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ERO Number 019-4770: Industrial Gas Users Association (IGUA) Submission to Environmental Registry of Ontario on Geologic Carbon Storage in Ontario

Industrial Gas Users Association (IGUA) represents the largest industrial natural gas consumers from the chemicals, steel, forest products, mining and manufacturing sectors in Ontario and Quebec.
IGUA members are committed to climate action and have publicly committed to decarbonization. We understand the world needs to find a way to meet the demands for energy and commodities without adding carbon emissions. We also understand that the demand for commodities will continue to grow even in a decarbonized world and Canada can have a competitive advantage as the global supplier of low -carbon, bio-based and synthetic commodities.

As a trading province with a strong industrial base it is important for Ontario to protect the competitiveness of its industrial base as it moves to decarbonize its economy. Carbon leakage is neither good for the environment nor for the Canadian economy.

It is great to see Ontario consider removing legislative barriers to the storage of carbon dioxide in the province.

IGUA appreciates the opportunity to comment on the discussion paper on Geologic Carbon Storage in Ontario published by the Ministry of Northern Development, Mines, Natural Resources and Forestry's (NDMNRF). We believe Ontario policy should ensure the competitiveness of Ontario's industrial base. Our comments focus on safeguarding the competitiveness of Ontario's energy and carbon intensive and trade-exposed industries in the province. IGUA's recommendations are:

1- Remove the Ban on Carbon Capture

Leverage Ontario's Geology into a Competitive Advantage

Ontario is blessed with having the geology suitable for carbon sequestration and should leverage this into a competitive advantage. Alberta and Saskatchewan, also blessed with the right geology for CCS, have enacted enabling legislation and put supportive regulatory frameworks in place

that has attracted investment and made them global leaders in carbon capture and sequestration. In so doing, they have also put protocols in place to recognize CCS as a compliance mechanism with provincial carbon obligations, providing their heavy industry with a viable compliance mechanism.

Ontario has the opportunity to reap the economic benefits of carbon capture and sequestration by:

- Ensuring sufficiently large tracts of suitable space can be accessed through a transparent land rights acquisitions process with a clear dispute resolution mechanism;
- Having a clear application and approvals process;
- Incenting commercial-scale CCS projects; and
- Facilitating carbon capture, utilization and storage (CCUS).

Carbon Capture is Critical to Ontario Industry's Carbon Reduction and Competitiveness

For many of Ontario's heavy industry access to carbon capture and storage is critical to dramatic carbon reduction in the short to mid-term. These industries use fossil fuels as part of their process, not only as feedstock, which is the case for fertilizers or chemical plants, but as an integral part of the industrial process, such as the source of carbon needed for the reduction of iron to make steel. Even as several of the province's steel makers have publicized plans to invest over a billion dollars each to cut their greenhouse gas emissions to less than half current levels, they will still have sizeable emissions that they have to capture and re-use if possible, or store until they can. Removing the ban on carbon capture and sequestration will be a significant step in ensuring the long-term competitiveness of Ontario's hard-to-abate large industrial operations that are energy and carbon-intensive and trade exposed as they reduce the carbon content of their products.

Carbon Capture can fuel economic development and be a Building Block for Hydrogen Economy

The federal government's CCUS investment tax credits and the $319 million earmarked for CCUS technology investment cannot flow to Ontario while the CCS ban is in place even though Ontario taxpayers are contributing to those funds. Ontario could miss out on attracting a sizeable share of the growing North American investment in carbon capture if the ban is not removed.

We recognise that Ontario is still working on finalizing a hydrogen strategy, but wanted to highlight that those provinces that have already developed hydrogen strategies and the federal government have identified carbon capture and sequestration as an integral building block for a future hydrogen economy. IGUA urges the Ontario government to do the same.

2- Incorporate CCS in Ontario's Carbon Management Framework

Removing the regulatory ban (recommendation 1 above) is necessary but not sufficient for making CCS a viable compliance option for industrial decarbonization or attracting external investment. Extending eligibility for carbon offset credits (with provisions for a transfer of long-term responsibilities for stored CO_2) under EPS is necessary for making CCS and CCUS

economically feasible for Ontario's heavy industry to transition to low carbon production and remain competitive. EPS should recognize CCS as an offset and increase the compliance flexibility of its regulated facilities to facilitate an economic transition to a low carbon economy. Ontario should also ensure that the methodology it adopts under EPS for CO_2 sequestration allows offset credits to be issued to voluntary CCS projects that take place outside the covered sectors.

In summary, IGUA supports the proposal to amend the Oil, Gas and Salt Resources Act, R.S.O. 1990, c. P.12 to remove barriers to CCS and sincerely hopes that the Ontario government will take the additional steps required to facilitate CCS in Ontario. Thanks again for the opportunity to comment.

Sincerely,

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