



CANADIAN OILSEED PROCESSORS ASSOCIATION

March 29, 2019

The Honourable Rod Phillips
Minister of Environment, Conservation and Parks
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MEMBERS:
ADM Agri-Industries Company
Bunge Canada
Cargill Limited
Louis Dreyfus Company Yorkton Trading LP
Richardson Oilseed Limited
Viterra Oilseed Processing

Submitted via email: minister.mecp@ontario.ca

Re: Making polluters accountable: Industrial Emission Performance Standards

Dear Minister Phillips,

On behalf of the Canadian Oilseed Processors Association (COPA), I am writing to provide feedback on the consultation regarding *Making polluters accountable: Industrial Emission Performance Standards* (EPS).

COPA is a federally incorporated non-profit industry association that works in partnership with the Canola Council of Canada to represent the interests of oilseed processors in Canada. COPA currently represents six companies that own and operate 14 processing facilities in Canada, two of which located in Ontario.

Our member companies include ADM Agri-Industries Company and Bunge Canada, who operate oilseed processing facilities in Windsor and Hamilton respectively. These establishments process soybeans and canola grown by Ontario's farmers into value-added products for the food (vegetable oil), animal feed (protein meal) and biofuel (biodiesel) sectors. These activities are estimated to contribute \$550 million to the Ontario economy and generate nearly 900 direct and indirect jobs¹.

Climate change, the environment and greenhouse gas (GHG) emission reductions are important issues to COPA and its members. When developing policies and regulations to incent reductions in GHG emissions, the impact on business competitiveness must be considered. As an energy intensive and trade exposed (EITE) industry, oilseed processing is vulnerable to higher operating costs associated with

¹ https://www.canolacouncil.org/media/584356/lmc_canola_10-year_impact_study_-_canada_final_dec_2016.pdf

carbon pricing. Provisions that offer cost mitigation for EITE industries are critical for any carbon pricing policy – this is especially important when competing jurisdictions/markets do not have similar climate policies. Climate policy development must also recognize the positive contributions from the oilseed industry, including carbon sequestration at the farm level and the production of sustainable feedstocks such as vegetable oil used in the low carbon biofuel industry.

We are pleased that the proposed EPS will consider factors such as trade-exposure and competitiveness for our industry. We also appreciate that the Ontario government has developed this regulatory proposal as an alternative to the federal output-based pricing system (OBPS). With the federal fuel charge set to take effect on April 1, 2019 and implementation of the OBPS scheduled later in the year, the Ontario and Federal governments must work closely together to avoid potential dual regulatory obligations on the same GHG emissions.

Specific feedback on the proposed elements of EPS are provided below.

1. Regulated Sectors

Identifying oilseed processing as a regulated sector is consistent with the federal OBPS and other jurisdictions in Canada. Consistency is important to meet the parameters of the federal backstop and create a level competitive environment across all jurisdictions within Canada where oilseed processors operate.

2. Emissions Threshold and Opt-in Provision

COPA supports facilities with GHG emissions between 10,000 tonnes of CO₂e per year and the mandatory threshold to voluntarily participate (opt-in) to the EPS beginning in 2019. Providing facilities in the same sector equal access to the program is critical to ensure a level competitive playing field.

3. Emission Performance Standards, Competitiveness Assessment and Stringency Factors

We understand that a facility-specific standards approach is being proposed for facilities in Ontario which are a part of the federal OBPS. We recommend that deliberate and robust analysis, including industry consultation and review of emission standards/policies in other Canadian jurisdictions be conducted before establishing standards. Setting standards without proper analysis of sector or facility specific impacts, may have significant and unintended consequences on competitiveness and ultimately the success of the policy.

Assessing the risk of competitiveness and carbon leakage associated with the proposed EPS is a critical component of the government's analysis. We support the emissions intensive and trade exposed (EITE) assessment tool proposed in the regulation. We agree that additional emphasis must be placed on trade exposure to properly assess the competitive risks associated with carbon pricing. Approximately 1/3 of the industry's output (vegetable oil and meal) in ON is exported to markets around the world. At a national level, oilseed processors export more than 75 % of production, underscoring the trade exposed nature of our industry.

We encourage the Ontario government to work closely with COPA to ensure the EITE assessment is completed using the best available data as this has important ramifications for stringency factors and ultimately the competitiveness of our industry in Ontario.

4. Compliance Flexibility

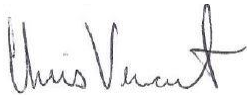
COPA supports the compliance options proposed in the EPS. Regarding compliance units for emissions below a facility's annual emissions limit, we recommend that these units (or credits) be permitted for trading with other regulated facilities in the program or banked indefinitely for use in meeting future compliance obligations.

5. Compliance Obligation

We recognize that emissions verification and compliance reporting are required elements of the EPS – this is true for any carbon pricing mechanism that involves setting emissions standards or benchmarks. While we understand the need for this requirement, annual emissions verification and compliance reporting are administratively burdensome and costly for industry. To minimize this burden, we recommend that verification and compliance reports be staggered (eg: alternate years) instead of annually.

We encourage the Ontario government to take this feedback into consideration and look forward to working with you and your colleagues on the development of the EPS.

Sincerely,



Chris Vervaet
Executive Director
Canadian Oilseed Processors Association