

ONTARIO ENERGY ASSOCIATION

**Regulatory amendments to clarify program requirements and improve program efficiency for Emissions Performance Standards (EPS) and GHG Reporting programs**

OEA Response to ERO 019-7649

Submission Date: January 15, 2024

To shape our energy future for a stronger Ontario.



Ontario Energy Association

# ABOUT

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.

Together, we are working to build a stronger energy future for Ontario.



The recommendations and positions contained in OEA submissions 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 have this opportunity to provide our comments on the Regulatory amendments to clarify program requirements and improve program efficiency for Emissions Performance Standards (EPS) and greenhouse gas (GHG) Reporting programs as published in the Ontario Environmental Registry (ERO) 019-7506 on November 22, 2023. The OEA understands that Ontario's EPS program is a key government action encouraging large polluters in manufacturing, resource and electricity generation industries to be accountable for their GHG emissions. We understand the program is intended to:

- Encourage the facilities to reduce GHG emissions, and
- Minimize negative impacts on competitiveness and carbon leakage (the risk of production leaving the province for other jurisdictions with less stringent climate policies).

The OEA is particularly optimistic about renewable natural gas (RNG) which is a renewable product produced from organic waste captured from farms, forests, landfills, and even water treatment plants. The OEA is supportive of the proposed amendments to the GHG Reporting Regulation and the Guideline with respect to expanding eligibility for RNG and supports the removal of any barriers to using RNG within the EPS program. We see RNG as a significant opportunity for Ontario and support the usage of RNG as a solution to reducing GHG emissions.

The OEA is supportive of leveraging the robust processes for RNG procurement and title transfer already in place for natural gas customers, as noted in the ERO posting, as a way of expanding eligibility for RNG. The ownership, custody transfers from suppliers to end-users, volumes of RNG transfers, and metered throughput to the EPS facilities will support the required verification of RNG. The OEA is supportive of the following reporting requirements:

1. The RNG is injected into the required jurisdictions pipeline infrastructure (agnostic to whether it is through transmission, distribution, or other natural gas infrastructure).
2. The title to the RNG required under the program has been transferred from the supplier to end user, and includes the possibility of markets or agents acting as the intermediary party, and
3. The notional transportation of natural gas from the producer to the end user's facility has taken place and is verified through the EPS participant's measurement and consumption reports.

Furthermore, the OEA believes that GHG emissions from the combustion of RNG purchased by an EPS facility through a contract, and not used directly at the facility, should be eligible for deduction from the EPS facility's verified emissions. In summary, the OEA proposes the following recommendations:

1. Recognition of notionally transported RNG to reduce EPS obligations, moving away from only directly connected RNG facilities.
2. Removal of any potential caps or jurisdictional limitations on the source of RNG.
3. Utilization of existing reporting processes that are generic and agnostic to the nomination system, and
4. Procurement of RNG by EPS facilities as an eligible activity to receive EPS return of proceeds.

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Ontario Energy Association

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