

## **Re: Consultation on proposed amendments to the Environment Quality Act**

The International CCS Knowledge Centre (“Knowledge Centre”) thanks the Government of Québec and the Ministère de l’Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs (MELCCFP) for initiating this important consultation on the proposed amendments to the *Regulation respecting a cap-and-trade system for greenhouse gas emission allowances* made under the Environment Quality Act. Québec has demonstrated leadership in carbon pricing and emissions trading, and we appreciate the opportunity to provide comments on the proposed amendments.

As an independent, non-profit organization, we work with governments, industry, and international partners to advance CCUS deployment through technical advisory, policy analysis, and knowledge sharing. Our work includes direct support to commercial-scale CCUS projects across feasibility, front-end engineering and design, regulatory, and policy stages. The Knowledge Centre offers the following comments on proposed amendments which may influence the deployment of CCUS and carbon dioxide removal projects in Québec and across Canada.

The Knowledge Centre encourages the Government of Québec to continue developing policies that are technology-neutral, outcomes-based, and aligned with Canada’s broader carbon management framework. This approach will provide greater certainty for project developers while supporting innovation and maintaining environmental integrity.

### **SECTION 2: DEFINITION OF “VERIFIED EMISSIONS”**

Comment:

Clear regulatory treatment of captured, permanently stored, eliminated, re-used or otherwise managed CO<sub>2</sub> provides greater certainty for project developers and industrial facilities evaluating CCUS investments and ensures emissions accounting reflects actual atmospheric emissions.

As carbon management projects become increasingly important in reducing emissions in Québec and Canada, maintaining clear and predictable accounting rules will reduce regulatory uncertainty and improve investor confidence.

Recommendation:

The Knowledge Centre supports the amendment and encourages the Government of Québec to continue providing clear regulatory guidance on emissions accounting as technologies and carbon management pathways continue to evolve.

### **SECTION 10: USE OF OFFSET CREDITS**

Comment:

The proposed reduction in the allowable use of offset credits, together with the introduction of a minimum amount of Québec-issued offset credits, is expected to strengthen demand for emissions reduction projects in Québec.

CCUS technologies can play an important role in enabling emission reductions for hard-to-abate industries where alternatives remain technically or economically challenging. Stable and predictable compliance frameworks are needed for the long-term capital investment required for these projects.

Recommendation:

The Knowledge Centre supports the direction of strengthening environmental integrity. The Government of Québec should continue to evaluate how compliance market design can support investment in both direct industrial emission reductions as well as carbon removal opportunities.

#### **SECTION 24: ELIGIBILITY REQUIREMENTS FOR GREENHOUSE GAS CAPTURE PROJECTS**

Comment:

Mandating the greenhouse gas projects which receive funding to store CO<sub>2</sub> within Québec may unintentionally limit opportunities to optimize carbon management projects, both technically and economically.

As Canada's carbon management sector continues to develop, carbon markets and regulatory frameworks should recognize the role of shared transportation and permanent geological storage infrastructure in enabling cost-effective emission reductions across multiple sectors. The most appropriate permanent storage resource may not be in the same jurisdiction where emissions are captured. Providing flexibility for projects to access storage in jurisdictions with comparable regulatory oversight and robust monitoring, measurement and verification requirements could reduce project risks and improve economics. As Québec continues to develop its permanent geological storage framework and work toward federal recognition as an eligible storage jurisdiction, providing flexibility for projects to access out-of-province storage could help avoid unnecessary delays. This approach could also encourage collaboration to establish infrastructure and expertise and support efficient deployment of projects.

In addition, consideration should be given to how the provincial program requirements align with the complementary federal policies and investment incentives. Consistency across programs can reduce regulatory complexities and improve investment certainties.

Recommendation:

The Knowledge Centre encourages the Government of Québec to consider providing flexibility for projects to permanently store captured CO<sub>2</sub> in jurisdictions with recognized regulatory frameworks. Out of province storage locations could be approved based Environment and Climate Change Canada's eligible jurisdictions for CCUS-investment tax credits.

This approach maintains environmental integrity, improves alignment with Canada's carbon management framework, and supports the development of efficient regional transportation and storage infrastructure. Leveraging the federal eligibility framework would also reduce administrative complexity, improve policy alignment and support access to complementary federal incentives.

#### **STRATEGIC RECOMMENDATION**

Comment:

Carbon management projects require long-term capital investment and depend on multiple complementary policy frameworks. Alignment between federal and provincial governments on carbon pricing systems, investment incentives and carbon market regulations, can improve investment certainty, reduce administrative complexity and accelerate project deployment. Continued coordination between Québec's cap-and-trade system and evolving federal carbon management policies will provide consistent market signals for investment. Over time, consistent treatment of CCUS and durable carbon dioxide removals across jurisdictions can strengthen investor confidence and support emission reductions. As federal carbon removal crediting methodologies are

developed, the Knowledge Centre would encourage Québec' to leverage these methodologies wherever appropriate. Recognizing these methodologies would reduce duplication, minimize administrative delays and improve consistency across Canadian carbon markets.

Recommendation:

The Knowledge Centre encourages continued collaboration between provincial and federal governments to promote consistent policy frameworks. Collaboration and coordination to deploy carbon management technologies and develop shared transportation and storage infrastructure where appropriate can enable an integrated Canadian carbon management industry.

The International CCS Knowledge Centre appreciates the opportunity to provide comments on the proposed amendments and commends the Government of Québec for its continued leadership in advancing market-based approaches to reducing greenhouse gas emissions. We look forward to continued collaboration in supporting the deployment of carbon management technologies and the development of effective, transparent, and durable policy frameworks that contribute to both environmental objectives and Canada's long-term economic competitiveness.

Respectfully,

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The International CCS Knowledge Centre consents to the disclosure of this submission in whole or in part, and to identification of the organization as the author of this submission.