

January 9, 2023

Attn: Public Input Coordinator
MNRF - PD - Resources Planning and Development Policy Branch
300 Water Street, 2nd Floor, South Tower
Peterborough, ON K9J 3C7

Submitted online via: Environmental Registry of Ontario

To Whom it May Concern:

Re: ERO # 019-6296: Proposed amendments to the *Oil, Gas and Salt Resources Act*, to remove the prohibition on carbon sequestration

The Ministry of Natural Resources and Forestry (“MNRF” or the “Ministry”) is proposing to amend the *Oil, Gas and Salt Resources Act* (“OGSR Act”) to remove the prohibition on carbon sequestration. Capital Power supports this proposal and agrees with the Ministry that, if approved, these changes represent a first step towards enabling geologic carbon storage in the province.

Capital Power is also supportive of the Ministry’s broader efforts to establish a policy framework to enable and encourage deployment of carbon capture and storage (“CCS”) in the Ontario. In our March 14, 2022 response to ERO # 019-4770, we indicated support for legislative amendments to remove regulatory barriers to CCS in Ontario, including the proposed removal of the prohibition on carbon sequestration. We also highlighted several considerations for the Ministry in terms of next steps for enabling carbon capture utilization and storage (“CCUS”) in Ontario, these are summarized as follows:

- **Development of a provincial CCUS strategy:** to bring together perspectives from stakeholders across the CCUS value chain (i.e., capture, transportation, and sequestration) with respect to potential CCUS deployment opportunities in Ontario and what is needed to attract and enable such investments; and to help link into and leverage the ongoing work of the Federal government with respect to advancing and enabling CCUS.
- **Enhancing the regulatory framework:** to ensure a clear and effective permitting regime for CCUS projects. The Ministry’s Roadmap towards Regulating Geologic Carbon Storage is a great first step in this regard and design work to begin in summer/fall 2023 should look at how current regulatory permitting and approval processes apply to CCUS projects across the value chain – i.e., capture, transportation, and sequestration – and identify any potential gaps or roadblocks. For electricity projects, Ontario will also need to ensure that the IESO’s processes for resource procurement and re-contracting recognize and allow for consideration of CCUS and other decarbonization options and configurations.

- Providing certainty regarding transportation and sequestration: including timing, location, and access will be critical for developers considering large-scale CCS investment. Additional work is required to develop a framework for land rights acquisition related to pore space in Ontario.
- Understanding the impact of financial incentives: such as the Federal CCUS Investment Tax Credit and other Federal funding sources, which will help address existing financial challenges. Amendments to Ontario's Emission Performance Standard ("EPS") could also help address financing considerations and inform the business case for CCUS investment. Capital Power previously recommended that the EPS be amended to address situations in which captured carbon is stored on site and shipped to another facility to be geologically stored or stored off-site for Enhanced Oil Recovery. Off-site storage should be treated as an offset project. Development of quantification protocols for CCS as well as a legal liability system to address accidental or intentional release or removal of injected carbon are also necessary.
- Ensuring an effective mechanism for de-risking carbon policy: as the economics of CCUS investments, and particularly future revenue streams from offsets, are highly dependent on carbon policy assumptions that are vulnerable to material disruptions from future policy changes. This unique degree of policy risk cannot be effectively mitigated by investors and results in a heightened degree of investment risk. Capital Power expects that the Federal Government's newly established Canada Growth Fund will help proponents to manage carbon policy related risks.

Capital Power appreciates the opportunity to submit comments on this important initiative and looks forward to continuing to work with Ontario on enabling and advancing CCUS. Should you have any questions related to this submission or wish to discuss, please contact me directly at 780-691-0064 or gberry@capitalpower.com.

Regards,



Grant Berry
Director, Government Relations

cc: D. Jurijew, Vice President, Government Relations, Regulatory and Environmental Policy