

Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

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**Official Report  
of Debates  
(Hansard)**

F-17

**Journal  
des débats  
(Hansard)**

F-17

**Standing Committee on  
Finance and Economic Affairs**

Committee business

Less Red Tape, Stronger  
Ontario Act, 2023

1<sup>st</sup> Session  
43<sup>rd</sup> Parliament

Wednesday 8 February 2023

**Comité permanent  
des finances  
et des affaires économiques**

Travaux du comité

Loi de 2023 visant à réduire  
les formalités administratives  
pour un Ontario plus fort

1<sup>re</sup> session  
43<sup>e</sup> législature

Mercredi 8 février 2023

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Chair: Ernie Hardeman  
Clerk: Vanessa Kattar

Président : Ernie Hardeman  
Greffière : Vanessa Kattar

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## CONTENTS

Wednesday 8 February 2023

Committee business .....	F-421
Less Red Tape, Stronger Ontario Act, 2023, Bill 46, Mr. Gill / Loi de 2023 visant à réduire les formalités administratives pour un Ontario plus fort, projet de loi 46, M. Gill .....	F-421
Beef Farmers of Ontario; Canadian Fuels Association; Environmental Defence .....	F-422
Mr. Don Badour	
Mr. Lucas Malinowski	
Mr. Keith Brooks	
Mr. Thomas Brandstetter	
Mr. Steve Eby	
Stelco Inc.; Canadian Manufacturers and Exporters; Chemistry Industry Association of Canada .....	F-430
Mr. Trevor Harris	
Mr. Vincent Caron	
Mr. Don Fusco	



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES**

Wednesday 8 February 2023

Mercredi 8 février 2023

*The committee met at 1000 in Market Hall Performing Arts Centre, Peterborough.*

**COMMITTEE BUSINESS**

**The Chair (Mr. Ernie Hardeman):** Good morning, everyone. Welcome to Peterborough. I call this meeting of the Standing Committee on Finance and Economic Affairs to order.

Before we continue the public hearings on Bill 46, we will resume debate on the motion moved by MPP Fife. We'll open the floor for any debate on the motion. Do we need to read it into the record?

**The Clerk of the Committee (Ms. Vanessa Kattar):** She read it yesterday.

**The Chair (Mr. Ernie Hardeman):** Okay. If you wanted to read it into the record—

**Ms. Catherine Fife:** Thank you, Chair. Obviously we've seen a great number of delegations apply for the Toronto consultations. It was shocking to see how many people are going to be turned away through that process, so I thought that I would bring this motion to the finance committee, for your consideration, to extend one more day, following the original Queen's Park date.

To be honest, I'm not sure if this is something that we can accommodate at this late date, but I did want to at least address the fact that we do have that extra day in between the additional Bill 46 consultation on the Thursday. We're going to be in Queen's Park on the Tuesday, following the Barrie consultations, and I'm open to suggestions moving forward. So I'm interested to hear what the government has to say about this.

In my personal opinion, and in consultation with my colleague, it would be a shame to have gone through all of these consultations and then at the very end be turning away people who we haven't had a chance to speak to. I'm looking forward to the debate.

**The Chair (Mr. Ernie Hardeman):** Any further discussion? MPP Crawford.

**Mr. Stephen Crawford:** Good morning, everyone on the committee. It's great to be in Peterborough.

I certainly empathize with the member opposite in terms of having to turn away certain people, but I would view it as an opportunity for them to do written submissions. Perhaps the Clerk or the Chair could highlight where they could submit, what the deadline is. We've had the dates posted for quite a while.

You are correct: There were quite a few people who wanted to be able to present. But even if we had another day, I'm not sure the Legislative Assembly could accommodate them, and we wouldn't even be able to get through a fraction of them. There are quite a few people. But I would encourage all of those organizations, stakeholders and individuals to submit online. We'd like to hear their feedback, as we have, across the province, travelled for many weeks.

**The Chair (Mr. Ernie Hardeman):** Further discussion? MPP Fife.

**Ms. Catherine Fife:** I do realize that it is last minute and that written submissions are helpful. Going forward, because we were undersubscribed in other areas, I think that perhaps this committee might have a conversation about what we learned about reaching out to organizations, because if you look at some of the dates that we had that were up north, we had a couple of days that were almost half days.

I think we have the shared goal of ensuring that we hear from as many people as possible, and I'm hopeful, when we debrief about this travelling committee—because it's been a few years since we've done this—that perhaps we might try to figure out a way to perhaps give people options like A, B or C and then go forward from there. But I understand that it's hard to coordinate an additional day this late in the process.

**The Chair (Mr. Ernie Hardeman):** Any further discussion on the motion? Shall I put the question on the motion? All those in favour of the motion? All those opposed? The motion is lost.

**LESS RED TAPE, STRONGER  
ONTARIO ACT, 2023**

**LOI DE 2023 VISANT À RÉDUIRE  
LES FORMALITÉS ADMINISTRATIVES  
POUR UN ONTARIO PLUS FORT**

Consideration of the following bill:

Bill 46, An Act to enact one Act and amend various other Acts / Projet de loi 46, Loi visant à édicter une loi et à modifier diverses autres lois.

**The Chair (Mr. Ernie Hardeman):** We will now resume public hearings on Bill 46, An Act to enact one Act and amend various other Acts. As a reminder, I ask that everyone speak slowly and clearly. Please wait until I recognize you before starting to speak.

Each presenter will have seven minutes to make an opening statement, and after we've heard from all the presenters, there will be 39 minutes for questions from members of the committee. This time for questions will be divided into two rounds of seven and a half minutes for government members, two rounds of seven and a half minutes for the official opposition members and two rounds of four and a half minutes for the independent members as a group.

BEEF FARMERS OF ONTARIO  
CANADIAN FUELS ASSOCIATION  
ENVIRONMENTAL DEFENCE

**The Chair (Mr. Ernie Hardeman):** With that, we will ask the first presenters to come forward. In the first panel are Beef Farmers of Ontario, Canadian Fuels Association and Environmental Defence. So if they will come forward, and I believe some of them are virtual.

As I mentioned, there will be seven minutes for the presentation. At six minutes, I will let the presenter know that the time is one minute. And then at seven minutes we will cut it off.

We also ask that you give your name clearly for the Hansard to make sure that the comments are recorded for the people that delivered them to us.

With that, we open the floor and we start. The first presentation will be from the Beef Farmers of Ontario.

**Mr. Don Badour:** Thank you, Mr. Chair. Good morning, everyone. My name is Don Badour, and I am here on behalf of Beef Farmers of Ontario, also known as BFO. I'm joined virtually by Steve Eby, chair of the provincial feeder finance council and feeder finance executive committee, and Thomas Brandstetter, BFO manager of policy and issues. Thank you for the opportunity to appear before you this morning.

The Ontario Feeder Cattle Loan Guarantee Program is an excellent program that helps to provide accessible, low-cost financing to hundreds of beef producers across the province each year. The program supports the operation of 15 feeder cattle co-operatives across the province, comprised of 735 members. Each feeder cattle co-op is operated by a board of directors which approves all members and negotiates a loan limit with a lender in order to assist members with the purchase of cattle for further feeding. Cattle are identified by the member in a method as determined by the co-op and the lender, and inspected by the co-op supervisor.

In February 2021, BFO submitted comments as part of the five-year review. We are grateful for the changes that have been made to date with the support of government. One of the remaining recommendations jointly developed and endorsed by the BFO board of directors and the feeder finance executive committee was to allow co-op members to feed other members' co-op cattle. Custom feeding arrangements could be for finished cattle, stockers or grazing. Each feeder cattle co-op's board of directors have communicated that they would be more comfortable having a member within the same co-op custom-feed the co-op cattle

as they have an understanding of the requirements of the program and how the co-op functions. The Ontario Feeder Cattle Loan Guarantee Program currently does not allow this because the Innkeepers Act prioritizes payments to custom feeders through liens, which may result in co-op cattle being sold to pay the custom feeder and the co-op being unable to repay its debt, which could result in the triggering of the government guarantee.

BFO strongly supports the proposed amendment to the Ministry of Agriculture, Food and Rural Affairs Act to exempt only cattle purchased through the Ontario Feeder Cattle Loan Guarantee Program from section 3 of the act, covering liens and lien-sold property. This will prevent custom feeders from having a lien on the cattle as well as being able to seize and sell cattle for unpaid services, which, as previously mentioned, could result in a triggering of the government guarantee. Custom feeders will still be able to use normal legal means to pursue payment for their services.

It will maximize flexibility for co-op members to make decisions on custom feeding to help expand their beef operations under the Ontario Feeder Cattle Loan Guarantee Program to improve their competitiveness and profitability. It also allows young producers to own their own cattle who might not have large enough feeding facilities or adequate feed supplies for all of their cattle. Additionally, beef producers in remote or drought-stricken areas with limited feeding options will have the ability to enter into custom feeding arrangements with other co-op members whose production practices they are familiar with. Cow-calf producers could expand their herds by utilizing the co-op and having their calves custom-fed, which allows them to utilize their feed resources and infrastructure for the cow herd.

All these benefits mentioned will strengthen the program, provide beef producers with flexibility in growing their businesses and help ensure a steady supply of Ontario-raised beef for Ontario processors. On behalf of BFO and the feeder finance executive committee, thank you for the opportunity to provide comments on the proposed changes.

**The Chair (Mr. Ernie Hardeman):** Thank you very much for your presentation.

We now go to the Canadian Fuels Association.

**Mr. Lucas Malinowski:** Thank you, Mr. Chair. Good morning again to you and members of the committee. It was a pleasure to appear before you as part of your pre-budget consultations in Ottawa and again today as part of your consideration of Bill 46, the Less Red Tape, Stronger Ontario Act. Apologies in advance for the repetition of some of my remarks for the benefit of the members who couldn't join us on Monday.

**1010**

My name is Lucas Malinowski, and I am the director of government and stakeholder relations for the Canadian Fuels Association. Canadian Fuels represents 111,000 workers operating 75 fuel terminals, 12,000 retail sites and 16 refineries, five of which operate right here in Ontario, making up 23% of Canada's refining output. These include the Suncor and Shell Canada refineries in Sarnia, the Petro-

Canada lubricants refinery in Mississauga and the Imperial Oil refineries in both Nanticoke and Sarnia.

Our members provide 95% of the gasoline, diesel, marine and aviation fuels that are used across Canada every day. Our members also produce more than 25% of the biofuels currently made in Canada. In Ontario, that translates to 25.3 billion litres of fuel a year, or about 69 million litres a day.

Canadian Fuels facilities are an important part of Ontario's critical infrastructure, ensuring we all have safe and secure access to fuels that are vital to personal mobility, the movement of goods, the provision of essential services like first responders and generating electricity in remote communities. Refined products are also critical feedstocks for other manufacturers that are part of Ontario's critical infrastructure.

We also believe that there are opportunities to advance the production and use of low-carbon liquid fuels in Ontario and to accelerate large-scale GHG reductions starting today, using proven technologies and existing infrastructures. Three years ago, we released our vision for the future, *Driving to 2050*, in which we outlined how our industry can make a foundational contribution to Canada's low-carbon future. We have been releasing annual updates tracking investments and innovations made by CFA members from coast to coast to coast.

Our most recent update, released in the fall, highlights \$10 billion of investments Canadian Fuels members are making to support eight million tonnes of GHG reductions and 10,000 jobs across the country. As the world moves to decarbonize and meet our climate change goals, we're looking to the future and how our sector will continue to keep Ontarians moving.

With that in mind, my remarks today will focus on this bill's proposed amendments to the Oil, Gas and Salt Resources Act removing the prohibition on carbon sequestration. Canadian Fuels commends the government's continued efforts to establish geological carbon storage in Ontario, and to do so through a clear and predictable process that supports innovation while ensuring the protection of people and the environment. Carbon capture and storage, or CCS, is a critical pathway for the decarbonization of Ontario's refinery sector and will be key to achieving our climate ambitions. We support the bill's proposal to amend the Oil, Gas and Salt Resources Act by removing the prohibition related to carbon storage. This important initial change sends a positive signal that Ontario is committed to creating a regulatory environment that supports the deployment of critical CCS technology in the province.

CFA members are also supportive of the inclusion of CCS projects as emissions-performance-credit-generating activities under the updated 2023-30 compliance period of the emissions performance standard. As we've seen demonstrated with the TIER program in Alberta, where the Alberta emission offset system includes a quantification protocol for CCS, it will be important to use the EPS in Ontario to create economic incentives to facilitate the transition to the low-carbon economy and recognize important investments in emissions reductions in the province.

CCS will play a critical role in Ontario's reducing industrial emissions. However, CCS is an energy-intensive and expensive process, which can limit or delay deployment. The economic feasibility of sequestration projects will rely on enabling legislation and offset credit markets. Canadian Fuels urges the Ontario government to accelerate this energy transition potential by fast-tracking the adoption of a broader, more robust regulatory system aimed at scaling up carbon capture technology.

To support the economic feasibility of projects, CFA members will be looking to leverage the recently announced federal CCS investment tax credit, the value of which significantly decreases post-2030. Ontario already has significant advantages, as many large industrial emitters are located in proximity to each other and to geological storage locations as identified in the Hydrogen Strategy for Canada.

As an industry, we need clear and stable regulatory signals that the government is committed to CCS as an integral component of climate change policy today and into the future. As Ontario develops its CCS framework and regulations, we may wish to consider Alberta's broader regulatory system, which is well recognized and has resulted in attracting CCS projects that will help reduce significant amounts of CO<sub>2</sub> and reduce GHG emissions by 2.7 million tonnes a year.

By using the Alberta framework as an example, Ontario can develop its own legislative approach that addresses permitting, how to acquire pore space, measurement, monitoring and verification requirements, as well as liability for storage of CO<sub>2</sub>. We also encourage the Ministry of Natural Resources and Forestry to gain subsurface understanding for potential storage in Ontario and to promote the establishment of a CCS hub in the Sarnia-Lambton district.

It is important that Ontario accelerate the next phase of its CCS strategy beyond what is considered in Ontario's road map towards regulating geologic carbon storage. These projects take years to develop, so feasibility studies need to start today to have an impact by 2030. In advancing a supportive regulatory framework, it is critical that all potential carbon-capture projects be considered, including carbon utilization and not just geological storage.

Canadian Fuels would also like to highlight that the United States has existing sequestration sites that could be used for CCS projects in Ontario—

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Lucas Malinowski:**—while Ontario's geologic potential still has to be assessed. In order to ensure that Ontario can leverage CCS as one of the solutions to achieve net-zero emissions, options for sequestration should also be considered outside of Ontario and Canada. This is similar to the federal clean fuel standard approach, which would allow credit generation for projects with sequestration occurring inside or outside Canada.

In summary, Canadian Fuels supports this critical step to remove regulatory barriers to the deployment of CCS opportunities in Ontario. We remain committed to working with the government to unlock the critical potential of

CCS in the province, and encourage all relevant ministries to move swiftly on the next steps of the Ontario road map towards regulating geologic carbon storage.

**The Chair (Mr. Ernie Hardeman):** Thank you very much for your presentation.

We now go to Environmental Defence.

**Mr. Keith Brooks:** Thank you, Mr. Chair. Thank you, members of the committee, for the opportunity to speak with you today. My name is Keith Brooks, and I'm the programs director at Environmental Defence.

As I'm sure you know, Environmental Defence is a Canadian environmental charity with offices in Toronto and Ottawa. We focus on protecting fresh water and addressing plastic pollution, fighting climate change and curbing urban sprawl, and protecting Ontario's greenbelt, among other things.

This morning, like the person before me, I'd like to speak to you about Bill 46, and in particular about schedule 5 of that act, which proposes changes to the Oil, Gas and Salt Resources Act. As I'm sure you know, this act contains provisions regulating carbon capture and storage in the province of Ontario under subsections 11(1) and 11(1.1). Specifically, section 11 lists a number of activities for which permits are required, including injecting substances into wells and geologic formations, and subsection 11(1.1) places prohibitions on carbon capture and storage:

"Despite subsection (1), no person engaged in a project, activity or undertaking ... shall inject carbon dioxide for the purposes of carbon sequestration into an area, including an underground geological formation, and no permit shall be issued under this act for such a purpose." This clause effectively prohibits carbon capture and storage in Ontario.

Bill 46, as you know, would repeal this subsection and lift the prohibition, including for the purposes of enhanced oil recovery, which is the practice of injecting carbon dioxide into a well to force more oil out.

I have to say, this proposal—this particular element of it—came as quite a surprise. We were aware that the ministry was considering lifting the prohibitions around carbon capture and storage, but we were of the impression that the prohibition around enhanced oil recovery would remain in place. In fact, the ministry's discussion paper posted on the Environmental Registry in January 2022 said the ministry was considering narrowing "the prohibitions on the injection of carbon dioxide so that going forward, the prohibition would only apply to the injection of carbon dioxide for the purpose of carbon storage in association with a project to enhance the recovery of oil or gas."

The discussion paper provided a rationale for maintaining the prohibition around enhanced oil recovery: "Under the right conditions, carbon dioxide might also be stored in other geologic settings such as former hydrocarbon reservoirs where the resource has been depleted. However, the long legacy of drilling for oil and gas in Ontario has affected the suitability of many of these reservoirs for the storage of carbon dioxide. Careful site selection and extensive study would be required to ensure that the carbon dioxide could be stored safely by proponents."

Then the paper says—I need to quote this, because this is coming from the ministry—that, "As the ministry accommodates new activities and technology, stronger, more proactive oversight would be needed to prevent impacts to people and the environment and ensure that project proponents that are undertaking any activity under the Oil, Gas and Salt Resources Act are doing so safely and responsibly."

**1020**

The ministry is putting up a fair bit of caution around doing enhanced oil recovery, saying that extensive study is required and that more oversight is required. So far as we're aware, no such extensive study has taken place and the ministry is not in a position to deliver this stronger oversight.

In fact, the Auditor General, in her most recent report, noted that the ministry is not on top of the state of repair of Ontario's oil and gas wells. According to the Auditor General, "The ministry has not assessed the risk of all 27,000 oil and gas wells in the province, and is therefore unable to determine whether it is focusing its proactive inspection efforts on the highest risk wells." She goes on to say, "Only 19% of oil and gas wells in the province have been inspected since 2005. Of those, 38% of inspections occurred more than a decade ago," and 1,625 wells not in use have not been plugged. An additional 8,000-plus were plugged before 1970 with material that may have lost its integrity over time.

This isn't simply a point of order or quibbling; the lack of oversight has created a dangerous situation in parts of southwestern Ontario, most notably, as the Auditor General noted, in the town of Wheatley. We strongly urge the ministry to get a handle on this situation, the state of Ontario's oil and gas wells, before allowing for carbon capture and storage in these wells and before allowing for any enhanced oil and gas recovery, because this would put people at risk, like the people of Wheatley, Ontario, are currently at risk. Forcing more gas out of these wells is exactly what would cause that risk.

I want to add as well that the practice of CCS for enhanced oil recovery is not environmentally neutral, as I think has been stated in the Environmental Registry. Rather, it facilitates more oil and gas extraction, which in turn increases greenhouse gas emissions. Allowing CCS for enhanced oil recovery will lead to increased greenhouse gas emissions in Ontario and take this province even further away from its climate target. I understand that the target is merely aspirational, but if the province has any interest in reaching that target, it needs to develop and implement policies that will reduce emissions rather than permitting activities that will increase them.

I want to further add that Environmental Defence is skeptical about carbon capture and storage more generally, and urges the province and the ministry to approach this technology with considerable apprehension. Carbon capture is expensive, as the former speaker noted, and it does not capture nearly enough carbon emissions to make this technology viable in a net-zero world. There is nowhere where carbon capture and storage is acting at even 90% capture rates, let alone 100%—



**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Keith Brooks:**—which is what we need to be striving for in a net-zero world.

Also, Ontario's capacity for carbon capture is quite limited, as far as we understand, and therefore any available storage should be really reserved for the hard-to-abate industries, such as cement production. Carbon capture is not suitable, say, to capture emissions from gas-fired electricity, today or in the future.

In closing, we're urging the government to reconsider this planned amendment to the Oil, Gas and Salt Resources Act, and maintain the prohibition on CCS, at least until such a time as the ministry has a clear handle on the state of Ontario's oil and gas wells and the capacity for carbon capture in this province, and a clear sense of how that capacity squares with the needs of those very, very hard-to-abate industries. And we recommend that the prohibition on CCS for enhanced oil recovery be maintained in perpetuity. The IPCC, the IEA and other expert bodies have been clear that there should be no further investment in fossil fuel infrastructure, which must include investments in enhanced oil recovery. Thanks very much.

**The Chair (Mr. Ernie Hardeman):** Thank you very much for your presentation. That concludes the three presenters.

We'll now start with the questions, with the official opposition. MPP Fife.

**Ms. Catherine Fife:** Thank you to all the presenters for coming out on Bill 46. The primary concern for us, really, is schedule 5 as well, as our critic has pointed out on several occasions, so my questions are for Keith Brooks. Keith, two things: I wanted to just give you an opportunity to—I think your original point is that the government, with this amendment, is in conflict with their own policies that are currently on the books, so it's a bit of a walking contradiction, going forward. I wanted you to unpack that a little bit, please. And then specifically, I wanted you to address exactly what's happening in Wheatley and where the concerns are around safety and the efficacy of this policy.

**Mr. Keith Brooks:** Thank you. Yes, the government's discussion paper, when they were considering making these changes here, very clearly said that enhanced oil recovery was not on the table, or should not be on the table, because the ministry acknowledged that the province did not have a good handle on the state of oil and gas wells in the province and recognized that there were some issues.

There have been a lot of wells drilled in this province over the course of 150-plus years. We don't know the state of those wells, but we do know that some of those wells are leaking. In particular, we know that some of those wells are leaking in Wheatley, and there has been considerable discussion about who bears responsibility for that. Certainly some people are saying that the Ministry of Natural Resources needs to take some responsibility for sorting out what went on there. My understanding is that perhaps a relief well was plugged and that caused gas to back up. But as I'm sure everybody knows here, then gas was backing up into basements in Wheatley and it caused the pub there to explode. There may be some people that

in fact have died as a result of what has happened there in Wheatley. So far as I know, this issue is not resolved.

I think this really should put in quite stark relief here that we don't have a handle on the state of Ontario's oil and gas wells. We don't know what forcing carbon dioxide into those wells would cause, but I think it's safe to suggest that if there are leaking wells, pushing CO<sub>2</sub> into those wells is going to force more gas out and put more people in harm's way, like the people in Wheatley are currently facing.

**Ms. Catherine Fife:** Okay, thank you. The Auditor General's report was fairly scathing on this issue, as you rightly point out. It begs the question, what is the motivation? Because the risk assessment here is not in the favour of the people of this province. I know it's a speculative question, but schedule 5 genuinely caught us by surprise because it was not on the radar at all. What do you think is the motivation here?

**Mr. Keith Brooks:** I don't know. When the ministry said that extensive study would need to take place and increased oversight would need to be in place—I have not seen an extensive study. I have not seen any rationale for why they're going to go forward with enhanced oil recovery now.

The only reason I know why this might be coming is that certain stakeholders have requested that it be available to them, including the Canadian Fuels Association. We did look at submissions to the discussion paper and it's the Canadian Fuels Association, the Ontario petrochemical industry association and Enbridge. The fossil fuel companies have made this request, and as far as we can tell, that's the only reason that the province is doing it.

It's one thing to consider a request made by stakeholders. We certainly would hope that the government would consider requests that we make. But there should be some study that's undertaken, some rationale explaining why the decision has been made. There is no such rationale to support this decision, in particular the inclusion of enhanced oil recovery in schedule 5 of Bill 46. We're at a loss to understand why it's happened, other than that fossil fuel stakeholders have requested that it be there, and I guess the government is considering granting that wish.

**Ms. Catherine Fife:** Certainly, those stakeholders' interests shouldn't override the interests of the people that we serve, so we share your concern in that regard.

I'm going to pass it over to my colleague MPP Kernaghan.

**The Chair (Mr. Ernie Hardeman):** MPP Kernaghan.

**Mr. Terence Kernaghan:** I'd like to thank all of our presenters who have come to committee today.

My first questions will be for the Canadian Fuels Association. I wanted to ask, with the proposed change that we have here in Bill 46, in particular schedule 5, does this change provide additional incentives to oil and gas producers that will enable them to more effectively extract oil and gas?

**Mr. Lucas Malinowski:** The intention for Canadian Fuels to have access to carbon capture and storage in Ontario isn't primarily motivated by producing more oil and gas in Ontario. We're not a large producing jurisdiction for that. We certainly are a significant producer of

refined products like gasoline and diesel, which are critical to keep our economy moving. Really, what we're hoping for is regulatory signals and a framework where we can look at the opportunities to safely sequester carbon in Ontario and also potentially in neighbouring jurisdictions from facilities operating in Ontario.

**Mr. Terence Kernaghan:** Then it would be your assertion that it might not be the main intention of this legislative change, but it certainly could potentially be an added benefit?

**Mr. Lucas Malinowski:** Potentially. And to be clear, the Canadian Fuels Association represents the downstream sector of the industry, so from the refinery onwards. I don't speak for the upstream sector, which is really where extraction takes place. In Canada, that's primarily in Alberta, so I can't really speak to the intentions of the upstream. But from the downstream, really we're looking at opportunities to sequester emissions from our facilities in Ontario.

1030

**Mr. Terence Kernaghan:** I see. My next question: What would be your plan if these changes were to occur?

**Mr. Lucas Malinowski:** As I mentioned in my remarks, this is a critical initial step, but there's certainly a lot more work to be done, whether it be exploring the geological sequestration opportunities in Ontario, under what conditions we can sequester carbon dioxide safely in the province, how that fits—

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Lucas Malinowski:** —with the emissions performance system, how that might fit with federal regulations and federal incentives. So it's a critical initial first step, but there's still a lot of work to be done before we can see CCS projects get off the ground in Ontario. The government can play a critical role in that by creating enabling legislation and a regulatory framework to make sure we can do it in a safe and sustainable way.

**Mr. Terence Kernaghan:** I wonder if you could also provide a brief comment on the Auditor General's report and what you feel the ministry needs to do in terms of oversight.

**Mr. Lucas Malinowski:** I think the government plays a critical role in ensuring that the geological opportunities in Ontario are well understood and are safe. We certainly are committed to sequestering carbon safely where those opportunities exist, but as I mentioned in my remarks, there may be opportunities outside of Ontario to sequester emissions from Ontario facilities, like in neighbouring Michigan, where the geology may be better understood.

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes the time.

We'll now go to the independents. MPP Brady.

**Ms. Bobbi Ann Brady:** Thank you to all the presenters this morning. My first comment—it's not a question—goes to Mr. Brooks. I have my own concerns with respect to government oversight of gas and oil wells. I'm not sure if you're aware of a leaking well in the Silver Hill area in Norfolk county. It was an abandoned gas well capped in 2015 by the ministry, and since then, toxic water and hydrogen sulphide gas have been spewing from a bunch of

the wells in and around the main well in the Silver Hill area.

You're correct, there is a back-and-forth continually of who is in charge. Even though the ministry capped the well—the government has given significant amounts of money to monitor and for the municipality to research this particular well. That being said, nobody can agree on how to deal with it. And we do fear and feel that there may be another Wheatley in that area—and ironically, I live in the area. So it is of concern. There's a constant smell, and you can't go by the scene very often because the road is closed down, so there are huge concerns.

I do feel that maybe the province is shy of dealing with these because it's opening Pandora's box. There are hundreds of these wells across southwestern Ontario that need to be dealt with. So, anyway, that's just my comment, and I appreciate what you said about the back-and-forth on who is looking after it. The municipality of Norfolk county has admitted to the government that they do not have the capacity to deal with the issue and have asked for help and we still kind of sit in limbo.

My question, though, is to Mr. Malinowski. Mr. Malinowski, can you go over once again the difference between the plan for Ontario versus what they're doing in Alberta and how Alberta is superior?

**Mr. Lucas Malinowski:** Thank you, MPP Brady. I appreciate that question. Alberta is really quite far ahead of Ontario on CCUS, which is why we're seeing much more deployment of the technology in that jurisdiction. We have the Shell Quest CCS project, which, since late 2015, has already sequestered over six million tonnes of CO<sub>2</sub>. Really what Alberta has done is created a robust framework where we have a better understanding of the geology there and we have a clear framework of under what conditions that CO<sub>2</sub> can be sequestered and verified and monitored and how that forest space on crown lands is accessible. It's a robust framework and, really, that's the sort of certainty the industry needs as we're making these significant investments to decarbonize. We need to know under which conditions we can sequester that carbon and ensure that it does stay in the ground and we are capturing it effectively.

**Ms. Bobbi Ann Brady:** Thank you.

**The Chair (Mr. Ernie Hardeman):** MPP Bowman.

**Ms. Stephanie Bowman:** Sure. Just to continue on that theme, I think—was it the Quest plant you were referencing?

**Mr. Lucas Malinowski:** Yes, that's correct, MPP Bowman.

**Ms. Stephanie Bowman:** But wasn't there also a study that showed that that plant was releasing more gas than it was actually storing?

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Lucas Malinowski:** I'm not aware of that report. It's my understanding that the Quest facility is actually capturing more CO<sub>2</sub> than initially expected. Again, it's a bit of a—

**Ms. Stephanie Bowman:** There's—

**Mr. Lucas Malinowski:** Sorry; go ahead.

**Ms. Stephanie Bowman:** There's an investigation by Global Witness—it was referenced on CNBC—that while

five million tonnes of carbon dioxide—potentially more, as you said—had been prevented from escaping since 2015, that it released a further 7.5 million tonnes of greenhouse gases over the same period.

So, again, there's lots of different debates on this. But I think the point is that we need to go at this carefully, because there is obviously risk that gases are escaping. Even if CCS can be a way to store carbon gases, we've got to do this in a way that it doesn't then release more, and obviously the wells in Ontario present that risk.

What is your view on the—

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes the time.

We'll now go to the government. MPP Smith.

**Mr. Dave Smith:** It should be no surprise that I'm going to go with the Beef Farmers of Ontario to start off with. In my riding I believe we have 28 beef farms here.

Because this is going across to all of Ontario, and I've discovered since I have been elected as an MPP that an awful lot of people truly do not understand the agribusiness in Ontario—you were mentioning co-ops. Could you just briefly describe what the difference is between a single-owned farm and one that's part of a co-op?

**Mr. Don Badour:** The ones that are part of the co-op are still single-owned. It's a way of further producing your cattle to gain, I would say, favourable financing, and your peers are managed the same way, and, like I said, it allows a number of producers to gain—I'll maybe explain the co-op. Each co-op negotiates a loan rate with a financial institution, so instead of each individual farmer arranging financing with a financial institution, it's a group of them, so they get more favourable rates, and it allows them to further process, further enhance their cattle.

I'm a cow-calf producer, so I raise calves, and if I belong to the feeder co-op, that would allow me to keep control of that calf longer down the feed chain before it is finished—in with a group of similar people in the area.

**Mr. Dave Smith:** If I could use a poor analogy, but I think it's one that most people would understand—it's almost like a franchise, where you have independently owned stores or restaurants who share together the buying power to get whatever product it is, but each one of those—I'll use McDonald's as an example—each McDonald's in Peterborough is independently owned, but they all buy their product from the main corporate entity at a much lower rate than an independent hamburger place would be able to do. Would that be a fair analogy?

**Mr. Don Badour:** Yes, I would say that that would be a fair analogy. Even though the individual farms are in it, if they're part of a co-op, those cattle become owned by the co-op until they're sold, because then the co-op makes sure they are paid first when the cattle are sold, and then anything remaining goes back to the individual farmer.

**Mr. Dave Smith:** What I'm hearing from the farmers in my area is that many of them are my age and older. In fact, I would suggest that probably none of them are my age; they're all older. And there have been some concerns about succession planning and what they would do. Does this open up an opportunity then for a younger farmer to get into the beef industry in this way?

**Mr. Don Badour:** Yes, absolutely.

1040

**Mr. Dave Smith:** So it's not just good for the existing farmers who are part of the co-ops, but it also would promote newer entries into the marketplace, keeping costs down for them. Because the reality is, purchasing a farm is very expensive. It is long hours. Although I know it's very rewarding for those who are in it, I think that there's a number of people who get scared off because of the capital investment that they'd have to have and the amount of work that it takes. You can't take a day off. Your cattle have to be fed. It's not like you're going on a Caribbean vacation for a week in January. You still have to be out there doing it. How many farms would this affect, with this change?

**Mr. Don Badour:** There are 15 feeder cattle co-ops in the province, with a total of 735 members. And on the topic of custom feeding, it's only been allowed since 2016, and it's up to each individual co-op and their board of directors whether they allow custom feeding or not. Each co-op is like an individual entity. They come up with their own rules and things like that. But yes, there are 15 co-ops in the province, with 735 members.

**Mr. Dave Smith:** So this isn't a radical change that we're talking about here. It's just defining it a little bit easier to do business as a—

**Mr. Don Badour:** Yes. To put it simply, yes. That's exactly what it is.

**Mr. Dave Smith:** Thank you. I appreciate that. I'll turn it over to one of my colleagues.

**The Chair (Mr. Ernie Hardeman):** MPP Dowie.

**Mr. Andrew Dowie:** My question is for Keith. Just with respect, I believe I see exactly where you're coming from, assessing the risks and about the technology. But do you know what? We've heard evidence from Lucas today, as well as a couple of days ago, about the opportunity to address greenhouse gas emissions with carbon capture technology. So rejecting the technology outright doesn't seem to be an opportunity to use a tool that's already in the tool box to address climate change issues. Can you elaborate on why the cure is worse than the disease, in your view, in this case?

**Mr. Keith Brooks:** Well, I did not and I do not reject the technology outright. In fact, what I said was that I suggest the ministry approach this with some apprehension. We're skeptical about carbon capture. I think one of the members of the committee flagged that, in the case of Quest, it's releasing more CO<sub>2</sub> than it's capturing. Now that's because that facility isn't designed to capture all of the CO<sub>2</sub>. But the point that I was trying to make is that even in that facility, we're only capturing 50%, so that's not heading us toward net zero.

The other issue we have with carbon capture, which Mr. Malinowski also referenced, is this investment tax credit. We are opposed to fossil fuel subsidies. The federal government is extending massive, billion-dollar subsidies to the fossil fuel industry, including for carbon capture, and we don't support that. If the industry wants to invest its

own money in carbon capture, that's the industry's choice. We don't think the government should be subsidizing it.

In the case of Ontario, though, we're saying that if you need to study because you want to catch up to Alberta, you want to catch up to the US, please do the study. But let's start with the study. Let's understand the capacity for carbon capture. Let's actually listen to the ministry's own advice that this extensive study needs to be taking place. Let's listen to the Auditor General and make sure we're not putting the public in harm's way, and then let's proceed with carbon capture once we have assurances around those issues. And let's reserve whatever storage capacity we have in Ontario for the hardest-to-abate industries, which really are—

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes the time for that.

We'll now go to MPP Kernaghan.

**Mr. Terence Kernaghan:** My first questions will be for the beef farmers. We've been in many locations across Ontario, and we've heard from a lot of folks about the need to increase investment in the Risk Management Program. Is that something that the beef farmers are also in favour of?

**Mr. Don Badour:** Yes, very much.

**Mr. Terence Kernaghan:** Excellent. And why is it a good investment?

**Mr. Don Badour:** It is one of the better programs that's bankable, that I can take to my lender that there's a backstop. If we have a bad year, like in crops or cattle, there is a backstop and we are covered. That makes the lender more comfortable in providing loans to us.

**Mr. Terence Kernaghan:** Understood. Also, we heard in Timmins that there are folks who are also looking for the continued investment in the Farmer Wellness Initiative and also expanding that coverage to farm employees. Is this something that the beef farmers are also in favour of?

**Mr. Don Badour:** Yes, as are most farm organizations, because mental health is a big issue in all industries and it's just as big, if not more, in agriculture. There are a lot of strains on farmers these days.

**Mr. Terence Kernaghan:** Most definitely, and farmers feed us so we have to ensure we keep them healthy too. Thank you.

My next questions will be for Environmental Defence. I wanted to ask, Keith, what is the environmental risk to enabling this enhanced recovery of oil and gas?

**Mr. Keith Brooks:** Well, in the case of Ontario, the risk is that pushing carbon dioxide into oil and gas wells will push other things out. The intention in this case is to, in fact, enhance oil and gas recovery from those wells, but there could be unintended consequences, in particular if there's kind of a pockmarked geological formation and we think we know where we're pushing the gas out, but it may in fact come out somewhere else. That's what's happening in Wheatley, and that's what's happening in Norfolk county, as another member of this committee has noted. We don't have a clear sense of the state of repair of that, so that's a risk there.

I think the other risk that we flag is that we're offering false hope about the future of fossil fuels in Canada. Carbon capture and storage is not going to lead to a net-zero fossil fuel sector. We actually need to phase out fossil fuels. So we don't want to see support for a false solution that pretends we can continue to use and produce fossil fuels far into the future when we're trying to achieve net zero.

**Mr. Terence Kernaghan:** What changes would you like to see for this legislation?

**Mr. Keith Brooks:** Well, we'd like to see the prohibition around enhanced oil recovery in particular maintained. We'd like to see extensive study take place from the government of Ontario. We'd like to see conversations with stakeholders, and we'd like to see guarantees that public safety is maintained. There's no rationale, there's no study, there's nothing to support making this amendment right now, and it seems very risky.

**Mr. Terence Kernaghan:** I also wanted to ask—we, of course, have a majority government here and so we have to be somewhat prepared for what is going to happen, but should this legislation pass without amendments, what needs to happen in the province of Ontario?

**Mr. Keith Brooks:** Well, I suppose the legislation would say that there would still be permits that are going to be granted in order to allow this enhanced oil recovery, right? The prohibition was to say that no permits shall be granted, so if the province was to go ahead and permit this activity at all, I would hope that they put in place significant safeguards to ensure that any permitting that takes place does protect public safety, does have a net benefit to the climate and doesn't put people in harm's way or lead to unintended consequences. That's for sure.

**Mr. Terence Kernaghan:** You also mentioned the damning report by the Auditor General in terms of inspections. Would you like to see a more thorough study as well as looking at all of these locations prior to this passing?

**Mr. Keith Brooks:** Absolutely, yes. I think extensive study should be taking place, and I think it needs to be done by the ministry and/or by a neutral third party. I think we should be concerned about any study that's done or funded by the oil and gas industry because they have, of course, their own bias and their own interests in mind. But yes, extensive studies should take place, 100%, and that study needs to be vetted by peers and by objective scientists. It needs to undergo thorough public consultation. We need to give stakeholders an opportunity to weigh in, and we need to make sure that the public interest is safeguarded, both with respect to the danger to communities and also the danger to the climate and future generations.

**Mr. Terence Kernaghan:** Could you just please remind the committee how many oil and gas wells there are in Ontario, and how many have been inspected and what the timeline has been?

**Mr. Keith Brooks:** Well, let's see here. The Auditor General put it all in her report: 2,700 oil and gas wells in the province; 19% have been inspected since 2005; 38% of inspections were more than a decade ago; and then there are 1,600 wells that have not been plugged and another 8,000 that were plugged before 1970.

**Mr. Terence Kernaghan:** I see. Just so it's clear on our record—I think you said 2,700, but it is indeed 27,000.

**Mr. Keith Brooks:** Sorry, yes—27,000. Thank you.

**Mr. Terence Kernaghan:** That's okay. You said it correctly the first time. I just wanted to make sure that was clear.

Thank you very much. I think you've given some important issues for this committee to consider.

**Mr. Keith Brooks:** Thank you.

**The Chair (Mr. Ernie Hardeman):** We now go to the independents. MPP Bowman.

**Ms. Stephanie Bowman:** Thank you again, all, for being here.

I want to start with Don for this question. My colleague MPP Smith mentioned the succession plan, and I also asked that question in Timmins and know that that's a big advantage, or a pro, for this program. My grandfather was a beef farmer, so I want beef farmers to succeed in the province. But, again, I'm just trying to get educated and want to keep learning. Could you talk about any potential downsides to this? Are there any farming stakeholders who could be hurt by this amendment?

1050

**Mr. Dan Badour:** Like I said, looking to exempt the feeder cattle loan guarantee program from the Innkeepers Act—I guess, in a worst-case scenario, if the member didn't pay his feed bill to the custom feeder, that custom feeder, without the Innkeepers Act to allow them to sell the cattle, would have to go other routes, like Small Claims Court or Superior Court of Justice, to recover their money. But just to add, each co-op has a full-time supervisor on staff that does regular checks of members' cattle and where they are to try to negate issues like that.

**Ms. Stephanie Bowman:** So you think the risk of that is low or can be sufficiently managed?

**Mr. Dan Badour:** We think so, yes. And like I said, for the change to the Innkeepers Act, we're not looking to exempt all livestock, just the particular ones under the feeder cattle loan guarantee program.

**Ms. Stephanie Bowman:** Okay. Thank you.

I want to come back to Lucas, and I know my colleague also has—if we can sneak in another question. Lucas, I just wanted to get your reaction to Environmental Defence's comments that, again, the ministry itself said there should be a thorough assessment before this change is made. Do you agree with that? Do you think there is risk in the 27,000 wells that should be managed before we proceed with this change?

**Mr. Lucas Malinowski:** I certainly agree with Keith that there is an important role for the government to play to thoroughly study the CCUS potential in Ontario and ensure that that geology is sound and that we can capture that carbon safely and sustainably. It's important for our members to know, if we're making these significant investments, that that carbon is in fact captured and sequestered effectively. That's why we're recommending a robust framework, in concert with the government's informed signals through these legislative changes that it is taking

the options and the opportunities of CCS seriously in Ontario.

**Ms. Stephanie Bowman:** Thank you.

**Mr. Dave Smith:** Point of order.

**The Chair (Mr. Ernie Hardeman):** Yes?

**Mr. Dave Smith:** The gentleman on the bottom-right corner had his hand up to speak during the question about the Beef Farmers of Ontario.

**The Chair (Mr. Ernie Hardeman):** Well, it's not ours to decide who had their hands up—

**Mr. Dave Smith:** We just have to make sure that we're recognizing those who are on Zoom as well.

**The Chair (Mr. Ernie Hardeman):** Thank you very much.

MPP Brady, to finish your time.

**Ms. Bobbi Ann Brady:** Mr. Brooks, I understand your concerns with respect to more studying, and you've suggested that you'd like to see a regulatory framework that can be evaluated. I understand that, and I appreciate that, but how does government do that without lifting the prohibition? As I see it, government wouldn't be able to develop a framework for something that is essentially illegal. If you can't open it up, how do you study it? How do you develop a framework?

**The Chair (Mr. Ernie Hardeman):** One minute.

**Ms. Bobbi Ann Brady:** Wouldn't lifting the prohibition open the gate for that framework and that studying?

**Mr. Keith Brooks:** I'm not sure that I agree, no. I think that the study could take place to understand the state of the oil and gas wells here in Ontario. That's a study that the ministry itself needed to be done, and we have not seen any evidence that it has been done. I think the government, of course, could figure out a regulatory framework before permitting something. I think that's pretty standard practice, in fact, to put rules around something before allowing it to proceed or otherwise. I'm not sure that they would need to open it up before putting restrictions around how one might be able to proceed with these things.

**The Chair (Mr. Ernie Hardeman):** Thank you. That concludes the time.

We now go to the government benches. MPP Byers.

**Mr. Rick Byers:** Thank you to the presenters this morning. Thank you for your suggestions.

Don, first to you: Thank you for outlining your proposal on feeder co-ops—very helpful. In your presentation, I think you mentioned why this had—well, let me ask: This has been considered in the past, and there were hesitations from finance or OMAFRA. Can you outline what those were, so we understand them? And, perhaps, do you think that those have been addressed in your proposal?

**Mr. Don Badour:** I'll maybe turn this over to Thomas, our staff member at BFO. He works more with the committee; he would probably have a better answer for you.

**Mr. Thomas Brandstetter:** Thanks, and then I'm going to pass things over to Steve. Thank you, MPP Byers, for the question. We had submitted comments in 2021—actually, when the Chair was minister—looking to make changes and improvements to the feeder cattle loan guarantee program. A number of those have been addressed,

and we thank the government for the work that has been done over the past year. The changes that were made last year have benefited a number of producers with an increased number of loans and the ability to purchase more cattle, which definitely helps ensure a steady supply of Ontario-raised beef for Ontarians.

This is one of the last remaining proposals that we are looking to have addressed. Obviously these things do take time, and we do understand that. As mentioned, this would be one of the last remaining ones that would be of great benefit to producers and relieve some of that uncertainty.

But I'll pass it over to Steve to add to that.

**Mr. Steve Eby:** Hello. I'm Steve Eby, chair of the feeder finance executive committee. I farm in Bruce county. I'm a member of a co-op.

With regard to the Innkeepers Act, it would give an opportunity for better flow of security from the co-op's perspective if there was a case of default in custom feeding payment. But more importantly, it gives the co-op an opportunity to expand and young producers an opportunity to grow their herds, as Don would have mentioned in his presentation, by using facilities and expertise at a different stage in the cattle feeding cycle.

As Thomas mentioned, this is one of the last outstanding issues that was presented in the review of the OIC, dating back a couple years now. Hopefully we can get this one finalized.

**Mr. Rick Byers:** Great. Thank you very much. It certainly seems to make sense based on the comments earlier about succession planning and whatnot, so I very much appreciate your presentation.

A question now to Lucas: There's lots of discussion this morning on the CCS proposal and whatnot by several parties. My understanding is that this framework would be rolled out over the course of a while, and there would be four different phases, and projects would test geologic carbon storage along the way, and changes. Is it fair to say—and I've heard your comments about the transition here, but is that your understanding of the framework here and how this proposal would be implemented?

**Mr. Lucas Malinowski:** Yes, that's correct. The Ministry of Natural Resources and Forestry has laid out a road map—as you say, in phases—of how they would be looking to develop that framework for carbon capture and storage in Ontario. I'm confident that the government is capable of walking and chewing gum at the same time, and approaching this in a careful and thoughtful way.

**Mr. Rick Byers:** Good. Agreed and noted. I thank both parties and the members for the discussion this morning. Certainly the comments have been heard, and I appreciate the importance of doing this transition productively.

That's all for me. I'll pass it over to another member.

**The Chair (Mr. Ernie Hardeman):** You have three minutes left. MPP Cuzzetto.

**Mr. Rudy Cuzzetto:** I would like to thank all the presenters here.

This question is really for the Environmental Defence. Keith, we're going to go off-topic a little bit here. You touched on single-use plastics, correct?

**Mr. Keith Brooks:** Well, it's a file we work on, yes.

**Mr. Rudy Cuzzetto:** Okay. I agree that we should get rid of them, and that's what we're doing as a province. Do you agree with me that we should get rid of all single-use plastics in the province—or across the country, or the world?

**Mr. Keith Brooks:** Yes. The federal government is banning some single-use plastics. We should start with those that are found in the environment the most, those that aren't recycled, those that can be easily replaced, for sure, moving to a place where we only allow the sale of at least recyclable plastics. There may still be some single-use, but we need to make sure that any single-use are captured and are recycled.

**1100**

**Mr. Rudy Cuzzetto:** Thank you. You know, I'm going to date myself now because I'm going to go back in history. When I was a little boy, I would go shopping with my mother and we would get glass bottles and paper bags. We listened to the environmentalists at that time saying that we have to get off paper and glass and go over to plastic. Fifty years down the road, the same people are now saying get rid of plastic. So this was an issue that you caused 50 years ago. Thank you very much.

**Mr. Keith Brooks:** I don't think that's true.

**The Chair (Mr. Ernie Hardeman):** Any further? You have 1.3 minutes. Yes, MPP Smith.

**Mr. David Smith:** Just a quick question to Keith: Environmental Defence has previously stated that it believes in the importance of reducing greenhouse gas emissions to mitigate climate change. Can you explain how rejecting the use of carbon capture technology aligns with this belief?

**Mr. Keith Brooks:** Well, once again, I do not reject the use of carbon capture technology. What I said is the ministry should approach it with great apprehension and any carbon capture that is allowed in the province should be reserved for the hardest-to-abate industries, those that really have no alternative means to reduce emissions. And I single out the cement industry because a lot of emissions are released during the production of cement, not during the combustion of fuels, which is different than the uses we might have for, say, natural-gas-fired power plants or other things.

**Mr. David Smith:** Different statement, sir. Thanks.

**The Chair (Mr. Ernie Hardeman):** Thank you. You have 25 seconds. If not, that concludes the time for the panel, and we thank all the panellists for being here this morning and making presentations, the time it took to prepare and the time it took to be with us this morning. Thank you, and we will forward all the information on in our report to the minister for the budget.

STELCO INC.

CANADIAN MANUFACTURERS AND  
EXPORTERS

CHEMISTRY INDUSTRY ASSOCIATION OF  
CANADA

**The Chair (Mr. Ernie Hardeman):** With that, we go to the next panel. The panel consists of Stelco Inc., Canadian

Manufacturers and Exporters, and Chemistry Industry Association of Canada. We ask them to come forward, and as they're coming forward, we will point out again that each presenter will have seven minutes to present. At the six-minute mark, I will say, "One minute." At the seven-minute mark, I will cut you off.

Each presenter, as you start, give us your proper name to attribute the comments to in our Hansard. So with that, we turn the floor over, first of all, to Stelco Inc.

**Mr. Trevor Harris:** Thanks for the warning.

Good morning. Thank you for the opportunity this morning. My name is Trevor Harris, and I'm the vice-president of corporate affairs for Stelco. For those of you who may not be familiar with Stelco's operations, we are a low-cost, independent steelmaker with one of the newest and most technologically advanced integrated steelmaking facilities in North America. Our operations in Hamilton and Nanticoke have benefited from more than \$900 million in strategic capital investments since 2017, and produce flat-rolled, value-added steels for customers in the construction, automotive, energy and pipe-and-tube industries across Canada and the United States. Those facilities are also home to more than 2,300 employees and approximately 10,000 ancillary jobs and contractors. Additionally, our business supports approximately 15,000 pensioners and their dependents.

As a company, Stelco shares the ambitious goal of achieving a net-zero-carbon-emitting economy, and we are party to the aspirational net-zero goal by 2050 as set forward by the Canadian Steel Producers Association in their climate call to action. From the perspective of the steel industry, to achieve these targets, we will require a robust suite of supportive policies and the active partnership of all levels of government.

I'm here today specifically to express Stelco's support for the measures outlined in schedule 5 of Bill 46 that end the prohibition on the sequestration of carbon in Ontario. This important legislative change will send a strong signal that Ontario is open for business and to attract new investment. They are prepared to not only explore measures to decarbonize our economy, but to spur investment in industry.

Stelco views this measure as extremely important to our business for two distinct reasons. First, the complexity of our operations means that our pathway to decarbonization will be robust. It will require a wide range of technologies, some that currently exist and some that remain under development. Our plan will explore a wide range of potential new investments, including operational and energy efficiency programs, the strategic recovery and utilization of our by-product fuels, the substitution of other fuels and end-of-pipe technologies including carbon capture and sequestration.

Second, as an energy-intensive, trade-exposed business, Stelco is exceptionally vulnerable to the price that is placed on carbon. I believe one of your presenters in an earlier session referred to "decarbonization by deindustrialization." This is a legitimate risk for our business and our entire industry.

We support and fully understand the need for our economy to respond to climate change and pursue decarbonization measures. However, imposing a tax on carbon

emissions without providing a robust framework of policy alternatives to allow business and industry to reduce their carbon footprint risks not only a significant number of jobs and economic growth, but will have the impact of accelerating climate change by increasing global greenhouse gas emissions. Absent the appropriate public policy options to support industrial decarbonization, carbon taxes will substantially increase the cost of our products compared to like products from other countries that have no standards or a price on carbon.

This is despite a 2019 study from the US-based Global Efficiency Intelligence that shows Canada's steel industry is already leading the world in producing low-carbon-intensity steel. Our domestic production risks being supplanted by offshore imports that do not bear the price of carbon. However, those imports will come with the cost of significantly higher carbon emissions, both through the production of that steel and the transportation of that steel to our domestic marketplace. Through this principle of carbon leakage, we risk the loss of industry, thousands of jobs, economic activity and a growing climate crisis. Alternatively, we believe that government can pass this legislation and choose to lead by providing the opportunity for industry to reduce their emissions and remain globally competitive.

This measure will bring our province in line with many other jurisdictions, both in Canada and globally, that are already engaged in CCS activity. According to the Global CCS Institute, last year there were 30 sequestration facilities in operation around the world with the capacity to capture approximately 42.5 million tonnes of carbon per year. That represents the equivalent of approximately eight million passenger cars being removed from the road. In addition, there are over 160 additional facilities, either under development or under construction, that will add approximately 200 million additional tonnes of capacity.

Here at home, we're already seeing this technology be utilized in western Canada, as we've heard from other presenters. There are approximately seven million tonnes of geological storage capacity, either operational or in development, outside of Ontario today.

Stelco views this legislation as an important piece of the policy framework that Ontario will require to meet our collective decarbonization goals and that will offer substantial opportunity for investment and economic growth.

To achieve the government's stated and desired outcomes by 2030, we agree that an aggressive timeline will be required for the development of a necessary regulatory framework for CCS activities. It is important to send an early signal to industry to afford us the time to develop the substantial capital investment plans that will be required to support commercial-scale carbon capture and sequestration activities.

We also support the initiation of pilot and demonstration activities in early 2023. We encourage the government to act quickly, to pursue a coordinated effort across all branches of government, and to seek the co-operation of partners like Stelco who are well positioned to assist both in the development of that regulatory framework and the execution of these pilot programs.

These immediate next steps are vital to the development of a viable program that can support Ontario's decarbonization goals and will advance industry's ability to allocate valuable research and capital investment dollars to carbon capture technologies.

Stelco views the adoption of a carbon capture and storage program as a vital part of this decarbonization pathway that will require both regulatory and financial support from all levels of government. We see the passage of schedule 5 of Bill 46 as an important step in the development of our made-in-Ontario low-carbon economy.

With that, I would like to thank the members of the committee for the opportunity to present today, and I look forward to your questions.

**The Chair (Mr. Ernie Hardeman):** Our next presenter is the Canadian Manufacturers and Exporters.

**Mr. Vincent Caron:** Thank you for having me here. My name is Vincent Caron. I am director of policy and government relations for Ontario at the Canadian Manufacturers and Exporters. Thank you for inviting me today. I've spoken to many of you in the last few months because manufacturing is a critical sector for all regions of Ontario. It's something that we all care about here. We all know a family that depends on the sector for their livelihood. Accounting for indirect benefits, the manufacturing sector supports a quarter of our GDP and 80% of exports, so it's critical to our prosperity.

Few subjects have as much urgency for the industry as the one that we will discuss today, which is Ontario's regulatory approach to the group of technologies referenced collectively as carbon capture, utilization and storage, or CCUS. Obviously, I will address sequestration today, but also the broader economic potential from the utilization of carbon.

1110

This is an existential issue for many manufacturers. The cement, chemical, iron, steel, pulp and paper subsectors, which together account for over half of manufacturing sector emissions, are among the most difficult industries to decarbonise, even though they are so critical to our prosperity. Even the steel industry, which has been a leader lately, I would say, with the adoption of various technologies, including the electric arc furnace equipment, will be left with GHG emissions that only carbon capture can tackle. This is due in part to the requirement for high-temperature heat and inherent process emissions that cannot be avoided with a switch to renewable energy sources. Once the steel industry installs new furnaces by the middle of the decade, it will be willing and able to capture the remaining carbon, but that carbon will have nowhere to go if we don't speed up the building of a CCUS infrastructure in Ontario, so this is critical.

Carbon capture is in operation in Alberta and Saskatchewan today. We've been discussing this earlier today. In the US, the recently passed Inflation Reduction Act increased the existing 45Q tax credit for permanent sequestration of CO<sub>2</sub> to \$85 per ton and to \$60 per ton for utilization of CO<sub>2</sub>. If Ontario becomes the only major North American industrial jurisdiction where CCUS is not yet operational

or if financial incentives are not competitive, those industries will start investing elsewhere, and large OEM manufacturers like automakers may seek input from those locations.

At the same time, companies across Ontario have begun considering market applications for captured carbon. This includes sequestering CO<sub>2</sub> and combining it with other substances—for example, calcium—to create compounds that can be used for a wide range of commercial applications, anything from concrete blocks to plastics or even roof shingles. This represents enormous economic opportunity for manufacturers, but again, this opportunity is time-limited, because we need to have the infrastructure here. If the regulatory regime does not catch up soon to other jurisdictions where CCUS is operational today, the R&D will also go to those jurisdictions.

After years of advocacy to enable the use of carbon sequestration as a tool to reduce emissions, CME was pleased to see the amendments in Bill 46. In fact, we applaud the government for getting to it. This change, however, is not enough on its own, so we have to look ahead at where we need to be. For carbon capture to be a viable option in Ontario in the time frame where it is needed, there needs to be a shift in how we approach the policy process. First, we need to speed up the establishment of regulations. We're not the first to do it; we don't need to reinvent the wheel. The International Energy Agency recently estimated there are currently 35 commercial carbon capture projects—our numbers may actually differ on that because it's going so fast; the projects evolve all the time—including, as I mentioned earlier, in Alberta and Saskatchewan. Ontario should learn from those projects and the regulations that govern them to propose a framework that applies both on private and crown land before 2024. So that upfront regulatory certainty is really important on both crown land and private land.

I note that MRNF is in the process of establishing an industry working group, and I would like to thank them today for their willingness to engage with the industry on the subject.

We also need a broader scope of action. Bill 46 only amends one paragraph in one bill, so you need a broader government approach to look at other legislation that might need to be looked at.

Third—and that's really important for investment—we need competitive financial incentives. To prevent a flight of financial and human capital to projects south of the border due to the IRA, Ontario needs to consider its own financial incentives, and that needs to include operational expenditures, because that's what the IRA actually does: provide certainty for operations as well, not just a capital component.

Finally, there needs to be alignment between action at the federal and provincial levels. Canadian provinces and the federal government have begun to articulate the elements of a successful CCUS policy. That's bringing funding incentives; that's developing regulations and approving projects for operations. As those efforts ramp up, now is the time to share information and lay the foundation for



a successful policy that is coherent in all provinces. To do so later, when the framework is fully established, risks creating impediments that will be harder to overcome.

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Vincent Caron:** Okay. The recent Canada-Ontario regional energy and resource tables could be a venue in which government and industry have this engagement.

There is no time to waste on this. In the next seven years, we're going to see carbon going from 50 bucks per tonne to 170 bucks per tonne, so the race is on to preserve our competitiveness.

I would just conclude by quoting the head of the International Energy Agency. He was in Ottawa last week and said that Canada must step up climate efforts on two issues specifically, the first one being the critical mineral supply, which I think we all care about here, and the second one being carbon capture technology.

As members of the Legislature of the largest province of this country and the leader of the industrial sector, the engine of Canada, I ask you to do exactly that.

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes your time.

We now go to the Chemistry Industry Association of Canada.

**Mr. Don Fusco:** Thank you. It's a pleasure to address this committee today. My name is Don Fusco. I'm the director of government and stakeholder relations for the chemistry industry association. I'm here to speak about the proposed change to the Oil, Gas and Salt Resources Act.

CIAC, our association, represents Canada's chemistry sector. Our members are innovators, solution providers and world-class stewardship pioneers. Our companies produce resins, synthetic rubbers, specialty chemicals and plastics. Our \$29-billion chemistry industry is the province's third-largest manufacturing sector and second-largest manufacturing exporting sector. Our sector employs 39,000 Ontarians and supports an additional 195,000 jobs across the province in various sectors.

We provide important inputs to a range of key manufacturing sectors in the province, including the automotive sector, mines and critical minerals, forest products, construction, and food and beverage, to name a few. Our facilities are located in Sarnia-Lambton, Niagara, eastern Ontario, and the GTA-through-Waterloo regions. The industry is global and our members not only compete for market share, but they also compete for internal investment funds.

We founded Responsible Care, a chemistry sector ESG and the industry's globally recognized sustainability initiative, in 1985, right here in Ontario. We believe it's imperative to do the right thing and to be seen to do the right thing.

The chemistry sector is on the cusp of two major transformations: the transformation to the net-zero-carbon economy and the transformation to a circular economy for plastics. Carbon capture and storage, or CCS, will play an important role in decarbonizing our sector.

The world's leading chemical and plastic companies are exploring innovative investments to decarbonize through

CCS. We note seven recently announced chemical production investments in Alberta that lever CCS. These projects total in the tens of billions of dollars of new investments, and more projects are coming. Without enabling CCS, Ontario will have zero chance of attracting these new investments needed to sustain and grow our province's economy.

Achieving net-zero carbon objectives requires a tool kit of initiatives. There is not one single path, though CCS plays an important role in enabling many of them. These include feedstock switching—our facilities in Ontario have already switched from crude oil to low-carbon natural gas liquids and also have facilities that use biomass—plant modernization and efficiency improvements to reduce energy usage.

In the future, we foresee hydrogen utilization as a fuel source, noting that blue hydrogen, among the various colours, requires CCS; enabling a truly circular economy for plastics and reducing virgin plastic production; eventually utilizing CO<sub>2</sub> itself as a feedstock for chemical production; and, of course, the continued electrification and potentially electrochemical production processes that exist, which require hydro—low cost and a lot of hydro.

The federal government has clearly endorsed CCS in Canada's net-zero carbon plans. A variety of programs enabling CCS have been launched. However, until such time as CCS reaches commercial operation here, not only will Ontario businesses not be eligible for that federal funding, but Ontario tax dollars will be subsidizing CCS projects invested in other provinces.

#### 1120

On this, we must also recognize the competitive threat to investment attraction that the US Inflation Reduction Act is creating if the federal and Ontario governments do not act. Ontario must aggressively advocate additionally for supportive tax measures, first, to extend the capital cost allowance and make that permanent, as it is in the United States.

Second, as proposed, the federal carbon capture, utilization and storage tax credit here in Canada will provide roughly half of the support per tonne of carbon sequestered than what US measures currently provide.

Third, clean hydrogen: While the federal government is supportive of clean hydrogen, and in fact provided \$300 million in funding to one particular project in Alberta, and a clean hydrogen investment tax credit is being developed, in the meantime, the US has announced billions and added billions in funding to create hydrogen hubs and to produce clean hydrogen. As we know about these tax credits, they only get used when investments are made, and then they get repaid with revenues created through incremental tax revenues from new jobs and capital spending.

On MNR's road map, as proposed in this proposed regulation, we acknowledge the intent to provide clarity for businesses to invest in Ontario, while ensuring safe and responsible development. This regulatory change is only the first of many steps needed to move CCS into operation quickly, and we offer the following suggestions:

(1) Establish a CCS vision and industry engagement. As of yesterday, that industry engagement has already started, but an all-of-government approach is needed to implement the road map. Furthermore, Ontario will need to build upon the storage of CO<sub>2</sub> and include the utilization of CO<sub>2</sub> in the strategy. We suggest this government-industry working group add utilization into that process.

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Don Fusco:** (2) Expand and enhance MNRF's geologic expertise and resources. We must quickly re-quantify and requalify pore space capacity in the province since its last assessment over a decade ago.

(3) We need to accelerate and coordinate complementary regulatory actions. Ontario's geology is unique, yes, but we can look to Alberta and Saskatchewan as made-in-Canada best practices for examples in building this regulatory framework.

One final item that I wish to impress is the need for public engagement. CCS is a critical element in the transition to the net-zero carbon ambition. We must work in a proactive manner with the province, local communities, rights-holders and stakeholders to build increased understanding and acceptance for CCS. It's integral that CCS has the social licence to move forward quickly.

This is a great example of how environmental and economic benefits align. We remain committed to working with the government to develop an effective long-term regulatory framework to transition to the net-zero economy—

**The Chair (Mr. Ernie Hardeman):** Thank you very much for your presentation.

We'll now start the rounds of questioning with the independents. MPP Bowman.

**Ms. Stephanie Bowman:** Thank you all for being here. It's certainly a learning morning for me. In that spirit, I just wanted to ask if there are examples that any of you can share—all of you maybe can each take a minute—to talk about where carbon capture is being done, what jurisdictions or what commercial operations are using it, where we're not seeing a lot of risk around leakage or other things.

Again, I know it's new technology, and I absolutely want us to invest and innovate here in Ontario, but I'm wondering what lessons we can learn. Are there successful jurisdictions where they're not having these challenges around leakage or allegations of leakage?

**Mr. Vincent Caron:** If I can start: I think we should start by looking at the projects in Canada, beginning with Shell Quest and Boundary Dam. Now, I heard earlier the argument being that there's some leakage, potentially, but you're still capturing more than you would have of the carbon that would have gone to the atmosphere, that now you're capturing.

**Ms. Stephanie Bowman:** Not according to that study.

**Mr. Vincent Caron:** Obviously we have to learn from all the projects that we're seeing out there, but we also need to make sure that we have swift progress toward actually getting to the market, to bringing those solutions to market.

**Mr. Trevor Harris:** Maybe if I can add to that and the concept of leakage: At Stelco, I will say, we're not proposing to capture 100% of our carbon. We see this as a

tool in a tool box to allow us to achieve, ultimately, a net-zero state, and I think that's how these programs need to be viewed. We will have other programs that mitigate our carbon emissions prior to getting to the point of sequestering carbon, so I don't think it's necessarily fair to say that simply because you're only capturing 20%, 30% or 40% of the carbon you're emitting, that is a failure. I think that that is an excellent tool in the tool box where we can address some of the other factors that are contributing to carbon emissions.

**Ms. Stephanie Bowman:** Before I let you continue, I just wanted to highlight—again, I'm a novice; I'm learning. I'm just still neutral on this—just trying to learn. What I've read is that in the Quest example, they were trying to capture five million tonnes but then released seven and a half million. Again, there could have been some implementation issues etc. That's what I'm just trying to learn about. Recognizing it won't capture it all, if we capture 20% or 30%, will we leak out more of that than we might have intended? I'm just trying to understand that. Will we cause more to be leaked?

**Mr. Trevor Harris:** I'll speak from a corporate perspective and for a company that is interested in pursuing this technology: We don't have any direct expertise in this today. We're also doing our research and learning day by day. I will say, from the research that we have done, looking at other jurisdictions, these technologies have been utilized in some cases for as long as 50 years.

There are, according to organizations like—I cited them earlier—the global carbon capture institute—they have studies that show where these programs take place and the fact that they have been eminently successful, that there has been no long-term risk. If leaks—and I use that term loosely, because I'm still not sure 100% what we're referring to in the context of a leak—these are leaks of carbon dioxide. We're not talking about an oil and gas pipeline, where there are risks that are associated with adverse health conditions. These studies actually show that these things have been operating safely and securely for a long period of time. I believe there's one facility in Texas that's been operating a pipeline since 1972 with no adverse effects.

While there are going to be bumps along the road, I'm sure, as we develop this framework in Ontario and as companies like ourselves engage in this process, this is why we need to step forward with the government and start working on a really robust regulatory framework to provide those assurances that you're looking for.

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Don Fusco:** I would just add, we cannot hold off for perfection, and nothing is perfect. We can only try to do our best and continue to improve. We also have to worry about a different kind of leakage, and that's the decarbonization through carbon leakage for investments and production facilities that move from outside of Ontario elsewhere.

We take the environmental sustainability seriously. The road map proposes a pilot, and we concur with moving forward in that manner. But we cannot wait for something that could last decades before every issue is resolved. The

measurement and verification process should be robust enough to be able to track and monitor and fix those types of leaks.

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That concludes that time.

We go to the government side, to MPP Crawford.

**Mr. Stephen Crawford:** Good morning. Thank you to all our presenters. My first question will be to Stelco. I know you touched on the carbon tax and how that perhaps has hindered your business. We don't need to get into the details of that now, but certainly the government of Ontario—our motto has been “Open for business.” We want to ensure a competitive workforce; we want to ensure industry is competitive, obviously in an environmentally positive way. But we haven't really touched on—and I'm just curious from your point of view—the business case, the business benefits to allowing this technology to come through to Ontario. How is that, in a positive way, going to affect your business? Obviously, if you're sitting here talking about it, there's got to be some positive impacts to your business. What are those?

**Mr. Trevor Harris:** I think a lot of this ties to what one of my colleagues was just saying. Not to get into the weeds in terms of how the carbon tax is impacting our business—let's fast-forward to what we currently have as a schedule for the increases in carbon price. At \$170 a tonne of carbon emitted, that's a price that our business has to absorb exclusively. We're a commodity-traded business. It's not simply a matter of us being able to tack that \$170 onto the price of what we're charging the automotive cluster, as an example, because they have options. We are a globally traded commodity. If our price increases by \$170 and a country offshore has no carbon regime whatsoever, they can continue to undercut us by the margin of that carbon tax.

So we start to lose that business, and what we'd end up doing is deindustrializing through carbon leakage, because there comes a point where we can't compete with those offshore imports, and we lose those sales. Eventually we lose jobs. Eventually we lose production. Eventually we lose our facility as a whole. And our domestic economy is now reliant on those imports from offshore, which may come at a cheaper price than we could produce them by virtue of being exposed to that carbon tax.

But as I said in my statement, they also come with greatly increased levels of carbon intensity. There are no carbon regimes in a lot of the places where these steels are going to be coming from. They don't have the robust rules that have allowed Canada to become the greenest steel industry in the world today—not 10 years from now, today. They don't have a price on carbon. So the importance of this for us is to allow us to manage that exposure to the carbon tax while we continue to deindustrialize our business. It allows us to be competitive, and I think when you look at this initiative from that scale, it's extremely important.

1130

But the other opportunity that is here is, you've heard people talk about the massive levels of investment that are

going to be required to actually implement commercial-scale carbon capture. This is a multi-billion-dollar industry. This is a substantial level of investment that will come from within Ontario, from outside, attracting new jobs and new businesses into this province. I think it's an excellent economic opportunity, both for the existing businesses and in the future as an independent industry on its own.

**Mr. Stephen Crawford:** So you think this amendment to the legislation will help make your business more competitive to some of these offshore companies?

**Mr. Trevor Harris:** We need to recognize that the amendment to this legislation fundamentally does nothing to improve the competitiveness for my business. What this does, and we're very thankful for this, is it opens a door. It now says, “Hey, guys, it was illegal to sequester carbon. We're saying today it's not illegal anymore, and we're going to start a process.” This is sending a message to businesses like mine. You're considering spending a significant amount of money on this technology. We're telling you we're going to come up with a program where it's going to be allowed. I think it would be extremely difficult to get big companies like Stelco and like other industrial businesses to start committing the time, effort and research and, frankly, allocating future capital if the province is going to say, “We're not willing to make that commitment at this stage.” So we fully acknowledge there is a significant amount of work to be done to develop a real, responsible regulatory framework to actually get carbon sequestered in the ground, but this is an opening first step, and we think it's a very important message to send to business and industry today.

**Mr. Stephen Crawford:** Okay. Thank you.

To the Canadian Manufacturers: Could you just touch on briefly the experience in Saskatchewan and Alberta? How has that been going? Maybe you could just give us a sense on how that's going there.

**Mr. Vincent Caron:** Well, for us, the important part there is that we're not the first, so we have something to learn from. I would speak to the regulatory side of things, which I think we can learn a lot from in terms of creating the upfront certainty that the pore space where the CO<sub>2</sub> is being captured is of provincial interest—so basically, legislating to provide to industry the upfront certainty that there's not going to be interference with the individual property rights for that related to what's on the surface. I think it's that piece where it's legislating in a holistic manner and providing that upfront certainty. That's the part that I think we can most learn from, especially right now, when we're pretty close to establishing that framework. We should really look at how they've regulated the environment.

**Mr. Stephen Crawford:** I'll pass my time to MPP Dowie.

**The Chair (Mr. Ernie Hardeman):** MPP Dowie.

**Mr. Andrew Dowie:** Thank you to all the presenters. Actually, I've been delighted with all the comments that you've made. My community of Windsor–Tecumseh is fundamentally reliant on trade with the United States, and our businesses fail when our regulatory policies are out of

whack. We lose business to the United States, and we don't achieve our goals because we end up deindustrializing, and the work and the economic opportunities go to other jurisdictions.

I wanted to ask a question about—on the federal side, they are very much advocating for reduction of carbon. My understanding is Natural Resources Canada has stated that carbon capture is a technology area “critical to achieving global climate and energy goals and urgent steps are needed to significantly ramp up CCUS deployment.” So we're proposing to eliminate the prohibition on carbon storage in Ontario. Will these amendments in Bill 46 help to achieve the carbon capture use in Ontario? I would love to get your thoughts.

**Mr. Don Fusco:** Sure. It was addressed in a previous response. This is essential, but it's only the first step.

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Don Fusco:** For the chemistry sector, the transition to net zero is a path that we're on, but the technology to get to producing chemicals without emitting carbon is not commercial yet. Maybe by 2050, it will be. So CCS between now and then is an important transitory environmental opportunity but also creates the economic momentum to continue to produce and create the jobs and maintain the jobs that we have in carbon-emitting sectors. Otherwise, those products will still be produced; they just won't be produced in Ontario.

**Mr. Vincent Caron:** If I can just quickly add, it's not just Natural Resources Canada; it's also the International Energy Agency that's pushing Canada to be a leader in technology, so that's where having the infrastructure, obviously, is the first step. We need a regulatory framework—

**The Chair (Mr. Ernie Hardeman):** Thank you very much.

We'll now go to the opposition. MPP Kernaghan.

**Mr. Terence Kernaghan:** Thank you very much to our presenters who've come to committee today. We've been hearing a lot of very interesting thoughts and plans for the schedule.

I did want to ask Stelco, for Trevor: When we're talking about carbon capture and the importance of it in the province, I wonder if you had any thoughts about the cancellation of the 50-million-tree planting project that the government ended in 2019. Would you like to see that reinstated?

**Mr. Trevor Harris:** I don't think I have a specific comment on that, but I do understand the importance of tree planting. That's one of the measures that we've taken at our facilities, especially our Lake Erie Works facility, where we have a substantial amount of greenfield as a mitigating factor, so I understand the importance of it in general.

**Mr. Terence Kernaghan:** It's always good to have many measures to combat climate change and the climate crisis.

We also heard from previous presenters who cited the Auditor General's report on the state of oil and gas wells. I wondered if you had any thoughts or comments on that.

**Mr. Trevor Harris:** I've heard the comments as well. It's not something that we have paid a lot of individual attention to. We are not in the oil and gas industry; we're

in the steel industry. Our intention would be to look at purely the sequestration of carbon. We wouldn't be looking to extract anything, so I don't really have a lot to comment on in that particular report.

**Mr. Terence Kernaghan:** Okay. So would you be in favour of an amendment to this legislation that would actually remove the enhanced recovery of oil and gas, and instead focus on the carbon sequestration?

**Mr. Trevor Harris:** I think I'm in favour of a legislative amendment that provides the maximum opportunity for industrial businesses in this province to take on this opportunity and work with the government to come up with a framework that makes sense for businesses, government and society as a whole.

**Mr. Terence Kernaghan:** Understood. Because I do believe that in our last schedule of presenters, they were saying that it was not the intent of the legislation to enhance the recovery of oil and gas, so it would seem as though that legislative change is actually unnecessary or not required.

My next questions will be for the Canadian Manufacturers and Exporters—pardon me; the next question is for the Chemistry Industry Association of Canada, because it was Don's notes that I was taking a look at. What do you think should happen before this legislation is passed?

**Mr. Don Fusco:** I think the consultation process has been completed, comments have been collected, and I think it's a point in time where this needs to be debated and approved.

Now, we mentioned that part of the whole process was the road map to engage the public and gain social licence in communities where there needs to be. I think the next step, also, is that the ministry needs to reinforce its geological expertise and its resources to re-quantify and requalify the pore space capacity in the province, to move forward in a pilot process, and then, based on that, move forward broader once those items have been addressed.

**Mr. Terence Kernaghan:** I see. You also mentioned the creation of a working group that is already under way. I wanted to ask, would the working group take on the responsibility for inspecting the oil and gas wells in Ontario?

**Mr. Don Fusco:** I think that's something for the working group to discuss, but I think we believe the property owners and the ministry would be the ones that would be the lead on that. Certainly we're open to discuss which ways and paths can move this forward so that we get CCS into operation as quickly as possible, operating successfully.

**Mr. Terence Kernaghan:** And obviously the intent of this legislation, as stated numerous times before, is CCS. Would you be in favour of removing the unnecessary addition of enhanced recovery of oil and gas?

1140

**Mr. Don Fusco:** We do not want to see anything that prevents CCS from occurring. Certainly, I think the intent is to capture carbon. If there is going to be oil recovered through that process, we don't think that should penalize CCS.

**Mr. Terence Kernaghan:** I see. I also was quite taken by your comments about the circular economy, and I think it's something that Ontarians and everyone should be

working towards. I just wanted to point out a great individual I've been working with in my riding, Tarek Moharram, who actually isolated a particular compound from cannabis—the remaining unnecessary by-products of cannabis farming—and actually has been able to create a biodegradable plastic. Have you heard of Moharram Ventures?

**Mr. Don Fusco:** No, I haven't, and I will not talk about inhaling.

**Mr. Terence Kernaghan:** I believe that's—

**The Chair (Mr. Ernie Hardeman):** Two minutes.

**Mr. Terence Kernaghan:** Two minutes? Okay. I also wanted to ask, what do you perceive, Don, to be the—what are the environmental risks of enabling enhanced recovery of oil and gas?

**Mr. Don Fusco:** Of enabling enhanced oil recovery? Well, oil still plays a role in our economy and Ontario has a heritage of being an oil producer. We have refineries that exist, and those refineries produce a lot of value-added streams of by-products that enable clusters like Sarnia–Lambton to exist. Perhaps the peak of oil has occurred, but that does not mean that oil does not still play an important role in our economy, in the global economy.

**The Chair (Mr. Ernie Hardeman):** One minute.

*Interjection.*

**The Chair (Mr. Ernie Hardeman):** Very good. We'll now go to the independents. MPP Brady.

**Ms. Bobbi Ann Brady:** Trevor did answer this already, but Vincent and Donald, with the previous delegations, there was much discussion about the studying and the regulatory framework that is needed. And I suggested that maybe, without lifting the prohibition, essentially it would be illegal to develop that policy and that framework. Can I just get both your comments on whether or not you would agree with what Trevor said, that committing this amount of money that companies would have to commit—if the prohibition wasn't lifted, would you be shy to commit those funds?

**Mr. Vincent Caron:** Well, as I understand it, obviously, there is a sequence to the policy-making process here. Discussing a regulatory framework on an activity that's currently illegal is not necessarily a good way to go about it. I think there's a proper sequence to this. It's part of the red tape reduction bill, so it's like we're moving impediments and moving to the actual framework to provide all the protections that are needed. So I think that's the appropriate sequence.

**Mr. Don Fusco:** I would just say, at the same time that stakeholders talk about transparency and clarity, the same holds true on that. Certainly, carbon capture has been talked about because it's being done elsewhere in Canada, but not in Ontario. But in order for you to have fulsome discussions and plans, the transparency of the regulation and the legal aspect of it need to be confirmed.

**Ms. Bobbi Ann Brady:** Great, thank you. Trevor, I'm proud to have the Stelco Nanticoke plant in my riding of Haldimand–Norfolk. It boasts over 1,100 full-time jobs and all the other spin-off jobs that are there, and it's a very, very good community partner in our riding.

I am a firm believer that total electrification is not feasible. It's expensive and we don't have enough green power to make it. So I was happy to hear that you don't plan to use 100%. This is just one tool in your tool box. I know that other companies are looking at or have chosen different pathways to do this and they've changed their production methods. Why aren't you looking at that? Why are you going down the path you are?

**Mr. Trevor Harris:** It's an excellent question. I think if you start from the macro and work to the micro, as you noted, the economy's decarbonization is not a one-trick pony. We're going to need to draw from all sorts of sectors. Electrification is one option, obviously, but we're going to need other policy planks to pull on to actually achieve these really aspirational goals to get to a net-zero economy.

Strictly from a steel industry perspective, and we've heard some other comments from them before, I'll just quickly read a passage from the International Energy Agency, who released a technology road map for the steel industry in October 2020: “Like the wider energy system, the iron and steel sector cannot rely on one technology or mitigation lever alone to make progress on its climate goals—it must pull on all levers that can make a difference for its transition to zero emissions to take place as quickly as possible.”

So we've got international agencies that are recognizing not one solution fits all. I'm sure many of you are familiar with what some other steel companies in the province are doing in terms of transitioning their production technology. This conversation about decarbonizing is not new. We've been thinking about this for probably close to a decade, ultimately, and a lot more seriously in more recent years. But when I look at the transition of our business in 2017 under new ownership, this was one of the first conversations we had to have: What do we want to be down the road?

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Trevor Harris:** We had to make a decision what pathway to go down. But we chose to invest \$900 million in our business to ensure that we can build the most efficient and advanced steel manufacturing facility available that could then accommodate future decarbonization investments. We don't believe that EAFs are necessarily the way to go for us or these other technologies, for a variety of reasons.

**Ms. Bobbi Ann Brady:** Thanks.

Quickly, Vincent: You had said that a broader scope of action is needed. Since we are here and we could report back to the Ministry of Red Tape Reduction, what other things do you think need to be done in order to make this a more robust process?

**Mr. Vincent Caron:** Looking at what the EPS allows in terms of the recovery or the use of proceeds and what is eligible under the EPS for carbon capture, right now there's very bare bones language around that and it doesn't provide certainty for a wide range of applications, which we certainly think is going to—

**The Chair (Mr. Ernie Hardeman):** Thank you very much.

We now go to the government side. MPP Smith.

**Mr. David Smith:** I want to thank all the presenters for presenting here today.

This is a big area of concern and I'm more concerned with the industrialization of—we're losing business here. It's one of those situations that covers both sides and CCS is something that has to happen. We know it globally, when it's happening in other parts of the world where people are doing it to make those changes and we continue to stand still. We could lose a lot of business and by losing business, we lose employment, we lose everything else.

Yet on the same side, we're looking at communities having these leaks that I've personally never heard about, but I'm not from the sector of producing steel and the other products. I like the fact that Don made mention that what we start here now is not a one-trick pony, as I heard; it is something that will take a lot of time to get to completely decarbonize, to remove emissions and CO<sub>2</sub> from our atmosphere, and all those products—that we will actually not get to cover all those parts over a short period of time. So it's important that, this first step, we need to take it very seriously and do what we can.

I'm happy to know that Stelco is putting out \$900 million. Could you tell this group here today, over what period you were talking about spending that kind of money? Because that's a lot of dollars.

**Mr. Trevor Harris:** That's the money we've spent to date from 2017 to, I guess, last summer, that modernized our facilities with a world-class smart blast furnace—one of its kind in North America—and a cogeneration facility to recycle and reutilize waste product gases and to revitalize our coke battery to make them world-class energy-efficient. We now have assets that are prepared for the next wave of investment, so as we go down the pathway of decarbonization, our assets are prepared to actually handle the types of things like fuel switching and other programs that I referred to in my comments.

So that \$900 million is spent and that's just phase one for us. There's more to come.

**Mr. David Smith:** Okay, so have you got any kind of estimation of what the—

**Mr. Trevor Harris:** Not today. It's coming.

**Mr. David Smith:** Right.

I forgot your name for a second. What's your name?

**Mr. Vincent Caron:** Vincent.

**Mr. David Smith:** Vincent, yes. Could you tell me—you talked about the number of products that can be produced from—is it carbon that we are storing? Can it be used in other products and could you tell this committee what those products likely could be?

**Mr. Vincent Caron:** Well, I mean—

**Mr. David Smith:** You don't have to know them all right now.

**Mr. Vincent Caron:** No, no. Obviously, there's a lot of talk about concrete right now. I'd say that's the more high-profile iteration of that that you could probably learn a bit about through open sources. But I'm talking to a lot of companies, and I'm told there are other things. You can combine calcium and you can do a compound that you can

put into roof shingles. I heard that the other day. I was like, wow. That's—

**Mr. David Smith:** Okay. Not being a selfish guy, I'd like to yield some of my time to who would like to speak.

1150

**The Chair (Mr. Ernie Hardeman):** MPP Byers.

**Mr. Rick Byers:** Thank you all for the presentations. I find it's a very interesting discussion here. I had a long career in commercial interests, and when I was downtown on Bay Street in my earlier career, the words "carbon capture" I don't think I ever heard. And here we have, frankly, strong corporate presences talking about it in emphatic ways. I think that's a fantastic progression and shows ESG is a very strong force in industry. That, to me, gives me great optimism, frankly, about the future of us collectively dealing with the environmental risk, because there's not resistance there. There's actually strong momentum from your industry. So thank you for that.

I want to better understand the discussion about the competitive threats, if you will, from not only the creation of this technology here in Ontario but the risk of industry moving elsewhere if we don't have it. The US, our biggest trading partner: Can you give a sense, anyone—Don, I think you mentioned the tax and other incentives that are there. I thought it fascinating. You talked about Texas being a leader in this area—you know, "big bad Texas," if I heard you correctly, were at this in the 1970s. It's so fascinating that an oil producer would be the leader there.

What do we need to do in Ontario to be mindful of specifically what the US is doing and to make sure that we're an attractive economic jurisdiction?

**Mr. Vincent Caron:** I think the tax side is the first thing to look at, especially the Inflation Reduction Act and the incentives in there, which are more generous than the federal tax credit. Don spoke to that as well. I think that's the first thing. We have the US—and we've heard it in the state of the union again, yesterday—which is very committed to a robust industrial strategy that doesn't always include other countries. So it's really important for us to look after our own incentives to make sure they stack up, because they're not going to do it for us.

**Mr. Don Fusco:** To put it simply, as I said, the current carbon capture incentives in the United States are double, per tonne of carbon, what exist in Canada. Let's not forget that there isn't a carbon price in the United States either, which Ontario facilities also have to pay. That differential there is very striking. We really need the province to challenge the federal government and work with the federal government to level that playing field. We're not saying abandon the price of carbon—

**The Chair (Mr. Ernie Hardeman):** One minute.

**Mr. Don Fusco:** —but look for ways to incent what it is that you want, which is great jobs, environmental sustainability and community sustainability through that economic development and investment.

**Mr. Rick Byers:** It sounds like you're saying that if you compare a carbon tax to CCS technology, CCS, longer term, is a better tool to reduce carbon than—anyway, that's

a longer argument. But we will take your message and certainly encourage you to advocate to the government of Canada as well. I think this has been very instructive for us to hear directly, and we will take that on as well. Thank you all.

**The Chair (Mr. Ernie Hardeman):** We'll now go to the opposition. MPP Fife.

**Ms. Catherine Fife:** Thank you to the presenters—always a good opportunity for us to learn. Clearly, based on this conversation, schedule 5 is problematic for us as it's crafted right now. It's tied to oil and gas extraction. The geological studies have not been completed—and because lifting the prohibition actually counters the government's own discussion papers. So the government is proposing an amendment that their own ministry has recommended they don't follow through on.

But the value of carbon sequestration is clear. I would agree with Vincent from Stelco that there is value in pursuing this technology. But we as legislators have to manage the risk, and this is a—sorry, one of you mentioned it, but you said the government should not be aiming for perfection. Well, I can tell you with great assurance that this is not a government that aims for perfection, and that is well documented by the number of court cases that they've entered.

Also, I want to say that the current Auditor General's report that's on the books which cites the 27,000 oil and gas wells that have not been maintained or inspected—the oversight has not been there—is truly problematic for us. I think it was Don who said, “No, we think that the ministry should be inspecting these wells.” If this working group is established and if the government goes down this road—it's true. The ministry should be inspecting those wells, but right now, only 19% of them have been inspected since 2005, so that is a huge concern for us.

I think that we have to be cautious with this government because they implement legislation that's incredibly sloppy and then we end up paying the price down the line for it. When the carbon tax was first challenged, the government spent \$30 million fighting it and they lost. When they tried to put stickers on gas pumps challenging the carbon pricing, they lost in court again on that. And you will remember when we did have a cap-and-trade program—and I do want to get your perspective on this because this is a unique opportunity for us to do so. When they cancelled the cap-and-trade—and you'll remember there was an alliance with Ontario, Quebec and California. They cancelled that cap-and-trade program so quickly that, of course, companies got caught in the crossfire and are now seeking restitution of hundreds of millions of dollars. So there's a price to the people of this province, and quite honestly, we get delayed in the research and in the innovation, things get tied up in courts, and it's clearly a pattern that concerns us.

We're obviously going to try to make schedule 5 stronger and better, and that will happen during the clause-by-clause of this legislation, but I do want to say cap-and-trade generated \$1.9 billion to be reinvested back into

industries such as yours to assist with the technology, with reducing greenhouse gas emissions and possibly with carbon sequestration.

So are you looking for some—I mean, you've made the point that the door is open now and that this amendment is before you. Clearly, your sector has been asking for this, so I wanted to give you an opportunity to also reference how you see a government truly partnering with your sector so that we keep those jobs in Ontario and so that we are on the leading edge of research and innovation. And this question is for all of you. Vincent, maybe you can start because I referenced you in the comments.

**Mr. Trevor Harris:** It's Trevor, actually.

**Ms. Catherine Fife:** Oh, sorry. Trevor.

**Mr. Trevor Harris:** It's okay.

Without getting into the weeds of cap-and-trade and the pros and cons of whatever carbon-pricing regime is going to be in place at any given time, I think what we are looking for is adherence to what I think is a relatively simple principle. The Canadian steel industry is regarded through a US-based study as being the most carbon-intensively beneficial steel industry in the world. We rank number 1 amongst integrated steel facilities like ourselves, number 2 amongst EAF facilities—the electric arc furnace industry. We are coming from a place of strength.

So when we start talking about how we get down the rest of this pathway to a net-zero framework in 2050 or beyond from an aspirational perspective, what we can't afford is to have a carbon pricing regime that destroys our competitiveness while at the same time we're talking about making hundreds of millions or billions of dollars in investments in our facilities. We can't pay both, so we need something that recognizes the fact that we're already performing extremely well. You're getting a commitment from our industry as a whole, not speaking strictly on behalf of Stelco, but you can see the announcements from other companies and the announcements from our steel industry association. We're already meeting some of the targets the government want us to get to by 2030. You can't ask us to make those investments and then ask us to pay a carbon price at the same time.

So I think that's the principle that we're asking to be adhered to: recognize the investments that are being made, let us continue to do the good work and let us be global leaders in the generation of green steel and grow the economy. Carbon capture and sequestration is a new industry that we would like to invest in that would allow us to get to that end state, but also, in my opinion, create a great deal of economic activity, attract new investment to Ontario and create new jobs. It is an industry that is untapped, that is being utilized elsewhere. There's an extremely great opportunity—

**Ms. Catherine Fife:** I'm happy you made those points. That exact principle was in our Green New Democratic Deal, which recognizes that the future jobs of Ontario require a partnership with industry to get to that net zero and create really good jobs and not leave people behind along the way—that's the retraining piece. But the \$1.9

billion that would have come to the coffers of the province of Ontario—

**The Chair (Mr. Ernie Hardeman):** One minute.

**Ms. Catherine Fife:** We would have been very keen on public transit—which is good for steel—electric vehicles, retrofitting. That’s the way forward, I think.

I’m very sorry, Vincent and Don; you don’t have a lot of time, but please go ahead.

**Mr. Vincent Caron:** I hear the argument—why not wait some more, study this some more? But we are between a rock and a hard place: the rock of the IRA and the hard place of the escalating carbon taxation that is hitting us prior to 2030. We do not have that time to wait. We have to do everything at the same time. We have to bolster the geological capacity that MNRF has. I think actually to invest in carbon capture and focus on carbon capture will give an economic impetus to bolster that capacity, and I think that can only benefit the safety of Ontarians, at the end of the day.

**Ms. Catherine Fife:** Don, I’m sorry, we’re not going to get to you.

**The Chair (Mr. Ernie Hardeman):** Thank you very much. That completes the time we have and that completes the time for this panel.

Thank you very much for taking the time to make your presentation, coming here to talk to us, and helping us with our deliberations as we finish the consultations—almost; we’re finished the consultations here in Peterborough, anyway.

With that, any further questions?

**Ms. Stephanie Bowman:** Chair?

**The Chair (Mr. Ernie Hardeman):** We have a comment from MPP Bowman.

**Ms. Stephanie Bowman:** Just a point of order: I wanted to correct or add to my point about leaking. I was using that phrase maybe incorrectly. What I was talking about was releasing more gas than was being stored. That’s what I was referring to. Thank you.

**The Chair (Mr. Ernie Hardeman):** Very good for the correction. Thank you very much.

Is there anything else?

I want to remind that the deadline for written submissions to Bill 46 is 7 p.m. on Wednesday, February 8—

*Interjection.*

**The Chair (Mr. Ernie Hardeman):** That’s today—2023. The committee is now adjourned until Monday, February 13, 2023, in Barrie.

*The committee adjourned at 1203.*









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