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Energy Policy Briefing

Feds' sustainable jobs plan a good start, but too soft on emissions reductions, say environmental experts



Natural Resources Minister Jonathan Wilkinson says 'Canada has what it takes to become the clean energy and technology supplier of choice in a net-zero world,' in a Feb. 17 departmental press release announcing the interim Sustainable Jobs Plan. *The Hill Times* photograph by Andrew Meade

The federal government released its interim Sustainable Jobs Plan on Feb. 17, which will guide efforts to help transition workers away from the fossil-fuel industry and toward clean energy.

BY JESSE CNOCKAERT

The federal government's recently unveiled plan to help transition Canada's workforce over to a net-zero economy is a step in the right direction, but doesn't go far enough when it comes to addressing climate change, say environmental advocates.

"The climate science is clear: we need to fully transition off of fossil fuels as quickly as possible. The biggest problem with the Sustainable Jobs Plan is that the government seems to have abandoned the idea of 'transition' along with the term 'just transition,'" said Chris Gusen, a spokesperson for the Canadian branch of climate change advocacy group 350.org, in an emailed statement to *The Hill Times* on March 1. "The government explicitly says that it isn't planning a regulatory phaseout of fossil fuels, despite success in taking that approach with coal power."

The Trudeau government released the interim Sustainable Jobs Plan on Feb. 17, which will guide efforts to create sustainable jobs to help transition workers away from the fossil-fuel industry and toward clean energy. The interim plan sets the framework for a full sustainable jobs plan, which will be released every five years starting in 2025.

The interim plan defines federal government commitments, including the creation of a sustainable jobs partnership council that will advise the government on effective measures to create sustainable jobs and support workers in the transition. The plan also outlines a commitment to establish a Sustainable Jobs Secretariat, whose role would be to offer a one-stop shop to provide workers and employers with up-to-date information on federal programs, funding, and services across government departments.



Chris Gusen, a spokesperson for 350.org, says the government's sustainable jobs plan 'leans heavily on carbon capture and storage technology as an excuse' for the fossil-fuel industry to continue expanding. *Photograph courtesy of Chris Gusen*

"Canada has what it takes to become the clean energy and technology supplier of choice in a net-zero world. With this plan, the federal government is taking yet another step forward to ensure that Canada's workers have the skills and support necessary to seize this generational opportunity," said Natural Resources Minister Jonathan Wilkinson (North Vancouver, B.C.) in a departmental press release announcing the interim plan.

Gusen argued that the interim sustainable jobs plan lacks a sense of urgency with regard to curtailing greenhouse gas emissions. He referred to a report commissioned by the International Institute for Sustainable Development, which argued that wealthier countries, such as Canada, the United States, and the United Kingdom, must reduce oil and gas production by 74 per cent by 2030.

According to the interim plan, the use of hydrocarbons in combustion applications will decline, but remain significant during the next three decades of transition, and countries producing hydrocarbons with low emissions will have a "significant competitive advantage." The plan cited the International Energy Agency's (IEA) net-zero emissions by 2050 scenario, which predicts the world will still use about 24 million barrels of oil per day in 2050, or about a quarter of present consumption. Oil and gas will be needed in non-combustible applications, such as plastics, solvents, lubricants, and waxes, according to the IEA's scenario.

"Although the plan mentions 'declining demand' for fossil fuels,



Ana Guerra Marin, the communities director and Just Transition lead with Iron & Earth, says 'many think tanks all over the world have indicated that we need to phase out fossil fuels.' *Photograph courtesy of Iron & Earth*

it also says 'the production and use of oil and gas will continue for many decades,'" said Gusen in an emailed statement. "The plan leans heavily on carbon capture and storage technology as an excuse for Canada's fossil-fuel industry to continue expanding oil and gas production."

Hadrian Mertins-Kirkwood, a senior researcher at the Canadian Centre for Policy Alternatives (CCPA), described the interim Sustainable Jobs Plan as a promising step with regard to justice for workers and communities, but criticized it as "distressingly non-specific" when it comes to showing a commitment to a climate-friendly economy, in an article published in the *Monitor*, CCPA's policy and current affairs magazine, on Feb. 20.

"Despite the success of Canada's regulatory phase-out of coal power, the government makes clear that it will not be taking the same approach with other fossil fuels," said Mertins-Kirkwood in the article. "The plan goes on

to highlight non-fuel oil and gas products, such as petrochemicals and blue hydrogen, as a 'regional growth opportunity.' Altogether, the Sustainable Jobs Plan fails to reflect an ambitious climate agenda and raises serious questions about the government's net-zero commitment."

Ana Guerra Marin, the communities director and Just Transition lead with Iron & Earth, told *The Hill Times* that it makes sense that the interim plan would focus more on resource extraction and labour, but argued greenhouse gas reduction is not shown as a priority.

"Many think tanks all over the world have indicated that we need to phase out fossil fuels. That is not there anymore. That phaseout is not there. They're just saying, 'we're going to keep extracting the fossil fuel, and we're going to use it for other things,'" said Marin. "They're saying we're going keep extracting, but we're going to make it clean, right? But if you look at the science behind it ... where are we with carbon capture utilization sequestration from a science perspective to the level that they're indicating? This is a massive undertaking."

Marin said the interim plan provides a good summary of the federal government's actions related to climate change and the transition to sustainable jobs so far, but doesn't say much new. Unanswered questions for Marin include which federal department the proposed Sustainable Jobs Secretariat will report to, and whether it will have power to change legislation.

"What I'm concerned with is more of, how do we make this plan feasible? What's the reality of this plan? How does this look in implementation? And we still don't know," she said. "It paints a picture, which is not a bad picture, but there's a lot of uncertainty."

Iron & Earth was formed by oilpatch workers in 2016, when low oil prices were causing massive layoffs in the sector. The group works to support fossil-fuel industry and Indigenous workers who are looking to make the transition into jobs in renewable energy and related fields.

The federal government's plan to transition to a clean energy economy has drawn criticism from Alberta Premier Danielle Smith, who said it will eliminate jobs in her province's oil and gas sector, as reported by Global News on Feb. 17. Smith argued that 90 per cent of Alberta's electricity comes from natural gas, and the plan blocks the ability to expand that.

In a letter to Prime Minister Justin Trudeau (Papineau, Que.) on Feb. 16, Smith said Alberta is prepared to work with the federal government on a co-ordinated approach for a carbon capture, utilization, and storage (CCUS) incentive program for the purpose of net-emissions reductions, while attracting billions in new investments for Alberta-based oil and gas projects, electricity, manufacturing, and other sectors.

Net-zero economy transition statistics

- A total of 3.1-million Canadian jobs—or 15 per cent of the labour force—will be changed in some way over the next 10 years as the country transitions toward a net-zero economy.
- The net-zero transition will demand a reshaping and enhancing of existing skillsets. Accountants will need to audit emissions, as well as financial statements, and city planners will be tasked with designing urban settings resistant to the impacts of more frequent floods and wildfires. The overall shift in many occupation groups may be small, but for some jobs, an average 25 per cent to 30 per cent of tasks are already changing.
- Canada's transportation, energy, and manufacturing sectors will undergo the most significant early shifts, as 46 per cent of new jobs in natural resources and agriculture, and 40 per cent of new jobs in trades, transport, and equipment require an enhanced skillset.
- Initial changes will affect highly paid, highly skilled workers more dramatically. Managers in engineering, architecture, utilities, and manufacturing are already seeing more than 50 per cent of their tasks shift due to the climate transition—five times that of managers on average.
- Between 235,000 and 400,000 new jobs will be added in fields where enhanced skills will be critical.

—Source: The skills revolution Canada needs to reach Net Zero, a Royal Bank of Canada report published on Feb. 18, 2022

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The IRA is a game changer for Canada's climate and energy security

Canada has everything it takes to be a global leader in low-carbon transportation fuels – energy infrastructure, sustainable feedstocks and expertise – everything except for a competitive investment climate with the U.S.

The North American fuels market is highly integrated and Canada competes with the U.S. for investment. For over two decades, the U.S. has been implementing robust programs, such as tax credits, to attract investment in clean fuels. This has resulted in strong, clean fuels production capacity in the U.S., and Canada becoming more reliant on clean fuel imports.

Canadian Fuels Association (CFA) members are some of the largest producers of clean fuels today and, since 2020, members have been steadfast in their commitment to produce more clean fuels in Canada. Then came the U.S. Inflation Reduction Act (IRA) last summer, doubling down with a suite of new clean fuel production measures; including new, generous Production Tax Credits (PTC) for low-carbon road transportation fuels and sustainable aviation fuel.

This PTC is a complete game changer, dramatically tipping project economics in favour of clean fuel projects in the U.S. The PTC will also result in more Canadian-grown feedstocks being exported to the U.S., translating into significant, lost economic benefits to Canada and undermining our energy self-sufficiency.

And the timing could not be worse. CFA members have plans to implement large-scale renewable diesel, sustainable aviation fuel (SAF), hydrogen and ethanol projects highlighting their commitment to clean fuels and support for Canada's climate goals as we continue Driving to 2050. These projects, worth \$8B and with the potential to deliver 10 MT of GHG reductions from coast-to-coast, are awaiting final investment decisions; but companies are re-evaluating the business case for building in Canada. Just last Friday, Parkland discontinued plans for a stand-alone renewable diesel facility in Burnaby, B.C., citing the IRA as a key factor. This means that without investment parity, there is a growing concern that more of these projects are at risk of being delayed or being built in the U.S.

Parkland's decision reinforces the need for an urgent response by the Government of Canada, and that is why we are calling for the introduction of a Clean Fuel Production Tax Credit in Budget 2023. This would apply to all clean fuels produced in Canada, including ethanol, renewable diesel, sustainable aviation fuel and hydrogen and provide the required investment certainty. Like the U.S., the credit rate would vary according to carbon intensity, meaning the higher the GHG reductions achieved, the higher the credit value.

The economic and climate benefits of clean fuel production in Canada would extend throughout the value chain, from agricultural and forestry feedstock providers to distribution, while decreasing our reliance on imports and creating thousands of

direct and indirect jobs for Canadians. We cannot risk losing these added economic and climate benefits for Canada.

In a recent speech, Environment and Climate Change Minister Stephen Guilbeault said "The Inflation Reduction Act removes any doubt that we can stick with the status quo. It has made the rush for innovation in clean tech more competitive than ever". Our transportation energy sector has been pivotal to Canada's economic success for over a century. We have an opportunity to be a world leader in terms of clean fuel production, while meeting Canadians' evolving energy needs and climate goals.

Budget 2023 is a critical juncture. We must respond to the IRA or be left behind at the expense of our economy, energy and climate security.

Bob Larocque

President & CEO, Canadian Fuels Association



MOVING FORWARD TOGETHER:
2022 UPDATE ON CFA'S
DRIVING TO 2050 VISION

 **Canadian Fuels ASSOCIATION**

**LEARN MORE AT
CANADIANFUELS.CA**



About the Canadian Fuels Association

The Canadian Fuels Association (CFA) represents Canada's transportation fuels industry and our members supply 95% of Canada's transportation fuels. Contributing over \$10 billion to Canada's GDP annually, the sector also provides employment for more than 117,000 Canadians at 15 refineries, 75 fuel distribution terminals and 12,000 retail and commercial sites across the country.

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"To this end, we propose co-ordinating a federal CCUS income tax credit with an expansion of our current Alberta Petrochemicals Incentive Program (APIP) to include CCUS projects. This new incentive program would be in addition to the over \$1.8-billion already invested into CCUS projects across the province by the Government of Alberta as well as our province's additional implicit contribution to CCUS made through our current royalty regime," said Smith in the letter. "Our government is also willing to discuss ... expanding this co-ordinated approach to incentivizing other emerging emission reducing technologies as well, though we suggest beginning with agreement on a co-ordinated CCUS incentive program, so we are able to establish a successful foundation on which to build upon."

In an emailed statement, Lisa Baiton, CEO and president of Canadian Association of Petroleum Producers (CAPP), said Canada's oil and natural gas sectors can help meet growing global energy needs while helping to ensure a transition to a lower-carbon economy. Canada's oil and gas is produced with some of the most stringent environmental standards in the world, according to Baiton.

"We need to continue to build on the expertise of our workers and grow Canada's energy workforce so we can be a preferred global supplier of safe, secure, affordable, and reliable energy for the decades to come," said Baiton.

Dan McTeague, president of Canadians for Affordable Energy, said the federal government's sustainable jobs plan is "a solution in search of a problem," arguing that global oil consumption is poised to continue growth over the next several decades, rather than shrink. By 2040, he said global demand for oil is anticipated to increase to 106 million barrels per day—a prediction also made by CAPP.

"It seems like poor public policy to be aiming to reduce or remove—or completely eviscerate—an industry the world wants more of, and for which Canada cannot do without, like it or not," said McTeague. "Trading good, solid, sustainable jobs in the oil and gas sector in favour of magic and make-believe is not a good way of conducting public policy."

McTeague is a former Liberal MP who was first elected in 1993 to represent the then-riding of Pickering-Scarborough East, Ont., and sat in the House for 18 years.

According to the interim plan, "sustainable jobs" refers to any job that is "compatible with Canada's path to a net-zero emissions and climate resilient future."

In a post on the Canadians for Affordable Energy website, McTeague argues that jobs in Canada's oil and gas industry should be considered sustainable because they are stable and well-paying.

"I don't see how anyone could want to wish away jobs and prosperity in an industry ... managing to provide the federal government and all municipal levels of governments tens of billions of dollars a year of revenue, which will not be replaced by widgets made in China, which will not be replaced by rare earth minerals, processed or EV batteries, or solar panels, or wind-mills made abroad," McTeague told *The*



Dan McTeague, president of Canadians for Affordable Energy, says it seems like 'poor public policy' to reduce the oil and gas industry, which 'the world wants more of.' Photograph courtesy of Dan McTeague

Hill Times. "This is not about the government going out and saying we're going to help, because these jobs will ultimately be eliminated. This is actually a more sinister plan by the Trudeau government to eliminate those jobs deliberately by blocking pipelines, bringing in emission caps, [and] bringing in more onerous regulations."

Merran Smith, chief innovation officer and founder of Clean Energy Canada, said the transition to clean energy represents "the economic opportunity of our lifetimes," and called the interim Sustainable Jobs Plan a step in the right direction in a Feb. 17 press release.

"Canada will need the right policies, the strategic investments, and the skilled labour to turn this plan into tomorrow's reality. For now, it is a key first step toward ensuring Canadian businesses and workers are ready and prepared to gain the greatest benefit from the energy transition," she said.

The clean energy sector's GDP is forecast to grow by 58 per cent by 2030, and employment is expected to grow by almost 50 per cent to 639,200 jobs, according to data from Clean Energy Canada.

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The Hill Times

World energy investment information

- Clean energy investment grew by two per cent a year in the five years after the Paris Agreement was signed in 2015. Since 2020, the pace of growth has accelerated to 12 per cent.
- Clean technologies, such as wind and solar photovoltaics, remain the cheapest option for new power generation in many countries, even before accounting for the exceptionally high prices seen in 2022 for coal and gas. Renewables, grids, and storage accounted for more than 80 per cent of total power sector investment in 2022.
- Sales of electric vehicles (EVs) more than doubled in 2021 over the previous year and rose strongly in 2022. Back in 2012, just 120,000 EVs were sold worldwide. In 2021, more than that number were sold each week.
- Plans for around 130 commercial-scale CO2 capture projects in 20 countries were announced in 2021. They aim to capture CO2 from a range of applications, including hydrogen and biofuel production, which combined account for almost half of newly announced projects.
- As of 2022, oil and gas spending is too high for a pathway aligned with limiting global warming to 1.5 C, but not enough to satisfy rising demand in a scenario in which governments stick with current policy settings and fail to deliver on their climate pledges.

—Source: *The International Energy Agency's World Energy Investment report, released June 2022.*

Canada should be the world's energy producer and supplier of choice

The solutions are transformation, not transition; technology, not taxes; led by the private sector, not government.

Conservative MP Shannon Stubbs

Opinion



On Feb. 17, the Liberals announced a "sustainable jobs plan," which is really their rebranded "just transition" initiative.

Eighty-four per cent of Canadians don't yet know what "just transition" is about, but the Liberals' previous attempt for the coal sector severely failed both the workers and communities it targeted. The change in wording is clearly designed for political palatability and to obfuscate the potential costs and risks of their plan. It's mostly buzzwords now, but what's clear is it will jeopardize 170,000 stable, well-paying jobs in the oil and gas sector, and affect 2.7 million jobs in other sectors across Canada.

That's not speculation—it's in the government's own internal briefings.

After eight years of anti-energy messages, delays, arbitrary and inconsistent regulatory conditions, an outright veto of an approved export pipeline, and the imposition of project-killing Bill C-69 despite universal provincial opposition, the Liberals have made no secret of their intention to accelerate the phase-out of oil and gas in Canada. They know: it won't be produced if it can't be shipped.

Liberal-created uncertainty and barriers have driven billions of dollars and hundreds of thousands of energy jobs out of Canada. Regulatory conditions and the lack of political will to see projects get built after approval are among the top decision factors for mega-projects that can already cost billions of dollars and involve a decade or more of assessments before a shovel hits the ground.

Heating and cooling homes, driving, manufacturing processes, and countless goods require energy. Canadian energy and energy companies affect everyday lives. But Canada and the world are in an energy crisis: Russia's illegal attack on Ukraine and the hostility of Beijing's Communist regime highlight the crucial need for energy security and self-sufficiency. Other countries want oil and gas from Canada. Global demand will rise for the foreseeable future.

Now is a better time than ever to get liquefied natural gas (LNG) export terminals built, but since 2015, not a

single one of the 18 LNG proposals in Canada has been developed while other countries have built several. Canadian LNG can help lower emissions globally and reduce or eliminate dependence on dictatorships with much lower environmental and human rights standards than Canada's.

Energy transformation has long been the norm in Canada, driven by societal and industrial needs, spurred by partnerships between industry, government, and academia. The truth is that 75 per cent of Canadian investment in clean technology comes from the oil and natural gas sectors.

If the rest of the world followed Canada's track record, total emissions from every barrel of oil produced would drop by 23 per cent. In fact, Canada's oil and gas sector produces about 0.3 per cent of overall emissions, globally.

But despite the current energy and cost-of-living crises, the Liberals are still moving to phase out Canadian oil and gas. Why? They need the swing NDP and Green voters in key ridings to maintain power.

The Liberals will spend billions of tax dollars on education programs that internal briefing notes explicitly say will still leave workers at risk of only being able to get jobs as janitors, and on shutting down a sector that is already the leading research and development investor and skills trainer in alternative, renewable, and future energy technologies. The Liberals' plan won't be able to "replace" the quantity, quality, or pay of those working today in Canada's energy sector, never mind the tax revenue to all governments that benefit every Canadian. Indigenous people in Canada and visible minorities, who are more highly represented in the sectors that Liberals want to transition away from, will face even higher job disruptions, and more trouble finding new opportunities.

Canada should be the world's energy producer and supplier of choice, and be energy secure and self-sufficient. But the Liberals put ideology and partisanship above reality and the economy. Politicians should be honest about the outcomes of their policies; no wordsmithing can negate the socioeconomic consequences of the "just transition" concept for Canada. Besides, Canadian oil and gas jobs are sustainable jobs.

The solutions are transformation, not transition; technology, not taxes; led by the private sector, not government. Conservatives would bring costs and red tape down, and accelerate approvals, to make both traditional and alternative energy more affordable and accessible for all Canadians.

Shannon Stubbs has served as the Member of Parliament for Lakeland, Alta., since 2015, and is the Conservative critic for natural resources.

The Hill Times



Our vision:

**Clean energy
coast to coast**



Professor Jeffrey Bergthorson
Department of Mechanical Engineering, McGill

Jeffrey Bergthorson believes that Canada needs to think outside the box to reach its 2050 net-zero emissions target. His lab is using metal powders – an abundant natural resource – to store and generate clean energy. With this technology, we can safely transport clean energy across Canada and internationally, all with existing infrastructure.

McGill's researchers are driven by their vision of a sustainable future. Collaborating across disciplines and with industry and government partners, they are accelerating solutions for a greener, more prosperous world.



McGill

Discover his vision:



Energy Policy Briefing

Indigenous ‘priorities’ and the threat of investor–state arbitration



The Indigenous affairs bodies of the Canadian and Mexican governments signed a memorandum of understanding on the heels of a meeting between United States President Joe Biden, left, Mexican President Andrés Manuel López Obrador, and Prime Minister Justin Trudeau in January. Photograph courtesy of Eneas De Troya/Flickr

TC Energy’s pursuit of investor–state arbitration over U.S. President Joe Biden’s cancellation of Keystone XL serves as a dull warning to Mexico.

Anna Zalik & Eliana Acosta Márquez

Opinion



As the world observes the one-year anniversary of the war in Ukraine that stalled hydrocarbon projects and resulted in windfall profits for the oil and gas industry, efforts to plaster fossil fuel pipelines over Indigenous territory in North America have ramped up. Indigenous land defenders resisting the Coastal Gas Link (CGL) pipeline in British Columbia, operated by TC Energy—the firm behind the failed Keystone XL project—

have been criminalized. Canada’s energy-sector interests in Mexico under the Canada–United States–Mexico Agreement (CUSMA) follow a parallel line. In late January, on the heels of the North American Leaders’ Summit in Mexico City, the Indigenous affairs bodies of the Canadian and Mexican governments signed a memorandum of understanding (MOU) with a stated objective: to provide “a mechanism for collaboration and engagement in areas of mutual interest.”

Analogous MOUs on Indigenous affairs have formed part of the Canada–Mexico Partnership for some time. But in recent years, new gas pipelines in Mexico owned by Canada’s TC Energy—formerly TransCanada Corporation—have been dogged by both financial controversy and Indigenous resistance.

This recent unveiling of a Canada–Mexico MOU on Indigenous priorities coincides with TC Energy’s release of its annual report announcing a final investment decision on the stalled Tuxpan–Tula gas pipeline in Mexico, based on a “take-or-pay” contract with the Mexican government. The firm notes that it’s “working with [Mexico’s Federal Electricity Commission] on the Tula pipeline’s west section

to procure necessary land access and resolve legal claims.” In 2020, a regional council opposed to that project—given its impact on water sources, ecological conditions, and territorial rights—successfully pressured the Mexican government to reroute the pipeline. But over the past year, and ramping up in recent months, “consultations” have started in earnest to push the pipeline forward in communities neighboring those that opposed the previous route. These consultations are advanced by representatives of Mexico’s National Institute of Indigenous Peoples acting on behalf of the Mexican Federal Electricity Commission. The regional council opposed to the pipeline has stated that although the rerouting may change specific impacts, the destruction of the environment in the Puebla–Hidalgo mountains will remain the same.

TC Energy’s “necessary land access” to the region, alongside the shutdown of massive protests in Canada in support of Wet’suwet’en resistance to CGL prior to the first COVID lockdown, exemplify why Canada has declined to ratify International Labour Organization Convention 169 on the rights of Indigenous peoples. TC Energy describes itself as the

single largest Canadian investor in Mexico and has been a lead in the Canada–Mexico Energy Partnership. Export Development Canada has invested billions of dollars in both the firm itself and Mexico’s Federal Electricity Commission.

The various TC Energy pipelines constructed or in development in Mexico financially tie that country to ongoing imports of U.S.-fracked gas to fuel its energy grid. A former net exporter of energy to the United States, Mexico became a net importer in 2017. This followed the 2014 Mexican energy reform that opened the country to foreign, private investment in the sector in a form unparalleled since Mexico’s expropriation of the transnational oil industry in the late 1930s. Currently, TC Energy boasts seven gas pipelines in Mexico (five in operation and two under construction) and is now a contractor on priority Mexican government infrastructure projects. Among them are the Dos Bocas Refinery, the Interoceanic Corridor, and the Mayan Train, which, taken together, share features with the massive infrastructure project previously dubbed the Plan Puebla Panama. TC Energy audaciously declares it has

been “adopted by the Mexican government.” In this picture, TC Energy’s pursuit of investor–state arbitration over American President Joe Biden’s cancellation of Keystone XL serves as a dull warning to Mexico. Although the possibility of investor–state arbitration was removed for the U.S. and Canada under CUSMA, it remains in place over the Mexican energy sector under Annex 14 of the new pact and parallel trade agreements. For Mexico, collaboration on “Indigenous priorities,” as they affect TC Energy, is clearly pressing.

Anna Zalik is a professor in global geography at York University. Her research concerns the political economy and ecology of the transnational oil and gas industry. She has studied the Mexican oil and gas industry since 2004. Eliana Acosta Márquez is a professor–researcher at the Directorate of Ethnology and Social Anthropology at Mexico’s National Institute of Anthropology and History. Her work centres on ancestral knowledge and community management of water and territory as related to dispossession processes. She conducts research in Puebla State’s northwestern mountains and other regions of Mexico.

The Hill Times

To advance electrification and climate change action, Canada must advance reconciliation

In pursuing these opportunities, we must acknowledge and learn from our past, including the negative impacts the build-out of our legacy hydro projects had on Indigenous Peoples.

Heather Ferguson

Opinion



Climate change and reconciliation are generational challenges facing all jurisdictions across Canada.

They are also intersecting challenges.

Addressing climate change by decarbonizing the broader economy through electrification is Ontario's clear pathway to net zero—a pathway that must also secure the participation of and partnership with Indigenous communities.

Ontario Power Generation (OPG) also believes this pathway should include not only two clean energy technologies our country helped pioneer—nuclear and hydroelectric power—but also newer technologies like hydrogen and energy storage.

Today, nuclear and hydro provide more than 85 per cent of Ontario's electricity needs and remain the backbone of its grid—one of the cleanest in the world. Our focus is on expanding and leveraging this grid to electrify more facets of everyday life, such as transportation. At the same time, we need to make sure Indigenous communities, especially those in the North, aren't left behind by this energy transition.

Given the urgency posed by the potential doubling of demand for electricity by 2050, OPG has been moving quickly on many fronts.

At our Darlington Nuclear site, we continue to develop North America's first commercial, grid-scale small modular reactor (SMR), which will reliably power about 300,000 homes. And through the Global First Power project, we are building Canada's first off-grid SMR, a potentially viable alternative to diesel generators for remote mines and communities.

In keeping with the need to act and invest now to secure a clean energy future, OPG released the Northern Ontario Hydroelectric Opportunities Report, with input and advice from the Ontario Waterpower Association and Indigenous communities. The report showcases 4,000 megawatts of hydro projects we believe hold great potential in northern Ontario and would enable



Former U.S. Nuclear Regulatory Commission chairman Stephen Burns, right, tours the Darlington Nuclear Generating Station in Bowmanville, Ont., with its then senior vice-president in 2015. Photograph courtesy of the Nuclear Regulatory Commission/Flickr

Indigenous partnerships and multi-generational clean power assets for the province. It also proposes options for expediting development timelines and makes key recommendations on how to move forward with Indigenous communities.

The benefits of new nuclear and hydro are clear: more clean, long-lasting, and reliable power. More high-quality jobs. And, in the case of SMRs, a chance to lead the global export market, which could be worth more than \$150-billion to \$300-billion per year by 2040.

That said, unlocking these benefits won't be easy. New nuclear and hydro power have long lead times and require early planning and investment. Going forward, we will also need to work with government to advance policy, efficient regulatory frameworks, and financing instruments that will help expedite achievement of Canada's net-zero goals.

We must also ensure Indigenous Peoples and communities reap lasting benefits from these developments.

OPG's Reconciliation Action Plan recognizes this and commits to growing our economic impact for Indigenous communities and businesses to \$1-billion over the next 10 years through targeted procurement and equity partnerships on clean energy projects, as well as increasing Indigenous hiring and community investments.

As we work toward our goals, we are also breaking down barriers that could block smaller Indigenous companies from participating in this energy transition.

At the very foundation of it all is open and respectful communication. Whether in our exploration of new hydro or in our SMR projects, we are engaging with Indigenous communities at the earliest stages of planning to listen to and understand their

needs, concerns, and challenges. This helps us identify opportunities for employment, supply chain participation, and potential economic partnerships on new developments. OPG's current partnerships continue to demonstrate benefits and value to Indigenous communities and the province.

Very small modular reactors, like our Global First Power project, could also provide "energy equality" to off-grid communities in Canada's North, as abundant nuclear energy replaces unreliable, costly diesel. This would give remote communities the quality of life many of us take for granted.

As Canada continues its reconciliation journey, new nuclear and hydro offer a path to meaningfully advance reconciliation.

In pursuing these opportunities, we must acknowledge and learn from our past, including the negative impacts the build-out of our legacy hydro projects had on Indigenous Peoples.

And we must engage and listen to Indigenous voices, communities, and businesses at every step, to ensure understanding and sustainable development in line with the best interests of the community.

Together, this is how we will realize Canada's clean energy future.

Heather Ferguson is the senior vice-president of business development and corporate affairs for Ontario Power Generation. Ferguson has more than 25 years of experience in the resource development, energy, and electricity sectors. Her focus includes ensuring progress on the company's Reconciliation Action Plan and advancing hydroelectric generation development across the province, in partnership with local Indigenous communities.

The Hill Times

Canada needs to own its role as an energy supplier on the global stage

With the energy disaster in Europe, our potential energy customers see confusion from this government.

Conservative MP Earl Dreesen

Opinion



It has been a little more than a year since the war began in Ukraine. As a participant in numerous meetings of the Organization for Security and Co-operation in Europe (OSCE) over the last number of years, I have witnessed the aggressive actions of Russian President Vladimir Putin's regime. It is too simplistic to assume that the present war is just over territory and energy superiority, but nevertheless, the consequences have manifested into a global energy crisis.

How well prepared is Canada's energy sector to meet the obvious global demand for hydrocarbons?

Have government policies helped or hindered our preparedness?

What needs to be done to ensure Canadian resources and technology remain relevant on the world stage?

When I was first campaigning in 2008, a local energy worker who had worked all around the world told me how proud we should be of Canada's energy sector and its environmental record. He stated that the only ones close were the Australians, and that was only because they were aggressively implementing Canadian state-of-the-art technology.

The quest for excellence is still part of the Canadian oil and gas industry's DNA, but there have been hurdles, perhaps well intended, that have lessened the industry's

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The Albian Sands site in Alberta in 2014. Canada's biggest oil producers are making record profits, so they have cash on hand they could invest in reducing their pollution, write Amy Janzwood, Sam Rowan, and Josh Medicoff. *Pembina Institute photograph by Julia Kilpatrick/Flickr*



Canada's oil and gas industry faces an existential crisis and a weak emissions cap won't save it

Ottawa's job is to ensure that the inevitable transition is as smooth as possible by sending a clear signal to the industry to clean up its pollution.

Amy Janzwood,
Sam Rowan & Josh
Medicoff

Opinion



As the Alberta United Conservative Party denigrates federal attempts at emissions regulation in re-election political theatre, the federal government may quietly delay draft regulations around the emissions cap on oil and gas, a key pledge in the Liberals' 2021 election campaign.

Yet this is a crucial window of opportunity for the federal government to regulate Canada's largest emitter: the oil and gas industry. Canada's biggest oil producers are making record profits, so they have cash on hand they could invest in reducing their pollution. But they are not.

Instead, the oil and gas industry is aggressively lobbying for more government subsidies, loopholes, and lower ambition. Consider the new Pathways Alliance, made up of six companies responsible for 95 per cent of oilsands production in Canada. They have advertised their goal of net-zero emissions by 2050, yet have decried the "impractical timeframes" before 2050 that could drive away investments.

The industry group's vice-president recently summarized their doublespeak perfectly: "We have not opposed an emissions cap—but have emphasized it must have realistic targets and timelines." This is simply another delay tactic.

The federal government must not bow to this pressure.

It's important to remember the oil and gas industry has never been responsible for its total emissions. In fact, only half of the

carbon that Canada extracts each year is actually counted in our national inventory. This is because we export most of our fossil fuels to other countries—and have continued to do so faster than ever. The proposed emissions cap will hardly reduce the total (or lifecycle) emissions caused by the industry, ignoring the elephant in the room.

Most global energy scenarios expect demand for oil will peak before 2030 and decline steadily afterwards as governments decarbonize. This means producers with the cheapest and least-emitting oil have a huge advantage. But Canada produces some of the most expensive and carbon-intensive oil in the world, leaving us facing massive financial loss when our oil and gas are priced out of the global market.

The writing is on the wall for Canada's fossil-fuel industry. Ottawa's job is to ensure that the inevitable transition is as smooth as possible. This requires sending a clear signal to the industry to clean up its pollution.

An airtight cap on emissions from the oil and gas industry is a crucial first step. Here's what that means.

First, the oil and gas industry needs to reduce emissions in line with other sectors of the economy. The government's Emissions Reduction Plan outlines that the industry can reduce its emissions by 31 per cent (from 2005 levels) by 2030, which is still lower than the whole-of-economy target (40-45 per cent from 2005 levels). An emissions cap target must reflect the sector's fair share of pollution.

Second, close loopholes. The cap regulates overall pollution and gives firms the flexibility to decide how to do so, for example, by making investments in clean energy or reducing production. Carbon trading—where a company buys scarce emissions credits from another company—can provide certainty that the industry is reducing its emissions. But allowing oil and gas companies to purchase offsets from other industries defeats the goal of emissions reductions in the sector. Recently, the government's Trans Mountain Corporation bought carbon credits from a seaweed startup that never actually operated, illustrating the dangers of these schemes, amplified when trading credits between industries and in an unregulated market.

Third, stop subsidizing emissions reductions. The federal government faces intense pressure from the oil and gas industry to increase funding for their emissions reduction efforts, asking for billions more in support for carbon capture and storage projects. Not only are these projects unproven, but the oil and gas industry is using this magical unicorn to push for delayed timelines. For an industry with historic profits, it is past time for the industry to take responsibility for its emissions.

The cap must be implemented urgently if Canada is to meet its 2030 emissions target. If the federal government waits for Alberta's May 29 election, it must be prepared to hit the ground running immediately. The Pathways Alliance already warns that if the regulatory framework isn't ready by the first half of 2023, oilsands producers likely won't comply with its 2030 emissions cap until 2035.

Canada can no longer afford to delay. The world is moving towards a carbon-constrained future, and the oil industry will be left behind. It's time to pay the piper.

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Energy Policy Briefing

Energy transitions: away from diesel, or towards sovereignty?

Indigenous off-grid communities in Canada are exploring their own solutions to move towards cleaner energy generation that are aligned with their worldviews and sovereignty objectives.

Serasu Duran, Feyza G. Sahinyazan, Jordyn Hrenyk & Emily Salmon



Most Indigenous, rural, and remote communities in Canada rely on diesel fuel for heat and electricity. Diesel is polluting, expensive, and conflicts with the Government of Canada's commitment to achieving net-zero emissions to support a low-carbon future. Federal and local governments are introducing policies and programs to help off-grid Indigenous communities in Canada shift from diesel to renewable energy, such as the Indigenous Off-Diesel Initiative and the Clean Energy for Rural and Remote Communities program. Yet, because these policies are sometimes misaligned with

community priorities, the uptake of renewable energy projects has been slow. Those implemented are often not used to their fullest potential or are even abandoned over time.

Motivations to eliminate diesel

Diesel generation has significant economic drawbacks. On top of rising and volatile fuel prices, remote regions see amplified costs for shipping and storing diesel. Energy can cost up to 10 times the average Canadian electricity price for off-grid communities, many of which already face significant costs of living. Accounting for the true cost of diesel with all its environmental, social, and health impacts can raise this cost many times higher. Diesel fuel is also polluting and generates negative environmental impacts, such as high greenhouse gas (GHG) emissions. Additionally, diesel fuel can contaminate the environment through spills or leaks during transportation and storage. Beyond the adverse impacts on climate, air pollution creates health problems such as increased cardiovascular disease risk and worsening asthma.

Disconnect from Indigenous realities and worldviews

While Canada aims to reduce overall GHG emissions, those from off-grid communities using diesel are negligible (0.2 per cent of Canada's overall GHG



Natural Resources Minister Jonathan Wilkinson is in charge of programs such as the the Indigenous Off-Diesel Initiative and the Clean Energy for Rural and Remote Communities program, but these policies are sometimes misaligned with community priorities. *The Hill Times* photograph by Andrew Meade

emissions). Thus, it is important to recognize that GHG reduction is neither the only, nor the most important, motivation for Indigenous communities.

Despite the benefits of renewable energy, there are logical and values-based reasons for some communities to continue using diesel generators. Off-grid Indigenous communities are familiar with existing diesel systems and have the capacity to maintain them. Many communities depend on diesel generators to store game and country food for family and cultural use. Being asked to rely on potentially intermittent renewable energy for essential food systems provokes anxiety. Some community members also

express fear that new systems could disrupt the lifeways of culturally important species, such as caribou in northern communities.

In our research, we learned from Indigenous energy champions that these systems should not be implemented in isolation from other community needs, such as food security, economic growth, and secure housing. For example, the Tsay Keh Dene Nation in British Columbia is switching to biomass generation, allowing the community to build commercial greenhouses, which will cultivate food security in the face of declining moose and caribou populations. Unfortunately, these reasons are often overlooked within the policy and project planning phases.

Paths to energy sovereignty

Indigenous off-grid communities in Canada are exploring their own solutions to move towards cleaner energy generation that are aligned with their worldviews and sovereignty objectives. We study community-led approaches through individual case studies and government and NGO reports to shed light on how policy efforts can better support Indigenous communities' priorities.

The intense focus on supply-side shifts—such as implementing new clean and renewable energy infrastructure—can often overshadow important potential demand-side shifts, such as retrofitting existing buildings to be more energy-efficient. Retrofitting may have significant positive impacts on cost, GHG emissions,

and quality of life for community members, and it may more closely align with community priorities of capacity development and sovereignty.

For example, Haíłzaqv (Heiltsuk) Nation has overseen the shift of one-third of community homes to energy-efficient heat pumps. This has lowered the cost of electricity for community members, improved air quality, and reduced GHG emissions. Haíłzaqv Climate Action Team has developed energy projects based upon *g̱vilás* (Haíłzaqv's system of philosophy, traditional laws, and values) and community priorities, including land stewardship and self-sufficiency. This approach has ensured a successful implementation and has built community trust in the projects.

Governments and industry partners can effectively support communities that want to transition to renewable energy systems by creating stable, multi-year funding programs. These programs can offer holistic support for feasibility studies and system implementation alongside long-term maintenance and capacity-building. Most importantly, community priorities must be at the centre of potential interventions. By taking direction from communities themselves, we can build effective programs that enhance well-being and Indigenous sovereignty over the long term.

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The Hill Times

Canada needs to own its role as an energy supplier on the global stage

Continued from page 21

ability to remain on the leading edge. Limiting the access of oil and gas to world markets through federal legislation, denigrating the industry at international fora, and advocating against investment in Canada's oil and gas sector have had consequences.

What the industry needs is certainty. A strong, supportive government is not what international players see. What they see are investors seeking opportunities elsewhere. With the energy disaster that is taking place in Europe, our potential energy customers see confusion from this government; we have a world-class product to sell, but leave the heavy lifting to others.

The question becomes: how can the federal government sup-

port Canada's energy sector in meeting the demand?

First, there must be recognition of what the problem really is, both globally and domestically.

At the OSCE meeting in Birmingham, U.K., last summer, European countries spoke of the consequences of the Russian invasion. Countries were going back to traditional non-renewable energy, postponing new solar and wind projects, and preparing themselves for long-term solutions such as liquefied natural gas (LNG). They are now aware that their fixation on green strategies and policies has put them in the crosshairs of ruthless authoritarian rulers.

There was, however, a certain irony when Canada, as a major energy-producing country, presented as its contribution to

this meeting the sponsorship of a resolution called "Accelerating the Green Energy Transition."

This does not seem to be a clear recognition of Canada's potential as an energy superpower.

The prime minister's reluctance to commit to an aggressive global LNG strategy certainly does not improve this situation.

Domestically, the government seems to believe that its greenhouse gas targets will be met primarily through rapid expansion of electric vehicles (EVs), reductions in fertilizer use, and the eventual phasing out of Canada's oilsands. Sadly, there are major repercussions for Canada and the world because of these short-sighted policies.

As we move forward as a nation, we should ensure that every action that we take is measured.

Perhaps my 34 years as a math and physics teacher is why I believe that, whatever technology we consider, we must measure the impact from the first shovel that we need to dig it up to the last shovel we need to cover it up.

EVs require much more energy to produce than internal combustion engine vehicles; rare earth mineral excavation and chemical processing for any electrical components do not come without environmental impact; and even revamped electrical grids will never be fail-safe. Windmills require hydrocarbons for both manufacturing and maintenance. Used solar panels will need to be disposed of properly, and a backup grid will still be required when the system fails.


Fortunately, as Canadians, we have the know-how to meet

many of these challenges. We should look for solutions that are tailored to the uniqueness of the communities in which we live. This means to celebrate our strengths rather than exaggerate our differences. It means recognizing those Indigenous leaders who want a future for their young people in a resource-rich nation, not being dictated to once again by a government that knows best.

It means caring for each other, giving workers the best opportunities to grow and succeed, and to fulfill our role as responsible energy suppliers on the global stage.

Earl Dreeshen is the MP for Red Deer-Mountain View, Alta. He is a retired math and physics teacher as well as a fourth-generation farmer. Since being elected in 2008, he has served on a number of House committees, including: Public Accounts; International Trade; Indigenous Affairs; Industry, Science, and Technology; Agriculture; Environment; and, presently, Natural Resources.

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Energy Policy Briefing



Finance Minister Chrystia Freeland laid out Canada's initial response to international action, but what's still missing is a clean industrial strategy, matched with key investments in the 2023 budget to stay competitive, write Meeran Smith and Rachel Doran. *The Hill Times* photograph by Andrew Meade

The worst plan is no plan when faced with an inevitable energy transition

For Canada to gain forecasted clean energy jobs and GDP benefits, it needs to not only keep its climate policies, but also build on them.

Merran Smith & Rachel Doran

Opinion



Much hullabaloo has been made about the federal government's clean energy transition plan.

Alberta's premier went so far as to suggest that 2.7 million jobs would be "eliminated" in the process. This is, well, nothing close to accurate. Rather, 2.7 million Canadian jobs currently exist in sectors that will be *transformed* by the global energy transition, according to a ministerial briefing note.

This may fall on deaf ears in the throes of a provincial election, but political leaders aren't judged by their talking points of the day. Instead, they're judged on where they succeeded, or failed, to prepare for a foreseeable future.

And this one is very foreseeable.

To date, 88 per cent of global emissions, 92 per cent of global GDP, and 85 per cent of the world's population is covered by some kind of net-zero commitment. The question is whether Canada sails with the wind, or against it.

According to the International Energy Agency, in a net-zero 2050, the price of oil would drop to less than US\$30 a barrel. With the breakeven price of the oilsands well above this, many Canadian projects are simply too expensive to be economical in a world that requires a lot less carbon.

The good news? As Clean Energy Canada will soon reveal in a forthcoming report, Canada will actually see a net increase in energy jobs by 2050 if we and the world achieve our net-zero ambitions—the key difference being that most will be in clean energy.

In fact, the International Energy Agency recently noted that clean energy employment now accounts for just more than half of the global energy workforce. But for Canada to gain these jobs and GDP benefits, it needs to not only keep its climate policies, but also build on them.

There are big opportunities in emerging sectors like the battery supply chain, which alone could support up to 250,000 jobs by 2030 while adding \$48-billion to the Canadian economy annually, once again assuming governments meet the opportunity head on (to their credit, the federal, Ontario, and Quebec governments have helped secure billions of dollars in electric vehicle-related investment already).

Indeed, the transition to clean energy represents the economic opportunity of our lifetimes, and it therefore requires—and Canadians deserve—a good plan.

Broadly speaking, Canada can do three things: implement domestic policy to support our sectors and accelerate the transition at home (so we don't fall behind); encourage investment in key industries that will

be part of the transition (so there will be more jobs); and, finally, foresee the jobs and skills that will be required and get people prepared (to benefit workers but also to make Canada a competitive investment environment).

In just the last year, America's US\$370-billion Inflation Reduction Act rocked the global balance of power and the trajectory of energy as we know it. The European Union's response, in the form of its Green Deal Industrial Plan, earmarked 250-billion euros in spending and tax breaks for clean energy over the next decade.

If America's actions have lit a fire under the EU, Canada—a much smaller economy more closely integrated with the United States—should really be feeling the heat. Last year's Fall Economic Statement laid out Canada's initial response, but what's still missing is a clean industrial strategy, matched with key investments in the 2023 budget to stay competitive.

Canada doesn't have America's firepower nor endless resources for every potential sector. We must instead be swift and

targeted to maximize economic growth and job creation.

That means focusing on activities with the greatest value for Canada. Our lithium shouldn't merely be exported, for example. We should use it to make batteries at home, developing our own domestic expertise, research and development outputs, and intellectual property.

Similarly, Canada's relatively clean electricity grid means we can produce batteries today with a smaller carbon footprint than elsewhere, and yet we've been slow to add more renewables and improve our transmission infrastructure. Clean electricity will be the lifeblood of clean industry.

Finally, the federal government's recently released interim Sustainable Jobs Plan, whose measures include establishing a new training centre along with a government advisory body, is a crucial step in the right direction. Backed with appropriate funding and legislation, it will help ensure Canada navigates the energy transition with foresight and intention.

Pretending this isn't happening will not save jobs, but it will leave Canada unprepared.

There are indeed many important conversations Canada needs to be having about its energy future. But all of them involve facing facts—not making them up.

Merran Smith is the chief innovation officer and Rachel Doran is the policy and strategy director of Clean Energy Canada, a think tank at Simon Fraser University's Morris J. Wosk Centre for Dialogue.

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