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Ontario Environment Industry Association

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August 17, 2015

The Hon. Glen Murray  
Minister of Environment and Climate Change  
Ontario Ministry of Environment and Climate Change  
Ferguson Block, 11th Floor  
77 Wellesley St. W.  
Toronto, ON M7A 2T5

**RE: Resource Recovery and Ontario's Environment and Cleantech Sector**

Dear Minister;

The Ontario Environment Industry Association (ONEIA) is pleased to see that the Ministry is beginning consultations in September on its new resource recovery legislation, and on behalf of the Association and its members, we are writing to offer our initial thoughts in this matter.

As you are aware, ONEIA's membership consists of a wide range of companies across the environment and cleantech field, including those that are active in every aspect of the waste stream. These firms share the government's concern with greenhouse gas emissions and its desire to create new economic opportunity in Ontario – and we believe that the recovery of organics and the creation of a resilient supply chain can address both issues.

To further develop our ideas in this area, ONEIA convened an Organics Diversion Working Group composed of companies with a detailed knowledge and expertise of management practices, recycling, diversion, composting, alternative technologies, biofuels, anaerobic digestion (AD) and other areas in the supply chain. This document is the product of several months of initial discussions on their part.

### **Situational Assessment**

Ontario's recovery and utilization of the organic resources in a higher value supply chain can be a catalyst for the development of world-class clean technologies, job creation and local economic development. Progressive jurisdictions around the world recognize this and have implemented policies and regulations to support the development of a strong organics recovery industry. We believe that Ontario can learn from their examples to meet new diversion goals and incent businesses and individuals to invest in organics diversion infrastructure to create a robust supply chain in Ontario.

### **At the Cusp of Growth**

Organics diversion and processing has evolved beyond a cottage industry dominated by recycling and landfill options. The industry will not reach its full potential in terms of capacity, supply, job creation, and local infrastructure investment, however, without a progressive policy environment.

ONEIA members are clear that this is an opportunity for government to create a sustainable supply-demand equation. The organics diversion industry can demonstrate that it is a net positive contributor to Ontario's sustainability agenda, offset other industrial emissions, and support a viable cap-and-trade system.

### **Recommended Path Forward**

ONEIA's Working Group has developed the following broad recommendations that we believe should be explored in the upcoming consultations:

1. The province should make organics diversion a central focus of the new diversion legislation, with a solid plan to be the next directive after Extended Producer Responsibility and the planned IC&I blue box directive;
2. The province should strike a stakeholder group to develop a cost-benefit analysis to identify the potential value to Ontario; and,
3. The province should work with environment and cleantech firms to encourage innovation and add value across the supply chain, clarifying the roles and responsibilities of generators, technology providers, collectors, and regulators.

### **The Policy Imperative – An Enhanced Organics Supply Chain**

As Ontario develops a progressive environment for resource recovery, an enhanced organics supply chain should be a central focus of Ontario's progression towards optimal resource recovery. The value chain begins with the capture of organics found in both the Industrial-Commercial-Institutional (ICI) and residential resource streams. Collection of a critical mass of material will require a commitment from the generators, while a market-focused policy regime will remove uncertainty and encourage infrastructure investments.

Aerobic composting and AD are proven and efficient technologies that will deliver multiple benefits (e.g. energy, climate, environmental, societal, and economic). Outputs include biogas, biofuels, and pipeline-grade bio-methane; soil enhancers; residuals such as plastics; and carbon credits. However, developing this supply chain will face the following barriers:

#### **1. Inadequate Feedstock Security and Quality**

Organics-related programs and infrastructure development require predictable quantities and qualities of material. The current pricing of disposal options in New York State and Michigan (as little as \$50 per tonne) are barriers to this. Organics are typically contaminated with plastics, glass, and recyclable metals and this severely impacts processing volumes and costs, as well as beneficial end uses. Encouraging an increased volume of organics to stay in Ontario and ensuring proper sorting by generators is critical to the creation of a viable industry that benefits Ontario communities.

The development of aerobic composting facilities and anaerobic digestion plants is driven by long-term supply contracts for feedstock. To date, organics diversion in Ontario has been mainly focused in the residential sector, but there are significant opportunities to divert materials from the ICI sector. Source separation of organics can help provide a larger and more secure feedstock supply. We encourage the government to explore the effectiveness and application of approaches such as bans and other tools available to it to divert organic materials generated in Ontario and keep these materials from being exported.

#### **2. Generator Responsibility Measures Enhance the Supply Chain**

Our Working Group strongly believes the generator of any form of waste must play a defined role in resource recovery. Compost and organics present additional challenges in this area (most notably, they are wet and dirty) that go beyond the traditional "reduce-reuse-recycle" mantra. Available technologies and their public acceptance can enable businesses and individuals to be more accountable for the resources they discard. There are few structural or systemic reasons why organics recovery should not achieve a much higher capture rate and improved quality.

### **3. Incentives, Rewards, Rules, Targets, and Enforcement**

One of the key reasons for the slow adoption of organics recovery in Ontario has been the lack of incentives, both in the form of financial rewards and properly enforced rules. Historically the system has been focused on achieving growth by gathering the low-hanging fruit achievable through traditional recycling programs. At this stage, we should consider:

1. Education of users and generators
2. Tools for individuals and businesses to calculate their potential contribution
3. Rewards for participants that achieve clearly articulated targets
4. Regulatory penalties for non-compliance with provincial standards

### **4. Zoning Regulations, Approvals and Impact on Infrastructure Development**

While local concerns about siting of organics facilities can and must be accommodated, we believe regulator should see community concerns about odour as an opportunity. There are many made-in-Ontario technology solutions that effectively mitigate odour challenges and, with time, the adoption of such approaches will change the historical reputation for such facilities. This should also allow us to address the challenge of locating processing facilities in rural areas, which often creates logistical problems such as longer hauling distances from large source generators, traffic issues, increased carbon footprints and the challenge of finding adequate grid connections for AD facilities.

### **5. End Market Regulation and Guidelines**

Ontario's organics industry is at a point where the growth and evolution of new technologies is increasingly out of synch with current regulations and guidelines. For example, the 2015 Compost Quality Guidelines severely impact how operators are expected to manage both sharps and moisture requirements. This results in more costly processes that will increase product pricing and decrease product quality.

Technical and procedural requirements are intended to assure the quality of end products. However, new guidelines for compost will have an adverse effect on product maturity and odour controls. The new moisture requirements for aerobic composting, for example, do not account for increased capital and operating costs or the laboratory margin of error. The increase in water use means facilities that do not have access to an adequate water supply will need to rely on trucking services that increase the composting carbon footprint.

### **6. Supply Chain Innovation**

Even the most dynamic and vigorous existing end markets will require more collaboration between government and industry, leading to discovery of new processes and applications. In short, industry should be encouraged to invest in and develop more products and treatments for biogas and soil enhancers. For instance, Ontario can do more to recognize the full potential and value of biogas and biofuels to create community-based renewable energy supplies that offset fossil fuel use and related carbon emissions. As for compost, it is worth noting that Ontario's second-largest industry is agriculture, so there would be evident opportunities in this area, in addition to those already underway.

We believe that the best way to demonstrate the merits of a new, enhanced supply chain is to initiate a public sector procurement pilot project that would maximize the use and delivery of biofuels, soil enhancers (solid and liquid), and other energy forms for relevant provincial government operations.

**Seizing the Opportunity**

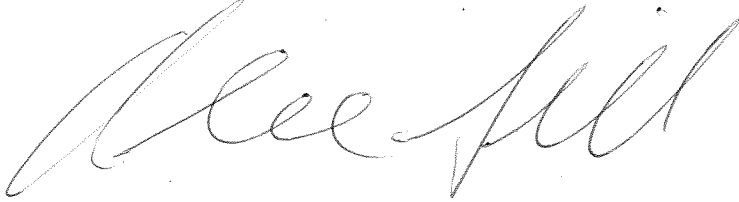
As our regulatory environment evolves, we see incredible potential for organics recovery in the management of our resources. In both the ICI and residential sectors there are vast quantities of material available for collection and there is an underserved need on the demand side. This supply-demand equation represents a simple and beneficial way to reduce Ontario's carbon footprint and make a valuable addition to the new cap-and-trade system.

A failure to maximize this opportunity could stifle considerable investment which would, in turn, divert less material, shrink the local tax base, build less infrastructure, generate fewer useful end-products and create fewer jobs.

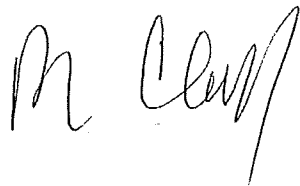
We look forward to working cooperatively with the Ministry to build and sustain a strong organics recovery industry that will serve all Ontarians. We are grateful for the opportunity to submit these remarks in advance of the consultations in September and look forward to continuing a frank and productive exchange of ideas.

Should you have questions about this analysis and recommendations, please feel free to contact the Chair of our Organics Diversion Working Group, Randy Cluff, at (519) 502-3747.

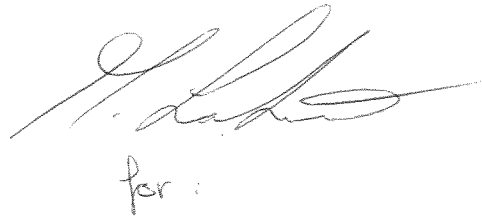
Yours truly,



Alex Gill  
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for:

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Cc: Ms. Wendy Ren – Director, Resource Recovery Policy Branch