

Ministry of Natural Resources and Forestry

Proposed Changes to the OGSRA to regulate projects to test or demonstrate new or innovative activities, such as geologic carbon storage, and to safeguard people and the environment.

ERO number: 019-6752

Submitted Via the Environmental Registry of Ontario

The Energy and Chemistry Committee of Sarnia-Lambton (Energy and Chemistry Committee) is pleased to have the opportunity to share feedback on the Ministry of Natural Resources and Forestry proposal to amend the Oil, Gas and Salt Resources Act, R.S.O. 1990, c. P.12 “to create an authorization process for special projects to test or demonstrate new activities, such as carbon storage”.

Ontario’s Energy and Chemistry Industries

Sarnia-Lambton is home to Ontario’s largest natural gas storage hub and Ontario’s largest petrochemical, refining and industrial chemistry hub, which all of Ontario (and much of Canada) relies upon.

Overall, Ontario’s energy and chemistry industries are among the most important industries in the province.

They provide many high quality, high paying jobs. For example, Statistics Canada reports that for Ontario in 2021 total hourly compensation averaged \$112.49 for the petroleum refining sector, \$72.48 for the energy sector as a whole and \$75.25 for the basic chemical manufacturing sector, all well above the average of \$42.94 for all industries. *(source: Statistics Canada 36-10-0480-010).*

As noted below, they also represent a substantial portion of Ontario’s total economy.

Natural Resources Canada reports that in 2021 Ontario’s energy industry: (i) directly employed 40,750 people; and: (ii) directly contributed \$28.4 billion to Ontario’s GDP. *(source: Natural Resources Canada Energy Fact Book 2022-2023)*

The Chemistry Industry Association of Canada (CIAC) reports that in 2021 Ontario’s chemistry industry: (i) directly employed 38,300 people and indirectly supported an estimated 191,500 jobs; (ii) was the province’s 3rd largest manufacturing industry (with shipments of \$29.2 billion); and (iii) was the province’s 2nd largest exporter (with exports of \$20.6 billion). *(source: CIAC Economic Review Of Chemistry 2022)*

About the Energy and Chemistry Committee

The Energy and Chemistry Committee is comprised of Sarnia-Lambton community leaders with extensive experience in the all-important energy and chemistry industries, as well as prominent business, academic, government and private individuals.

At a high level, the mandate of the Energy and Chemistry Committee is threefold:

- *Engage Industry, Government, First Nations and Community stakeholders to define the “VISION” for the Sarnia-Lambton Energy & Chemistry Hub*
- *Build a strategy to strengthen the Hub’s competitiveness and support Canada’s commitment to sustainability and net-zero carbon emissions by 2050.*

- *Support the evolution of the current ecosystem into one that encourages existing and emerging companies to upgrade, grow and scale.*

The Energy and Chemistry Committee has been established in response to unprecedented threats currently being faced by our energy and chemistry industries – which are by far the most economically important industries in Sarnia-Lambton. It has also been formed to shine a spotlight on these industries, which, if not seriously supported now, will suffer the same ill-fate that has befallen much of Ontario’s manufacturing sector.

Based on 2020 GHG (greenhouse gas) reports, the energy and chemistry industries in Sarnia-Lambton represent over 27% of all the carbon dioxide (CO₂) emissions reported by the top 50 reporters in Ontario. As such, our local industries will be hugely affected by federal and provincial government efforts to “decarbonize” the economy.

Despite the major challenge that decarbonization represents for our local industries, the Energy and Chemistry Committee supports the drive to net zero by 2050. We see amendments to the Oil, Gas and Salt Resources Act, R.S.O. 1990 c. P.12 as an important and necessary step to support Ontario industry in working towards net zero, while helping to protect the viability of the energy and chemistry industries in Ontario. Currently, companies located in Ontario are at a major disadvantage to those located in other Canadian jurisdictions, most notably Alberta and British Columbia, which have adopted approaches that support industry, protect the environment, and allow for economies of scale to access federal government incentives, tax credits and other supports.

Recommendations

Our recommendations are as follows:

1. Vest pore space in the Crown for the purposes of CO₂ storage.
 - a. We believe that the vesting of pore space in the Crown will allow for the ability: (i) to regulate and control CO₂ storage for the protection of all and the environment; (ii) to establish an efficient and cost-effective way to utilize the pore space for CO₂ storage; and (iii) to monitor and maintain the integrity of the geologic formations proposed to be utilized for CO₂ storage.
2. Develop Regional Utility Scale Hubs in coordination with local players, in order to leverage emitters and GHG reduction.
 - a. The hub concept will allow for the most efficient use of pore space while allowing for the greatest number of emitters to access CO₂ storage options to the benefit of the environment and the facilities producing in Ontario.
3. Make CO₂ storage subordinate to previously approved uses already underway (ex. natural gas and hydrocarbons).
 - a. CO₂ storage projects should not negatively impact companies currently utilizing approved underground storage. These companies should have the first right to be doing so as they are currently contributing to Ontario’s economy.
4. Produce a regulatory framework by Q4 2023 that shows the Province is committed to supporting industry in this space, so that the federal government will recognize that Ontario-

based projects can access the CCUS Investment Tax Credit before time runs out. Alberta and British Columbia provide excellent models for Ontario to follow in developing the kind of regulatory framework that is required.

- a. Companies operating in Ontario are currently very disadvantaged due to the delay in Ontario allowing CO₂ storage. The Province needs to develop and implement an appropriate regulatory framework on a fast-track basis - or these companies may well miss out on some critically important federal government supports. The major, early adopter portion of these supports expire in 2030 and there is no indication they will be renewed.
- b. While it is hard to put a specific number on potential projects, there are definitely large projects that are not being considered for Ontario while there is a lack of clarity on the regulatory framework for geological CO₂ storage. As a result, major projects are already being announced (or earmarked) for other locations. Ontario risks entirely losing out on such projects if the required regulatory framework is not in place by Q4 2023.
- c. Include Duty to Consult as part of the regulatory process.

The Energy and Chemistry Committee encourages the provincial government to adopt these recommendations in order to allow for Ontario to become a viable player in the CO₂ storage space and to allow Ontario-based companies to continue contributing to the provincial economy while exploring GHG emission reductions. We believe that the economies of scale are present in the Sarnia-Lambton area to be able to capitalize on CO₂ storage and to be the number one Regional Utility Scale Hub in Ontario. If the energy and chemistry industries in Sarnia-Lambton are able to utilize CO₂ storage in an efficient and cost-effective way, that will go a long way towards enabling them to meet their targets for GHG emission reductions. Being able to meet these targets in an efficient and cost-effective way will be critical to enabling these industries to stay competitive, which will have a positive impact across the supply chain and support thousands of well-paying jobs for Ontarians.

Respectfully Submitted by,
Chair of the Energy and Chemistry Committee