

ONTARIO ENERGY ASSOCIATION

GEOLOGIC CARBON STORAGE: ERO 019-4770 SUBMISSION

MARCH 14, 2022

To shape our energy future for a stronger Ontario.

ABOUT



Ontario Energy Association



The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We earn our reputation by being an integral and influential part of energy policy development and decision making in Ontario. We represent Ontario's energy leaders that span the full diversity of the energy industry.

OEA takes a grassroots approach to policy development by combining thorough evidence based research with executive interviews and member polling. This unique approach ensures our policies are not only grounded in rigorous research, but represent the views of the majority of our members. This sound policy foundation allows us to advocate directly with government decision makers to tackle issues of strategic importance to our members.

The recommendations contained in OEA papers represent the advice of the OEA as an organization. They are not meant to represent the positions or opinions of individual OEA members, OEA Board members, or their organizations. The OEA has a broad range of members, and there may not always be a 100 percent consensus on all positions and recommendations. Accordingly, the positions and opinions of individual members and their organizations may not be reflected in this document.

The Ontario Energy Association (OEA) is pleased to provide this response to the Ministry of Northern Development, Mines, Natural Resources and Forestry (the Ministry) discussion paper exploring possible legislative changes to remove barriers to the storage of carbon dioxide, which would enable the creation of a regulatory framework to govern this and other new technologies (ERO: 019-4770).

COMMENTS

The OEA has reviewed the proposal which states that the Ministry is seeking to provide greater regulatory clarity and remove barriers that inhibit Ontario from advancing new concepts and technologies as energy needs evolve, including the geologic storage of carbon dioxide, while maintaining the protection of the public and the environment.

The OEA is encouraged that the Ministry is taking initiative to enable the creation of an enabling legislative and regulatory framework to govern Carbon Capture Utilization and Storage (CCUS), and supports updating the *Oil, Gas & Salt Resources Act* and *the Mining Act* to remove the current prohibition on carbon sequestration and establish a clear framework to unlock opportunities for industry to invest and create jobs in Ontario.

CCUS solutions represent significant opportunities to deeply decarbonize hard to abate vital sectors of the economy. Further, CCUS solutions can unlock ancillary clean energy opportunities.

Experts agree that widespread CCUS deployment is needed for Canada and the world to achieve net-zero by 2050. The International Energy Agency (IEA) analysis states, globally, that CCUS “will need to form a key pillar of efforts to put the world on the path to net-zero emissions” and “reaching net zero will be virtually impossible without CCUS.”¹

Specifically related to geologic storage, the IEA notes that “The theoretical capacity for storing CO₂ in deep geological formations globally is vast and far exceeds that required to reach net-zero emissions [...] Further exploration and assessment will be critical to provide confidence in the availability of CO₂ storage in key regions.”² This is important because the geology of Southwestern Ontario ranks 3rd of 11 in Canada (behind the Western Canadian Sedimentary Basin and the Beaufort-Mackenzie basin) as suitable for CCUS.³

Further, the Federal Government has stated that “Canada's strengthened climate plan calls for the development of a comprehensive CCUS strategy and for the government to explore opportunities to help maintain Canada's global competitiveness in this growing industry.”⁴

For Ontario (and Canada) to reach net zero targets by 2050 both governments and industry need to get behind CCUS now and in a big way. Developing CCUS on the scale needed to meet climate goals requires an industry approach to realize economies of scale, and clear signals and

¹ <https://www.iea.org/reports/ccus-in-clean-energy-transitions>

² Ibid.

³ NRCAN, Canada's Carbon Dioxide Capture and Storage Technology Roadmap, Table 3.2, p. 37:

https://publications.gc.ca/collections/collection_2014/rncan-nrcan/M154-16-2008-eng.pdf

⁴ <https://www.newswire.ca/news-releases/canada-and-alberta-launch-steering-committee-to-advance-ccus-896087073.html>

timelines from government for industry to take early steps needed on exploration, capital allocation and project planning.

The OEA believes that Ontario, by moving expeditiously on this opportunity of reforming legislation and establishing appropriate regulations, will be able to position the province as a leader in CCUS through creating a streamlined regulatory framework that facilitates feasible, commercial-scale, cost-effective and efficient geologic storage projects. As an example of further regulatory action required to support CCUS, Ontario's Emission Performance Standard (EPS) does not currently recognize captured and sequestered carbon as a means of lowering the compliance obligation of covered entities. The OEA recommends amending the EPS to recognize CCUS activities, and to allow for the creation of offset credits where CCUS activities are undertaken by entities not subject to the EPS so that the business case for CCUS can be realized in Ontario.

OEA further recommends that Ontario reiterate its commitment to continue consultations with industry, including the energy sector, on next steps and with an aim to have legislative and regulatory frameworks in place later this year. This would send a clear message that Ontario is preparing necessary steps to attract capital investment and jobs, create new carbon reductions opportunities for hard to abate industries, and allow industry to plan for immediate steps including geological exploration, capital allocation, and project planning.

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Ontario Energy Association

Let's unravel complex energy challenges, together.