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Submitted to:
Ontario Ministry of Environment, Conservation and Parks (MECP)

IETA Comments on Proposed Amendments to Ontario's Emissions Performance Standards (EPS) Program

For over 25 years, the International Emissions Trading Association ([IETA](#)) has been the leading global business voice on robust carbon market solutions to tackle climate change while driving clean finance at scale. We represent a broad group of over 300 corporate members who engage across Canada and global carbon markets, including Ontario's Emissions Performance Standards (EPS) program. We welcome this opportunity to provide input on the program's proposed amendments, as well as provide additional recommendations for consideration by the Ministry of Environment, Conservation and Parks (MECP) as the province's carbon evolves – and ideally expands and better harmonizes with other jurisdictions – over the coming years.

Amendment 1: expanding circumstances under which voluntary participants can exit the EPS program

IETA recognizes that the removal of the federal consumer carbon charge provides incentive for voluntary participants to opt out of the EPS program. The province may consider new incentives for these facilities to remain opted-in, to enable continued investment and emissions reductions at the lowest possible cost for these facilities. However, IETA acknowledges many of these facilities may rather opt-out, and we support the government providing the flexibility to do so.

IETA supports that facilities opting out on 1 April 2025 be required to submit partial year reporting up to 31 March 2025, given up until that point the carbon levy had not yet been set to \$0. Further, there should be a clearly communicated process to Ontario stakeholders on opting-out to avoid market uncertainty and confusion.

IETA appreciates the additional information provided in the Regulatory Impact Analysis section, where the Ministry notes that smaller facilities account for 7% of all covered emissions. Broadly, IETA continues to support increased market transparency whenever possible to give clarity and certainty to participants and stakeholders.

Amendment 2: Requiring facilities engaged in Petroleum and Coal Product Manufacturing to register in the EPS program

IETA supports the amendment to include facilities engaged in petroleum and coal product manufacturing to register for the EPS program. Broadening compliance under the EPS program creates a more diverse and robust market that lowers emissions whilst promoting economic growth and competitiveness.

In addition to this amendment, which would stimulate greater market demand, IETA encourages MECP to consider carbon market linkage and voluntary market engagement as further pathways to strengthen the EPS program. More details related to the recommendation are provided below.

Additional Considerations

Carbon Market Linkage Opportunities (Domestic and International)

IETA recommends that MECP work closely with other targeted provinces and the federal government to integrate/transfer tradable units across market systems. Allowing for fungible, tradable carbon credits and Emission Performance Units (EPUs) would allow for more efficient resource allocation from provincial industry and protect against carbon leakage. As a next step, enabling that intra-Canadian fungibility with other provinces will not only position Ontario for expanded market/investment potential but also open new demand for EPUs and other forms of credits.

If there ever were a moment to prioritize harmonization efforts, now would be it. Prime Minister Carney supports breaking down interprovincial trade barriers, describing the need to “reduce barriers to harmonizing and linking these [carbon] markets across the country, and ensure they establish a long-term signal to lock in investments” and doing so through active “work with provincial and territorial governments” in the [Liberal Party election platform](#). Opportunities exist to support intra-Canada climate market cooperation and fungibility opportunities. IETA’s community remains ready and willing to support and/or facilitate Ontario engagement on this front with Alberta, B.C., other provinces, and Ottawa.

This opportunity also extends internationally. With final completion of the Paris Agreement **Article 6** Rulebook at COP29 in November 2024, we firmly believe that Ontario – in close coordination with the Federal Government – has a chance to strategically pursue international market partnership and linkage opportunities, establishing itself as a global leader and trusted partner in clean technology development, finance and exports.

Use of Offsets & Voluntary Market Opportunities

IETA encourages MECP to consider the use of offsets within the EPS program, in alignment with provinces like Alberta and Quebec. Offsets would further enable linkage between provinces and connect Ontario to international market opportunities. With demand for high-integrity credits across the world's evolving Voluntary Carbon Market (VCM) and the operationalization of Article 6, expanding the EPS system positions Ontario for broader market growth.

Conclusion

On behalf of IETA's community representing over 300 business members and investors across Canada and globally, we appreciate this opportunity to provide input on the proposed amendments to Ontario's EPS program. IETA looks forward to continued engagement with MECP. We continue to hope that Ontario seeks out pathways toward greater compliance flexibility and credit fungibility and tradability. Doing so will support domestic and international market linkage opportunities that could unlock numerous climate and socio-economic benefits.