

Enbridge Gas Feedback on Amendments to support transition and implementation of Ontario's Emissions Performance Standards program

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About Enbridge Gas Inc.

Enbridge Gas is Canada's largest natural gas storage, transmission and distribution company based in Ontario, with more than 170 years of service to customers. The distribution business provides safe, affordable, reliable energy to about 3.8 million homes, businesses and industries and is leading the transition to a clean energy future through net-zero emissions targets and investments in innovative low-carbon energy solutions. The storage and transmission business offers a variety of storage and transportation services to customers at the Dawn Hub, the largest integrated underground storage facility in Canada and one of the largest in North America. Enbridge Gas is owned by Enbridge Inc., a Canadian-based leader in energy transportation and distribution. Learn more at enbridgegas.com.

Executive summary

Enbridge Gas (Enbridge) welcomes the opportunity to comment on the proposed amendments to further support industry's transition from the federal Output-Based Pricing System (OBPS) to Ontario's Emissions Performance Standards (EPS) program, as well as the administration and enforcement of the program. The comments outlined below focus on comments previously submitted during the comment period for *Proposed Amendments to Transition Ontario Industrial Facilities from the Federal Output-Based Pricing System to Ontario's Emissions Performance Standards Program*, administrative and technical recommendations as well as other possible considerations for the Government of Ontario (the government) to take into consideration. We look forward to working with the government to ensure a smooth transition from the OBPS to Ontario's EPS for our customers. In order to provide our customers with enough time on the transition, we would require clarity on these details by September 1, 2021.

Treatment of new facilities

To allow new eligible facilities to register during the first year a facility starts production is something that Enbridge is highly supportive of. This will ensure that emission intense trade exposed (EITE) facilities in Ontario can receive immediate relief from the federal fuel charge and remain competitive with those in other jurisdictions. During the post-COVID-19 recovery period, ensuring Ontario remains a competitive place for companies to build will be extremely important.

Other administrative, technical and clarifying amendments

Enbridge is supportive of aligning the EPS facility definition with the OBPS Regulation facility definition. This amendment will ensure that facilities currently operating in an integrated way and covered under the OBPS will not be excluded under the EPS, allowing for a smooth transition.

Enbridge is also supportive of the move to align the material discrepancy assessments under the Reporting Regulation with the federal requirements.

- Enbridge requests clarification that the amended material discrepancies will be the basis for determining when a revised greenhouse gas (GHG) emissions report will be required to be submitted (i.e. when the percent discrepancy exceeds the amended material discrepancy thresholds) and that verification is only required when the revised GHG emissions report is required to be submitted.
- Enbridge recommends that the Ministry of the Environment, Conservation and Parks (MECP) clarify that revised compensation is only required in the circumstance where the percent discrepancy exceeds the amended material discrepancy thresholds and therefore, only required when a revised GHG emissions report is required to be submitted.

Enbridge is supportive of adding more guidance and flexibility for participants to determine when a site visit is required. Over the course of the last two years the lack of flexibility and clarity has been a challenge to navigate. Specifically, it would be helpful to point out in what circumstances a site visit can be postponed to the following year (e.g. health and safety concerns) and clearly state for verifiers that a sample site within a multi-site facility can be selected.

- Enbridge recommends that the MECP clarify whether a verifier that was used by a facility under OBPS Regulation could continue to verify for the facility once the facility transfers from the OBPS to EPS for a period of six consecutive years starting from reporting period 2022.

Additional considerations

Low Carbon Fuels

Enbridge encourages the government to ensure the regulations and quantification guidelines consider the environmental benefits of combusting low carbon fuels such as renewable natural gas (RNG) and hydrogen, used on their own or blended into natural gas, to drive investment and uptake of low carbon fuels as an effective decarbonization pathway for industrial facilities.

Inclusion of Offsets as a Compliance Option

Offsets provide flexibility to registered facilities to meet their compliance obligation using lower cost compliance units, minimizes leakage risk and lowers the costs passed on to end-use customers. The benefits of offsets extend beyond low cost compliance options for regulated entities, to more broad economic benefits to the Ontario economy. Offsets drive job creation and growth, investment and revenue, and innovation in new technologies that would not have occurred under business as usual conditions. In addition, offsets provide an effective means of delivering climate action while accelerating the transition toward meeting Ontario's 2030 climate targets.

- Enbridge recommends that offset credits be included as a compliance option under the EPS, ideally as soon as possible after the January 1, 2022 program launch.
- Enbridge recommends that the MECP adopt offsets into the EPS in the quickest and most efficient way possible by leveraging existing systems and market programs.
- Enbridge recommends that MECP amend the regulations to recognize all offset credits generated under eligible federal and provincial systems for compliance under EPS and leverage the federal offset system being developed currently by Environment and Climate Change Canada (ECCC).

This pathway ensures the quickest uptake of offsets into the EPS, ensuring offset implementation prior to the program start date.

If Ontario decides to implement its own offset program:

- Enbridge recommends adapting current systems, frameworks, protocols, and infrastructure from the Federal OBPS system. In addition to leveraging the priority protocols from the Federal OBPS, protocols related to avoided methane and destruction such as Anaerobic Digestion, Landfill Methane Management and Livestock Manure Management should be considered for development.
- Additionally, the ability for external parties to propose new protocols by submitting a draft scoping document would be an effective means of encouraging timely protocol development and stakeholder engagement.

Although adapting existing OBPS frameworks lessens the offset development timeframe, this option would likely not see the inclusion of EPS offsets by the program start date, delaying the numerous benefits of offsets to covered entities and Ontario's economy.

Conclusion

If you have any questions or require additional information please do not hesitate to contact Nicole Gruythuyzen, Senior Advisor Government Affairs (nicole.gruythuyzen@enbridge.com).