actions that engage and connect people and facilitate climate action. The Plan retains Toronto's original ambition but also takes care not to overburden already challenged members of the community. Each section of the Plan includes equity considerations and the co-benefits of climate action, such as resilience, health and economic prosperity.

To ensure the City is accountable for working toward the net zero goal, Municipal Code Chapter 669, Climate Change Goals and Governance, requires the preparation of a 2026-2030 Advanced Plan for Community sources of GHG emissions. The Advanced Plan for Community sources includes this Staff Report, Attachment 1 and Attachment 4. Municipal Code Chapter 669 also requires the preparation of 2026-2030 Advanced Plans for City corporate sources of GHG emissions from Buildings and Transportation. The Advanced Plans for corporate sources of emissions include Attachment 2 (for Buildings), Attachment 3 (for Transportation) and technical analysis provided in Attachment 4. A full list of the attachments is provided below:

- Attachment 1 contains the NZS Action Plan (2026-2030). It identifies the actions the City will take to reduce emissions community-wide, and it also refers to actions the City will take to address its own emissions.
- Attachments 2 and 3 contain detailed information on actions the City will take to reduce GHG emissions from its buildings and vehicles, including the required accountability plans.
- Attachment 4 provides a discussion of the NZS Action Plan (2026-2030) including contextual information about the inputs and advice received to shape the Plan.
- Attachment 5 contains a short summary of the Plan for a public audience.
- Attachment 6 contains a summary of advice received from the Climate Advisory Group on the development of the Plan.
- Attachment 7 provides an update to the City's approach to public EV charging to 2030.
- Attachment 8 contains an update on vehicle idling, in response to separate Council Direction through item 2025.IE19.2.

The NZS Action Plan (2026-2030) is informed by engagement with the public, the City's Climate Advisory Group and other stakeholders and was co-developed with City Divisions, Agencies and Corporations. The Plan considers the importance of building relationships with local Indigenous communities to enable the City to better work alongside Indigenous climate partners, and the findings from a jurisdictional scan of Indigenous-municipal relationships in Canadian municipal climate planning. Evidence of Toronto's changing climate today and forecasts of increasingly extreme weather underscore the Plan's sense of urgency. The Plan is also informed by technical modelling which identified the GHG-reduction potential of planned climate actions;

however, shifting policies and timelines by other levels of government have created several sources of ongoing uncertainty, including:

- The speed of implementation of federal Clean Electricity Standards and the degree of uptake of the related Clean Electricity Investment Tax Credit.
- The outcome of the federal Electric Vehicle Availability Standard review and whether EV sales targets and financial incentives will continue.
- The failure to renew funding to support home and building energy retrofits.
- The outcome of the federal industrial carbon pricing review and its impact on emissions.
- The outcome of the federal Clean Fuel Standards review and its impact on emissions.
- The impact of the provincial government's recent removal of province-wide requirements to set emissions targets, develop a climate plan, and report on emissions reductions, and its impact on existing and future policies that may have supported emissions reductions.

Themes heard during public engagement related to the impacts of climate change include the negative health impacts of climate change and the financial strain associated with adaptation and response to climate change. With the changing climate, people are taking measures to adapt to climate change including choosing not to go outside during summer heatwaves or to plan their errands and other trips in cooler periods and spending more money to adapt and prepare for extreme weather. These themes helped inform the Plan and highlight the importance of both mitigation and adaptation.

The Plan advances critical steps to achieve net zero (Figure 1). The critical steps were introduced in the Net Zero Strategy and have been updated to reflect new information. The Plan re-orientes the City toward more equitable climate action, and applies an equity lens in all critical steps. Focusing on equity, advancing Reconciliation and encouraging economic development are cross-cutting areas of focus throughout the Plan. All actions in the Plan contribute to advancing the critical steps and cross-cutting areas of focus.

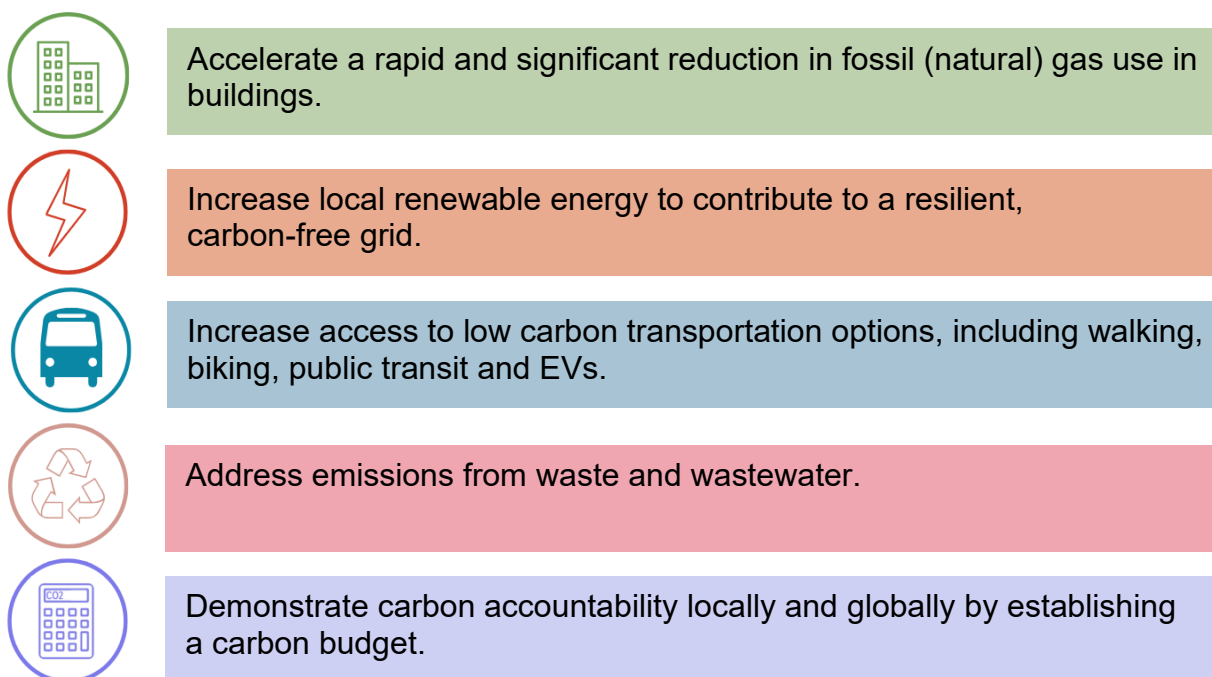


Figure 1. The critical steps for success to meet net zero GHG emissions.

Key insights

In some areas, the City continues to demonstrate leadership among municipalities globally; in other areas, the City faces significant challenges. The greatest source of emissions in Toronto is fossil (natural) gas heating in residential buildings (26 per cent of Toronto's community-wide emissions) and gasoline used in passenger vehicles (22 per cent of community-wide emissions). Though there has been an overall downward trend in emissions over time by sector (buildings, transportation and waste) since 1990, the pace of emissions reduction will not meet the 2025 or 2030 community-wide targets.

Achieving the critical steps to net zero will require leadership and significant ongoing financial, policy and program supports from other levels of government, the private sector, non-governmental organizations and residents.

While provincial and federal support has been both welcome and essential to making progress on Toronto's climate goals, it has also at times been challenging, with programs being developed without adequate municipal input, and inconsistent, one-time funding that does not meet the scale of the challenge. Provincial and federal efforts aligned with the following principles would help guide the City's future climate policy:

- **Process:** Policies and programs co-developed transparently with municipalities at the outset.
- **Certainty:** Long-term, predictable, consistent policy and programs required to achieve 2040, and 2050 climate goals and, where appropriate, funding to support municipal implementation where they are accountable for achieving goals within their boundaries.
- **Magnitude:** Policy and programs that are sufficient to meet the scaling and acceleration required to achieve 2040, and 2050 climate goals.

- Fairness/Equity: Policy and programs that support or ensure municipalities receive an equitable, fair share of program funding and policy supports, and policy implementation on a region- or province-wide basis in order to provide certainty for residents and businesses.

The Plan

The Plan sets out 17 actions, plus sub-actions, organized under the critical steps, and cross-cutting areas of focus.

Critical step 1. Accelerate a rapid and significant reduction in fossil (natural) gas use in buildings:

Fossil (natural) gas used in buildings to heat space and water is the single greatest source of GHGs in Toronto community-wide. Reducing the use of fossil fuels, including fossil (natural) gas in buildings, is a critical step, and without it Toronto will not meet its GHG-reduction targets. Progress is being made: for instance Toronto Community Housing has reduced its fossil (natural) gas consumption by approximately 16 per cent since 2019. This includes dozens of deep tower retrofit projects that have individually saved 35-70 per cent in annual gas consumption. The City will be investigating and implementing, where appropriate, both voluntary and mandatory actions to meet this step. Rapidly and significantly reducing fossil (natural) gas use in buildings will take active participation from other levels of government, the private sector and building owners and residents.

Critical step 2. Increase local renewable energy to contribute to a resilient, carbon-free grid:

Alongside efficient buildings, having a sufficient and resilient supply of affordable, zero-carbon energy is critical to Toronto's net zero success. The GHG-reduction benefits of electrifying buildings and transportation will be realized only if the source of energy transitions from fossil fuels, such as fossil (natural) gas, gasoline and diesel fuel, to zero-GHG electricity generation sources. Toronto will achieve net zero only with a carbon free electricity grid, which will require the provincial government's planning and cooperation. However, GHG emissions generated from Ontario's electricity sources are currently rising as the Province increases reliance on fossil (natural) gas for electricity generation. The City continues to advocate for cleaner, renewably generated electricity while increasing energy conservation efforts through its participation in regional electricity planning processes. The City can also play a role in increasing local distributed renewable energy generation.

As part of the "Mayor's Economic Action Plan in Response to United States Tariffs", ECF was directed to work with Toronto Hydro and The Atmospheric Fund to develop a report on "The Electrification Advantage" that outlines the accelerated concrete actions to increase the deployment of local renewables and help achieve the goals of the TransformTO climate strategy, enhance energy security, strengthen the long-term financial and environmental sustainability of Toronto, encourage innovation and job creation, and address long term affordability concerns for Toronto residents and

businesses. This report will be considered by City Council in early 2026 and will build on the high-level electrification and renewables commitments outlined here.

Critical step 3. Increase access to low carbon transportation, including walking, biking, public transit and electric vehicles:

Increasing access to low carbon transportation, including walking, cycling, public transit and electric vehicles is critical to reducing emissions from transportation, Toronto's second-largest GHG emissions sector. Safe, affordable, convenient and reliable infrastructure and services to encourage increased cycling, walking and transit improve affordability and access to mobility, while improving air quality and health. Improvements in transit service, transit priority and multi-modal infrastructure, as outlined in this Plan, connect with and support other City priorities including the City's Vision Zero Road Safety Plan and Congestion Management Plan. Transitioning vehicles from fossil fuels to electricity generated from clean sources is critical to reaching Toronto's GHG targets and will require leadership from other levels of government.

Critical step 4. Address emissions from waste and wastewater:

Addressing GHG emissions from waste and wastewater is being introduced in this Plan as a new critical step for success in meeting net zero GHG. Waste continues to be the third largest source of community-wide emissions, according to the City's 2023 Sector-Based Emissions Inventory. In terms of corporate emissions, the Inventory identified that wastewater and waste together accounted for 31 per cent of GHG emissions from the City's corporate operations—mostly coming from wastewater treatment activities which accounted for 27 per cent of the City's corporate emissions.

The majority of GHG emissions from wastewater treatment are “process emissions” released during biological treatment rather than by fossil fuel combustion. These process emissions, methane (CH₄) and nitrous oxide (N₂O), have global warming potentials 28 and 265 times greater than carbon dioxide (CO₂), respectively, highlighting the importance of reducing these emissions to the extent possible.

Critical step 5. Demonstrate carbon accountability locally and globally by establishing a carbon budget:

Carbon accountability processes are critical for guiding and tracking progress toward GHG targets. The City has established a Carbon Budget process that is being implemented annually. The Carbon Budget process is a means for identifying and prioritizing impactful GHG reduction actions (projects, programs, policies) in the City's annual budget, and commenced with the 2025 Budget process. In 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 a Carbon Budget process to identify and prioritize impactful GHG reduction actions in the City's annual budget, alongside 5-year emission budgets, with required planning and reporting processes.

As required by the Climate Change Goals and Governance By-law (Municipal Code Chapter 669), for the first time Divisions and Agencies responsible for the City's

buildings and transportation developed Advanced Plans to identify how these emission budgets will be met over 2026-2030. Advanced Plans (2026-2030) and Accountability Plans for Corporate sources of emissions from buildings and transportation are being provided to City Council in Attachments 2 and 3, respectively.

Cross-cutting: Focus on equity, advance reconciliation and encourage economic development:

The Plan also outlines cross-cutting equity, reconciliation and engagement activities that the City will take, which apply to many critical steps. With this Plan, the City aims to ensure that actions have positive equity outcomes and address the barriers and challenges that communities may face in climate action. This includes making City climate-related engagement, programs and policies more inclusive, and being more deliberate in understanding and aligning with the priorities and needs of Black, Indigenous and equity-deserving communities.

Climate equity is the principle that everyone – regardless of gender, race, ethnicity, ability or any other characteristic – should benefit from a healthy environment and have access to resources and opportunities they need to protect themselves from the impacts of climate change. The degree to which a person or community is impacted by climate change is strongly tied to their level of access to resources, such as secure, good-quality housing, efficient transportation and sufficient income for daily and longer-term needs. Poor access to resources can lead to climate inequalities, leaving people vulnerable to rising food, water and energy prices, and limiting their ability to invest in resources that prepare them for the impacts of climate change and being part of climate action. Actions to encourage green industries and train the necessary workforce are included in the Plan, as they increase opportunities for all groups.

The actions included in this Plan were developed with an equity lens, and equity considerations are noted throughout the Plan. For the first time, a set of climate equity indicators is being introduced to track progress over time.

Indigenous relationships:

In 2022, ECF invited members of the Toronto Indigenous community to join the newly established Climate Advisory Group. However, the recruitment process proved to be challenging. As a result, ECF decided to better understand the root causes of these challenges. Over 2024-2025, ECF completed a jurisdictional scan of how other Canadian cities are approaching engagement and relationship-building with local Indigenous communities with specific focus on climate action work. At the same time, ECF moved forward with a series of conversations with Indigenous community members called “listening sessions” that addressed concepts related to climate change.

A key learning from this work is that relationship-building is a precursor to working with Indigenous communities on climate action and that the City is currently on this first step. The City has shown a clear desire to strengthen its relationships with Indigenous communities; however, meaningful collaboration is restricted within the constraints of colonial municipal structures. The City's climate strategies, though advancing towards net-zero emissions, often do not directly relate to perspectives on lands, waters and the

world around us. To move forward, City staff must continue to build internal capacity and learning so that engagements with Indigenous partners are informed, respectful and reciprocal. At this stage, relationship-building remains the central and necessary focus. Some of the next steps on Indigenous relationship-building and recommended future action are summarized in Attachment 4.

City of Toronto Corporate actions:

The Plan includes actions to address GHG emissions from both community-wide sources and City of Toronto Corporate sources. Emissions from City of Toronto facilities, vehicles and operations, which are under the City's direct control, make up six percent of the community-wide GHG emissions. The Plan includes Corporate "lead-by-example" actions that address emissions from the City itself.

The majority of Corporate lead-by-example actions noted in this plan were developed through a new process identified in the Climate Change Goals and Governance by-law (Municipal Code Chapter 669). As required by the by-law, and described further in this report, for the first time GHG emission budgets have been developed for Corporate buildings, and for Corporate transportation for 2026-30.

To maintain momentum toward net zero, in 2024 City Council directed staff, "to include in the TransformTO Net Zero Implementation Strategy for 2026-2030 a timeline, the resources for, and process for, phasing out the use of fossil gas in all new and existing City-owned facilities by 2040" ([2024.IE12.3](#), Decision Part 3). In response to this City Council direction, and to better meet the emissions budgets for the City's Corporate emission sources from buildings and transportation, a recommendation and a new action (Action 13.1) are being brought forward to City Council. The action clarifies and builds on the City's intent (articulated in a previous Council direction, [2021.IE26.16](#), Decision Part 1f) to gradually phase out the procurement (Phase 1) and operation (Phase 2) of fossil-fueled equipment in City facilities by 2040. The recommendation notes the need to report back with a policy (including a list of exceptions), developed in consultation with specified Divisions and Agencies, to guide this transition. This approach will also connect with the City's Environmentally Responsible Procurement Policy ([2024.GG12.18](#)) to cohesively update procurement processes, understand market challenges and support Divisions, Agencies and Corporations.

As noted in the recommendations of this report, staff will report back with a financial analysis of reaching Toronto's net zero goals by 2040. The financial analysis will include estimated funding needs to achieve the City's target of net zero greenhouse gas emissions from corporate building and transportation sources, including those activities that will need to be undertaken by Divisions, Agencies and Corporations. The report will include an estimate of the anticipated operational savings, a description of the financial trade-offs, and any additional funding approaches that will need to be considered to meet the target.

Recognizing that the Plan is being brought forward in a resource-constrained environment, the actions in this Plan focus on opportunities with greater impact on GHG reductions. However, the Plan also includes actions that enable or support climate progress so that work already underway to build and strengthen broader community

investments in environmental sustainability continues to grow alongside the proposed actions. Focusing productive and collaborative attention on these five critical steps, as well as equity, reconciliation, engagement and economic development is necessary if Toronto is to achieve net zero GHG emissions and TransformTO's vision for an equitable, healthy, prosperous and resilient Toronto.

Results from technical modelling

Supportive federal and provincial policies are critical for Toronto to meet its net zero ambitions. Technical modelling indicates that the federal light-duty zero-emission vehicle (ZEV) mandate (paused for one year and undergoing review), and the federal consumer carbon price (removed in April 2025) were the highest-impact GHG-reduction policies modelled for Toronto community-wide, though they are outside of the City's control. The recent loss of the consumer carbon price will significantly limit how quickly Toronto and other cities can reach net zero targets, because it removes the financial imperative to retrofit, unless it is replaced by another effective price signal. Modelling also highlights the importance of a strong, federal ZEV mandate. A summary of modelling results is available in Attachment 4, and more detail can be found in the Technical Report on LENZ Modelling on the City's TransformTO web page (www.toronto.ca/TransformTO).

Community-wide modelling to 2040 shows a significant gap between anticipated emissions after planned climate actions are implemented, and the net zero by 2040 target. This gap is substantially greater when only City-led actions are considered and federal and provincial policies are removed. The combination of the Business-as-Planned (BAP) scenario, which includes most quantifiable City-led actions covered in the NZS Action Plan (2026-2030) and the additional quantifiable actions proposed in Attachment 1 anticipate a decline in emissions by approximately eight per cent (1.1 MtCO₂e) compared to the Business-as-Usual (BAU) scenario by 2040. As such, a significant gap remains between the BAP emissions trajectory and the level required to reach the City's 2040 net-zero target.

Since the beginning of 2025 there have been a number of global, national and provincial actions that directly impact the City's ability to establish a successful BEPS program. These include the removal of a consumer carbon price, the non-renewal of federal funding to support home and building energy retrofits in the recent federal budget, and imposition of tariffs and legislative changes that make more challenging the ability of municipalities to implement climate-positive programs. Given the challenges these actions, and others, have created relative to addressing the affordability and economic competitiveness questions raised by Toronto City Council this past July ([2025.EX25.6](#)), City staff have not brought forward a bylaw for consideration and will continue to review opportunities to address these challenges before seeking Council direction on a bylaw.

Modelling indicates that if TGS V4 continues to be applied to all new multi-unit residential, commercial and institutional buildings, based on projections, it has the potential to achieve a cumulative emissions reduction over 2023-2040 of 5.5 MtCO₂e, a 62 per cent reduction compared to the emissions from the new buildings in the BAU scenario. Advancing higher performance could unlock an additional 1 MtCO₂e reduction towards the TransformTO goals. Following changes proposed by the Province through

Bill 17, City staff understand the province is looking at potential legislative or other changes that could impact mandatory TGS requirements. However, there are no changes to the TGS at this time.

From a City corporate perspective, emissions reductions tell a more positive story. Policy, dedicated budget, and operational commitments made prior to and during the 2021 to 2025 period make corporate emissions targets more achievable. City corporate modelling shows a smaller gap between anticipated emissions from corporate sources after planned climate actions are implemented, and the 2040 net zero target. The greatest corporate GHG-reducing actions modelled are the TTC Green Bus Program and actions related to decarbonizing existing City buildings and fleets.

Toronto needs to “remain on course” with corporate emissions reductions. To continue the City’s progress toward net zero corporate emissions, the Plan brings forward a new recommendation that will clarify the City’s previously expressed intent to phase out its purchase of fossil fuel powered assets by 2029 and their use by 2039.

The City has direct control over six per cent of GHG emissions community-wide in Toronto and has demonstrated strong leadership in its corporate investments and operations. Addressing the remaining 95 per cent of emissions, and achieving the TransformTO vision of an equitable, healthy, prosperous and resilient Toronto, will require collaborative approaches from the City, other orders of government, the private sector and individuals.

Accountability

Accountability mechanisms are a critical piece of ensuring plans and strategies are implemented effectively and stay on course toward key outcomes. The Accountability and Management Framework guiding and coordinating Net Zero Strategy implementation consists of internal and external oversight and advisory tables, and regular reports on implementation progress.

The Climate Change Goals and Governance By-law (Municipal Code Chapter 669) sets out requirements and reporting for the Carbon Budget through the City’s annual Budget process, Emissions Budgets for City corporate emission sources from buildings and transportation, and Advanced Plans and Accountability Plans to meet Emissions Budgets. In addition, this report introduces climate equity indicators to monitor progress over the long term.

CONTACT

Alice Xu
Director, Policy, Planning and Program Enablement
Environment, Climate and Forestry Division
Tel: 416-392-2085
Email: alice.xu@toronto.ca

SIGNATURE

James Nowlan
Executive Director, Environment, Climate and Forestry

Stephen Conforti
Chief Financial Officer and Treasurer

ATTACHMENTS

Attachment 1. Net Zero Strategy Action Plan (2026-2030)

Attachment 2. Advanced Plan for actions to achieve the 2026-2030 greenhouse gas emissions budget for Corporate emission sources – Buildings, and Accountability Plan

Attachment 3. Advanced Plan for actions to achieve the 2026-2030 greenhouse gas emissions budget for Corporate emission sources – Transportation, and Accountability Plan

Attachment 4. Working Toward the TransformTO Vision: Net Zero Strategy Action Plan (2026-2030)

Attachment 5. Summary of Net Zero Strategy Action Plan (2026-2030)

Attachment 6. Summary of Input from Climate Advisory Group

Attachment 7. Approach to Public Electric Vehicle (EV) Charging Update

Attachment 8. Idling Update