

## **Proposed changes to the OGSRA to regulate projects to test or demonstrate new or innovative activities, such as geologic carbon storage, and to safeguard people and the environment**

### **About IGPC Ethanol**

Established in 2007, IGPC Ethanol Inc. contributes significantly to the renewable fuels industry and Ontario's agricultural sector. By producing 380 million litres of denatured fuel grade ethanol and 340,000 tonnes of distillers' grains, IGPC Ethanol Inc. has become a leader in Southwestern Ontario's business community by creating environmentally sustainable economic growth. IGPC Ethanol Inc. is a wholly owned subsidiary of Integrated Grain Processors Co-operative Inc., established in 2002 by a group of agribusiness individuals. IGPC is a full-service provider to local farmers offering a distribution solution for their corn crops while producing high-protein feed supplement for their livestock.

### **About Vault 44.01**

Vault 44.01 (Vault) is a Canadian company specializing in the permanent geologic sequestration of carbon dioxide. Vault provides carbon sequestration expertise spanning the project lifecycle from concept through development to operations with the objective of enabling safe and robust development of commercial carbon capture and sequestration (CCS) projects. Vault's core skill set around carbon sequestration includes site selection and characterization, regulatory permitting, pore space acquisition, site development and operations and is underpinned by a technical and execution team with decades of CCS experience across North America. Vault's team members have engaged in CCS permitting in regulatory environments including Alberta and the USA and have permitted injection wells across western Canada and the USA. Vault is currently developing 10+ carbon sequestration projects in western Canada, the US Midwest, and the US Southeast.

### **Introduction**

IGPC and Vault welcome the opportunity to continue engagement with the Ministry of Natural Resources and Forestry (MNRF) to support carbon storage demonstration projects in Ontario. IGPC is well positioned to become the first CCS demonstration project in Ontario due to the high purity CO<sub>2</sub> stream associated with the fermentation process at its plant and proximity of suitable onshore geology under private lands. While CCS is commercially proven and not a new technology, we understand that its deployment in the province will be novel, and support measures that will enhance the protection of public safety and the environment to build public support and awareness for CCS projects.

Over the past 12 months, our team has completed a detailed technical analysis and are prepared to submit a permit application for a CCS project once the provincial framework

is provided. We recommend Ontario look to Alberta as a robust regulatory system to enable near-term progression of certain qualified projects, while allowing time for development of a more comprehensive regulatory framework for carbon sequestration in Ontario that will support commercial deployment of CCS on both private and public lands.

IGPC and Vault are committed to supporting the emergence of CCS as a material pathway for decarbonization in Ontario.

## **Comments:**

### **1) Follow best practices from jurisdictions with significant experience in administering and safeguarding CCS projects.**

We believe that strong oversight to prevent negative impacts on public safety and the environment are important, particularly since most Ontarians' familiarity with CCS is limited. As such, we are in support of the measures proposed that give stronger oversight to MNR for preventing impacts to public safety and the environment. The special projects selected need to be held to a high standard that can demonstrate to the public that CCS is a safe and effective way of reducing greenhouse gas emissions and build public confidence for a larger-scale roll out of the technology across the province.

The province has several jurisdictions to look to for examples of strong regulatory frameworks that ensure public safety while allowing businesses to effectively deploy CCS technology. In North America, both Alberta's framework and the United States' Class VI permits are tried and tested CCS regulations that do a good job of ensuring public and environmental safety.

It is also worth noting that IGPC would be conducting biogenic CCS (BECCS), an important technology on the road to net-zero. With BECCS, industry would be able to remove CO<sub>2</sub> from the atmosphere that is not related to an emission source, leading to a net-benefit to atmospheric CO<sub>2</sub> levels – essentially allowing for the production of Ontario ethanol with a net-negative carbon intensity. Those familiar with the industry will also know that the CO<sub>2</sub> produced during the fermentation stage of ethanol production that is then captured from facilities like IGPC's is very clean and often used for beverage carbonation.

With this in mind, the use of an ethanol facility like IGPC's as a special project to demonstrate the safety of CCS technology would be an excellent choice for Ontario.

### **2) Engage with the federal government about Investment Tax Credit applicability for special projects designated at this phase of the roadmap.**

The 2023 federal budget saw British Columbia join Alberta and Saskatchewan as a jurisdiction with CCS regulations deemed acceptable for CCS projects in the province to

be eligible for the Investment Tax Credit (ITC). IGPC continues to encourage the provincial government to engage with the federal government about applicability of the federal ITC for Ontario companies seeking to deploy CCS technology.

While the proposed regulatory changes would designate early projects in Ontario as *special projects* meant to demonstrate CCS technology for the first time in the province, these projects will be operating at-scale and therefore be significant financial and technological investments. ITC eligibility in this phase of the roadmap will encourage more Ontario companies to consider applying for special project status and move forward with CCS project development. This time difference can make a large impact when it comes to helping decarbonize different industries at a faster pace.

As Canada's ethanol powerhouse, Ontario is uniquely positioned to benefit greatly from the proper implementation of CCS regulations. The threat facing Ontario's ethanol industry from the U.S. Inflation Reduction Act (IRA) is a serious one that needs attention from all levels of government, and together, the provincial and federal governments can help Ontario's ethanol industry remain competitive. The IRA provides a generous \$85 per tonne tax credit for American ethanol companies that own and operate CCS equipment. CCS is being rapidly deployed in the U.S. with large-scale multi-facility pipeline projects already in development. This means that within the next three to four years, the Canadian market will be flooded with low-carbon intensity ethanol from American producers, particularly with the federal Clean Fuel Regulations increasing demand. Without sufficient support for CCS projects as a way of aiding in lowering the carbon intensity of ethanol, Ontario producers are at risk of shutting down, impacting the livelihoods of its employees and local grain producers in these rural Ontario communities.

## **Conclusion**

We appreciate the Ontario government's attention to this matter and commitment to developing a viable pathway for CCS in the province. We are available to help in the process should the government need.

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