

August 23, 2024

Attention: Public Input Coordinator
Ministry of Natural Resources: Development and Hazard Policy Branch

Submitted electronically

Re: Regulating Commercial-Scale Geologic Carbon Storage in Ontario, ERO 019-8767

Hello,

Thank you for allowing me to participate in the August 12 consultation at Osgoode Hall in Toronto.

On behalf of our members, I am writing to submit CME's recommendations on the design of the new regulatory framework to enable commercial-scale geologic carbon storage, and related next steps the province should undertake to deploy Carbon Capture, Utilization and Storage (CCUS) in Ontario.

[The United Nations Intergovernmental Panel on Climate Change](#) and the [Government of Canada, British Columbia](#) and [Alberta](#), among others, have all recognized CCUS as an indispensable tool for achieving our collective net-zero objectives. It has a strong safety and success track record in numerous jurisdictions. By embracing CCUS while pursuing a comprehensive emissions reduction strategy, Ontario will secure investment into its manufacturing sector, position itself as a leader in clean energy, and strategically support global efforts to fight climate change.

Time is of the essence. While the U.S. and Western Provinces accelerate investment and deployment of CCUS [fueled by generous tax incentives](#), Ontario still does not have a comprehensive regulatory framework in place and is not eligible for [federal investment tax credits](#). This puts at risk billions in recent private and government investments to enable the manufacturing of green steel, cement, and other decarbonized materials and goods right here in Ontario.

According to the [Canadian Centre for Economic Analysis \(CANCEA\)](#), strategic investments in CCUS and hydrogen in Ontario could reach up to \$95 billion by 2050, contributing over \$218 billion to Ontario's GDP by 2050, and supporting 44,000 jobs annually. However, any delays in establishing a viable commercial framework could result in substantial economic losses. The same study by CANCEA estimates that a three-year delay could risk \$53 billion in GDP, and a 5-year delay could risk \$84 billion in GDP – a direct consequence of manufacturing and CCUS value-chain jobs leaking to other jurisdictions.

As you move to remove Ontario from this vulnerable position, four key conditions should be met:

#1 – Vest All Pore Space with the Crown and Enable Broad Access on a Hub Model

The discussion paper outlined two potential approaches in terms of legislative framework. As we made clear in previous submissions and at the August 12 meeting, we believe that vesting all pore spaces

with the province, enabling it to maintain strategic control, is the only viable solution to maintaining public confidence and enabling CCUS in Ontario. The public and private land processes should be merged to optimize the management of this limited resource.

Accessibility is a key component of a successful CCUS framework. It is vital that the benefits of carbon storage technologies are available to all stakeholders, including smaller emission-intensive businesses. This can be achieved through a Request for Proposal (RFP) process, which would enable open access to CCS resources. This can include transitioning successful evaluation projects to commercial scale. This model will not only enhance participation, but also innovation and investment across various industries.

Furthermore, the incorporation of equity partnerships with Indigenous communities is paramount. Indigenous people often possess valuable knowledge of local ecosystems and resources, and their involvement in carbon storage projects can lead to more sustainable and socially responsible outcomes. The proposed framework should facilitate meaningful consultations and partnerships with communities.

#2 - The People of Ontario Need to Support the Central Role of CCUS in Ontario's Industrial Future

Ontario industry has made its support for CCUS clear. In a [Low Carbon Transition Survey](#) conducted in 2022, a CCUS Tax Credit was the most popular government measure to promote the achievement of net zero by 2050, favored by 71% of respondents.

But since then, parliamentary committees and public hearings held in relation to the Ontario Roadmap and Special Projects hinted at misconceptions around the technology in the general public. While there is no evidence of adverse impact on individual landowners from current CCUS projects, and activities occur deep underground, anticipation of possible impacts and ceding too much leverage to those landowners has a potential to derail developments.

From a communication perspective, project proponents and emitters will have a central role to explain the broad benefits of CCUS for the success of the manufacturing sector and the prosperity of Ontario. But they cannot do this alone. Broad cover will be needed from the Government and a community of industry stakeholders to effectively communicate the message to the public. CME recommends the launch of a public awareness campaign to broaden support for the technology, based on the success of such efforts for the electric vehicle and steel industries. CME remains available and willing to use all available resources to augment these efforts.

#3 – Economic Viability Needs to Drive Policy Design at Outset

CCUS is not a profit centre, it is a net cost. Therefore, government incentives must be designed on the need to ensure affordable operations, and maximize scale, to bring costs down.

At the earliest convenience, we encourage decision-makers at the highest level of government to organize a meeting with companies delivering special projects in Ontario and at commercial level in Western Canada to better understand the economics, what can be safely delivered according to

international best practices and the impacts of introducing regulatory restriction such as the requirement to conduct projects at a depth of 800M or more. Based on these discussions, Ontario should be open to adjust the thinking outlined in the discussion paper.

#4 – Broaden Government Involvement and Connect to an Advanced Manufacturing Strategy

Finally, there needs to be a whole-of-government effort to put in place the missing links of carbon transportation (i.e.: CO2 pipelines, rail or truck) from the point of emission to injection. While the Ministry of Natural Resources (MNR) has taken a leadership position to date, a successful rollout depends on the successful involvement of the Ministry of Environment, Economic Development and other bodies such as the Ontario Land Tribunal or the Ontario Energy Board.

Looking beyond sequestration and the policy pieces resting with the MNR, we look forward to seeing public engagement delivered as part of a whole-of-government CCUS policy framework. The upcoming release by Ontario of an Advanced Manufacturing Strategy offers opportunities in that regard.

We look forward to hosting MNR, MEDJCT, MECP Ministers and other relevant officials to present at CME Ontario's Environment Committee on next steps for CCUS, when relevant policy announcements can be made.

Sincerely,



Vincent Caron
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Canadian Manufacturers & Exporters (CME)
CC:

Graydon Smith, Minister of Natural Resources
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