



Resource Municipalities
COALITION

10631 - 100th Street,
Fort St. John, BC V1J 3Z5

250-793-6754
ed@RMCoalition.com

The Honourable Chrystia Freeland

Minister of Finance

Finance Canada, Office of the Minister of Finance

90 Elgin Street

Ottawa, Ontario, K1A 0G5

Via email to: chrystia.freeland@canada.ca

February 16, 2021

RE: Carbon Capture Tax Credit

Minister Freeland,

I am writing you today, as the Executive Director of the Resource Municipalities Coalition (RMC). We are made up of municipalities located in northeast British Columbia, consisting of the District of Mackenzie, District of Tumbler Ridge, District of Taylor, and the City of Fort St John. www.rmcoalition.com

As a strong advocate for responsible resource development within British Columbia and Canada, we support the inclusion of a carbon capture tax credit like the United States Section 45Q as a new tax measure within the 2021 federal budget.

Such a measure would complement Canada's existing climate policy landscape. It would allow private sector financing and execution of carbon capture and removal projects, in the same way that the 2018 expansion of 45Q in the U.S. has resulted in over 25 commercial scale projects in active development. It is noteworthy that the COVID-19 relief and economic stimulus package passed in the U.S. included provisions that will further enhance the effectiveness of the 45Q, along with other measures to promote continued development and deployment of carbon capture and removal.

A Canadian 45Q would similarly lead to a thriving carbon capture sector in Canada, one that would leverage existing expertise of Canadian companies and institutions, put Canadians to work in high-quality industrial jobs, and accelerate Canada's action on climate and clean growth - **a 45Q for Canada is a win for the economy and the environment.**

In recent years, Canada has taken commendable actions to reduce GHG emissions while growing low-carbon businesses and jobs within the Canadian economy. Your government's recent climate plan sets out ambitious targets for clean energy and emissions reductions, and concrete steps to achieve them. As illustrated by reports such as the IEA's "*CCUS In Clean Energy Transitions*" and the IPCC's "*Global Warming of 1.5 °C*", both carbon capture (from flue gas) and carbon removal (from the atmosphere) are essential to meeting ambitious targets.

The jobs benefits associated with carbon capture are well documented. The Rhodium Group's "*Capturing New Jobs and New Business*" report shows that individual carbon capture facilities create over 3,000 jobs during construction, 100s of jobs for on-going operations, and stimulate demand for industrial equipment and materials like concrete and steel. Further, carbon capture is forecast to be a critical pathway for many of these same industries – across all Canadian regions – to decarbonize, with key roles to play in oil & gas, power, cement, and steel.

Thankfully, Canada already has many of the key ingredients to enable carbon capture and removal: an active R&D sector with world-leading experts, start-ups and technology providers, industrial sector competency on project execution, and abundant natural geology for carbon storage. Leading companies across Canada's multiple sectors are prepared to deploy carbon capture and conversion technologies within their operations to support their own decarbonization efforts, and advance Canada's goals. **The final ingredient, which Canada currently lacks, is a similar tax credit mechanism to Section 45Q.** A Canadian tax credit mechanism like the U.S. 45Q would send a direct, stable, financial signal to private sector investors for what are necessarily complex and capital-intensive facilities. The result will be a market where carbon capture and carbon removal thrive, projects are replicated to build capacity and lower costs, and facilities harness Canadian technology and labour to reduce GHGs and to create competitive low-carbon products for the 21st century economy.

The RMC as a supporter of responsible resource development, recognize that Canada's 2021 budget will be about "building back better." Carbon capture and removal can play a critical role in realizing that vision.

Sincerely,



Mike Whalley
Executive Director

CC: Rt.Hon. Justin Trudeau, Prime Minister