

January 9, 2024

Attention: Public Input Coordinator
Ministry of Natural Resources: Development and Hazard Policy Branch
Submitted electronically

Re: ERO 019-9299 – Enabling the Development of Commercial-Scale Geologic Carbon Storage in Ontario: The Geologic Carbon Storage Act (GCSA)

To Whom it May Concern,

On behalf of Canadian Manufacturers & Exporters (CME), I am writing to provide comments on Bill 229, specifically on the establishment of the Geologic Carbon Storage Act (GCSA).

Ontario's manufacturing sector strongly supports Carbon Capture, Utilization and Storage (CCUS) as a needed tool for decarbonization. In a [Low Carbon Transition Survey](#) conducted in 2022, a CCUS Tax Credit was the most popular government measure to promote the achievement of net zero by 2050, favored by 71% of respondents.

As a result, and for several years now, our association has called for incentives and a legislative / regulatory framework to be established to enable the deployment of CCUS in Ontario. The test for the success of such legislation was always simple – to create sufficient certainty for private sector partners to break decades of inertia, during which Ontario let other jurisdictions like Alberta take the leadership in technology development and deployment for the long-term preservation of hard-to-abate sectors, such as steel, cement, lime, pulp and paper, which are integral to our economy.

While this Bill is good news and a welcome step towards our goals, there remain many doubts on whether the policy will meet the objective. Specifically, we are concerned the proposed legislation will vest pore space piecemeal, through a regulatory process that can be easily reversed, and the commitment to compensate surface landowners (which are arguably not impacted by CCUS activities occurring deep underground) introducing uncertainty, costs and administrative burden for proponents. There is also, to this day, no whole government approach to govern critical elements like CO2 transportation.

To give Ontario a chance to seize the moment and provide the needed regulatory certainty for the successful implementation of CCUS, the following measures are needed:

1. **Ontario should regulate the process end-to-end**, from capture, to transportation and ultimately storage, if the proponent has determined it is most feasible to occur in Ontario. Transportation is a critical piece, including interprovincially as many other Canadian provinces have better geology for carbon storage. We understand the Ministry of the Environment, Conservation and Parks is considering regulations, and we encourage this process to move forward.

2. **Establish provincial tax incentives covering CCUS equipment and operational expenditures,** bridging the [bankable gap](#) with other jurisdictions such as the U.S. and their credit provided under section 45Q of the United States Internal Revenue Code. While the future of many *Inflation Reduction Act* provisions is uncertain under the incoming Trump administration, support for CCUS incentives by major energy companies suggests these incentives (or similar ones) are likely to survive and continue to attract much needed capital to the United States in years to come.
3. **Provide the new Ontario Infrastructure Bank (OIB) with a mandate to help fund Ontario CCUS Infrastructure.** CCUS is not a profit centre, it is a net cost. Therefore, government incentives should be designed to help finance initial construction and continued operations. Flexible financial instruments should be used, to make sure public funds leverage private resources to the maximum extent, as the Canadian Infrastructure Bank is currently [mandated](#) to do. But with the very real prospect of a future federal government winding down the CIB, the province should be ready to step in, where strategic to do so to preserve Ontario manufacturing.
4. **Launch a public awareness campaign.** From a communication perspective, project proponents and emitters will have a central role to explain the broad benefits of CCUS for the success of the manufacturing sector and the prosperity of Ontario. They cannot do this alone. Broad cover will be needed from the Government and a community of industry stakeholders to effectively communicate the message to the public. CME recommends the launch of a public awareness campaign to broaden support for the technology and link it to continued prosperity for Ontario, based on the success of such efforts for the electric vehicle and steel industries.

In the three years that followed the COVID-19 pandemic, significant progress was made in articulating the elements of a successful CCUS policy framework - introducing funding incentives, developing regulations, and approving special projects. But those efforts will be tested very soon by significant political and economic upheaval.

To make sure that Ontario's CCUS ambition is truly fulfilled and does not become a drawn-out episode of virtue signalling, we need to renew collaboration between government and industry, so we may capitalize on efforts in the coming months, for the benefit of industries and Ontario's prosperity.

Sincerely,



Vincent Caron

Vice President, Ontario Government Relations and Member Advocacy