



2018 Business Plan

Building Foundations for Low Carbon Action

January 2018

A Message from the CEO

With a new regional mandate, commitment to climate action from all levels of government, and increasing impetus for financial institutions to recognize and reduce climate risks, The Atmospheric Fund (TAF) is in a promising position for 2018.

Internationally, pressure increases for the financial sector to disclose and avoid climate risks, adding to growth in low-carbon investments. Federally, progress on implementing the Pan-Canadian Framework on Climate Change provides TAF with ample opportunity to advance ideas, leverage new resources and collaborate on a national scale.

Ontario will see the results of our recent policy work as Energy and Water Reporting Benchmarking rules come into force. The Green Ontario Fund, which TAF helped develop, will ensure that sustainable financing leverages private capital and creates high-impact outcomes in critical areas such as energy efficiency. In Toronto, approval and funding of the TransformTO climate plan will create new capacity to move forward with challenging but necessary new reduction strategies. We also aim to set an example for municipalities across the Greater Toronto and Hamilton Area (GTHA) how to integrate co-benefits into their climate action work.

Our first-ever regional carbon emissions inventory confirmed the importance of building energy efficiency throughout the GTHA. To this end, we are expanding our TowerWise retrofit program outside Toronto. With the next phase we will demonstrate that energy and emissions savings of 40 per cent are technically and financially feasible and that they can generate co-benefits such as lower operating costs, improved resident comfort, and local job creation.

In 2018, we look forward to supporting Toronto's climate leadership position, getting more hands-on around the region guided by our new research-backed regional outreach strategy. We will further explore opportunities to build TAF's resources through national collaboration. Sustainable financing continues to be a priority, and we will focus on innovative opportunities to accelerate public and private low-carbon investment.

In the year ahead, we will even more build crucial relationships - from ties to our Pan-Canadian peers to regional public office holders, from Indigenous organizations to neighbourhood groups. Together with our allies, TAF will continue to lay the foundations for low-carbon actions in Toronto, the GTHA and beyond.

Sincerely,



Julia Langer
CEO, The Atmospheric Fund

2018 Business Plan at a Glance

In 2018, TAF will focus on seven priority areas, each with specific objectives. Our business plan includes a range of activities, from demonstration and policy reform to capacity building, communications, and fundraising. TAF's grantmaking is incorporated as a cross-cutting function that is aligned with our programs and priorities. We will continue to allocate our resources both to Toronto-specific and regionally-relevant programming, seeking out strategies that improve outcomes for all.

- 1. TowerWise:** TAF will demonstrate the technical and financial viability of deep energy efficiency building retrofits. To achieve at least 40 per cent cost and emissions savings is our key goal for this year. We will also show the co-benefits and explore the workforce needs and opportunities required for scaling up implementation.
- 2. Policy Development:** Our policy research and thought leadership work will touch on all areas that promise significant reductions in urban carbon emissions and a timely transition to a low-carbon economy. We will examine opportunities such as building energy efficiency, equipment standards, and low-carbon transportation.
- 3. Impact Investing:** TAF will continue to invest the endowment in a manner that achieves positive financial and environmental returns. We will develop and test innovative financial solutions to further reduce carbon emissions with the goal of attracting additional capital (both public and private) to accelerate low-carbon solutions.
- 4. Regional Leadership & Capacity Building:** TAF will provide support for regional low-carbon leaders through grantmaking, capacity building, networking and partnership development. Insights from our first-ever region-wide emissions inventory will anchor our actions. We will use and share TAF's quantification capacity and regional emissions inventory, which we will update annually starting in 2018.
- 5. TransformTO:** To broaden public support for low-carbon actions, TAF will create a better understanding of the co-benefits of the TransformTO plan, including improved public health, equity and local jobs and training opportunities. This will entail research and quantification of co-benefits as well as engaging communities currently under-represented or absent from climate conversations.
- 6. Communications & Fundraising:** By strategically sharing the stories, ideas and insights that emerge from our projects and engagements, coupled with continued growth in digital reach, TAF will help accelerate the uptake of low-carbon solutions. Through our efforts, we will attract partners and resources.
- 7. Governance & Operations:** Through internal initiatives and working groups, we will continue to hone our governance, financial and administrative functions. Improvements to our operations will support and sustain our innovation culture while keeping our administration lean.

#1: TowerWise

OBJECTIVE: Accelerate the implementation of deep energy efficiency in the built environment by demonstrating the technical and economic feasibility of retrofits, showcasing the potential for multiple benefits, and developing policy and program recommendations for scale-up.

TAF LEAD: Bryan Purcell, Director of Policy & Programs; Ekaterina Tzekova, Low Carbon Buildings Manager

KEY PARTNERS: Toronto Community Housing Corporation, City Housing Hamilton, Federation of Canadian Municipalities, Natural Resources Canada, Independent Electricity System Operator, Enbridge Gas Distribution, various provincial ministries, ecobee, engineering firms, various equipment manufacturers.

- **Share what we learned:** Publish and disseminate six case studies and several technical papers documenting the outcomes and insights from all completed TowerWise demonstration sites. This includes the results of our Indoor Environmental Quality research, gas absorption heat pump trial, data from smart thermostats, and condensing boiler retrofits.
- **Prepare scale-up in Toronto:** Support Toronto Community Housing in scaling up the implementation of deep energy and indoor environmental quality retrofits across their portfolio leveraging previous TowerWise results.
- **Expand the program:** Complete retrofit plans and initiate construction at two buildings as part of the 2017-2019 program phase to demonstrate the viability of deep retrofits that achieve at least 40 per cent emissions reduction
- **Make the case:** Document the business case and financing options for deep retrofits in multi-residential buildings based on the next program phase results.
- **Accelerate heat pump uptake:** Develop measurement and verification guidelines for heat pump retrofits to help facilitate adoption of this energy efficient technology.
- **Secure funding:** Attract \$5-15 million in funding, including grants and soft loans, to support and expand the implementation of the TowerWise deep retrofit demonstration.
- **Prepare scale-up across the GTHA:** Initiate development of a scale-up strategy for deep retrofits in the multi-residential sector, including consideration of capacity building needs, and required policy/program supports.
- **Inform key audiences:** Disseminate knowledge outcomes to groups such as green building professionals, policy-makers, and building operators; see #6 Communications for details.

#2 : Policy Development

OBJECTIVES: Catalyze and support the development and implementation of strategic policy solutions to address climate change. Work with a broad range of stakeholders to magnify impacts on all levels of government.

TAF LEAD: Bryan Purcell, Director of Policy & Programs; Ian Klesmer, Grants Manager & Policy Advisor

KEY PARTNERS: TAF will work with a broad range of stakeholders, including municipalities, industry associations, non-profit organization, and academic institutions. Partners include the Clean Economy Alliance, Pembina Institute, Toronto Environmental Alliance, Move the GTHA, and others.

- **General:** Identify and review climate policy opportunities at all levels of government. Develop policy briefs and recommendations around laws, regulations, and policies - where possible in partnership or alignment with other stakeholders.
- **Canada's proposed Clean Fuel Standard:** Prepare recommendations and contribute to policy development via the advisory group.
- **Ontario Renewable Natural Gas portfolio requirement:** Work out policy recommendations in support of renewable natural gas generation and usage in the province.
- **Equipment performance standards:** Research and develop recommendation for key products at both the federal and provincial level, for example boilers, furnaces, and heat pumps.
- **Federal Zero Emissions Vehicle Strategy:** Provide input to decision-makers, and work with stakeholders and allies to increase public support for supply-side rules for electric vehicles.
- **Toronto Green Standard 3.0:** Help implement Toronto's Zero Emissions Building Framework that TAF co-developed.
- **Building codes:** Provide input for the development of a federal model code for energy efficiency retrofits; work with colleagues to ensure the Ontario Building Code gets on a pathway to net-zero emissions.
- **Electrification:** Identify approaches and partners for advancing regulatory reforms and business strategies that will allow local utilities to play their essential, strategic role in achieving low-carbon cities. Participate in the development of the Toronto Region Integrated Regional Resource Plan.
- **National Energy Vision & Strategy:** As a member of the federal Generation Energy Council, advance the importance of conservation, renewable electricity, and the role of cities in delivering on Canada's Pan-Canadian Framework and Paris commitments.

#3: Impact Investing

OBJECTIVES: Use TAF's finance innovation and impact investing expertise and track-record to invest in a manner that will mobilize capital for energy efficiency and other low-carbon investment opportunities. At the same time, generate a risk-adjusted return and attract new capital and co-investors for TAF.

TAF LEAD: Tim Stoate, VP Impact Investment

KEY PARTNERS: TAF Investment Committee, colleagues in the financial sector and responsible investing organizations, Efficiency Capital, federal and provincial 'green bank' actors.

Impact Investing TAF's Endowment

- **Maximize the financial and carbon-positive impact of TAF's endowments.** Prudently deploy both endowments in compliance with TAF's investment policy, maintaining separate accounts. Increase Direct Investments to at least 30 per cent of the portfolio to reduce potential market exposure and to mobilize investment in low-carbon opportunities. Identify Fixed Income options for reducing carbon exposure and improving return.
- **Finance six to eight energy efficiency retrofits:** Structured as Energy Savings Performance Agreements (ESPA™), finance the implementation of TowerWise deep retrofit demonstration projects. These will be available for purchase by Efficiency Capital under the terms of the Warehouse Facility. Streamline the sales, marketing, client relations, reconciliation and payment, and reporting to facilitate volume and ensure performance.
- **Co-invest in two to three companies with proven technologies or services** to generate both emissions reductions and financial return on investment as well as help commercialization in Canada.

Low-Carbon Finance Innovation

- **Financing suite-metered retrofits:** Craft a specialized financing approach to address the challenges that suite-metering in multi-residential buildings poses to investment in comprehensive retrofits. Demonstrate implementation and business case in at least two buildings.
- **Green Ontario Fund:** Advance financing as a core strategy for GreenON, Ontario's green bank, through TAF's membership on the Board of Directors.

Increasing TAF's Capital Pool

- **Canada Infrastructure Bank:** Apply for \$100 million from the nascent bank and achieve at least 1:1 co-financing for deep retrofit financing; stimulate the development of companies and capacity to originate a significant volume of retrofit projects in the GTHA.
- **Retrofit re-financing:** Attract \$3 million as non-recourse 'take-out' financing for commissioned and performing retrofit projects (if available), with TAF maintaining at least 20 per cent of each transaction.
- **Low Carbon Cities Canada (LC3):** As one of six LC3 centres, request a total of \$115 million in federal investment for the network and attract \$40 million as "working capital." Encourage the Province of Ontario to match any federal contributions to enhance TAF's capacity to invest and advance low-carbon carbon solutions in the GTHA.

#4: Regional Leadership & Capacity-Building

OBJECTIVE: Cultivate high-impact grants and capacity building initiatives to support key partners' climate work in the GTHA.

TAF LEAD: Mary Pickering, VP Programs & Partnerships; Ian Klesmer, Grants Manager & Policy Advisor

KEY PARTNERS: Community and municipal practitioners, climate and energy funders, regional organizations in the GTHA.

- **Connect with key stakeholders:** Identify the top stakeholder events and ensure attendance, presentation and/or co-sponsorship opportunities at 15-20 events to promote TAF's services. Disseminate information regarding TAF's programs through existing municipal networks and channels. Develop and formalize at least one strategic partnership based on key criteria (e.g. a partner's regional reach, links to emissions reduction and key co-benefits, complementarity of services and approaches with TAF's, and willingness to work in partnership).
- **Develop support services for emissions reporting:** Share best practices on emissions quantification to support GTHA municipalities in identifying high impact initiatives. Serve as a resource for GTHA municipalities to continuously improve the quality of key emissions reduction analysis. Explore the formation of strategic partnerships to support the quality of emissions data around the region.
- **Strengthen local capacity:** Develop and deploy a dedicated capacity building fund to enhance the social innovation skills of key climate actors in the GTHA. Explore providing support services in areas such as attracting and leveraging funding for region-wide emissions reductions, policy-related convening and/or communications.
- **Explore the need and value of a regional network:** Create a baseline to understand the quantity and quality of existing regional networks. Assess the need of creating a new network or strengthening existing ones. Explore which common approaches or objectives could stimulate commitment, and strategize how to support the development if deemed necessary.
- **Support a portfolio of initiatives throughout the GTHA:** Develop an active portfolio of eight to 10 initiatives occurring within at least three regional or single-tier municipalities and totaling \$500K in grants, internal projects and loans.

#5: TransformTO

OBJECTIVE: Advance the understanding of the co-benefits associated with new TransformTO campaigns. Help to incubate one new campaign. Support best practices in community engagement and climate communications. Enhance professional partnership brokering capacity.

TAF LEAD: Mary Pickering, VP Programs & Partnerships; Julie Leach and Tim Ehlich, Communications Managers

KEY PARTNERS: City of Toronto Environment and Energy Division, Toronto Public Health, Social Development and Finance, Partnership Brokers Association International, community organizations.

Leveraging Co-Benefits to Enhance Engagement

- **Deepen understanding of co-benefits:** Work with City of Toronto divisions and agencies, community stakeholders, academics and others to better understand and quantify the benefits of implementing TransformTO. Analyze how TransformTO climate actions could be aligned with Toronto's resilience strategy.
- **Strengthen climate communication and community engagement techniques.** Use understanding of co-benefits insights to improve the impact of communications and outreach to increase support for climate actions. Seek out areas where co-benefits opportunities can be credibly quantified to help build the case for climate action and conduct message testing.
- **Broaden community engagement:** Explore, develop and demonstrate best practices to attract communities not traditionally engaged in climate-focused action. Test new methods of public engagement using new visualization methods. Explore new ways to more fully engage diverse community members in advancing climate action, including integration of indigenous values and knowledge. Identify opportunities for strategic cross-sector partnerships.
- **Incubate partnership brokering capacity:** Help improve local partnership management capacity by hosting Partnership Brokering Association training opportunities in the GTHA. Work with lead Canadian partnership broker and accredited trainer Jocelyne Daw to familiarize Toronto-area practitioners with professional partnership brokering concepts and to provide formal training opportunities. Support the development of one or two accredited trainers in the Toronto area to fill the gap in local training capacity.

Developing the Workforce for High-Performance Buildings

- **Clarify energy efficiency job creation opportunity in Toronto and the GTHA:** Leveraging our TowerWise and grants programs, better understand the benefits that city-wide retrofits could bring in terms of local job creation. Support this initiative with research and strategic explorations with community experts and city colleagues. Seek out lessons from the community benefits sector how to embed job creation (especially for those with barriers to employment) within government programs targeted at improving energy efficiency in buildings.
- **Identify champions and start the conversation:** Seek out and engage key community stakeholders in initiating the TransformTO Workforce campaign. Start a dialogue about the strengths and weakness of the current workforce and training supports related to energy efficiency employment. Undertake research to better understand the types of skills needed to drive effective retrofit activity and how to fill these gaps. The tasks in this segment align with one of three proposed new campaigns in the Council-approved TransformTO plan.

#6: Communications & Fundraising

OBJECTIVE: Raise TAF's profile across the region as a low-carbon solutions leader. Effectively tell our stories, share knowledge and mobilize strategic support and funding from key stakeholders.

TAF LEAD: Julie Leach and Tim Ehlich, Communications Managers

KEY PARTNERS: Canada Green Building Council (CaGBC), City of Toronto Environment & Energy Division, Clean Economy Alliance, Efficiency Capital, Low Carbon Cities Canada members, Toronto and Region Conservation Authority (TRCA).

Corporate Communications

- **Social media and email list:** Aggressively expand TAF's social media presence through organic and promoted content with a combined annual growth of 50 per cent (Facebook, Twitter, LinkedIn). Continue to build TAF's email list. Plan and execute a Facebook-based email subscription campaign to accelerate the annual growth rate to 25 per cent.
- **Website:** Complete the overhaul of key parts of TAF's website. Publish 30-40 blogs.
- **Earned media:** Build relationships with media contacts; pitch stories and releases with a goal of 20 media hits. Pitch three op-eds and capitalize on guest contribution opportunities.
- **Brand guidelines:** Roll out TAF's updated brand guidelines. Finalize TAF's new brand framework and messaging platform; synchronize with new Theory of Change.
- **Storytelling and visualization:** Increase the use of storytelling and visual communications such as short videos to increase awareness of TAF's work and concepts such as co-benefits.

Program Communications

- **TowerWise:** Share insights, retrofit best practices, and scale-up recommendations with key audiences. Efforts will include contributions to industry and academic publications, TAF's blog and e-news, conferences and events, as well as social and earned media. Deliverables include a guideline to support the use of Integrated Design Process for retrofits, a design resource for retrofitting multi-residential space heating systems, case studies, and a new TowerWise video.
- **Policy Development:** Advise and support TAF's policy work through development of materials and dissemination via website, blogs, social media, and e-newsletters.

- **Regional Outreach:** Improve TAF's website through more regional information and blogs. Help strengthen TAF's regional profile through targeted social media and email list growth as well as collateral creation.
- **Impact Investing:** Demonstrate TAF's leadership in impact investing including retrofit financing experience (in collaboration with Efficiency Capital) and other investment case studies. Key audiences include the financial sector and investees; key channels will include conference presentations, social and earned media, and guest writing for external blogs and publications. Communicate the importance of leveraging public funds to accelerate low-carbon solutions and mobilize capital, including the role of 'green banks.'
- **TransformTO:** Promote the Toronto City Council-approved climate plan and its 2018 implementation. In particular, focus on the co-benefits of low-carbon action and employing new visualization approaches to grow public support.

Fundraising

- **Low Carbon Cities Canada:** Provide communications support for the funding proposal to Natural Resources Canada; oversee the creation of an accompanying slide deck and website.
- **Enhanced capacity:** Explore opportunities to support TAF's core programs and capacities through emerging federal and provincial climate programs and other sources.

#7: Governance & Operations

OBJECTIVE: Ensure excellent and efficient operations and governance, including endowment funder stewardship and accountability.

TAF LEAD: Julia Langer, CEO; Richard Rysak, Finance Director; Mary Pickering, VP Programs & Partnerships

- **Support governance and decision-making:** Provide TAF's board and committees with timely and relevant information, advice and logistics needed to review and revise strategic directions. Help ensure that all decisions are compliant and aligned with City of Toronto and Province of Ontario requirements. Recruit expert committee members with an eye on regional representation.
- **Undertake an interim strategic planning process:** In co-operation with TAF Board and Committee members, review and revise the 2015-2020 Strategic Plan to recognize TAF's regional expansion; reflect the approaches and targets embedded in the TransformTO plan, and to address other key opportunities or challenges.
- **Provide diligent financial management and stewardship:** Use best practices in functions and systems to ensure compliance with all relevant requirements, including the City-TAF Relationship Framework and the provincial Transfer Payment Agreement. Support efficient budget development, deployment, tracking, and the annual audit. Support prudent and compliant investment and management of both endowments, along with TAF's third-party investment advisor. Provide stewardship to external funders to demonstrate TAF's value and solidify their ongoing commitment.
- **Enhance staff performance and team cohesion:** Mentor and provide staff with professional development and opportunities for reflection that will enhance their contributions to TAF's mandate. This includes technical and analytical skills, as well as innovation and cultural (partnership building, diversity) capacities. Improve the working environment through measures such as the renovation of premises and IT upgrades. Streamline internal communications and reduce email load through new approaches such as Slack.
- **Contribute to reconciliation with Indigenous communities:** Organize Indigenous cultural competency training for all TAF staff in collaboration with an established Indigenous training centre. Create an internal working group to explore how to respect and reflect indigenous traditional knowledge and values in TAF's urban climate action work.
- **Evaluate TAF's programs and performance:** Incorporate the new Theory of Change and brand framework in program design and analysis, including reviewing and revising TAF's internal Key Performance Indicators. Further enhance internal assessments through tools such as Developmental Evaluation.

