



**FERTILIZER CANADA**

**FERTILISANTS CANADA**

907 – 350 Sparks, Ottawa ON K1R 7S8

T (613) 230-2600 | F (613) 230-5142

[info@fertilizercanada.ca](mailto:info@fertilizercanada.ca)

[fertilizercanada.ca](http://fertilizercanada.ca) | [fertilisantscanada.ca](http://fertilisantscanada.ca)

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Natural Resources Canada  
580 Booth Street  
Ottawa, Ontario  
K1A 0E4

Via email: [itc\\_ccus-cii\\_cusc@nrcan-rncan.gc.ca](mailto:itc_ccus-cii_cusc@nrcan-rncan.gc.ca)

**Re: Fertilizer Canada Feedback on the Knowledge Sharing Requirements for the CCUS Investment Tax Credit**

Fertilizer Canada and its members are pleased to have this opportunity to provide input on the Knowledge Sharing Requirements for the Investment Tax Credit for Carbon Capture, Utilization, and Storage (CCUS).

Fertilizer Canada represents manufacturers, wholesalers, and retail distributors of nitrogen, phosphate, potash, and sulphur fertilizers – the backbone of Canada’s agri-food economy. Fertilizer is responsible for half of the world’s current food production, and our industry is a major contributor to this global supply, supporting food security in Canada and around the world. We also contribute approximately \$24 billion annually to Canada’s economic activity. Our industry has facilities across Canada supporting the employment of over 76,000 individuals throughout the supply chain. However, as an energy-intensive, trade-exposed (EITE) industry, our members are highly vulnerable to carbon leakage and investment moving abroad.

**General Feedback and Recommendations:**

CCUS is a promising technology with the potential to deliver tangible and quantifiable emission reductions for our industry. We were pleased that the Government of Canada is committed to implementing investment tax credits for CCUS to support this transition. It remains critical for tax incentives to be coupled in coordination with other policy and regulatory supports to drive the widespread adoption of CCUS technology in our industry, notably through funding for infrastructure requirements to access CCUS (e.g. carbon trunk line).

Fertilizer Canada has provided feedback to NRCan and Finance Canada in recent consultations on the CCUS Strategy and CCUS Investment Tax Credit. We appreciate this opportunity to review and provide feedback on the proposed knowledge sharing framework for the CCUS ITC.



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At a high level, our priority is for the knowledge sharing requirements to meet the objectives of contributing to public CCUS knowledge in Canada, while ensuring that proprietary and commercially sensitive information is protected. Robust protection of confidential information facilitates comprehensive and creative discussions within industry that can lead to solutions with wide-reaching benefits. Any reporting requirements that create risks to commercially sensitive information will limit the ability for companies to utilize the tax credit. In many cases, anonymizing data is not feasible due to the nature of industry- and facility-specific emission profiles for flue gas at individual sites.

Further, we urge NRCan to minimize reporting burden associated with the knowledge sharing requirements. We have provided recommendations below of where reporting can be streamlined in the proposed template. Although we recognize that the proposed knowledge sharing requirements would only apply to a sub-set of CCUS projects that meet the \$250M eligible expenses threshold, the proposed requirements are very onerous and may deter uptake. Of note, the lack of knowledge sharing requirements under the U.S. IRA 45Q tax credit could create an administrative competitiveness disadvantage when comparing cross-border incentives for investment. One example of reducing reporting burden that has been employed by the ERA is allowing key performance metrics to be reported in ranges rather than absolute values.

Upon review of the proposed elements for the knowledge sharing reports, our members have noted the following comments and recommendations to meet these objectives.

### **Specific Feedback and Recommendations on 1) Construction and Completion Knowledge Sharing Report:**

#### **Knowledge Sharing Summary Reporting:**

- Some elements of the *Description of System and its Application* requirements are not applicable to all products. **We recommend moving technical details including method and destination of transportation, and measurement, monitoring and verification system in place, to the *CCUS Value Chain Specific Reporting* section requirements.**
- Inclusion of the *Expected Results and Performance* and *Lessons Learned* key indicators will be of value to knowledge sharing for future project development. However, certain elements included here are commercially sensitive and/or protected by legal privilege. **We recommend adding provisions in the report requirements to allow for costing information to be excluded when protected by legal privacy parameters (for example, commercially sensitive information that is protected by a non-disclosure agreement with a technology provider, or as part of a carbon capture or offtake**



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agreement). Further, we recommend refining the *Lessons Learned* requirements to ensure they offer valuable CCUS-specific information, and streamlining into the *CCUS Value Chain Specific Reporting* requirements to minimize reporting burden.

- We anticipate that the measurement, monitoring and verification approaches for sequestration will be consistent across CCUS projects, as approaches are mandated by policy. **Accordingly, we recommend amending the *Impacts and Monitoring* requirements to focus only on carbon capture approaches, rather than CCUS.**
- Within the *Benefits and Outcomes* requirements, companies will be limited in publicly disclosing current or future revenue streams generated due to confidential / commercially sensitive information. **We recommend removing the requirement to include revenue stream information from the *Benefits and Outcomes* section.**

#### CCUS Value Chain Specific Reporting:

- For the proposed *Capture* reporting requirements, we are concerned that the suggested level of detail requested for the descriptions of *Pre-capture inlet conditions* and *Capture technology* would introduce confidentiality concerns. **We recommend adding provisions for these reporting requirements to allow information to be excluded when deemed commercially sensitive / confidential.**
- **We recommend that NRCan provide common templates for reporting *Pre-capture inlet conditions* that would help to streamline the reporting, for example using a table with standard components for stack test measurements (CO<sub>2</sub>, water, NO<sub>x</sub>, etc.)**
- **We recommend that NRCan amend the *Scale-up experience and approach* reporting requirements to recognize that some systems are already operating at scale.**
- **We recommend reviewing the descriptive requirements in the *Baseline monitoring results and tests* section for non-CO<sub>2</sub> emissions and substances released to air, soil and water to avoid inadvertent addition of baseline monitoring or testing requirements beyond business-as-usual.**

#### Specific Feedback and Recommendations on (2) Annual Operating Knowledge Sharing Reports:

We have provided suggestions for refinement, as well as requests for clarification, for several of *Key Indicator* requirements outlined in the template:

- Clarification is needed on whether the values in the table are for the entire project chain (capture through sequestration) for Key Indicators C to Q.
- Clarification is needed for Indicator D on whether this includes venting / losses.



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- **We recommend providing guidelines for Indicator G to ensure that electrical energy consumption is allocated consistently across transportation and storage systems.**
- **We recommend that for Indicator J, the cost of CO<sub>2</sub> emissions captured during the previous reporting year is reported as a range of \$/tCO<sub>2</sub> rather than an actual value.**

Within the information requirements outlined for the annual operating reports, there were several reporting requirements that raised concerns for confidentiality. To mitigate this, **we recommend that NRCan review the annual reporting requirements for Capture – specifically for *Capture technology* and *Regeneration process* – to exclude actual performance and energy use reporting, due to confidentiality concerns with releasing commercially sensitive information.**

#### **Concluding Remarks and Summary of Recommendations:**

Global companies with facilities across North America and the world can select where to invest in CCUS, and this decision is often determined by the regulatory environment of that jurisdiction in comparison to its competitors. With an unparalleled increase in carbon price and a lack of competitive tax incentives, Canada's CCUS business environment is not currently competitive in a global market. Regulatory certainty and public infrastructure in combination with tax supports will allow Canada to compete with other jurisdictions that are moving quickly and aggressively to reduce barriers to CCUS investment.

**Fertilizer Canada recommends that NRCan refine the CCUS ITC Knowledge Sharing requirements based on the specific feedback and recommendations provided above, to ensure that no proprietary or commercially sensitive information would be released through public reporting, and to minimize reporting burden for industry.**

Thank you for this opportunity to provide comments on the Knowledge Sharing requirements for the CCUS ITC. Our industry has a strong interest in CCUS, and we stand ready to work with the Government of Canada on developing the policies and programs that will support emission reductions through a widespread adoption of CCUS technology. We are available to meet to further discuss the comments outlined above and the conditions for a successful Investment Tax Credit to support CCUS adoption in our industry.

Sincerely,



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**Nadine Frost**  
Senior Director, Scientific & Regulatory Affairs

