

STATEMENT

in response to the letter from academics, on cancelling the proposed CCUS investment tax credit

The International CCS Knowledge Centre is compelled to respond to the January 19, 2022, letter sent to Deputy Prime Minister Chrystia Freeland and Ministers Johnathan Wilkinson and Steven Guilbeault, from academics requesting the cancellation of the proposed investment tax credit for carbon capture utilization and storage (CCUS/CCS).

Our initial response is below. We also commit to providing a more fulsome response in the coming days with our perspectives on CCS, and its vital role in supporting Canada meet its 40-45% emission reductions target by 2030.

To: Chrystia Freeland, Deputy Prime Minister & Minister of Finance
From: Mark Demchuk, National Director, Strategy & Stakeholder Relations
International CCS Knowledge Centre
CC: Jonathan Wilkinson, Minister of Natural Resources Canada
Steven Guilbeault, Minister of Environment and Climate Change Canada
Date: January 21, 2022
Re: Letter from academics, on cancelling the proposed CCUS investment tax credit

Dear Deputy Prime Minister Freeland,

Large-Scale Carbon Capture and Storage (CCS/CCUS) is a MUST for Canada. Large-scale CCS is a critical technology for emission reduction targets as previously recognized by Minister Wilkinson in his role as Minister of Environment & Climate Change – if CCS is “properly supported and incentivized, it can be a very important part of a comprehensive climate plan!” And as also noted by UN Envoy on climate change Mark Carney, through the broad use of CCS across all industrial sectors, Canada can achieve significant carbon dioxide (CO₂) emission reductionsⁱⁱ.

In its 2022 report, the International Energy Agency (IEA) notes that “CCUS technologies will play an important role in meeting net zero targets, including as one of the few solutions to tackle emissions from heavy industry and to remove carbon from the atmosphere.”ⁱⁱⁱ The IPCC has shown that, without CCS the cost of meeting a 2°C target would be, on average, 138% (and as much as 250%) more costly than with a complete portfolio of options^{iv}.

As advocates for the accelerated application of carbon capture technology in Canada and with an in-depth understanding of its implementation, the International CCS Knowledge Centre (Knowledge Centre) is well positioned to offer a non-biased, independent perspective. Our goal with large-scale carbon capture is to see it deployed to meaningfully address emissions, irrespective of the source of those emissions. We strongly believe that without large scale implementation of CCS on an accelerated basis, Canada simply cannot achieve its ambitious goal of 40-45% emissions reductions from 2005 levels by 2030.

The introduction of an investment tax credit (ITC) to support CCS development is evidence of Canada’s continued commitment to lead in the global effort to reduce emissions. Without the ITC, we believe the incredible momentum behind CCS development in Canada will quickly dissipate.

The Knowledge Centre intends to put forward a more fulsome response to the January 19, 2022, letter from academics, very shortly.

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- i. <https://ipolitics.ca/2021/03/09/ottawa-open-to-working-with-alberta-on-carbon-capture/>
 - ii. <https://www.theguardian.com/environment/2021/jul/17/regulate-business-to-tackle-climate-crisis-urges-mark-carney>
 - iii. <https://www.iea.org/fuels-and-technologies/carbon-capture-utilisation-and-storage>
 - iv. <https://www.ipcc.ch/report/ar5/syr/>

