

March 14

Public Input Coordinator  
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## Re: Geologic Carbon Storage in Ontario

On behalf of Canadian Manufacturers & Exporters (CME) and our member companies from across Ontario, we are pleased to provide our comments on the discussion paper on Geologic Carbon Storage in Ontario (the Discussion Paper). CME strongly supports the efforts proposed in the Discussion Paper and provides recommendations on how to further incentivize participation in carbon capture and storage projects and how to manage and support future advancing technologies.

CME strongly supports the Ministry's efforts in support of geologic carbon storage in Ontario as an important step in Canada's path to meeting net zero goals. Carbon capture and storage will be one of the key enablers in Canada's transition to a lower carbon economy, while meeting energy demands and international commitments such as the Paris Agreement. Carbon capture and storage will help Canada meet GHG reduction targets and help Canada remain competitive with other jurisdictions utilizing these technologies. This is a crucial step in meeting important net zero emissions goals.

CME provides recommendations below in support of these efforts, offering further recommendations on how best to incentivize growth and manage advancing technologies:

### 1. Amend the Emission Performance Standard to deduct sequestered CO<sub>2</sub> from covered facility CO<sub>2</sub> reportable emissions and tax obligations

CME recommends that the Emissions Performance Standard program be amended such that the sequestered CO<sub>2</sub> is deducted from covered facility CO<sub>2</sub> reportable emissions and tax obligations. This will incentivize heavy emitters to consider carbon capture and storage as part of their decarbonization strategy. The economic feasibility of sequestration projects relies on enabling legislation and offset credit markets. By incentivizing these investments, further important emissions reductions efforts will be made.

In the United States, the Tax Credit for Carbon Sequestration (Section 45Q), which provides a tax credit on a per-ton basis for CO<sub>2</sub> that is sequestered, was first enacted in 2008. In addition, the incentives were broadened and increased in the 2018. Today, the credit provides incentives equal to US\$50 per metric tonne for CO<sub>2</sub> stored permanently underground but not used commercially and US\$35 per tonne for CO<sub>2</sub> that is used in enhanced oil-recovery operations and in other commercial uses. Numerous state governments complement these federal tax incentives with their own incentives.

## **2. Develop offset credits for carbon capture and storage projects**

To further incentivize heavy emitters to pursue carbon storage as part of their decarbonization strategy, it is important to develop a framework that allows for tradable and non-expiring offset credits to be established from carbon capture and storage projects. These incentives will encourage further investment in these projects and assist in meeting overall goals to reduce emissions.

## **3. Establish a technical advisory group**

Carbon capture and storage technology advances and changes at a rapid pace and thereby should be under regular review to ensure the regulation for storage stays in step with advancing capture technologies.

## **4. Expedite consultation and regulatory amendments to enable carbon capture and storage in Ontario**

Ontario should fast track the adoption of carbon capture and storage supportive regulations to better and sooner compete in a global market where many jurisdictions already allow these technologies. Industry will not make necessary high-cost investments required for installation of carbon capture technologies until it is clear that government is moving forwards with these supportive regulations. Ontario could use Alberta's framework and enabling legislation as a platform to build upon, customizing the legislation to Ontario specific matters such as permitting, post closure liability, and pore space acquisition.

## **5. Establish a streamlined approvals process**

Carbon capture and storage is currently not permitted and in order for companies to start making the necessary investment it will be important that a clear application and approval process be provided to lessen administrative burden and encourage efforts to commence projects. The Ministry should expediate the application approval process with clearly defined regulatory review timelines to ensure that projects can be commenced as soon as possible. It is further recommended that regulations designed to enable carbon capture and storage projects be leveraged to approve future large-scale projects to offer investors confidence in the process.

Thank you for the opportunity to comment. CME would be pleased to meet with you along with our member companies to provide our support, ideas, and insights as you review the Discussion Paper. Please do not hesitate to contact us if we can be of further assistance on this or any other issue.

Sincerely,

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