
February 5, 2024
Environment and Climate Change Canada
PlanPetrolieretGazier-OilandGasPlan@ec.gc.ca
Electronic Submission

RE: Regulatory Framework for an Oil and Gas Sector Greenhouse Gas Emissions Cap

To Whom it May Concern:

The Canadian Geothermal Energy Association (CanGEA) appreciates the opportunity to make comments on these developing regulations, we have based our input on a few of the provided discussion questions.

Summary / Conclusion

It is critical that emitters are given generous credit flexibility as they take action to reduce their emissions. To be eligible for offset credits and maximum emission allowances, projects should:

- Be located in Canada;
- Include projects that would fuel-switch to direct-use of geothermal heat, away from combustion fuels;
- Allow emitters to trade credits with each other and collaborate with non-emitters on offset/emission-reducing projects;
- If an emitter contributes to emission-reducing projects elsewhere in Canada (where the emitter itself does not decrease its own emissions), the emitter should still be given credit for these reduced emissions.

How should allowances be allocated? What should be taken into account? How should changes in production and new projects be considered?

In determining emission allowances, emitters should be given credits for investing in, or contributing to, emission-reducing projects within Canada.

If, when, and to what extent some compliance flexibilities should be phased down or phased out.

Maximized compliance flexibility should be granted to emitters demonstrating good faith efforts to invest and support clean energy development and fuel-switching initiatives (such as switching to direct-use of geothermal heat away from combustion fuels in industries that require heat).

How should the proposed approach to indirect GHG emissions be implemented?

If indirect GHGs are to be considered, so too should indirect and direct reductions of GHGs via offset projects. For example, oil and gas companies may look to fund or support geothermal projects, and these efforts should be taken into account and incentivized.

How should the proceeds from the decarbonization funding program be distributed? How should contributions be used to support decarbonization of the oil and gas sector?

It is critical that we continue to invest in, and diversify, our sources of clean energy. Furthermore, it is imperative that certain industries are not able to disproportionately claim an unfair share of the fund as opposed to other industries. A certain allotment may be made available to compete for within a geothermal heat direct-use category, geothermal power, another category for CCUS, wind, and for solar, nuclear, and so forth.

As an industry with massive renewable baseload energy potential, geothermal direct-use heat and power should be granted a generous portion of the decarbonization fund. This will serve to accelerate our industry through a learning curve so that lower costs can be realized sooner, and protect tens of thousands of jobs in oil and gas, and heavy industries that may be threatened by environmental policy. Many of these existing jobs, supply chains, expertise, and infrastructure are directly transferrable to the geothermal industry.

Furthermore, a generous geothermal carve-out in the decarbonization fund would facilitate further advancements and innovations in geothermal technologies to be exported globally, such as the *EavorLoop* technology which has secured *Eavor Technologies* a geothermal project agreement in Germany.

What are the advantages and disadvantages of a federal offsets fund? How should a federal offsets fund operate?

From the perspective of our industry, offset funds are a massive collaboration opportunity to partner with emitters that have the resources required to successfully develop geothermal resources on an accelerated timeline. Incentives need to be maximized to encourage these emitters to switch to cleaner forms of energy.

What role should Internationally Transferred Mitigation Outcomes (ITMOs) play in compliance flexibility?

We do not support the concept of ITMOs. It is crucial that all incentives and supports are targeted in Canada and thus benefits are maximized for our domestic industries. At the same time, potential loopholes and complications would be reduced that may come along with international offset partnerships. Although we support global efforts to decarbonize, our domestic industries need to be the focus if these programs are to be effective, efficient, and successful.

* * * * *

All of which is respectfully submitted.

Sincerely,



London Hillier, MMgmt
Policy Lead
CanGEA