

December 16, 2015

Melissa Ollevier, Senior Policy Advisor
Ministry of the Environment and Climate Change
Climate Change and Environmental Policy Division
Air Policy Instruments and Programs Design Branch
77 Wellesley Street West, Floor 10
Ferguson Block
Toronto, Ontario
M7A2T5
Phone: (416) 212-4552

Dear Ms. Ollevier,

Re: Notice of Policy Proposal: 012-5666 – Cap & Trade Program Design Options

The Ontario Waste Management Association (OWMA) is responding to the Notice described above, concerning Ontario's Cap & Trade Program Design Options. The waste management sector has played an important role in helping to move Ontario to a low carbon economy by driving resource efficiency through reduction, reuse, recycling and composting; implementing landfill gas and other energy recovery systems; and improving fleet efficiencies. These changes are in Ontario's economic, social and environmental interest. We are pleased to be a part of this important discussion and finding solutions to drive even greater resource efficiencies.

The OWMA is the voice of the waste management sector in Ontario. The association represents over 230 organizations across the province including 70 private sector members, 58 municipal members and 110 associate members involved in the waste management sector. Together our members manage over 85% of the province's waste. OWMA members have diverse interests and capital investments in areas such as waste and recycling collection, landfills, transfer stations, material recycling facilities, resource recovery facilities including Energy-From-Waste (EFW), organics waste processing and composting, and hazardous waste recycling and safe disposal.

Relationship Between Waste Management Activities & Carbon Emissions

The waste management sector plays a major role in resource conservation and this role needs to be expanded to meet the government's greenhouse gas emission reduction targets and to move to a 'circular economy'. Waste management should be viewed from a holistic approach with the cascading benefits it can have to the energy, forestry, agriculture, mining, transport, and manufacturing sectors in reducing GHG emissions. There is tremendous opportunity to do this as the province also moves forward with the proposed Waste Free Ontario Act & Strategy.

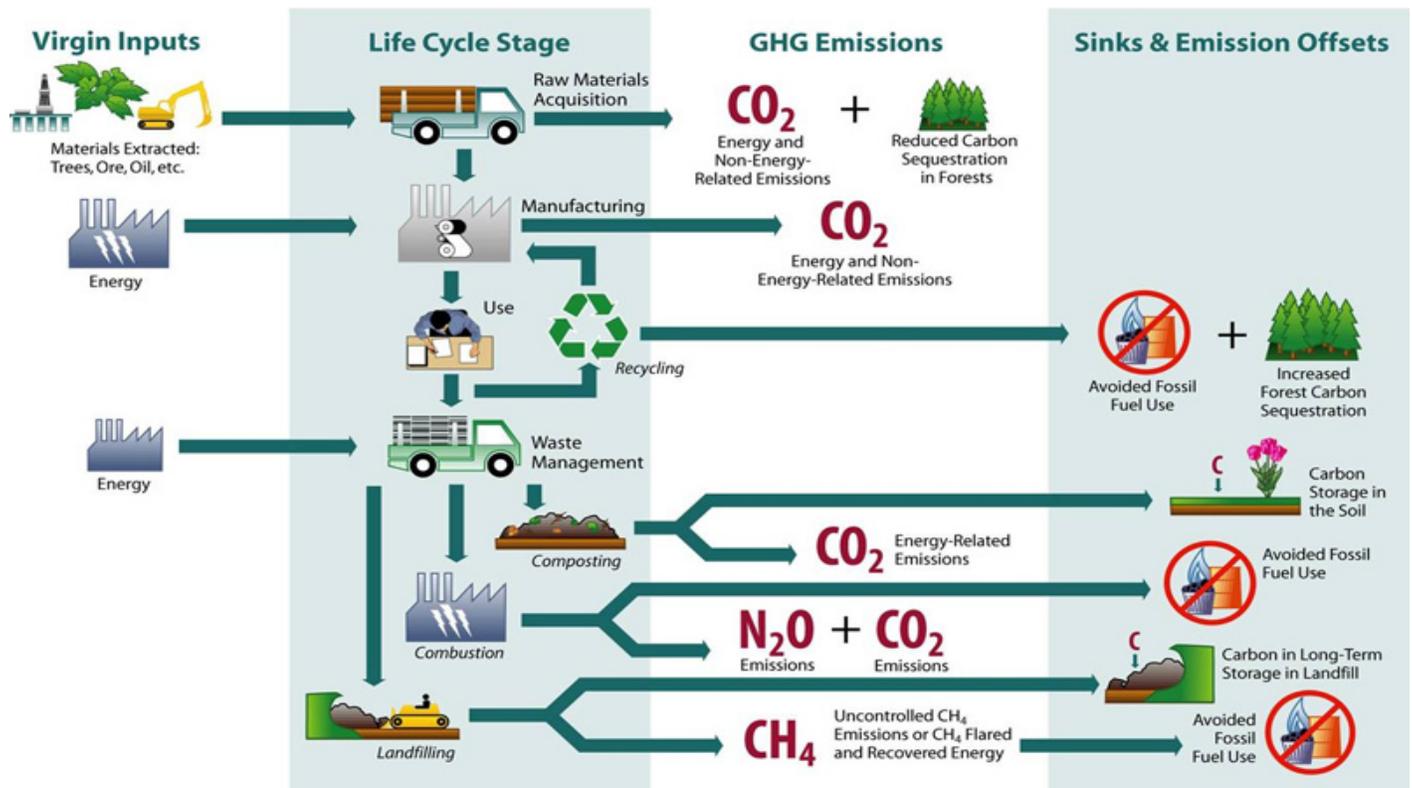
Unfortunately, the global and Ontario specific do not illustrate the key role that the waste management sector plays and the opportunity it offers. Globally, according to high-level statistics, the waste management sector (including wastewater) makes a relatively minor contribution to greenhouse gas (GHG) emissions, estimated at approximately 3% (U.S. EPA). In Ontario, according to the National Inventory Report, GHG emissions are estimated at approximately 4%.



The National Inventory Report specifically tracks direct carbon emissions from landfill and energy from waste facilities. While activities related to transportation, processing, and other energy related consumption are tracked, they are not directly attributed to the waste management sector. Prudent waste management can also help Ontario's drive to a low carbon economy by preventing baseline emissions, generating offsets, and supplying carbon sinks. It should be noted that the sector has and continues to be an early adopter of strategies and technologies to reduce its emissions:

- In transportation through the adoption of low-carbon fuels in fleets, and technologies that improve route and fuel efficiency;
- In facilities through heating and energy efficiency technologies and strategies;
- Recycling and reuse processes that reduce the need for virgin material extraction, refining and manufacturing that reduces CO₂ emission;
- Aerobic composting of organic waste that prevents the emission of methane;
- Anaerobic digestion of organic wastes and the beneficial reuse of methane;
- Energy from waste facilities that reduce methane emissions and displace the use of fossil fuel; and
- All the major landfills in the province include landfill gas capture systems that reduce methane releases. Some facilities also beneficially reuse methane by displacing the use of other fossil fuels.

There is also carbon sequestration within the sector not accounted for by the National Inventory including carbon bound in soil through compost or digestate application, and recalcitrant materials in landfills.



Source: United States Environmental Protection Agency

The estimated 4% emissions according to the National Inventory Report is not indicative of the role the sector could have in helping to drive GHG emission reductions. The prevention and recovery of waste materials (i.e. as secondary materials or energy) lowers emissions in all other sectors of the economy.



Attached is a copy of the white paper completed, which provides context as to how the sector fits into the Ontario's proposed current cap and trade and its current contributions. Additional research is underway to better quantify the opportunity for additional reductions by the sector and on the potential use for offset credits or other mechanisms to drive these reductions. This research will be completed and provided to the government early in 2016.

Opportunity

The Ontario waste management industry already plays a major role in limiting greenhouse gas emissions in Ontario. Every year, industry activities reduced current and future greenhouse gas emissions by 22 million tonnes CO₂eq, 14 Mt CO₂eq more than the landfill gas emissions from legacy waste-in-place in Ontario landfills. Even so, landfill gas capture, recycling and organic waste diversion rates are still relatively low and will need to increase dramatically for the province to meet its emission reduction targets and make the transition to a sustainable, low carbon and circular economy.

The waste management industry is well positioned to access the substantial regulatory value that will be created by the cap on carbon, both through the creation of offset protocols that facilitate growth in landfill gas capture and especially through increased resource recovery and through direct investment of allowance auction revenue.

Avoiding Unintended Consequences

There are risks as the government sets up its cap and trade system to create perverse outcomes where activities that result in greenhouse gas emission reduction activities may be disadvantaged. This needs to be taken into consideration as the government establishes which facilities will have compliance obligations under the cap-and-trade program. Consideration should be given as to how these obligations might impact emission reductions activities whether from EFW facilities or facilities that predominately manufacture using secondary raw materials. We would recommend EFW facilities be treated consistent to other cap and trade jurisdictions and in a manner consistent manner to landfills, which are excluded from the cap. This is in keeping with the government's policy government, which discusses equitability in the treatment of sectors.

These same considerations should also be applied to where and how offsets are created. The government should recognize the key efforts of waste management sector has and will continue to play in addressing greenhouse gas emissions and mitigating climate change - this includes recognition of early adoption activities and ensuring that economic incentives support those activities that drive the greatest carbon reduction opportunities.

We are pleased the government has recognized the risk of carbon leakage and this is particularly important when helping to incent economic growth in Ontario related to resource recovery and reutilization. It is one of the main drivers behind how the European Union has established its Circular Economy Package. Ontario needs to be equally vigilant in preventing leakage.

The development of a stable carbon allowance market, including offset protocols for landfill gas capture and organics diversion, will improve the economics of a number of sector options that if implemented would help the province meet its climate change mitigation goals. These include but are not limited to:



- Broader coverage and more efficient technology for landfill gas capture
- Increased rates of organic diversion to composting, digestion and EFW facilities
- Capture and cleaning of gases from landfills, digesters, and EFW facilities for injection in to the natural gas pipeline system
- Increased value for direct use gases from landfills, digesters and EFW facilities (i.e. without connecting to the natural gas pipeline system)

As mentioned additional research is being done in this area, which will be presented to the government in early 2016. Particular attention will be paid to reuse and recycling, which represent the largest growth potential for emission reductions from the sector, but also a key to realizing the goals the province has set for a “waste free Ontario.”

Thank you the opportunity to provide feedback on this important discussion. We hope the waste management will be more purposefully engaged in these discussions moving forward, given the important opportunity our sector offers.

Sincerely,



Peter Hargreave
Director of Policy
Ontario Waste Management Association
Tel: (905) 791-9500
Fax: (905) 791-9514
Email: phargreave@owma.org