

Dear Minister,

As you know, in November 2018, the Province released the [Made-in-Ontario Environment Plan](#).¹ The Environment Plan included a commitment to develop a \$400 million Emission Reduction Fund, which was the only element of the Environment Plan that included a financial commitment in the [2019 Ontario Budget](#).² To establish the Emission Reduction Fund in a productive and timely manner, ***we recommend that support for the administration and implementation of the fund be included in the 2020 Ontario Budget to ensure an effective multi-year allocation of funds to relevant projects.***

To complement our 2020 Budget recommendation on administration and implementation, we also want to highlight the below recommendations that have been drafted to ensure that the Fund maximizes value for money *and* emissions reductions.

First, there is little value in investing in projects that are highly likely to occur without public funding. A single-minded focus on cost per tonne creates a selection bias in favour of projects that are not truly additional - and can therefore proceed with very low public support per tonne. To guarantee that the \$400 million is spent wisely, ***the Province should ensure that additionally of emissions reductions is a key criterion when considering initiatives for public funding.***


Second, the Fund should invest in areas where it can catalyze larger-scale reductions in the future. This can be achieved by investing in projects that demonstrate, de-risk, and create the economies of scale needed to reduce costs for future projects that can help achieve Ontario's emissions reduction target.

Third, the Province should put the people first by funding initiatives that offer multiple co-benefits. Low-carbon projects can offer more than reduced carbon emissions by achieving multiple public benefits, including creating good jobs, connecting people to places, and making life more affordable for Ontarians.

Fourth, the Fund should be designed to mobilize private capital to leverage public dollars. This can be achieved with simple leveraging requirements, or by investment strategies that incentivize and de-risk private investment (e.g. loan guarantees, loan loss reserves, taking a first-loss position). Without careful design, there is a risk of crowding out private capital.

¹ Available at <https://prod-environmental-registry.s3.amazonaws.com/2018-11/EnvironmentPlan.pdf>

² Available at <https://budget.ontario.ca/2019/chapter-1c.html#section-7>



The \$400 million Fund has the potential to play an essential role in supporting energy conservation and efficiency initiatives - a key element of the Environment Plan - and achieve far beyond the proposed emissions reductions. For more details on how to mobilize the Fund, please refer to TAF's [detailed recommendations for the Fund](#).³

Throughout 2019, various governments in Ontario declared a climate emergency and outlined plans to meet Ontario's emissions reductions target and limit global warming to 1.5°C by 2050. In 2020, the Province must invest significantly in climate action to continue to do its part to fight climate change.

Thank you for the opportunity to submit feedback on the 2020 Ontario Budget. TAF is eager to support the Province to develop and implement the Emission Reduction Fund.

Sincerely yours,



Bryan Purcell
VP Policy & Programs, The Atmospheric Fund

³ Available at <https://taf.ca/wp-content/uploads/2019/02/TAFs-comments-on-Ontarios-Environment-Plan-FINAL.pdf>