

January 15th, 2021

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Financial Instruments Branch
40 St. Clair Avenue West, Floor 8
Toronto, ON, M4V 1M2

Re: Amendments to transition Ontario industrial facilities from the federal Output-Based Pricing System to Ontario's Emissions Performance Standards program
ERO: 019-2813

The Ontario Greenhouse Vegetable Growers (OGVG) are pleased to provide comments on the *Amendments to transition Ontario industrial facilities from the federal Output-Based Pricing System to Ontario's Emissions Performance Standards (EPS) program*. OGVG represents approximately 200 farmers responsible for over 3,200 acres of greenhouses tomatoes, peppers and cucumbers across the province. With farmgate sales of \$1 billion in 2019, a contribution of \$1.8 billion to the economy and a consistent track record of growth, the sector is a valuable economic driver for the province. Our members strive to grow fresh, high quality food year-round and contribute to meeting healthy eating and food security goals across the province.

The OGVG membership consists of greenhouse facilities of various sizes and energy requirements. All members, both large and small, were impacted by the previous provincial government's Cap and Trade program, the design of which had several unintended consequences for our sector. Greenhouse operators are currently captured by the federal fuel charge, for which an 80% fuel charge exemption is currently in place. We do not believe any of our members are captured under the federal OBPS with the current threshold of 50,000 tonnes CO₂ equivalent (tCO₂e). However, as the thresholds for mandatory and voluntary opt-in are reduced, more of our members will be eligible to participate. We support the transition to the Ontario EPS system and look forward to contributing to meeting Ontario's climate goals.

With regards to the current consultation, we appreciate the commitment to ensuring operations are only covered under either the Output-Based Pricing System (OBPS) or EPS and that emissions are not double counted. Furthermore, we appreciate the commitment of the Ontario government to ensure that federal fuel charge exemptions remain in place. We understand the current need to align with the federal system to ensure a rapid and smooth transition. As the program develops, we ask that additional sectors, including greenhouse production, be included in the list of eligible sectors for voluntary opt-in. Lastly, we support the amalgamation of multi-site facilities under a single facility registration, as is the case under the federal OBPS. Not only does this streamline administrative processes, but it also allows more of our members to hit the threshold for optional opt-in if that becomes an option for greenhouse farmers in the future.

With regards to future consultations, we welcome further discussion on the inclusion of greenhouse production under the Ontario EPS. Using a reduced opt-in threshold of 10,000 tCO₂e will enable many of our members to opt-in. A further discussion on the appropriate performance standard for greenhouse production would be

warranted as crop varieties, cropping schedules, geographic location, and local weather patterns preclude the use of product, sector or facility-based standards. Using a flexible system that would allow participants to choose the methodology that works best for their operation would be an attractive solution. It will also be critical to ensure any future inclusion of greenhouse production in the EPS does not put small to medium sized operations at a significant competitive disadvantage to larger operations that can opt-in under the voluntary threshold. We welcome further discussion on what creative solutions will ensure this is not the case. Lastly, one aspect of greenhouse vegetable production systems that has not been effectively incorporated into any carbon pricing policy, is most greenhouses capture and concentrate CO₂ from the boilers to increase and maintain plant productivity. We are interested in exploring what opportunities exist for this process to be incorporated as a non-fixed process emission representing negative emissions in the program.

In addition, we would like to see further discussion and clarity on the return mechanism for funds accrued under the Ontario EPS program. Ensuring any such program compliments and supports existing programming, such natural gas demand side management (DSM) programs, that already addresses the desired emissions reductions outcomes, will be critical to ensuring effective use of these funds. Furthermore, it is critical that parallel programming is established for any facilities that fall outside of the EPS scope to ensure the aforementioned competitive disadvantages are addressed.

OGVG supports the development of a made-in-Ontario carbon pricing system that recognizes the importance of food security to Ontario and establishes a unique framework that supports modern agricultural and promotes competitiveness. We have also included for your reference, our comments to ERO 013-4551 *Making polluters accountable: Industrial Emission Performance Standards* submitted March 29, 2019.