



July 16, 2025

The Hon. Andrea Khanjin  
Minister of the Environment, Conservation and Parks  
Government of Ontario  
777 Bay Street, 5th Floor, Toronto, ON M7A 2J3

**IGUA Submission on ERO 025-0394 – Expanding Criteria for Voluntary Participants to Exit the Emissions Performance Standards (EPS) Program**

The Industrial Gas Users Association (IGUA) appreciates the opportunity to comment on the proposed amendments to Ontario’s Emissions Performance Standards (EPS) regulatory framework (ERO 025-0394).

Decarbonizing heavy industry is complex, time-intensive, and often requires facility-specific solutions. The proposed amendments demonstrate that the Ministry of Environment Conservation and Parks (MECP) is aware of these particular dynamics. MECP should be commended for its outreach efforts and willingness to engage in productive consultations. Over the past two decades, Ontario industries have made significant progress in consistently reducing both their greenhouse gas emissions intensity and total emissions per unit of production. With sound and stable government policy, these industries will continue to lead in emissions performance while delivering economic benefit.

As Ontario advances through its energy transition, protecting Energy-Intensive Trade-Exposed (EITE) sectors remains critical. This is not only key to maintaining provincial competitiveness, but also to preserving jobs and driving innovation. IGUA views the proposed amendments as a constructive step forward, enabling industries to meet emissions targets while maintaining operational flexibility.

**Amendment 1 – Voluntary Participant Flexibility to Exit the EPS Program**

IGUA supports providing voluntary participants with enhanced flexibility to exit the Emissions Performance Standard (EPS) program. Allowing for compliance flexibility strengthens Ontario’s competitiveness, particularly in comparison to jurisdictions without carbon pricing mechanisms (e.g., the United States and Mexico).

Importantly, this amendment aligns with the federal government’s announcement to set the federal fuel charge to zero as of April 1, 2025. This gives voluntary participants more control over determining the most appropriate regulatory pathways for their businesses to follow.

Appreciative as our members are regarding important policy adjustments made to date, IGUA recommends MECP consider the following well:

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- **Proceed Recycling Participation:** Some voluntary participants may have already contributed to the Emissions Performance Program (EPP) through the proceeds recycling mechanism. This contribution may inform their preference to remain in the EPS program to fully benefit from their prior participation.
- **Re-Entry Restriction:** The proposed five-year prohibition on re-entry following program exit may be overly restrictive. Business conditions—particularly in the U.S.—remain dynamic and uncertain. Additionally, Canada has not yet finalized its Industrial Carbon Policy which introduces significant and persistent investment risk for Ontario businesses. A more flexible re-entry policy would mitigate this uncertainty and provide businesses with the ability to adapt to evolving market and policy conditions.

### **Recommendations for Future Consideration (Post ERO 025-0394)**

IGUA offers the following proposals for MECP's consideration as part of future EPS program enhancements:

#### **1. Offset Credits as Compliance Tools**

IGUA encourages the Ministry to integrate offsets as a compliance mechanism. Offsets offer opportunities to monetize environmental benefits, promote innovation, and drive investment in emissions reduction projects both within and beyond facility boundaries.

#### **2. Environmental Credit Registry – ‘Book and Claim’ System**

To avoid double counting and build confidence in emerging environmental credit markets, MECP should establish a centralized credit registry. The Ministry could draw upon the IESO's prior work on Clean Energy Credits, expanding the registry's scope to include Ontario Renewable Natural Gas (RNG) credits, carbon offsets, and Carbon Capture and Storage (CCS).

#### **3. Expanding RNG Eligibility**

IGUA strongly supports expanding the eligibility of RNG as a recognized compliance instrument under EPS. Recognizing out-of-province RNG would provide additional flexibility for large industrials while supporting a broader RNG marketplace. IGUA also recommends revisiting the recognition of carbon intensity differentials for RNG in the context of credit generation. Aligning this with federal Clean Fuel Regulations (CFR) will encourage RNG development and drive increased demand for Ontario-based RNG projects, creating both economic and environmental value.



## Conclusion

IGUA appreciates MECP's continued engagement with Ontario industry and its efforts to refine the EPS framework in ways that balance emissions reductions with industrial competitiveness. The proposed amendments reflect meaningful progress, and we look forward to ongoing collaboration to ensure Ontario industries remain global leaders in balancing environmental performance, productivity and innovation.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Irving", is positioned above the typed name.

Jacob Irving, President  
The Industrial Gas Users Association (IGUA)