Ministry of Northern Development, Mines, Natural Resources and Forestry

**Geologic Carbon Storage in Ontario**

**ERO number:** 019-6296

Submitted Via the Environmental Registry of Ontario

Sarnia-Lambton Economic Partnership (SLEP) is pleased to be able to have the opportunity to share feedback on the Minister of Natural Resources and Forestry’s (MNRF) proposed regulation changes to remove barriers to the storage and use of technologies for geologic carbon storage in Ontario, through amendments to Ontario’s Oil, Gas and Salt Resources Act, R.S.O. 1990, c. P.12 (OGSRA).

SLEP is very pleased to see the MNRF proposing important steps to unlock Ontario’s Carbon Capture and Sequestration (CCS) potential, including through the proposed amendments to the OGSRA. SLEP has reviewed the Government of Ontario’s Roadmap towards Regulating Geological Storage (Roadmap) and we support a “phased approach” that provides clarity for businesses that plan to invest in the province, while ensuring safe and responsible development. Additionally, we agree that there is a need to take immediate action towards removing barriers to carbon storage in Ontario.

**About SLEP**

The Sarnia-Lambton Economic Partnership (SLEP) is the lead economic development agency for the Sarnia-Lambton area. Funded by the County of Lambton, we have a focus on promoting the distinct advantages that Sarnia-Lambton proudly offers companies and residents. By coordinating community-based economic development initiatives and working to maintain a commercially attractive environment, we foster new business creation, help ensure that established firms remain and grow here, and work to attract growing businesses to the Sarnia-Lambton area.

Our work has supported the development of the Ontario’s Hydrogen Hub, which is focused on development and growth of the low-carbon hydrogen economy in Sarnia-Lambton. The area was branded as Ontario’s Hydrogen Hub to reflect the fact that the Sarnia-Lambton area is Ontario’s largest cluster of current and potential hydrogen producers and users, with unique competitive advantages position the region to become Ontario’s leading producer, user, and exporter of low-carbon hydrogen and hydrogen technologies and services. In 2022 the [Ontario’s Hydrogen Hub in Sarnia-Lambton Strategic Plan](https://www.sarnialambton.on.ca/hydrogen-hub) was released.

Additionally, we support the expansion and retention of the businesses operating within the Sarnia-Lambton Energy & Chemistry Cluster, which includes 17 of the 50 largest emitters of carbon dioxide in the province.

**The Importance of CCS for Sarnia-Lambton**

CCS is a safe and proven clean energy technology, available now at commercial scale, that offers a significant pathway to achieve GHG reductions for hard-to-abate, carbon-intensive, trade exposed industries such as those in Sarnia-Lambton’s Energy & Chemistry Cluster.

Some key opportunities associated with the development of the Ontario’s Hydrogen Hub can only be achieved through the ability to utilized permissible CCS technologies and resources. For example, the *Ontario’s Hydrogen Hub in Sarnia-Lambton Strategic Plan* identified that blue hydrogen pathways that take advantage of Sarnia-Lambton’s current grey hydrogen production capabilities would not be possible without modifications to the existing CCS regulatory framework. As the Sarnia-Lambton area alone represents a demand forecast of up to 1-million tonnes of hydrogen per year by 2050, this could represent a significant missed opportunity.

Large emitters in Sarnia-Lambton will face long-term issues with economic competitiveness as rival facilities in other locations in Canada and internationally are able to avoid or mitigate the cost of carbon taxation by accessing carbon sequestration opportunities. Canada’s carbon pricing imposes a tax of $50/tonne (2022), forecast to rise to $170/tonne (2030). This means the 17 largest emitters in Sarnia-Lambton are currently exposed to $395 million (2022) and potentially $1.697 billion (2030) in carbon taxation. Jobs and the long-term viability of facilities are at risk.

**Recommendations**

1. State definitive timelines for development of a comprehensive legislative and regulatory framework for Ontario CCS projects, targeting completion by the end of 2023.
2. Develop a comprehensive regulatory framework for full lifecycle CCS project approval, from demonstration/pilot to commercial-scale development.
3. Ensure appropriate flexibility in the regulations for various types of storage applications, an expedited and timely approval process, rigorous pre-screening process for eligible project proponents and an appropriate transfer of long-term responsibilities for stored CO2 following the Alberta model.
4. Explore further opportunities to permit enhanced oil-and-gas recovery (OGSRA) to capitalize on the associated geological make-up and extended economic opportunities.
5. Expedite the approval process for the regulations identified in recommendations 1-5, to ensure the competitiveness of economic development in Ontario, with a goal of all regulations being fully and completely defined prior to the end of 2023.

From an investment attraction standpoint, with provincial, national, and international competition for investment dollars and associated projects, the Province must be responsive to the needs of industry to develop timely CCS projects in Ontario. Prospective investors linked to the low-carbon economy have indicated to SLEP that they are interested in pursuing large-scale capital investment projects similar to what have been announced in Alberta and competing jurisdictions in the United States, but have noted until there is a clear regulatory framework with defined timelines and policies these investments are not being explored as “top-of-desk” amongst the companies other projects in their investment portfolio. This would change with timely modifications to the existing CCS OGSRA, and the permissibility to move forward with projects.

Any delay in the removal of barriers to CCS has significant negative impacts on economic development linked to the low-carbon and net-zero economies.

From an investment retention and expansion standpoint, the implementation of these recommendations would have a tremendous impact on the short-term and long-term economic competitiveness of large emitters in the Province, and especially those in Sarnia-Lambton that could capitalize on investments linked to the low-carbon hydrogen industry. Additionally, the ability to utilize CCS technologies to capture carbon dioxide emissions would have a tremendous financial benefit to those businesses currently exposed to the escalating carbon tax, while also assisting the Province and Canada in their drive to net-zero.

Respectfully submitted by,

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CEO

Sarnia-Lambton Economic Partnership