

Infrastructure and Environment Committee
City of Toronto
100 Queen St W
Toronto, ON

December 3, 2025

RE: IE26.3 - TransformTO Net Zero Strategy: Action Plan (2026-2030)

To: Mayor Chow and Members of the Infrastructure and Environment Committee,

I am writing to you today on behalf of The Atmospheric Fund (TAF) regarding the TransformTO Net Zero Strategy: Action Plan. We commend City staff for their diligent work and stakeholder engagement on this file. The Plan maintains key longstanding climate priorities, including the Toronto Green Standards (TGS). The TGS is by far Toronto's most successful climate policy, having already saved Toronto residents and businesses an [estimated \\$407.6 million](#) in utility costs to date. We are particularly encouraged to see the Action Plan propose moving forward with the TGS despite uncertainty about enabling provincial policy frameworks.

We are concerned that the Action Plan fails to align with Toronto's climate targets. Toronto's emissions have been [increasing steadily](#) for the last four years, and there has been no net reduction in city-wide emissions over the past decade. The City's modeling shows that under a business-as-planned scenario, Toronto will fall short of its 2030 and 2040 climate targets. The new actions outlined in the Action Plan will have only a marginal impact on emissions, closing less than 1% of the emissions gap. While recent federal moves to delay or eliminate key climate policies have worsened the outlook, they account for a relatively small share of the emissions gap.

We urge the City to strengthen the proposed Action Plan and offer suggestions below.

Advance Building Emissions Performance Standards

The Action Plan's most significant shortcoming is the proposed elimination of the planned Building Emissions Performance Standards (BEPS). As buildings make up 58% of Toronto's emissions, BEPS was modeled as the highest impact action in TransformTO. Without BEPS, there is no viable pathway to

meeting the City's climate targets. Beyond its crucial role in climate action, BEPS offers a range of other tangible community benefits, including:

- **Public health and resilience:** More efficient buildings enhance resilience to extreme heat and weather events, improving indoor air quality and comfort.
- **Green jobs and economic development:** Policy certainty will spur more building retrofits at scale, creating skilled jobs, growing local businesses, and driving demand for materials and equipment.
- **Affordability and energy cost savings:** Energy-efficient buildings save money over time by helping building owners and tenants reduce their energy consumption.
- **Energy security and independence:** Reducing fossil fuel use, particularly natural gas imported from the United States, supports the Mayor's [Economic Action Plan](#) priority to strengthen Toronto's energy independence.

The City cited the lack of funding for retrofits in the federal budget as a rationale for cancelling BEPS. While the termination of the Greener Homes Grant and Loan programs was regrettable, they applied only to single family homes, which are not subject to BEPS. For the building types proposed to be covered by BEPS, ample federal and provincial retrofit funding is available, exceeding what is needed to comply over the next decade. Many of these funds are underutilized, and there is an opportunity via BEPS to draw capital into Toronto for climate action while stimulating our local economy. Available public funding includes:

- \$2B in low-interest retrofit loans or alternative financing available through the Canada Infrastructure Bank and its selected aggregator partners;
- \$5.8B in fully reimbursable tax credits available through the Clean Technology Investment Tax Credit, which provides a 20-30% rebate for heat pumps and solar panels;
- \$800M in retrofit grants for low-income housing through the Canada Greener Homes Affordability Program;
- \$10.9B invested in Ontario's new Electricity Demand Side Management framework, including rebates for retrofits and retro-commissioning;
- \$200M annually in rebates for retrofits through Ontario's Natural Gas Demand Side Management framework;
- \$130M earmarked in Toronto's 2025 -2034 Capital Budget and Plan for the Energy Retrofit Loan Program, which provides low-interest loans to all building types covered by BEPS.

While we acknowledge affordability is a pressing concern, BEPS would not undermine it. Initial proposed targets were to be phased in from 2030-33, avoiding near-term costs. A range of flexible compliance pathways have been developed, allowing building owners to align retrofits with system lifecycles and financial readiness. *The large majority of buildings (85%) would already comply with initial targets.* Most of the buildings that are not already in compliance could comply through low-or-no cost improvements, such as improving programming of existing building controls. The remaining non-compliant buildings are the

worst performing buildings in the City. They face excessive utility costs that are being passed on to residential and commercial tenants. Improving the worst performers will reduce energy costs and enhance affordability.

Consultations on BEPS began over five years ago through the Net-Zero Existing Buildings Strategy, which largely focused on BEPS. Since then, dozens of experts and stakeholders have contributed thousands of hours of input via the City's advisory committees. Support has come from building owners, tenants' groups, and firms across engineering, architecture, construction, and finance. They have a consistent message: the sector is ready for BEPS, provided the City allows adequate lead time and collaborates on policy details. It's been inspiring to see such contributions and consensus, reflecting a shared commitment to better, safer, healthier, and more efficient buildings.

TAF recommends that Committee direct staff to:

1. ***Resume consultation with industry stakeholders, civil society organizations, and relevant professional associations to develop a Building Emissions Performance Standard and complementary supports that balance climate objectives with economic feasibility.***
2. ***Report back to the Infrastructure and Environment Committee with:***
 - a. ***A proposed Building Emissions Performance Standard with phased in requirements beginning with large commercial buildings and subsequently extending to mid-size commercial and multi-residential buildings;***
 - b. ***A summary of stakeholder feedback received and how it has been addressed, including with respect to affordability concerns and tenant protections; and***
 - c. ***An implementation plan including with respect to compliance management and technical and financial supports.***

Strengthen Energy and Water Reporting and Benchmarking Policy and Programming

With BEPS delayed, the City desperately needs initiatives to drive emissions reductions from existing buildings. The City's existing Energy and Water Reporting and Benchmarking (EWRB) policy provides a solid foundation but is not being fully leveraged to drive emissions reductions. There are a number of challenges and opportunities to be addressed. First, an error in drafting the EWRB bylaw led to the unintentional exclusion of the entire condominium sector. This should be corrected as soon as possible. Second, compliance is stuck in the 60-70% range and is not trending upward. A plan is needed to support enhanced compliance. Third, there is no schedule for public disclosure of building performance, which was intended to be phased in over time. Finally, the performance data is not being used to offer targeted supports to the worst performing buildings, which have the lowest cost opportunities to improve performance, comfort and resilience. We would suggest that any buildings that do not meet the draft initial

BEPS performance targets should be offered free technical assistance, and TAF has federal funding secured for this purpose.

TAF recommends that Committee:

1. **Direct staff to report back to the Infrastructure and Environment Committee with a plan to strengthen Energy and Water Reporting and Benchmarking, including by:**
 - a. **Revising the bylaw to correct the accidental exclusion of condominium properties;**
 - b. **Implementing strategies to improve compliance, targeting 90% compliance by 2030, including consideration of: working with Enbridge and Toronto Water to enable automated uploading of utility data to the Portfolio Manager reporting tool; enhanced supports for buildings with limited staff capacity; and eventual phase-in of penalties for non-compliance; and**
 - c. **An approach to phase in public disclosure of EWRB data.**

2. **Authorize staff to share EWRB data with TAF and Toronto Hydro for the purpose of providing targeted technical and financial support to the worst performing buildings, including all buildings that do not meet draft initial BEPS targets.**

Create contingency plans for new construction and the Toronto Green Standard

We commend the City for its continuing commitment to the Toronto Green Standard (TGS), which represents Toronto's most successful climate policy to date and has been a model for other jurisdictions across Canada. However, given the uncertainty with respect to provincial policies which may impact the TGS, as well as the current market conditions, the City should strengthen its approach to incentivizing leadership in low-carbon new construction. The City has had longstanding budgetary approval for a financing program to provide low-interest loans to buildings which meet TGS Tier 2 energy and carbon targets, but the program is yet to be launched. TAF has proposed to partner with the City to get this program off the ground, leveraging our extensive experience financing green building construction. While the program is already funded in the capital plan via recoverable debt, there is an opportunity to grow this program and attract federal funds to supplement the City's capital.

TAF recommends that Committee members authorize staff to partner with The Atmospheric Fund to provide low-cost financing for new construction projects built to meet TGS tier 2 or 3 energy and carbon requirements, using funds earmarked for this purpose in the capital plan and budget.

Reduce Climate Action Red Tape

Companies implementing climate solutions consistently tell us that one of the most important climate actions for the City is to cut red tape. We have identified the most [evident opportunities](#) and continue to track more. For example, zoning rules are blocking heat pumps in front yards and solar canopies in commercial parking lots—with no known policy rationale. Some barriers can be resolved quickly, while others may require more extensive research and consultation. A multi-year effort is needed to systematically review zoning and other policies to identify and remove unintended barriers to climate action.

TAF recommends that the City direct staff to report annually for the next three years with a package of recommended climate action red tape reduction measures.

Conclusion

Toronto declared a climate emergency in 2019 and adopted a net-zero by 2040 target in 2021. Since that time, there has been no net progress in reducing city-wide emissions. [Emissions have increased in each of the last four years](#), and 2024 emissions are virtually the same as 2019. Staff are reporting that Toronto's 2025 climate target will not be met, the 2030 target is likely out of reach, and we are not on track for 2040 even with stronger federal climate actions. Yet the proposed Action Plan does little to correct the course – proposed new actions only resolve about 1% of the emissions gap.

Toronto cannot control the actions of other levels of government, which are presently stepping back from climate action. However, true leadership means continuing to lead even when others are abdicating their responsibilities. It is time for the City to honour its climate emergency declaration by adopting an action plan that meaningfully addresses the emissions gap. In doing so, Toronto can also build a more resilient and affordable city.

We look forward to continuing to work with staff to support implementation of Toronto's climate action plan, including via the forthcoming Electrification Advantage report requested by City Council.

Sincerely,



Bryan Purcell, VP Policy and Programs
The Atmospheric Fund