



**Cement  
Association  
of Canada**

January 15, 2024

Ms. Melissa Ollevier  
Ministry of Environment, Conservation and Parks (MECP)  
Financial Instruments Branch  
40 St. Clair Avenue West, Floor 8  
Toronto, Ontario  
M4V 1M2

**Re: ERO 019-7649: Regulatory amendments to clarify program requirements and improve program efficiency for Emissions Performance Standards (EPS) and GHG Reporting programs**

On behalf of the Cement Association of Canada and our member companies in Ontario, we appreciate the opportunity to comment on ERO posting 019-7649.

Canada's cement industry is a strong proponent of climate action, including carbon pricing. Our industry has appreciated being a partner with you to ensure Ontario's industrial pricing regime maintains the right balance between establishing a meaningful price signal to encourage emissions reductions while supporting competitiveness for industry.

Our sector has declared our commitment to charting a path to net-zero cement and concrete by 2050, including a commitment to reduce emissions by 15MT CO<sub>2</sub> cumulatively by 2030. In Spring of 2023 we released ConcreteZero, our detailed action plan to achieve these goals. As we have previously documented, many of the key decarbonization opportunities in the cement sector cannot be achieved without a significant evolution of Ontario's industrial policy. This includes advancing transformational technologies like Carbon Capture Utilization and Storage (CCUS); increasing the scope and ambition on low-carbon procurement; recognizing that the codes and standards system must prioritize the uptake of lower carbon construction materials as a core metric; and as one of Canada's top three most Emissions-Intensive Trade-Exposed (EITE) sectors, consideration of enhanced measures to protect EITEs from carbon leakage.

As Ontario considers the proposed amendments to the EPS program, we offer the following comments for your consideration.

**Transition to Sector Based Standards**

We acknowledge that the MECP is exploring broader implementation of sector-based standards within the EPS methodology. Currently, under the existing EPS methodology, the five grey cement plants in Ontario adhere to a sector-based standard, while the lone white cement plant in the region follows a distinct standard. Due to the variations in materials, we express the importance of maintaining the current separate standards for white and grey cement.

At the same time, we feel that MECP has currently developed the correct sector-based standard for grey cement, prioritizing emissions reductions, while at the same time recognizing the challenges the industry faces as a top-tier EITE sector.

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### **Expanding Eligibility for Renewable Natural Gas (RNG)**

The MECP has proposed that GHG emissions from the combustion of Renewal Natural Gas (RNG) purchased by an EPS facility through a contract, and not used directly at the facility, may be deducted from the EPS facility's verified emissions, subject to specific criteria.

The Cement Association expresses support for this proposed modification but seeks clarification on why only RNG is being considered. As this proposal essentially functions as an offset, we wish to reiterate the importance of an offset system as an additional compliance pathway for the EPS.

As emphasized in our previous submissions, offsets can prove highly effective in maintaining low compliance costs while upholding the integrity of emissions reduction objectives. As facilities exhaust economically viable technological improvements, offsets, including those from other provincial/federal systems, will play an increasingly crucial role. Offsets are pivotal in ensuring the long-term competitiveness of EITE sectors, including cement, and therefore we strongly urge the province to consider the benefits of an offset system more broadly, rather than incrementally, and develop an offset system. We further recommend that Ontario collaborate closely with provincial counterparts and the federal government to align and facilitate the fungibility of offset credits across the country.

Thank you for your consideration of our comments. If you have any questions or require additional information, do not hesitate to contact me at 416.906.4925. We look forward to our continued work with you to achieve Ontario's emission reduction goals.

Sincerely,

*Martha Murray*

Martha Murray  
VP, Public Affairs

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The Cement Association of Canada (CAC) is the voice of Canada's cement industry. Five of our companies have operated in Ontario for many decades: Ash Grove (a CRH Company); Lafarge Canada Inc.; Heidelberg Materials; St Marys Cement; and Federal White Cement Inc.

Cement, concrete and aggregates facilities are in every community across Ontario, large and small. Our industry generates over 54,000 direct and indirect jobs in Ontario, and our direct, indirect and induced economic contribution is over \$25 Billion.

We are the world's most important building material. Virtually all construction projects – above and below ground – need concrete. Twice as much concrete is used than all other materials combined and concrete is the second highest consumed commodity in the world, second only to water.