

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

Introduction

The Ontario Pulp and Paper Coalition (the Coalition) thanks the Ministry of the Environment, Conservation and Parks (MECP) for the opportunity to comment on the Environmental Registry of Ontario (ERO) number 019-281: *Amendments to transition Ontario industrial facilities from the federal Output-Based Pricing System to Ontario's Emissions Performance Standards program* posted on December 16, 2020. The Coalition offers the following comments.

The Coalition members include the following pulp and paper companies: AV Terrace Bay, Cascades, Domtar, Resolute Forest Products, and the Ontario Forest Industries Association. The Coalition operates mills in all regions of Ontario. These mills are part of a broader, highly integrated forest products sector that includes:

- Sustainable forestry operations
- Sawmills and wood product mills
- Paper recycling
- Bioenergy, biochemical and biofuel sectors
- Green energy for the electricity grid

Currently, the Ontario forest products sector represents \$18 billion of economic activity and provides over 147,000 direct and indirect jobs in every region of the province. The industry is heavily trade-exposed and subject to international commodity pricing, which they have no control over for the products they manufacture.

Our Coalition was pleased with the news of the federal government's acceptance of Ontario's Emissions Performance Standards (EPS) program in September 2020. However, the province must ensure a January 1, 2021 start date for emissions covered under Ontario's EPS.

The Coalition recognizes the 2% biomass factor included in the EPS methodology. However, to effectively support the Ministry of Natural Resources and Forestry's (MNR) Forest Sector Strategy and Biomass Action Plan, we ask the MECP to further incentivize the use of forest biomass by increasing this factor.

Not addressed within the proposed amendments are excess allocations. We are looking for additional clarification about excess allocations, including how they could be used and how they will be carried forward. It would be beneficial to us to know that a surplus generated early on could have value in later years to offset a deficit or if there is value in creating a surplus as this could influence facilities planning to undertake emission-reducing projects. Indeed, for the highest performing facilities that may have further reduction opportunities, the current design effectively discourages projects from being executed

We look forward to working with MECP to minimize the administrative burden, including supplying information for the fuel levy. Our facilities have provided information to the federal government. While we recognize the concerns with respect to privacy and confidentiality issues around the information supplied, we hope that a solution can be found to share the information when transitioning to the provincial EPS.

In conclusion, the Coalition fully supports this government's focus on red-tape and administrative burden reduction, lowering costs, and improving competitiveness. Furthermore, we appreciate

MECP's open dialogue and frequent communication through the EPS program's development and approval. Attention from all governments must now focus on a January 1, 2021 implementation date to avoid further costs and impacts to the industry.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ian Dunn', with a long horizontal flourish extending to the right.

Ian Dunn, RPF
Interim President & CEO
Ontario Forest Industries Association