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April 14, 2023

The Honourable Stephen Guilbeault, P.C., M.P.
Minister of the Environment
c/o The Executive Director Program Development and Engagement Division
Department of the Environment
Gatineau, Quebec K1A 0H3

Sent by email: substances@ec.gc.ca

Re: Notice of Objection and Request for Board of Review in relation to the Proposed Order to add 'Crude Tall Oil' to Schedule 1 to the *Canadian Environmental Protection Act, Canada Gazette*, Part I, Volume 157 (February 18, 2023), Number 7: Order Adding a Toxic Substance to Schedule 1 to the *Canadian Environmental Protection Act, 1999*

Dear Minister Guilbeault:

Domtar appreciates the opportunity to provide input and participate in the regulatory process.

This submission responds to the February 18th, 2023 Gazette Notice in which the Governor in Council, on the recommendation of the Minister of the Environment ("Minister"), proposed an Order to add "Crude Tall Oil" (CTO) to Schedule 1 of the *Canadian Environmental Protection Act, 1999* ("CEPA") (hereafter referred to as "Proposed Order"). We are writing to formally object to the Proposed Order, and request establishing a Board of Review under Section 333 of the ***Canadian Environmental Protection Act, 1999*** (the Act) to review the recommendation.

Domtar Corporation (Domtar) is a designer, manufacturer, marketer and leading provider of a wide variety of fiber-based products including communication papers, specialty and packaging papers and airlaid nonwovens. We are driven by a commitment to turn sustainable wood fiber into useful products that people rely on every day. The foundation of our business is a network of fiber converting assets that produce paper-grade, fluff and specialty pulps. While much of our pulp production is consumed internally to manufacture paper, we are also a large volume pulp exporter. Domtar is the largest integrated marketer of uncoated freesheet paper in North America. In addition, we manage over 10.8 million hectares of forest lands in Ontario and Quebec.

Domtar's pulp and paper making operations are located in Ontario, Quebec and the in United States. Domtar has over 115 years of history in Canada and in Ontario, Domtar operates a pulp mill in Dryden and a specialty pulp and paper mill in Espanola. Together these operations directly employ over 880 people in the North and indirectly employ an estimated 2,200 additional people through harvesting contractors, vendors, suppliers, contracted services and more. In Quebec, our Windsor pulp and paper mill employs 870 people and

indirectly supports an additional 4,000 jobs. We also support indigenous interests and communities with our forest management activities and fiber supply agreements.

More broadly, the industry has annual revenues exceeding $75B, making Canada's forest products sector one of the country's largest employers operating in over 600 communities, providing 225,000 direct jobs, and over 600,000 indirect jobs across the country.

Domtar has serious concerns with how Environment and Climate Change Canada (ECCC) and Health Canada (HC) have interpreted scientific and technical information the industry has provided regarding CTO. The Forest Products Association of Canada (FPAC) and National Council of Air and Stream Improvement (NCASI) have had several meetings with ECCC to discuss CTO. Despite these many discussions and follow-up technical information provided, we believe ECCC continues to err in its understanding of CTO.

In our opinion, the errors and misunderstanding by ECCC on CTO include the following:

- CTO is not an inadvertently generated by-product of kraft pulp manufacturing, as it can only be produced at mills with a separate, self-contained tall oil plant operating under strongly acidic conditions and elevated temperatures. **CTO cannot be inadvertently produced in mill effluents.**

- CTO can only be produced in certain plants. This is contrast to the conclusions of the Final Screening Assessment (FSA), which erroneously assumes that all kraft pulping facilities in Canada have the potential to release CTO.

- FSA erroneously assumes that the concentration of resin acids in condensates is directly associated with the presence or potential presence of CTO in effluent. Resin acids in condensates predominantly come from pulping and chemical recovery areas of a kraft pulp mill, and therefore, presence of resin acids in a condensate stream cannot be construed as evidence of the presence of CTO product. According to NCASI, this approach is not substantiated and inadequate from a scientific standpoint.

- There are a few plants located at kraft pulp mills in Canada that have capability to produce CTO. CTO is a product and as such it is not released to the environment. It is worthwhile noting that the absence of available information on CTO losses also confirms that, on a routine basis, kraft pulping facilities operating CTO production plants do not intentionally sewer any amounts of CTO to their wastewater treatment system. If by chance a release of CTO reaches mill sewers, the wastewater treatment system would act to biodegrade the substances in CTO as effectively as it biodegrades resin acids from other areas of the pulping process.

Our concern is ECCC/HC misunderstanding of the information is being translated into misguided policy regarding CTO. In the FSA for CTO mischaracterizes the pulp and paper sector in Canada with respect to CTO releases to the environment. As noted in the proposed RMA report for CTO, this mischaracterization has the potential to require a costly system, the

implementation of which will have no measurable effect on the final effluent release of a substance that is not expected to be present in process waters headed to wastewater treatment. Requiring mills to manage the environmental risk of CTO based on assumptions regarding the interrelationship between CTO and resin acids that are not accurate and which lack validation is likely to lead to fruitless efforts. This is because, as NCASI has described, it is not scientifically possible for CTO to come out of solution in mill effluent, any minor associated resin acids would be indistinguishable from resin acids generated elsewhere in the pulp mill, and resin acids are effectively removed through existing wastewater treatment systems.

In addition, CTO plays an important climate role in replacing the use of fossil fuels. Despite constrained production, CTO serves as a bio-material feedstock and as a bio-fuel. In other global jurisdictions, legislation has encouraged the utilization of CTO for bio-fuels and through policies provided the industry subsidies that were directly applicable to CTO. Rather than penalizing and discouraging the production and use of CTO, the Canadian government should be looking for approaches to encourage the production and use of CTO as a bio-alternative for fossil fuel use in feedstocks and in energy production. With informed and effective policies, CTO and this industry can help Canada to meet its GHG reduction goals.

For these reasons we are submitting a Notice of Objection and requesting a Board Review.

Sincerely,

Annabeth Reitter
Corporate Manager, Environmental Regulations