

THE ATMOSPHERIC FUND

**2025 BUDGET RECOMMENDATIONS
FOR THE GOVERNMENT OF ONTARIO**

January 16, 2025

Submitted to:

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
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Accelerate EV Uptake

Recommendation 1: Expand the Electric Vehicle (EV) ChargeON program to an annual budget of \$91 million each year for four years to accelerate the adoption of EVs and enhance EV readiness in Ontario

To increase EV adoption, Ontario must act decisively to meet the growing demand for EVs and build convenient charging infrastructure. More Ontarians driving EVs means more affordable car ownership, improved air quality, and places Ontario as a leader in EV manufacturing and the broader supply chain.

- **Recapitalize the successful ChargeON Program over a four-year period**

An [EV charging infrastructure forecast](#) commissioned by Natural Resources Canada released in February 2024 found that Ontario will need 68,000 public charging ports by 2030 - more than double the number currently installed. With both the federal Zero Emissions Vehicle Infrastructure Program and the ChargeON program nearing the end of their funding, Ontario risks falling behind on EV charging.

Failing to adequately invest in accessible EV infrastructure risks Ontario missing out on key investment opportunities and falling behind other provinces. By expanding and recapitalizing the ChargeON program, Ontario can accelerate EV readiness and solidify its position as a leader in the transition to a low-carbon economy.

- **Extend ChargeON to include a stream for MURBs**

Most EV charging happens at home, but residents of multi-unit residential buildings (MURBs) face significant barriers to access as financial, logistical and technical challenges complicate installing charging in these buildings. British Columbia's CleanBC Go Electric EV-ready program addresses these problems by providing rebates for EV-ready planning and parking spaces, while Québec's Electric Vehicle Charging Strategy offers funding for electrical infrastructure upgrades in MURBs.

A similar program in Ontario could greatly reduce charging barriers for the 31% of Ontarians living in MURBs.

- **Pilot innovative EV charging solutions by providing funding to OVIN**

Given uncertainty around the renewal of federally funded pilot programs, such as the Ontario Vehicle Innovation Network (OVIN) [Technology Pilot Zones](#), Ontario should take proactive steps to maintain progress. Based on TAF's experience as an impact investor, a lack of market opportunities and incentives have deterred many innovative U.S.-based technology companies from entering Ontario. Supporting small and medium enterprises to pilot cutting-edge EV charging solutions will ensure the deployment of the most effective infrastructure across the province.

Recommendation 2: Support consumer choice with EV purchase incentives for LDVs and support clean electric school buses

Ontario's investments in EV manufacturing have successfully positioned the province as a North American hub for EV production. However, despite ample support for manufacturing, EV adoption remains low compared to provinces offering consumer purchase incentives. In 2023, EVs accounted for 20% of vehicle sales in British Columbia and 18% in Quebec, yet just 7.4% in Ontario. This disparity highlights the impact of sales incentives in making EVs affordable and accessible.

- **Establish a point-of-sale incentive of up to \$5,000 for new EV purchases, complemented by a \$2,500 incentive for used EVs to support the expanding secondary market**

With the federal iZEV vehicle purchase incentive recently ended, Ontario risks falling further behind leading provinces and jurisdictions in EV adoption. To ensure the program is both effective and cost-efficient, we propose limiting the incentives to one rebate per ZEV buyer and excluding high-end luxury vehicles above a specified manufacturer suggested retail price. These measures would maximize accessibility while maintaining fiscal responsibility.

- **Support electric school buses with \$50 million annually over four years**

As highlighted in a recent [Pembina Institute report](#), Health Canada has identified diesel exhaust as a carcinogenic and particularly harmful to children, increasing their risk of asthma and lung diseases. The majority of Ontario's school buses run on diesel fuel and operate in close proximity to children on a daily basis. [Studies have shown](#) that reducing children's exposure to school bus diesel exhaust can reduce cases of bronchitis and asthma by up to 30%. Electrifying school buses not only reduces harmful tailpipe emissions but also contributes to improved community health outcomes and avoids associated medical costs.

Both Quebec and British Columbia have implemented successful electric school bus incentive programs, and Ontario has an opportunity to follow suit while capitalizing on economic development benefits. Canadian manufacturers hold a 45% market share in the North American electric school bus sector, supported by a growing ecosystem of parts manufacturers, including in Ontario. Investing in electric school buses would advance public health, environmental sustainability, and economic growth in the province.

Accelerate Retrofits

Recommendation 3: Enhance Ontario's Expanded Energy Efficiency Framework by redirecting rate subsidies and expanding high-impact programs

The government's exemplary new commitment to energy efficiency through the recently announced [Expanded Energy Efficiency \(EE\) Framework \(2025 - 2036\)](#) is a critical step forward in reducing electricity demand and system costs, with projected savings equivalent to removing three million homes from the grid. These investments will be instrumental in meeting Ontario's growing energy needs while delivering tangible benefits to ratepayers. To maximize the framework's impact and achieve even greater energy and cost savings, we propose the following enhancements:

- **Develop a multi-unit residential retrofit program**

31% of Ontarians live in multi-unit residential buildings MURBs, and these residents currently cannot access the excellent proposed Home Renovations Savings Program.

We recommend the creation of a parallel program tailored specifically for MURBs. This should include incentives for beneficial electrification, energy efficiency upgrades, and retrofits to enhance energy performance. By facilitating the switch from fossil fuel-based systems to electric heat pumps and other efficient technologies, the program would reduce emissions and improve energy performance.

Ontario can draw from British Columbia's CleanBC MURB Retrofit Program, which provides a model that supports landlords and building owners in carrying out retrofits through funding for energy assessments, retrofit planning guidance, and financial incentives for energy-efficient upgrades.

Support for capacity upgrades is crucial for enabling electrification in MURBs. British Columbia's collaboration with B.C. Hydro tackles key barriers such as electrical capacity limits and upgrade costs. Ontario can adopt a similar approach by partnering with utilities to systematically address capacity upgrades. Expanding access to retrofits for MURBs will also provide significant benefits to vulnerable populations, including low-income residents and seniors, by lowering energy costs and offering protection from extreme heat and air pollution.

- **Automatically enroll newly built homes in Peak Perks and expand eligible loads**

We welcome the expansion of the successful Peak Perks program to small businesses, which highlights its potential to drive further energy savings across the province. Peak Perks has already proven its value with over [125,000 households participating](#) and delivering a demand reduction of up to 133 megawatts in 2024 - equivalent to removing a city the size of Barrie off the grid. Remarkably, this achievement came at a program cost of less than \$5 million,

offering greater energy benefits than the \$200 million expansion of the Windsor natural gas plant is expected to supply.

To build on this success, we recommend automatically enrolling new homes in Peak Perks and expanding eligible loads to include water heaters, EV charging, and battery storage. The IESO's [Pathways to Decarbonization Study](#) forecasts heating loads in new homes and buildings as the biggest driver of Ontario's mid-term energy and capacity needs. Including these features in Peak Perks would enable more households to participate and amplify the program's benefits for the energy system.

- **Introduce a high-performance new construction program**

With the province planning to build 1.5 million new homes over the next decade, ensuring they are designed to be energy efficient and demand-response-ready will reduce costly infrastructure upgrades, lower energy bills and deliver system-wide savings. Prioritizing energy efficiency in new construction is critical. Key measures such as above-code insulation, airtightness, and high-efficiency HVAC systems significantly impact energy performance but are costly and challenging to retrofit post-construction.

We recommend extending the Energy Efficiency Framework to introduce a high-performance new construction program. Efficiency programs for new construction have historically yielded significant benefits; for instance, the [High Performance New Construction program](#) provided six dollars in benefits for each dollar invested between 2016 and 2017. This highlights its effectiveness in reducing bills for homeowners while alleviating mid-to-long-term pressures and costs on the electricity system.

- **Redirect future rate subsidy increases to long-term efficiency investments**

Meeting Ontario's growing electricity needs through energy efficiency is more cost-effective than expanding expensive supply alternatives. However, Ontario's current approach to funding energy conservation programs through the rate base limits the scale of investment in long-term efficiency measures. At the same time, Ontario's rate subsidies are projected to absorb \$7.3 billion in tax dollars in the 2024/25 fiscal year, with further increases anticipated into the future. The majority of this subsidy is not means-tested, meaning higher-income households - who typically do not need financial assistance - disproportionately benefit. This approach discourages energy conservation, efficiency, local generation and demand side measures generally. This approach distorts the market signal and incentivizes higher electricity use, and adds strain to the electricity system.

To address these challenges, we recommend gradually redirecting a portion of the rate subsidy and reallocating a portion of the savings to increase investments in long-term energy efficiency. By shifting funds to conservation and energy efficiency, Ontario can directly reduce long-term energy consumption and build a more affordable, sustainable

electricity system for all ratepayers. The IESO's [2023 Conservation and Demand Management results report](#) shows that every dollar invested in energy efficiency programs generates nearly \$3 in energy system benefits. Redirecting even a fraction of rate subsidy funding towards these programs could generate significant returns, easing pressure on the grid and reducing overall costs. Strengthening Ontario's focus on energy efficiency can play a key role in achieving a clean, reliable and cost-effective energy transition.

Sincerely,

Bryan Purcell



VP of Policy & Programs
The Atmospheric Fund

About The Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.