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Honourable Rod Phillips  
Minister of the Environment, Conservation and Park  
Ferguson Block 11th Flr, 77  
Wellesley St W, Toronto, ON  
M7A 2T5

January 28, 2019

Dear Minister Phillips:

The Canadian Energy Pipeline Association (CEPA) would like to thank the Ontario government for the opportunity to comment on the province's proposed Made-in-Ontario Environment Plan. CEPA members collectively operate 117,000 kilometres of transmission pipeline in Canada. These energy highways transport approximately 1.4 billion barrels of liquid petroleum products and 5.6 trillion cubic feet of natural gas each year. CEPA is supportive of the government's intention to build a plan that balances both environmental and economic objectives. We acknowledge the complexity of this challenging task and look forward to working with the government and other stakeholders on developing practical and innovative solutions.

CEPA supports the concept of a "polluter pays" approach to regulating industrial emitters and believes this is best accomplished by applying a non-prescriptive, outcome-oriented approach to carbon pricing that incorporates flexible, non-duplicative mechanisms for achieving Ontario's greenhouse gas (GHG) reduction targets. This approach is especially important when applying regulations and requirements on transmission pipelines which often cross multiple provincial and international borders.

We believe the outcome-oriented approach is critical and should be applied as the government's environmental plan is developed and implemented. The proposal to regulate industry without imposing the federal government's Output-Based Pricing System via the development of emission performance standards is of particular interest to the natural gas transmission pipeline industry. Although we are supportive of the government's intentions to take into consideration specific industry and facility conditions, clear and equitable rules and expectations around equivalency are critical. CEPA members remain concerned with the possibility of being subject to duplicative carbon pricing systems given that the "top up" identified in the federal government's Pan Canadian Framework on Clean Growth and Climate Change<sup>1</sup> would be applied in provinces and territories that adopt a carbon pricing mechanism which fails to meet the federal government's benchmark. In practice, the application of a "top up" may result in regulatory duplication, additional compliance costs and reporting requirements for industry, particularly for those operating in multiple provincial and territorial jurisdictions.

Also, of interest to CEPA and its members is the government's intention to create the Ontario Carbon Trust (the Trust) which will be invested in a private-equity/green bank based on frameworks used in the states of New York and Connecticut. CEPA members would have the option to apply to the Trust to

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<sup>1</sup> Pan-Canadian Framework on Clean Growth and Climate Change: Canada's plan to address climate change and grow the economy (2016). [http://publications.gc.ca/collections/collection\\_2017/eccc/En4-294-2016-eng.pdf](http://publications.gc.ca/collections/collection_2017/eccc/En4-294-2016-eng.pdf)



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support emissions reduction and energy efficiency projects and believe this has the potential to help ensure provincial reduction targets are met in the most cost effective means possible.

Given the importance and potential benefits of the fund and development of industry emission performance standards to CEPA members, we request further engagement and consultation on these and other aspects of the Made-in-Ontario Environment Plan. Natural gas and crude oil are critical components of the energy mix in Ontario and energy pipelines are, and will continue to be, the safest, most efficient and least greenhouse gas intensive energy transportation solution. We look forward to participating in future discussions. Please do not hesitate to contact the undersigned if you have any questions or require clarification regarding any of the comments made above.

Yours sincerely,

Jim Campbell  
Vice President, Business Environment  
Canadian Energy Pipeline Association