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Chair: Mr. John Aldag





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Wednesday, April 6, 2022

• (1550)

[*English*]

**The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)):** Good afternoon, everyone. I call the meeting to order.

Welcome to meeting number 16 of the House of Commons Standing Committee on Natural Resources.

I'm going to run through these opening comments as quickly as I can. Pursuant to Standing Order 108(2), the committee is continuing its study of a greenhouse gas emissions cap for the oil and gas sector. Today is the final meeting with witnesses for this study.

This is taking place in a hybrid format today. Now that we have started, taking screenshots or photos while we're under way is not permitted. The proceedings will be available on the House of Commons website and are being televised via the House of Commons website.

For anyone attending the meeting in person, we ask you to wear a mask, except for members who are at their seats during the proceedings.

I have a couple of quick comments. Please wait until I recognize you by name before speaking. Interpretation is available. I don't think we have anyone joining by Zoom today, so we'll skip over that. All comments should be addressed through the chair. For members in the room, just raise your hand, and we will get into the speaking order.

I would like to welcome Madame Michaud, Madame Pauzé, Mr. Long and Mr. Morrice today.

Now to our witnesses, I would like to welcome the Minister of Natural Resources, the Honourable Jonathan Wilkinson, along with officials from Natural Resources. As well, I would like to welcome the Minister of Environment and Climate Change, the Honourable Steven Guilbeault, along with officials.

We are going to try to keep the ministers for as long as we can, given that we had a slight delay. We will introduce the departmental officials as we get to them. There have been some technology challenges. Otherwise, Mr. Hargrove may have to shoulder a lot of the backup here today.

Let's jump right into the opening statements. We'll hear five minutes from each of the ministers and then we'll jump right into our rounds of questions.

Minister Guilbeault, would you like to start?

[*Translation*]

**Hon. Steven Guilbeault (Minister of Environment and Climate Change):** Thank you, Mr. Chair, for the introduction and for inviting me to appear before the committee.

[*English*]

Good evening, members. First, I would like to recognize that we are meeting on the traditional territory of the Algonquin Anishinabe people.

[*Translation*]

The Standing Committee on Natural Resources is important, and the topic at hand is of vital national importance. I appreciate the opportunity to speak with you and with my colleague and friend, Minister Wilkinson.

[*English*]

I know I speak for both of us when I commend you for bringing so many expert witnesses to this committee. I hope our contribution builds on your excellent work. The questions being asked here underscore your breadth of experience on energy issues.

Mr. Chair, I'd like to frame my remarks with two global realities.

[*Translation*]

One reality is the Russian aggression and the European conflict it has sparked. This conflict is rearranging global energy supply chains in real time.

The other reality is the climate crisis and global competition. We must make sure that we aren't left behind in a carbon-constrained world.

In the heat of the moment, these realities may seem at odds, even working at cross-purposes.

[*English*]

Both of these realities speak of change, the end of business as usual, and ultimately they point in the same direction.

[*Translation*]

As the Prime Minister said last week, European leaders are clear. They don't just want to end their dependence on Russian oil and gas. They want to accelerate the energy transformation to clean and green power.

Last week, we tabled our government's 2030 emissions reduction plan. I encourage you all to study it. It's a very detailed plan. It reflects thoughtful contributions from every corner of Canada, including from indigenous peoples. They must be full partners, given that they have been stewards of our environment since time immemorial.

[English]

It's a plan for every region and every sector, a road map that identifies pathways for Canada to reach its emissions reduction target of 40% to 45% below 2005 levels by 2030 and of net-zero emissions by 2050.

[Translation]

Above all, this plan aims to be both ambitious and achievable.

I'll now come back to our two realities.

We all recognize that there will continue to be a global need for oil and gas in the years to come.

• (1555)

[English]

However, we simply cannot ignore the fact that the oil and gas sector is Canada's biggest emitter. Between 1990 and 2019, the sector's total greenhouse gas emissions grew by 87%. Today the oil and gas sector accounts for 26% of Canada's emissions.

[Translation]

Competing in a carbon-constrained future means not only diversifying our energy mix but offering lower carbon oil and gas to the world.

Canada's biggest oil and gas producers recognize this reality and have committed to achieving net-zero emissions by 2050. They see that reaching a net-zero global economy represents a massive economic opportunity for businesses, workers and communities. Energy producers look for policy stability and certainty to invest wisely.

If any oil and gas sector in the world can do this, Canada's can. We have the skilled workers, the engineers and the energy innovators to make it happen.

The cap that we've committed to implementing on emissions from the oil and gas sector will be a vital step, both in our work to meet our 2030 emissions goals and to stay on track to reach net-zero emissions by 2050.

We haven't made any firm decisions on the design and scope of the oil and gas emissions cap. All this will be established in the coming months.

[English]

Its design will need to take into account the complex character of the industry. It will need to ensure that emissions decline at a pace and scale needed to achieve net zero by 2050.

Mr. Chair, last week my department published a discussion paper and launched consultations with provinces, territories, indigenous leaders, stakeholders and the public on options for regulating

Canada's commitment to reduce oil and gas methane by 75% by 2030.

[Translation]

During these discussions, we'll explore how this commitment relates to carbon capping.

Minister Wilkinson will elaborate on the consultation process regarding the design of the cap. We'll be happy to answer your questions.

This committee's study is important to that conversation. We all want a healthier, more resilient and more equitable Canada. We're all here to be part of the solution.

Thank you.

[English]

**The Chair:** Thank you.

We'll jump now to you, Minister Wilkinson, and we'll give you your five minutes.

Just so that everybody knows, we'll use a quick timekeeping trick, with a yellow card for 30 seconds left and the red card for "time is up". Don't stop in mid-sentence, but wrap it up as quickly as you can, and then we'll get on to the next set of conversations. I'll get that red card ready.

It's over to you, Minister Wilkinson.

[Translation]

**Hon. Jonathan Wilkinson (Minister of Natural Resources):** Good afternoon, Mr. Chair and committee members.

Thank you for your invitation to speak to the committee.

[English]

I want to begin by condemning the ongoing brutality that we are seeing from the Russian regime in Ukraine. The images we saw over the weekend were clearly awful and unspeakable, and Canada stands in steadfast support of the people of Ukraine and of our European allies.

Since this illegal invasion, issues relating to energy security have come to the fore. Amid spiking energy prices, we have seen an urgent desire on the part of European countries to replace Russian oil and gas in the short term while they concurrently work to shift as rapidly as possible to renewables and to clean hydrogen in order to end their reliance on Russian oil and gas altogether.

This is happening at a time when the IPCC is telling the world that with respect to climate change we are at a crossroads. The decisions we make now can secure a livable future.

Canada must be capable of walking and chewing gum at the same time. We can help our European partners in the short term while continuing to take bold action to meet our ambitious climate goals. That is what our government is doing: supporting global energy markets while taking aggressive and ambitious action to lower emissions.

I want to echo Minister Guilbeault. Reducing carbon pollution isn't just necessary to save our planet; it will also create good jobs and opportunities in every region of this country. Companies like Suncor are planning to invest significantly in hydrogen; companies like Amazon are investing hundreds of millions of dollars in renewable energy in Alberta; and 13 of the world's top 100 clean-tech companies are Canadian.

However, even beyond a significant move towards renewables and hydrogen in a net-zero transition, there will be a continuing and important role for hydrocarbon fuels in non-combustion related applications, including hydrogen. Prior to the Russian invasion, oil demand was projected to be relatively constant through 2030 before we start to see declines associated with the broad deployment of zero-emission vehicle technology. Those fuels that are produced in an ultra-low-carbon fashion will have significant and increasing value in a world that is transitioning to lower carbon, which brings us to today's topic: the design and implementation of a cap on emissions from Canada's oil and gas sector.

By capping emissions from oil and gas, we are ensuring that Canada will meet its climate targets while helping Canada's oil and gas sector compete in a world in which ultra-low-carbon products have financial value. Canada's oil and gas industry is already very much alive to the value that these products will hold, and that is why they themselves committed to net zero in 2050 via the Oil Sands Pathways alliance, with whom I spoke just this week, and indeed, with whom I speak regularly.

In proposing a descending cap on emissions from Canada's oil and gas sector, our government is taking them up on their offer. We are designing a regulatory framework to help industry and government achieve our shared objectives. To get us there, we have been engaging with Canadians. We're consulting with industry, indigenous communities, academics, non-governmental organizations, groups like the Net-Zero Advisory Body, the clean-tech industry and, of course, the oil and gas sector. We are also working actively with provincial governments.

Officials both in my department and those in Minister Guilbeault's are considering all of these contributions. Any Canadian who wants to offer written submissions can do so, and we certainly look forward to hearing from this committee in that regard. We plan to conclude the engagement's formal process by this fall, and we'll be poised to move forward by late 2022 or early 2023.

It is only by working together—by collaborating with partners across the country—that we will be able to both reduce emissions and generate economic growth. This is good for our country's future: It's how we leave a healthier economy and a healthy environment for our children.

I look forward to reviewing the final report of this committee and your recommendations, as it will play an important part in the development of this emissions reduction initiative.

With that, I would be happy—and I'm sure Minister Guilbeault would be happy—to answer any questions.

● (1600)

**The Chair:** That's perfect. Thank you.

Our first round of questions will be six minutes for each of the four parties. I do tend to give a fair bit of latitude, but I will remind everybody that we are here to study a greenhouse gas emissions cap for the oil and gas sector.

We will turn it over to Mr. McLean for his first six minutes.

**Mr. Greg McLean (Calgary Centre, CPC):** Thank you, Mr. Chair. We thank both ministers for showing up today and giving us an hour of their time combined. It's much appreciated.

First of all, Minister Wilkinson, I heard your comments here, which echo what I have heard several times from you and your colleague here at the table and your Prime Minister: that we can have this and we can have that too. I think it's fair to say, if you look at a portfolio of solutions, that we can have some of this and we can have some of that, but we can't have all of both. Let's get towards reality here about what our future looks like. I would like you to put that on the table here first of all.

I'm going to ask you, because you were at the IEA meetings, as was I, a couple of weeks ago, and we heard quite clearly that the world is demanding more energy from Canada as it tries to ween itself off Russian energy. That has been a course they've taken that is the wrong course, and now they're seeing the results of that course. You committed to an additional 300,000 barrels a day of Canadian energy by the end of the year, and that would be a stretch. I think we've talked about that. However, the question is, how do you give 300,000 barrels a day—4% of Canada's current energy production—and think that makes a drop in the bucket for Europe's security?

**Hon. Jonathan Wilkinson:** Thank you.

Yes, I certainly enjoyed the conversations we had at the International Energy Agency. I would say that there was a second part to the conversation at the IEA. They want more energy from countries like Canada to help displace Russian oil and gas, but they are also focused very much on accelerating the transition to renewables and hydrogen. That was an issue on which all of the European countries were absolutely unanimous. Certainly Canada is not claiming that it's going to solve all of the issues that Europe has with respect to displacing Russian oil and gas. We are part of a group that have come collectively to try to do that. That included additional oil and gas from the United States. It included releases from the strategic reserves, and it included Brazil stepping up with 300,000 barrels of oil.

**Mr. Greg McLean:** I'm not sure that answered the full question, Mr. Minister, and I will say that your recollection of what happened at that meeting and mine are two different things, because there is definitely not even unanimity among IEA members about what we need to focus on at this point in time. As a matter of fact, I think the Czech Republic actually said it is time for us to put aside the current emergency for what is their emergency in Europe right now, which is their very existence. Now, I know we have to balance these things in perspective, but this perspective has to be looked at going forward, and we have to balance what we do for the world here, because the world has continued to grow its energy consumption and we've been on the sidelines. Committing to the equivalent of 300,000 barrels a day over the next year potentially is a pittance, first of all, and we can't even get that oil to tidewater because we don't have the infrastructure. I'm going to say right here that this represents a failure by this government and by our country, and we're still importing over one million barrels a day, whose production we don't carbon-cost. These are flaws in your approach.

I'm going to ask you this. When you look at the actual production of oil around the world and the representation Canada has in that, we rank pretty high—up with Norway as far as our transparency and our ESG characteristics with respect to oil production go. Are you suggesting that we displace that Canadian oil with offshore oil both in Canada and in the growing markets around the world, particularly in the world's poorest markets?

• (1605)

**Hon. Jonathan Wilkinson:** First, with respect to the energy transition, I would just direct you to the communiqués that come out of the IEA, which actually do focus on the energy transition and on accelerating that to ensure they are actually gaining domestic energy security through the work to transition to hydrogen and renewables. What I would say is that countries within the IEA thanked Canada significantly for stepping up with 300,000 barrels of oil. That included all of the European countries and the United States. Certainly they are interested in a conversation with us about how we can help them both bridge and transition. The European Union and Canada have established a working group to focus on both LNG and hydrogen and what we can do to actually address them. We have a similar working group that is ongoing with Germany. Certainly the relationship between Canada and European countries with respect to energy—and energy is not just oil and gas, but also renewables, hydrogen and a whole range of different forms of energy—is extremely close and working very productively right now to try to address both short-term and long-term issues.

**Mr. Greg McLean:** Thank you, Minister.

When you talk about renewables here, we talked about hydrogens over in Europe as well. Of course, green hydrogen is not viable at this point in time from either an “energy return over energy invested” perspective or a cost perspective. We have to balance all of these things. I think you're suggesting that we continue to ramp up inflation on energy around the world, not just in Canada, and to make energy a much larger piece of the cost of everything, including food, around the world. There was a time when I listened to your government talk about a carbon tax being the most efficient form of taxing carbon, putting a price on carbon. That seems to have been misplaced by several regulatory jumps now, including the clean fuel standard and now this cap. Is it no longer your position that it is the most efficient way of cutting back carbon?

**Hon. Jonathan Wilkinson:** I think if you ask 100 economists, 99.5% of them will tell you it is the most efficient and effective way that incents innovation. I would note that it's something that the Conservative Party of Canada campaigned on in the last election. Certainly it is a critical part of our plan to reduce emissions and to incent innovation and build a clean growth economy.

We've been very clear about that through three different elections, and it's something that Canadians endorsed in the last campaign.

**Mr. Greg McLean:** Yes, Minister, and I would say that you're trying to have your cake here and eat it too, if you're going to have a tax and a whole bunch of regulatory burdens on top of this.

As far as the emissions reduction cap goes, I'm going to quote the NDP Premier of Alberta who was last in power, who called your emissions reduction plan “a fantasy”.

Could I have a comment, please?

**Hon. Jonathan Wilkinson:** I spent both last weekend and Monday in Calgary with the industry, and I would tell you that the industry's message to the government is, “We want to collaborate. We want to work hard.”

Yes, it's ambitious. It's ambitious in every sector of the emissions reduction plan, but we want to work together to try to find a way to get there.

That was true across the piece. I think you would see it if you actually looked at the statement on the emissions reduction plan that was put out by the Pathways alliance, and also by the Canadian Association of Petroleum Producers.

**The Chair:** We're out of our six minutes.

We will go right now over to Mr. Chahal for his first six minutes.

**Mr. George Chahal (Calgary Skyview, Lib.):** Thank you, Chair.

Thank you, Minister Guilbeault and Minister Wilkinson, for joining us today on this important study.

Emissions from the oil and gas sector make up 26% of our national emissions overall. We must reduce that, and based on testimony we have received over the last several weeks, industry agrees.

Could the ministers please speak to the ways in which the government will be working with industry partners to establish a cap.

**Hon. Steven Guilbeault:** Thank you, Member Chahal.

We must reduce emissions, and everyone has a role to play. I've been pleased to hear that industry partners share that view, and I have spoken personally with many of them in the past few months. We've already begun informal engagement with industry to seek their views on the design of the emission cap, existing opportunities and policy and regulatory options.

We will be publishing a discussion paper this spring, and these conversations will continue throughout this year, as Minister Wilkinson pointed out, as we consider how best to design and implement the cap in ways that provide regulatory certainty to industry while also reaching our emissions reduction goals.

We are also gathering feedback from industry partners on how related measures that exist will work with a cap.

• (1610)

**Hon. Jonathan Wilkinson:** I would just echo that in my meetings with the sector—and those included meetings this week—the message coming from the sector is that they want to collaborate. Certainly that is the message I try to give, that we want to collaborate with them. Government needs to be a partner in this conversation.

We certainly did that with the emissions reduction fund and the orphan wells funding during COVID, which was about addressing environmental liabilities during an economic crisis and a health crisis.

We are now doing that with investments in technology development, including carbon capture and sequestration. We are committed to working in collaboration with the industry to both reduce emissions in a thoughtful way and also to ensure that we are growing a clean growth economy that's going to provide jobs and economic opportunity for our children.

**Mr. George Chahal:** Ministers, over the last several weeks, the committee has heard a lot about the importance of regulatory certainty during our study.

Could the ministers speak to the ways in which the federal government has and will continue to work with the provinces to ensure that everyone is playing their part while creating a more predictable and certain environment and investments?

**Hon. Steven Guilbeault:** As you know, our government has introduced a number of measures, in all regions, to reduce emissions, including the methane regulations and carbon pricing schedules.

We will be working closely with our counterparts to consider how a cap on emissions would work with those existing measures. The emissions reduction plan that was announced last Tuesday committed to exploring tools to make Canada's world-leading pol-

lution pricing system durable and predictable, no matter who is in government.

These tools might include investment approaches like carbon contracts for differences, which enshrine future price levels in contracts between the government and low-carbon project investors, or exploring legislative approaches to support a durable price on pollution.

**Hon. Jonathan Wilkinson:** Certainly it will take more on the provincial side. That coordination across all jurisdictions is going to be key in designing an effective cap on emissions from the oil and gas sector, but it's also going to be important in the context of working together to frame and to develop the economy of the future.

I met this week with Minister Savage, and I think what we do agree on is the need to reduce emissions significantly in the oil and gas sector to ensure that the sector remains competitive in an economy that will be going through a transition. I spoke with Minister Parsons, Minister Eyre and Minister Ralston in the other three provinces that are most significant in this context.

We need to continue to work together—I think they all agree on that—to ensure that we are moving forward in a thoughtful way, and certainly we intend to do that both with respect to emissions but also with respect to economic conversations that we intend to launch over the coming months.

**Mr. George Chahal:** Could the ministers explain to the committee why they are targeting the oil and gas sector and not other sectors of the economy with a cap on emissions at this time?

**Hon. Steven Guilbeault:** Thank you for the question.

Although it is true that there is no formal cap for other sectors, if you were to look at the zero-emission vehicle mandate that we will be putting in place, basically mandating that 100% of light-duty vehicles be zero-emission vehicles by 2035, one could easily argue that this is a cap.

It's the same thing with the clean electricity grid, where we want to have a net-zero grid by 2035.

I think this capping and reducing emissions approach is actually one that we have embraced for many different sectors of our economy.

**Hon. Jonathan Wilkinson:** Yes, I would just agree with Minister Guilbeault. We have looked at each sector in terms of the instruments most applicable to enable reductions but also to incent innovation.

The supply mandate for the auto sector is one. The net-zero building code will eventually be something in the building sector. The phase-out of coal was another tool we used in that context.

In the oil and gas sector, the methane regs are effectively a cap, because you're actually looking at specific reductions that are required in methane, and I would say that's been enormously successful.

Both Saskatchewan and Alberta are on track to meet—and in fact Saskatchewan is on track to exceed—the methane reductions. Both of them will tell you that out of that has come the development of technology that is going to allow them to export to other markets that are looking to do the same thing Canada did with respect to emissions reduction.

**Mr. George Chahal:** Thank you for joining us today and supporting our study on this really important subject, and thank you for the ERP, the plan that was put forward last week.

**The Chair:** Thank you.

[*Translation*]

Mr. Simard, you now have the floor for six minutes.

**Mr. Mario Simard (Jonquière, BQ):** Thank you, Mr. Chair.

Mr. Wilkinson and Mr. Guilbeault, thank you for joining us today.

The committee is meeting today to talk about capping greenhouse gas emissions, or GHG emissions. Of course, capping emissions doesn't mean increasing them.

Mr. Guilbeault, first of all, I want to know why you approved the Bay du Nord development project.

Do you think that it will help to reduce GHG emissions?

• (1615)

**Hon. Steven Guilbeault:** I want to clarify that there hasn't been any formal announcement on the Bay du Nord project. If you look at the emissions reduction plan tabled last week, you'll see that it draws on a number of sources of information, including the Canada Energy Regulator. This regulator operates independently of the government and projects an increase in oil production in Canada by 2030.

We've incorporated these things into the reduction plan. Despite this increase in production, we've been saying all along that we'll tackle emissions. Minister Wilkinson spoke, for example, about reducing methane emissions, capping greenhouse gas emissions and using carbon pricing.

Despite the increase in production, we showed very convincingly, in the opinion of countless stakeholders across the country, how we could meet the 2030 goals.

**Mr. Mario Simard:** You have often said that Équiterre is one of these stakeholders.

I'll quickly read you a quote: "If the federal government is serious about its commitment to fight climate change, it must reject this project."

This evening, will the ecologists still consider you a serious player?

**Hon. Steven Guilbeault:** Don't ask me, ask them.

That said, I want to point out that they praised the plan as the most robust, transparent and convincing plan in terms of Canada's ability to achieve these goals.

The plan doesn't depend on Canada deciding to help Europe and increase production by 300,000 barrels. We've already factored this into the analysis for the plan.

**Mr. Mario Simard:** Mr. Guilbeault, you're spouting Conservative rhetoric.

**Hon. Steven Guilbeault:** No, that isn't true at all.

**Mr. Mario Simard:** In my opinion, the use of the crisis in Russia to justify the intentions of oil companies constitutes Conservative rhetoric.

We know that Bay du Nord accounts for about one billion barrels of oil.

Do you know what one billion barrels of oil produces in megatonnes of greenhouse gases?

**Hon. Steven Guilbeault:** I don't know that by heart.

**Mr. Mario Simard:** Well, I'll tell you. It amounts to 430 megatonnes, which is equivalent to 60% of the government's total emissions in 2019. That can't be hidden away. We can talk about carbon capture and sequestration strategies, but I wonder where the 430 megatonnes will go.

Do you have any idea?

**Hon. Steven Guilbeault:** You're including all greenhouse gas emissions, and not just the emissions from oil extraction in this project, which amount to 0.04% of Canada's emissions.

As you know, the calculation method used by the Intergovernmental Panel on Climate Change, or IPCC, doesn't work that way for greenhouse gas emissions. Emissions are calculated—

**Mr. Mario Simard:** Let's talk about this. You're telling me that—

**Hon. Steven Guilbeault:** Let me respond.

Regardless of whether we agree with the IPCC, according to its methodology, emissions are calculated where they take place. They can be calculated in the transportation sector, in the industrial sector, and so on.

**Mr. Mario Simard:** That's fine.

We're on the same page.

**Hon. Steven Guilbeault:** Okay.

**Mr. Mario Simard:** Either we agree or we disagree with the IPCC.

When the IPCC says that increased fossil production stands in the way of capping and reducing emissions, do you still agree with the IPCC?

**Hon. Steven Guilbeault:** I think we need to take the time to read the IPCC report carefully. According to this report, we can no longer have oil production that is not offset or sequestered. In English, we use the term "unabated". To my knowledge, there is no real French translation for this expression.

According to the IPCC, in order to meet the 1.5-degree limit, countries need to reduce their emissions by 43% by 2030. Our goal is to reduce our emissions by 40% to 45%.

The IPCC says that in 2050, there will still be 35 million barrels of oil per day being used in the world, but it will have to be very low emission oil. All emissions will have to be offset. That is exactly what we are doing.

**Mr. Mario Simard:** I understand.

I'll close by saying that tabling an emissions reduction plan and then a few days later approving an initiative like the Bay du Nord development, in my opinion, is very contradictory.

I will let my colleague Ms. Pauzé continue the discussion.

**Ms. Monique Pauzé (Repentigny, BQ):** Thank you for being with us today, Mr. Guilbeault.

We're going to talk about the recent statement by Mr. Guterres, Secretary General of the United Nations, or UN. I will quote him. He said, "Investing in new fossil fuel production and power plants is moral and economic madness."

Did he really say that? Do we agree on that?

**Hon. Steven Guilbeault:** I don't have the press release in front of me, but I think this is a pretty accurate representation of his words.

**Ms. Monique Pauzé:** I have another excerpt from his statement.

He said, "Climate activists are sometimes depicted as dangerous radicals, but the truly dangerous radicals are the countries that are increasing the production of fossil fuels."

Have we read the same thing?

**Hon. Steven Guilbeault:** I think that sounds like what he said.

**Ms. Monique Pauzé:** Do you agree with the UN Secretary General when he says that the really dangerous radicals are the countries that are increasing fossil fuel production?

**Hon. Steven Guilbeault:** In fact, I have often been called a radical person, both as an environmentalist and as a politician. Frankly, I'm not sure. I may be an expert on the issue of radicalism, but maybe I'm not. I don't know.

What I can say, and you probably read it as I did in the IPCC report, is that the IPCC is not saying that there will be no more oil in 2050. You know that.

• (1620)

**Ms. Monique Pauzé:** We agree on that, but he says...

**Hon. Steven Guilbeault:** He says there will be 36 million barrels of oil a day, but that oil will have to be offset or sequestered.

**Ms. Monique Pauzé:** Of course you have to have mitigation measures, among other things. It's almost called green oil.

**Hon. Steven Guilbeault:** No, I don't call it green oil.

**Ms. Monique Pauzé:** By my standards, there is no such thing.

I will continue the discussion on the Bay du Nord oil project.

I will repeat a statement I made on this subject: "This is the first time [in Canada] that a well is going to be drilled at this depth. [...]"

In the event of a spill, it will take 18 to 36 days to bring in the equipment to plug the leak. [...] We're talking about millions of litres in the Atlantic."

Are you comfortable taking that risk?

**Hon. Steven Guilbeault:** As you know, the project was reviewed by what was then called the Canadian Environmental Assessment Agency for four years.

**Ms. Monique Pauzé:** This was done under a former law.

**Hon. Steven Guilbeault:** The project was reviewed under the old act, but it's important to keep in mind that since we came to power in 2015, the agency has started to incorporate a lot more on local risks and, in particular, the issue of climate change, even for projects that were assessed under the old regime.

We proposed to put in place an environmental assessment regime that allowed the process to be depoliticized, whereas under the Conservatives the whole process was political, including environmental assessment.

The agency made a recommendation last December. After studying this project for four years, it came to the conclusion that there were no significant environmental impacts. Of course, there is a series of conditions, more than 130, which are legally binding conditions. They are not wishful thinking, and they are not a wish list. These are conditions that the company must comply with or risk not being able to operate its project, if it is in breach of the law.

**The Chair:** Thank you.

[*English*]

We'll go now right to Mr. Angus.

Go ahead for your first six minutes.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you, Chair.

Thank you to Mr. Wilkinson, who is like an old hand at our committee. It's nice having you back.

Mr. Guilbeault, this is your first time here. Welcome. I will talk to you, Mr. Guilbeault, because we have talked with Mr. Wilkinson a fair number of times. We hope we'll talk to him a lot more in the coming study. The national news is reporting this afternoon that your government is approving Bay du Nord?

**Hon. Steven Guilbeault:** It is true that the national news is reporting that, yes.

**Mr. Charlie Angus:** Are you?

**Hon. Steven Guilbeault:** No official announcement has been made yet.

**Mr. Charlie Angus:** That's a one billion-barrel project, right?

**Hon. Steven Guilbeault:** The company said it was between 300 million barrels and a billion.

**Mr. Charlie Angus:** Last week you approved 300,000 barrels a day to help Europe. Bay du Nord would be another 200,000 barrels a day. That's half a million barrels a day. I didn't read that in your climate plan. Where did this decision to start approving new projects like Bay du Nord come from?

**Hon. Steven Guilbeault:** Actually if you had read the climate plan attentively—

**Mr. Charlie Angus:** I did.

**Hon. Steven Guilbeault:** —you would have seen that the plan rests on a number of different data sources, including the last study from the Canada Energy Regulator, which forecasts an increase in production in Canada between now and—

**Mr. Charlie Angus:** So you are on side.... The Canada Energy Regulator is saying that we're going to get a million barrels a day. So that's what you're agreeing with—that that's where we're going?

**Hon. Steven Guilbeault:** The question is not whether or not we agree or disagree with the Canada Energy Regulator. The question is, did we use the energy regulator as one of the data sources to prepare our emission reduction plan, and the answer to that question is yes.

Despite those growths in production, our plan clearly shows, to the satisfaction of a number of experts, and someone you may know, Andrew Weaver, IPCC scientist—

**Mr. Charlie Angus:** No, actually, I don't know him, but he did come here.

Anyway, what I'm interested in is the fact that under your plan of this billion-dollar project that may or may not be approved, in-between your plan and this big announcement that may be happening, the IPCC released their report this week. Did you read that report?

**Hon. Steven Guilbeault:** I have the read the report, as I've read every single report since 1990.

**Mr. Charlie Angus:** I'm glad, because they say it's now or never: that we're at the point of catastrophic, irreversible climate change. Would you agree with that assessment?

**Hon. Steven Guilbeault:** I would agree with many things that the IPCC said this week, including the fact that countries need to present plans where they show emission reductions in every sector of their economy—

**Mr. Charlie Angus:** In three years—

**Hon. Steven Guilbeault:** That emissions have to peak and reduce and that's exactly what's happening—

**Mr. Charlie Angus:** In three years—

**Hon. Steven Guilbeault:** Yes—

**Mr. Charlie Angus:** But Bay du Nord is not going to come on for three years, so you guys seem to be at cross-purposes.

I want to ask you another thing about the IPCC—

**Hon. Steven Guilbeault:** No, under the cap...it will have to fit under the cap.

**Mr. Charlie Angus:** But we don't have a cap. This is what I want to get to because the UN Secretary-General said this week in

response to this that “Some government & business leaders are saying one thing, but doing another” on the environment. He said that government leaders are, in his words, “lying” and that the response will be catastrophic.

You went to COP26 and promised an emissions cap. We're still here waiting to see it, but what we've seen in the meantime is 300,000 barrels last week, 200,000 barrels this week, in perpetuity for at least 30 years.

Would you feel that the IPC—

• (1625)

**Hon. Steven Guilbeault:** IPCC.

**Mr. Charlie Angus:** Yes, IPCC. I'm sorry, I'm so dyslexic with that.

Would the UN Secretary-General have been unfair in saying that government leaders who come to COP26 and make these promises are “lying” and that they go back and then it's business as usual?

**Hon. Steven Guilbeault:** We have an expression in French, and I don't think there a good translation, but it's the following:

[*Translation*]

“If the shoe fits, wear it.”

[*English*]

I don't think the hat fits for us, because we're doing exactly what the IPCC says we should be doing. We're capping emissions and reducing them. Our emissions have started reducing in Canada. We have projections for every sector between now and 2030. We have a price on pollution, which is saluted globally as one of the most effective tools to tackle climate change.

**Mr. Charlie Angus:** Yes, yes, I get that and, by the way, Bob Marley would say, “And who the cap fit, let them wear it”, so I'm just wondering whether you should be wearing the cap, because in January—

**Hon. Steven Guilbeault:** An experienced parliamentarian like you knows that we can't do new regulations on the corner of a table—

**Mr. Charlie Angus:** I get that—

**Hon. Steven Guilbeault:** —that we have a duty to consult, including—

**Mr. Charlie Angus:** —but where did you consult on Bay du Nord?

**Hon. Steven Guilbeault:** —with indigenous peoples—

**Mr. Charlie Angus:** With the industry....You guys have 1,600 meetings with the oil lobby. If you announce Bay du Nord, you are contradicting the promises that you're making, so let's go back—

**Hon. Steven Guilbeault:** You've made a number of—

**Mr. Charlie Angus:** Just let me finish here, I haven't gotten to my question yet.

If you are consulting, I would point out that the issue is that 400 scientists wrote and said not to fall for the plan that the Canadian Association of Petroleum Producers is pushing on “carbon capture”. They said it’s “financially risky”, it’s not “proven at scale” and it’s not “verifiable” for actually storing CO<sub>2</sub>, and then the kicker is that it’s not going to come on stream for six to eight years.

When I read your plan, which is heavily dependent on carbon capture, if it’s \$15 billion or \$75 billion that you’re going to give them, if it’s not coming on stream for six to eight years, you’re not meeting your 2030 targets, right? Why don’t we just say that “this is what we’re going to invest in big oil, we’re going to continue to promote Bay du Nord and we’re not going to meet those targets”?

It would be better to just be honest on this than to claim that you’re going to miraculously meet these targets while within the space of a week you alone have signed off on half a million new barrels a day of production, and you’re telling us that the CER, which is saying that it’s going to be over a million barrels a day, that that’s on your plan as well...

**Hon. Steven Guilbeault:** I’d like to quote directly from the IPCC report on it—they call it “CCS”, they don’t call it “CCUS”—at paragraph C.4.6, where they referred to CCS as being a critical “technology” needed for the world to achieve the emission reduction—

**Mr. Charlie Angus:** So the scientists in Canada were wrong when they said that this is unproven and unverifiable...?

**Hon. Steven Guilbeault:** I’m quoting the IPCC here—

**Hon. Jonathan Wilkinson:** Let’s just be clear, Charlie: The 400 were not experts in the field.

**Mr. Charlie Angus:** They weren’t...?

**Hon. Jonathan Wilkinson:** There were very few people who signed that letter that were experts in the field. If you look at the—

**Mr. Charlie Angus:** As compared to the experts at the Canadian Association of Petroleum Producers, I can see that—

**Hon. Jonathan Wilkinson:** —the IEA, if you look at the IPCC, if you look at the International Renewable Energy Association, and if the work that’s been done in Norway, Australia, and in a number of countries around the world, what you’ve just said is full of factual errors.

**Mr. Charlie Angus:** No, no. You can’t kid a kidder.

**The Chair:** We’re out of time on this one.

It does make it very challenging for the interpreters when there’s more than one conversation going.

We’re at the six-minute—

**Mr. Charlie Angus:** Since they interrupted me, do I get an extra minute?

**The Chair:** You got an extra half-minute there.

**Mr. Charlie Angus:** Oh, thank you.

**The Chair:** No, no. You’ve already gone over time.

We’re going—

**Mr. Charlie Angus:** So, quickly—

**The Chair:** No. We’re done with that six minutes.

**Hon. Jonathan Wilkinson:** You were already half a minute over.

**Mr. Charlie Angus:** Oh, “I’m outraged”!

**Voices:** Oh, oh!

**The Chair:** Yes, yes.

I always—

**Mr. Charlie Angus:** You’re used to that.

**The Chair:** Exactly.

**Mr. Charlie Angus:** That’s a permanent condition of being Scottish.

**The Chair:** Exactly.

We requested the ministers to be here for the first hour, but we were late getting started.

I’m going to hope we can keep you here for at least the next round, which would take us 25 minutes.

With that, we’re going to go over—

**Hon. Jonathan Wilkinson:** I think we can do another round.

**The Chair:** Mr. Maguire, we will jump right to you for a five-minute round.

**Mr. Larry Maguire (Brandon—Souris, CPC):** Thank you, Mr. Chair.

I was really wanting to just sit back and watch the “marriage” continue here.

**Voices:** Oh, oh!

**Mr. Larry Maguire:** But anyway, I think even my colleague from the NDP will agree with me that there is a new reality out there.

By the way, welcome to both ministers as well.

You both referred to it in your opening comments, that there’s a new reality. The world has changed in the last month and otherwise.

We’ve had a lot of witnesses come before us and state that increasing Canadian natural gas is integral for countries to transition away from coal and some of the higher carbon-emitting forms of energy. Industry experts have also stated that imposing these caps on natural gas will impede their ability to get more Canadian energy to market, at a time when you’re indicating that we need that.

If the mission is to reduce the global greenhouse gases—and it is—why is your government moving forward with an emissions cap that could hinder the exports of Canadian materials?

● (1630)

**Hon. Jonathan Wilkinson:** I can maybe start on this.

The cap is on emissions, it's not necessarily on production. The focus there is driving people to increasingly improve the emissions performance.

If you are going to look at exporting LNG as a transition to hydrogen, which is where everybody in Europe and North America wants to go, you need to do it in a way that's low emission. You can't do it by using natural gas to liquefy. You have to use it by using electric drives. You actually have to tie it to displacement of other hydrocarbons in other parts of the world. You have to ensure that it's part of a broader energy transition. You need to implement the methane regs to ensure you're actually reducing the emissions associated—the content associated with—natural gas, so that it exactly works in the right direction.

**Mr. Larry Maguire:** Thanks. I just wondered if you recognized that an emissions cap on natural gas could slow down the energy transition in other countries from being able to transition away from coal.

**Hon. Jonathan Wilkinson:** No.

**Mr. Larry Maguire:** You don't.

**Hon. Jonathan Wilkinson:** In fact, people have to be very careful that they say all of a sudden that natural gas naturally displaces coal. You actually have to tie it to what's being displaced. If you're shipping it to Asia, it's not necessarily displacing coal. You have to follow it to ensure that it's actually doing that.

**Mr. Larry Maguire:** I'm well aware of that. I wasn't specifically looking at any country. I said just with the ones using coal, if you could get them natural gas, it would displace it.

This is a simple yes or no. Have you ever publicly stated that you want to get western Canadian energy to New Brunswick, Canada, so we can stop importing Saudi oil to be refined?

That's just a yes or a no.

**Hon. Jonathan Wilkinson:** We are always looking at ensuring that Canada is utilizing Canadian energy, and energy that comes from reasonable sources of oil. But certainly—

**Mr. Larry Maguire:** But it must be Canadian energy—

**Hon. Jonathan Wilkinson:** —we are working on that each and every day.

**Mr. Larry Maguire:** I didn't get a yes or a no. Have you ever stated that you'd like to see western Canadian oil go to Atlantic Canada?

**Hon. Jonathan Wilkinson:** As I say, particularly in Atlantic Canada, the increasing focus, as we think about the energy transition, is to look to try to reduce the demand for oil in particular—

**Mr. Larry Maguire:** It's pretty simple. That's why—

**Hon. Jonathan Wilkinson:** —and more towards renewables. That's exactly why there was an announcement yesterday with respect to the Newfoundland offshore board, where it is actually taking on the responsibility to do offshore wind, hydrogen and a range of other things.

**Mr. Larry Maguire:** The minister of natural resources is to support Canadian natural resources. I want the minister to champion Canadian energy.

Do you want Canadians to stop importing foreign oil—yes or no?

**Hon. Jonathan Wilkinson:** I champion Canadian energy, of all forms, each and every day, but I do so as a human being who has children and who is worried about the climate crisis.

We need to ensure that we are working in a manner that is consistent with addressing climate change, and doing so in a manner that improves the economic performance of our energy sector broadly. That is hydro. That is oil. That is gas. That is renewables. That is biofuels. That is hydrogen.

**Mr. Larry Maguire:** Specifically talking about the oil that is coming into the east coast of our country from places that don't have the regulations we are working under here in this country, do you want to stop importing foreign oil—yes or no?

**Hon. Jonathan Wilkinson:** I'm certainly glad to hear that you're interested in and in support of regulations to reduce the carbon intensity of the fuels that we use. That's exactly the route that we need to go as we move to reduce the consumption, domestically and internationally, of oil.

**Mr. Larry Maguire:** We still don't have an answer. It's pretty obvious it would be beneficial to stop importing this foreign oil and to use Canadian energy. One of the big reasons here is the indigenous part of the whole energy area. Multiple indigenous leaders have appeared here and stated that the government must get consent from them before they impose an emissions cap on the energy sector. Will you commit today to not imposing an emissions cap on indigenous communities that have not given you consent to do so?

**Hon. Jonathan Wilkinson:** I would say that this government is very, very much—

**Mr. Larry Maguire:** It's pretty simple.

**Hon. Jonathan Wilkinson:** —aware of the requirements to have a duty to consult, and we work each and every day to honour those obligations. Of course, through the process of developing the emissions cap—

**Mr. Larry Maguire:** But will you—

**Hon. Jonathan Wilkinson:** —we are going to be consulting with indigenous communities who want to be part of that conversation.

**The Chair:** That takes us to just over five minutes.

In the interest of time, we're going to go to Mr. Maloney.

The clock is starting for you.

**Mr. James Maloney (Etobicoke—Lakeshore, Lib.):** Thanks, Chair.

I'll try to be quick, because I have only five minutes.

I thank you both for being here.

Minister Wilkinson, you're always generous with your time, but in my six and a half years on this committee, I don't recall a time when two ministers have appeared at the same time, so this is a very special occasion.

First, could both of you please tell the committee how an emissions cap will create regulatory certainty in a way that would not only incentivize innovation but also support emissions reductions?

**Hon. Jonathan Wilkinson:** I can start.

Thank you for the question and for all of the work you've done over the years with respect to this committee and this area of interest.

The objective of the cap is to provide ambitious and achievable emission reduction targets in a way that will provide certainty and predictability. The intent of the cap is not to drive reductions in production that are not driven by significant declines in global demand. Setting the cap will provide clear expectations over the long term for industry as to what needs to be done to reach net zero by 2050—something the industry itself has committed to. A well-designed cap will send a long-term-price signal to industry regarding the need to innovate to reduce emissions, through investments in technology in Canada that will be able to greatly contribute to our emissions reduction efforts. We've already seen this happen with other regulations. Our efforts to reduce methane emissions saw the development of various innovative clean technologies—I referred to this earlier—to achieve this goal, and those can be shared and exported around the world as clean technology. In addition to a number of these kinds of incentives, our government has partnered and will continue to directly partner with Canadian innovators to drive investment and lower emissions.

• (1635)

**Hon. Steven Guilbeault:** Thank you for the question.

If I may add a few elements, as I was saying earlier, we have started informal consultations with indigenous leadership, environmental organizations, experts in the field and oil companies, including in Edmonton and Calgary, on the oil and gas cap on emissions. What struck me when I first met the representatives of the oil companies was that none of them said they wanted nothing to do with this cap. They all said, let's sit down together and work on this to figure this out. I think that's the approach we're taking. We want to work with everyone to ensure we design this in a way that makes sense from an environmental perspective and from an economical and energy perspective.

**Mr. James Maloney:** Thank you, ministers.

My second question is for you, Minister Guilbeault. Can you speak to the options you're considering in the design of the cap?

**Hon. Steven Guilbeault:** Yes, a number of options are being considered by my department at this time, but the decisions and details will be developed through collaborative discussions with industry, provinces, indigenous leadership and experts over the coming months. What I can say is that we remain very open to the approach and have heard from witnesses to the committee and other stakeholders that some would prefer to use existing tools to achieve the cap, while others are interested in a new legislated cap under

CEPA. We're currently evaluating all the options at this point, including creative alternatives to the two options I've just outlined.

**Mr. James Maloney:** Thank you, Minister.

My third question is for you, Minister Wilkinson. Could you explain how our government will address energy demand and energy security concerns while reducing emissions in the oil and gas sector? For example, does this include nuclear power? How do you avoid carbon leakage, particularly while global demand for fossil fuels remains high?

**Hon. Jonathan Wilkinson:** Let me start with the nuclear question. Different jurisdictions are going to approach the pathway to net zero differently, and certainly in many jurisdictions nuclear is absolutely part of that. France has just announced that it is building seven new nuclear facilities. Belgium, in response to the energy security crisis in Europe, has announced that it is going to stop the phasing out of nuclear power. Certainly in Canada, Ontario is a major user of nuclear energy. We have been very clear that in a climate crisis, we need to be open to all non-emitting forms of energy, which very much include nuclear. We have invested in the development of small modular reactors, and we will continue to do that.

More broadly on energy security, we need to be able to walk and chew gum at the same time. There are some people, as I said before, who say the energy crisis is such that we should forget about climate change, and there are other people who say the climate crisis is so significant that we should forget about energy security and not offer support to our friends in Europe. I would say both of those are irresponsible positions. We need to ensure that we're doing what we can to help Europe at a time when they are worried about being able to heat their homes and deliver their groceries, but we need to do so in a manner that fits within the context of our climate plan, in which Canada does its part within the international effort to reduce greenhouse gas emissions in line with the net-zero goal, and that is exactly what we are doing and what this cap is intended to be part of doing.

**Mr. James Maloney:** Thank you Minister.

**The Chair:** Now we'll go over to Madame Michaud.

You have two minutes and 30 seconds.

[*Translation*]

**Ms. Kristina Michaud (Avignon—La Mitis—Matane—Matapédia, BQ):** Thank you, Mr. Chair.

Mr. Guilbeault, last May, the International Energy Agency, or IEA, said that in order to achieve the goal of limiting global warming increase to 1.5 degrees Celsius, all countries must commit to no new fossil fuel projects. You often quote the agency yourself.

By approving the Bay du Nord project, don't you seem to be saying one thing and doing its opposite?

**Hon. Steven Guilbeault:** Thank you for the question.

I think that what matters from a climate point of view is what is happening in the atmosphere. Is there an increase in emissions or a reduction in emissions?

The approach that Mr. Wilkinson and I have presented today is one that respects jurisdictional boundaries, whereby the federal government cannot impose reductions in natural resource production on the provinces. However, we can certainly address pollution, and we are doing so.

We are on track to meet our methane emissions reduction targets of 40% to 45% by 2025, not 2030. We will be moving towards a 75% reduction, which is still, to my knowledge, the most ambitious methane emissions reduction target by 2030 in the world, and for an oil producing country at that.

This is the approach we have taken both in relation to the IPCC report and the IEA report. As you know, the IEA report predicts that there will still be 25 million barrels of oil per day in use by 2050.

• (1640)

**Ms. Kristina Michaud:** You talk about the IPCC report. This week, the IPCC just said that emissions from existing and projected fossil fuel infrastructure already exceed the threshold for limiting warming to 1.5 degrees Celsius.

Have you read the same thing I have?

**Hon. Steven Guilbeault:** I've read it.

**Ms. Kristina Michaud:** In that case, why do you approve of the Bay du Nord project?

**Hon. Steven Guilbeault:** Whether the Bay du Nord project is approved or not, the oil and gas sector in Canada generates very significant emissions. That's why we show in the latest plan we submitted how this sector, like all others, must reduce its emissions very significantly by 2030.

So we have imposed a maximum amount of greenhouse gas emissions, which will first cap them and then reduce them, regardless of whether or not a project goes ahead in the next few years.

**Ms. Kristina Michaud:** The IPCC also says we are exceeding targets with existing infrastructure. You're about to approve a billion barrels of oil over 30 years, and you often say you listen to the science.

By approving this project, how can you say you are listening to science?

**Hon. Steven Guilbeault:** The IPCC report predicts many things, including that countries reduce their emissions by 43% by 2030. Our range is 40% to 45%. The IPCC says that all sectors must be in reduction mode. That's exactly what the plan we've presented does.

The IPCC says we need to cap and reduce emissions within three years. You will see Canada's new greenhouse gas emissions inventory in a few weeks. We have great news: we have already flattened the curve, which represents 12% fewer emissions in Canada, or 30 million tonnes, almost half of the emissions of all of Quebec.

Our approach is very pragmatic. As you may know, the IPCC does not prescribe by country, and its findings are for the entire

planet. Also, the IPCC does not take into account jurisdictional issues in a country like ours.

The IPCC's recommendations must therefore be retained and adapted to our reality, which is not that of Britain, France or the United States of America.

[English]

**The Chair:** We're out of time.

Mr. Angus, we'll go over to you for your two and half minutes.

**Mr. Charlie Angus:** Thank you, Mr. Chair.

Thank you, gentlemen, that we are still here and able to get some answers.

Mr. Guilbeault, I really appreciate your being here, because one of the things that I really found confusing was trying to figure out how the Canada Energy Regulator is looking at its scenarios, when I keep hearing you guys talk about, as you say, a cap on emissions and then reducing them.

Under its December 2021 evolving policy scenario, in 2019 we had 4.9 million barrels a day of oil production and in 2050 we will have 4.8 million barrels a day of production. That's a pretty lame target if we're going to have the same production in 2050 as we have today. You've told us that you used the CER as part of your climate plan. Don't you have a better standard than to say we're going to have the same amount of production in 2050 as we have today?

**Hon. Steven Guilbeault:** An experienced parliamentarian like you, Mr. Angus, would know that the energy regulator is an independent body from the government. We don't tell the energy regulator how to do its job, as we don't for any regulator—this one or any other.

**Mr. Charlie Angus:** I get that. I guess as an experienced parliamentarian I know how to read the report.

You tell us that you used the CER. I asked you about Bay du Nord and you said, oh, that's in what we looked at with the Canada Energy Regulator. But, I'm thinking, wait a minute, Bay du Nord was not in the plan in December 2021, so they're thinking of a million barrel a day increase. Is Bay du Nord part of that or is that increased?

I don't see, under the CER's evolving scenarios, based on your plans, how we end up in a situation where we are still producing the same amount of oil in 2050 as we are today, because they have another scenario where it actually goes up to 6.7 million barrels a day depending on markets.

What possible use is your cap if the regulator is looking at all the policies and saying that production basically stays the same?

• (1645)

**Hon. Steven Guilbeault:** I would be happy to answer your question, but I think Mr. Wilkinson—

**Mr. Charlie Angus:** No, I'd love to hear from you. I have Mr. Wilkinson all the time. I'd love to hear your answer.

**Hon. Steven Guilbeault:** I will paraphrase—or try to—what Minister Wilkinson said. He basically asked the energy regulator to do another study looking at what a 1.5°C compliance scenario would look like. I imagine that we will get that new scenario some months from now.

**Mr. Charlie Angus:** That's what I thought, but then you said that you were using them for your big plan that you came up with last week. I'm thinking, okay, so—

**Hon. Steven Guilbeault:** We had to, Mr. Angus. This was all that we had. I can't base an analysis on scenarios that we haven't seen.

**Mr. Charlie Angus:** You say you're not using them, but then you're using them, but Mr. Wilkinson is going to change it. I'm still confused.

**The Chair:** We're out of the two and a half minutes here.

As much as I'd love to hear more, we're going to move right on.

We're going to go now to Mr. Melillo for five minutes.

**Mr. Eric Melillo (Kenora, CPC):** Thank you, Mr. Chair.

Thank you to the ministers for being here.

I'll direct my questions to Minister Wilkinson, but Minister Guilbeault, if you feel that you're better suited to answer, feel free to step in. I'll allow you two to sort that out.

Minister Wilkinson, earlier, my colleague Mr. Maguire asked about consultation with indigenous communities, specifically around consent. You noted that your department is consulting with indigenous communities, but you didn't answer if you feel that your government needs the consent of indigenous communities before imposing this emissions cap.

Can you tell us if you feel the government needs consent from indigenous communities?

**Hon. Jonathan Wilkinson:** As I said, as with all policies and, in particular, policies that affect indigenous communities, we are very cognizant and desirous of significant and strong engagement with indigenous communities, ensuring that we are moving forward—

**Mr. Eric Melillo:** Do you need their consent?

**Hon. Jonathan Wilkinson:** —in a manner that will meet the concerns and the aspirations they communicate to us.

**Mr. Eric Melillo:** Do you need their consent? I think it's a very simple question.

**Hon. Jonathan Wilkinson:** As I said, we will be setting out through the process to try to achieve consensus with all the folks who are providing input through the process. However, we certainly intend to have meaningful consultation with indigenous communities.

**Mr. Eric Melillo:** That's certainly a non-answer.

Mr. Guilbeault, do you feel that the government needs the consent of indigenous communities before imposing this emissions cap?

**Hon. Steven Guilbeault:** I agree entirely with what Minister Wilkinson just said.

**Mr. Eric Melillo:** Okay. You agree with the non-answer. That's great to know. Thank you.

I believe that Indigenous Services Canada recognizes 634 first nations communities in the country. Minister Wilkinson, can you tell us how many communities you have consulted so far?

**Hon. Jonathan Wilkinson:** As you will be well aware, having heard from many of the witnesses, this is a relatively early part of the process. It is a process that is being led by Environment Canada. There have been initial conversations, but there will be many more.

Off the top of my head, I can't tell you how many indigenous communities.... I can't tell you how many individuals of the 37 million Canadians who may have an interest in this have participated either.

**Mr. Eric Melillo:** Would you be able to consult the department and come back to the committee with that information?

**Hon. Jonathan Wilkinson:** I'm absolutely happy to.

What I would say to you is that the government is looking to ensure that communities that have a strong interest in this put their hands up and tell us that they want to participate. That's in the same way we would be looking for members of the Conservative Party, members of the New Democratic Party, unions, businesses, and everybody else.

**Mr. Eric Melillo:** Thank you.

Let's go back to my first question, because we didn't get a clear answer on that.

Dale Swampy, from the National Coalition of Chiefs, spoke to the committee. He noted the importance of the natural resource sector to the communities that he deals with and how the natural resources sector is helping to alleviate poverty on reserve. He gave some great testimony, and I think it was clear that he is—I'll be a bit gracious to you—a bit unsure about the direction of this emissions cap.

I'll go back. In a scenario such as this, do you believe that you would need the consent of a community, the consent of an individual like Mr. Swampy, before moving forward on an emissions cap?

**Hon. Jonathan Wilkinson:** As I've said, we are absolutely committed to deep consultations to ensure that we are thoughtful and thinking through the input that indigenous communities provide to us.

I would say to you that one of the pieces of my mandate letter, which you probably know, is to develop an indigenous benefits sharing framework associated with the extraction of natural resources. I'm very much engaged in the conversation and very much aware of how important projects in the natural resources sector are to indigenous peoples.

**Mr. Eric Melillo:** Okay. I think I'm going to give you one more chance.

Do you think you need his consent before moving forward?

**Hon. Jonathan Wilkinson:** As I said, we will be reaching out and looking for indigenous communities to reach out to us to ensure that we are gathering the information that needs to be gathered as we try to think through the best way to implement this cap, in the same way that we will with provinces and territories, and others.

• (1650)

**Mr. Eric Melillo:** Okay. I appreciate that.

Minister, again, thinking of the importance of natural resources to these communities, moving forward, do you acknowledge how important natural resources are to many indigenous communities across the country? Do you realize that an emissions cap, even if it's just in the short term, and especially if it becomes a cap on production, rather than just emissions, would create a lot of economic hardship for first nations and indigenous communities across the country?

**Hon. Jonathan Wilkinson:** I am very much aware of that. I think I just said that many of these kinds of natural resource projects are very important, from an economic perspective, to indigenous communities. We are very much aware of that. That is why the national benefits-sharing framework is part of the work we will be doing over the course of the next couple of years.

Absolutely it is extremely important, and their input in this process is extremely important.

**Mr. Eric Melillo:** Thank you.

**The Chair:** We will now go to Ms. Lapointe for five minutes.

[*Translation*]

**Ms. Viviane Lapointe (Sudbury, Lib.):** Thank you, Mr. Chair.

I also thank the ministers for being with us today.

Mr. Guilbeault, could you share with the committee what steps the government will take to engage first nations in the design and implementation of the emissions cap to ensure that they can benefit, that risks can be mitigated, and that the needs of each community will be considered?

**Hon. Steven Guilbeault:** Thank you very much for the question.

I am pleased to report that engagement with our first nations partners is well underway and we will continue to encourage their participation and consult with them throughout the process.

Our government is fully, significantly and thoroughly committed to doing so. We recognize the important role that the oil and gas sector plays as an employer for many first nations, Inuit and Métis communities, and therefore their views will guide us in the design of this cap.

In early conversations with national organizations, we heard interest both in strong measures to reduce greenhouse gas emissions and in efforts to protect jobs in indigenous communities, which depend on the oil and gas sector. The implementation of a cap must be done in a way that respects and defends the rights of indigenous peoples.

I look forward to continuing the dialogue with our indigenous partners on this issue over the coming months.

**Ms. Viviane Lapointe:** Thank you.

[*English*]

My next question is for both ministers.

We've heard many witnesses speak about the importance of decreasing emissions rather than focusing on the production. Could both ministers speak to this, particularly in the context of how this position will support good-paying jobs?

**Hon. Steven Guilbeault:** Thank you for the question.

Let me be clear. The purpose of the cap on emissions for the oil and gas sector is exactly that, a cap on emissions. The objective is to provide ambitious and achievable emission reduction targets for the sector. This will help to drive up innovation technologies that will further support the reduction of emissions and grow our clean industrial advantage, which the world is striving for. Doing this work now is essential for the success of our decarbonization efforts, of which many good-paying jobs are dependent on.

**Hon. Jonathan Wilkinson:** This whole issue in terms of decreasing emissions versus focusing on production is important, and not just from a constitutional perspective and a jurisdictional perspective. If you think about global demand, all of the projections for global demand for oil show oil demand going either a little bit up, or, in the case of the IEA 1.5° scenario, a little bit down by 2030.

Between now and 2030, we have to make significant reductions in emissions. Of course, the reason that production won't go down significantly by 2030 is that you don't have a broad enough deployment of zero-emission vehicle technology. We need to ensure that we are driving down emissions at a time when the world is still demanding similar amounts of oil to what it is today. That is something that this cap is focused on: finding ways to incent and drive innovation to reduce emissions at a time when global demand is not declining.

After 2030, of course, with lower-carbon content barrels, the work that is done to drive down emissions so that the production emissions are very small is going to have value in the international community.

At the end of the day, we need to ensure that this cap will actually drive technology deployment that will reduce emissions, whether that's CCUS, hydrogen—and it's a range of other things—and that is exactly what this is intended to do.

**Ms. Viviane Lapointe:** Thank you.

[*Translation*]

Mr. Wilkinson, as we continue to consider new measures and move towards a greener economy, could you talk about how our government will help workers in the sector transition to more sustainable jobs?

• (1655)

**Hon. Jonathan Wilkinson:** Thank you for the question.

I believe that first and foremost we need to change the way we look at the energy transition. By taking thoughtful and decisive action now, we can foster Canadian competitiveness, growth and prosperity for decades to come.

Regionally, each of the provinces operates in a relatively unique natural resource situation. As such, the economic opportunities available to them and the approaches to a green transition and clean energy will differ across the country.

I will continue these conversations. Later this year, I intend to initiate a series of dialogue processes, at the regional level, that will focus on identifying and developing key regional opportunities and opportunities that will create the work of the future.

As the committee is also aware, our government is working to advance legislation and a comprehensive action plan to support sustainable jobs in Canada. This work is guided by ongoing consultations with workers, unions, indigenous partners, employers and provincial and territorial governments to support the future of workers and their communities in the transition to a greener, cleaner economy.

**Ms. Viviane Lapointe:** Thank you.

[*English*]

**The Chair:** That ends the time we have together for this afternoon. I understand that the ministers do need to leave right about now.

We do have another panel coming in and need to suspend for that. It will take us about five minutes. The officials will stay with us and we'll bring in the Canada Energy Regulator. So, after we finish a technology test with them, we'll get back. That should give us time to do one six-minute round for each of the four parties. Then at that point, we'll go in camera for drafting instructions briefly.

We're suspended for a few minutes.

• (1655)

(Pause)

• (1700)

**The Chair:** We are back in session for our second panel. As I noted, we will probably just do half an hour here. There's a five-minute opening statement from the Canada Energy Regulator, and then we'll do one round of six-minute questions. At that point, we'll end with our witnesses and go in camera for drafting instructions.

Depending on how quickly that goes, we could be done close to 5:30. We have the resources to continue in the room until about 5:45 or 5:50, so that's the timeline we're working with today.

With that, I'd like to welcome Ms. De Silva, Ms. Carr and Monsieur Charlebois. Regrettably, regarding Mr. Moffet from the environmental protection branch, his headset broke so he's not able to participate because of the challenges that would post for the interpreters. Then we have Mr. Hargrove here with us. Those are our witnesses, our experts, this afternoon.

With that, Ms. De Silva, I'll turn it over to you. I think you're doing the five-minute opening statement for the Canada Energy Regulator. I will start my clock.

**Ms. Gitane De Silva (Chief Executive Officer, Canada Energy Regulator):** Thank you, Mr. Chair.

[*Translation*]

Good afternoon, honourable committee members.

My name is Gitane De Silva and I am the chief executive officer of the Canada Energy Regulator. I am joined today by Jean-Denis Charlebois, CER chief economist and Dr. Genevieve Carr, CER chief environment officer.

[*English*]

I want to acknowledge that I am speaking to you today from the traditional territories of the Treaty 7 people of southern Alberta, which includes the Blackfoot Confederacy, comprising the Siksika, Piikani and Kainai first nations. Treaty 7 territory also includes the Tsuut'ina First Nation and the Stoney Nakoda, including the Chiniki, Bearspaw and Wesley first nations. The city of Calgary is also home to Métis Nation of Alberta Region 3.

Thank you for the opportunity to appear before you today to discuss our work at the Canada Energy Regulator and how it relates to your discussions on our greenhouse gas emissions cap for the oil and gas sector. I am going to speak to you today about the CER, our mandate and how energy infrastructure projects under the CER's jurisdiction are assessed, as well as our energy information function.

At the CER we work to keep energy moving in Canada while enforcing some of the strictest safety and environmental standards in the world. Our mandate is derived from our enabling legislation, the Canadian Energy Regulator Act that came into effect in 2019. It provided us with a new governance structure that separated our operational and adjudicative functions. As the CEO, I am responsible for the day-to-day operations of the organization. Our board of directors provides strategic advice and direction, and the commission is independent in its adjudicative functions.

Our core responsibilities include safety and environmental oversight, energy adjudication, energy information and engagement. In everything we do, safety and environmental oversight are always at the forefront. It is the reason we exist.

As a regulator, we oversee the safe construction and operation of energy infrastructure. The CER does not develop or set government policy, including federal climate policies. Questions on these matters are best directed to my colleagues from Natural Resources Canada or Environment and Climate Change Canada.

The CER Act established the commission of the CER as a court of record responsible for making independent adjudicative decisions and recommendations on pipeline, power line and offshore renewable energy projects within Parliament's jurisdiction. In making a decision or recommendation as to whether a proposed facility is in the public interest, our commission is required to take into account a number of specified factors, including the extent to which the project hinders or contributes to Canada's ability to meet its environmental obligations and commitments in respect of climate change.

The strategic assessment of climate change and the associated draft technical guidance published by ECCC are valuable tools to support us and industry in considering projects through a climate lens.

As outlined in the commission's filing manual, the commission will look at the magnitude of a project's direct GHG emissions and proposed mitigations, associated upstream emissions, its net-zero plan, the applicability of relevant laws and policies and the project's contribution to climate change commitments, in combination with other factors determined by our legislation.

Alongside our regulatory functions, the CER plays a vital role in providing timely and relevant energy information and analysis to support the energy conversation in Canada via our energy information core responsibility. We monitor energy markets on an ongoing basis and produce a series of publications on topical energy issues, such as energy trade, energy supply and demand, as well as pipeline utilization, among a series of other topics. We also model, based on a series of different assumptions, how possible energy futures might unfold for Canadians over the long term under various scenarios in our "Canada's Energy Future" series.

• (1705)

[Translation]

Our most recent version of Energy Futures, published in December 2021, included scenarios where we explored what Canada's electricity system might look like in a net-zero world, as well as a scenario where Canada and the rest of the world continue to take increasing actions to reduce GHG emissions.

[English]

Our modelling indicates that the evolution of Canada's energy system will depend on such key drivers as energy and climate policies, market prices and the pace of technological development.

The next iteration of "Energy Future" is slated to be released in the spring of 2023, and will be expanded to include modelling con-

sistent with Canada's commitment to achieving net-zero emissions by 2050.

[Translation]

Thank you for giving me the opportunity to speak with you today about the work of the CER, and more specifically, about our role relating to GHG emissions.

I look forward to your questions.

[English]

Thank you for the opportunity to speak with you today. I look forward to your questions.

**The Chair:** That was perfect timing. Thank you so much.

For anyone who has just joined us, I use the card system. The yellow card means 30 seconds left. The red card means the time is up, but don't stop mid-sentence. Just finish your thought and then we'll move on.

Our first round of six minutes starts with Mr. Maguire.

**Mr. Larry Maguire:** Thank you, Mr. Chair.

I want to thank Ms. De Silva for her opening remarks.

Has the Canada Energy Regulator ever reviewed the safety and environmental standards in such other countries as Saudi Arabia, Iran, Venezuela, Russia, China and Iraq? If so, I'm wondering if they've actually done a review of their requirements as well, for a comparison.

**Ms. Gitane De Silva:** Thank you for the question.

We are committed to continuous improvement, so we would look to regulatory structures in other countries to see where we might improve as a regulator.

We do that domestically within Canada as well. We're a member of something called the Western Regulators Forum, for example. We work with a series of western provinces to compare our approaches and see where we can, as I said before, continue to improve as a regulator.

• (1710)

**Mr. Larry Maguire:** I just wonder if you could table with the committee any analysis that you might have, just for an update. This is the last meeting we're having, I guess, on this topic, so if we could just get that, we could peruse that as well.

**Ms. Gitane De Silva:** Certainly. We'll make note of that.

**Mr. Larry Maguire:** Is there maybe similar information for over the last 10 years, if the CER keeps track of this, on how much Canadian crude oil and natural gas have been transported by truck and rail? Can you break that down and provide information for us on that?

**Ms. Gitane De Silva:** We do provide regular market snapshots, monthly usually, on crude-by-rail exports. We don't regulate crude by rail, but we do track that in our energy information programs. We'd be pleased to provide the past snapshots we have, if that would be of interest to you.

**Mr. Larry Maguire:** Yes. I don't know if it would go back 10 years or not, but if you have that information, and by truck too maybe, that would be great. Thanks.

I'm wondering if you could table a list of energy projects that your organization has received applications from since 2015, regardless of whether they were approved or the company decided to abandon their projects. It's just so that we can get a list of those who have applied.

**Ms. Gitane De Silva:** Certainly. The applications we receive do form part of the public record. We'd be pleased to provide that information to the committee.

**Mr. Larry Maguire:** In terms of how much time it takes for energy projects to get approved, has the CER ever reviewed where Canada's current legislation and regulations stand in comparison with other nations? We'd like an analysis of that for our perusal as well.

**Ms. Gitane De Silva:** All right. We'll make note of that request as well.

**Mr. Larry Maguire:** I have one more here. The Canadian regulator deals with energy companies every single day. In the newly released emissions reduction plan, the government wants a 42% reduction in emissions from the oil and gas sector by 2030, as we've heard. However, there are no details explaining how the government plans on doing that.

I just wondered if you would agree that the Canadian energy sector wants predictability, and that announcing caps without details could scare away investments.

**Ms. Gitane De Silva:** As I mentioned in my opening statement, the regulator in fact is not a policy department. Questions of policy would be best directed to my colleagues at either Enercan or Environment and Climate Change Canada. If it would be of interest, we could explain how we factor in climate change analysis in our commission review, our application review process, but the questions on policy would be best directed to my colleagues at Environment and Climate Change Canada.

**Mr. Larry Maguire:** Thank you. I would take your assessment of that as well, then. You just pointed out that you do that, and we would certainly like to have that information as well.

Chair, how much time do I have?

**The Chair:** You have just over two minutes.

**Mr. Larry Maguire:** My colleague had to leave, but he had a question.

On page 48 of the recently released "2030 Emissions Reduction Plan", we read, "Modelling of the most economically efficient pathway to meeting Canada's 2030 target projects that the oil and gas sector would make a significant contribution...".

I'm just wondering what production forecast was used in this modelling.

**Ms. Gitane De Silva:** I will defer that question to my colleague Jean-Denis Charlebois, who is our chief economist and works on our energy futures projects.

I'll pass that over to you, Monsieur Charlebois.

**Mr. Jean-Denis Charlebois (Chief Economist, Canada Energy Regulator):** Thank you, Ms. De Silva.

Mr. Chair, if I understood the question correctly, the modelling that was just referenced was done by Environment and Climate Change Canada, I presume, as part of the development of the emissions reduction plan.

If I understood the question correctly, I think our colleagues from Environment and Climate Change Canada would be best positioned to speak to the modelling they have done to assess the contributions of the oil and gas sector to the emissions reduction.

**The Chair:** I'll stop the clock.

Regrettably, the member from Environment and Climate Change broke his headset and we weren't able to get him online today, so we don't have anybody from that department.

**Ms. Gitane De Silva:** Perhaps if I could clarify, Mr. Chair—

• (1715)

**The Chair:** Just before you do, I'll—

[*Translation*]

**Mr. Mario Simard:** Mr. Chair, I have a point of order.

There have been times when a witness has been absent due to technical problems. However, I do not believe it is acceptable for a deputy minister to use such problems to avoid appearing before us. With the announcement of the Bay du Nord project resulting in an awkward situation, I had many questions I wanted to ask Mr. Moffet, but they will go unanswered.

So I would ask that we call the deputy minister again, as we have done before with witnesses who have been absent. I find it unacceptable for a deputy minister to use technical problems to avoid appearing before the committee, especially on a day that is inconvenient for the government, as is the case today.

[*English*]

**The Chair:** I hear your frustration. We had done the technology check. He's travelling today and found himself in a hotel room with a broken headset, and there was no time to get a new one—

[*Translation*]

**Mr. Mario Simard:** This is too convenient.

[*English*]

**The Chair:** It's the situation we have.

Look, what I would suggest is that we go through the questions—

[Translation]

**Mr. Mario Simard:** I hope he will appear before the committee in the near future. He can't just avoid us like that. If we accept this, in other committees, deputy ministers could cite technical problems to avoid appearing. This could set an awkward precedent.

[English]

**The Chair:** I'm not going to make excuses. Like I say, we had him online, but he could not pass the technology check that we did for today's session. What I'm going to suggest is that we go through this with the witnesses we have for the remaining time, and then, when we go for the report discussion, we can discuss this if we need to do anything else.

In the meantime, Larry had the floor with 42 seconds left.

I think Ms. De Silva was going to weigh in on a comment in the absence of Mr. Moffet. I'll leave it to you where you want to go.

**Mr. Larry Maguire:** Yes. I have these questions that my colleague had. I'm just going to table them with the clerk, and we can get a reply from them at that point, if it's okay.

I have a question here. Have any of the top ten oil-producing countries in the world imposed an emissions cap? Have Russia, the U.S., Saudi Arabia, Iran, Iraq, China, the UAE, Brazil and Kuwait in particular—any of those countries—imposed an emissions cap?

**Ms. Gitane De Silva:** Again, that would be a question of policy. I would defer to Glenn Hargrove, who I believe is there in the room from NRCan and who might have that information.

**Mr. Glenn Hargrove (Assistant Deputy Minister, Fuels Sector, Department of Natural Resources):** Thank you.

The answer is no, not to our knowledge.

**Mr. Larry Maguire:** Okay. I'll table these with the clerk.

**The Chair:** Perfect.

Now we're going to Ms. Dabrusin.

You'll have six minutes.

**Ms. Julie Dabrusin (Toronto—Danforth, Lib.):** Thank you, Mr. Chair.

My first questions are for Canada Energy Regulator.

I'd like to get more details. I know there have been a fair number of questions that we've heard about imports and foreign oil. It might be helpful to perhaps get a bit of clarity on that.

Am I correct that the regulator reviews the amount of oil imports to Canada? Is that part of what you do?

**Ms. Gitane De Silva:** The regulator does authorize exports of hydrocarbon, and only imports of natural gas. We do track imports. If you have specific questions, Monsieur Charlebois is chief economist and that's part of his role. He could answer those questions.

**Ms. Julie Dabrusin:** Sure.

If we compare the level of oil imports now to, say, 10 years ago, are they going up or down?

**Mr. Jean-Denis Charlebois:** As a general trend, oil imports are trending down in Canada.

**Ms. Julie Dabrusin:** I was looking at what I believe is a market snapshot that was released at the end of March. Is it correct that crude oil imports to Canada are the lowest amount imported since 1988? Does that sound correct?

**Mr. Jean-Denis Charlebois:** It does, yes.

**Ms. Julie Dabrusin:** Thank you.

The other question that seems to come up a lot is where this oil comes from. Where does the largest amount of our crude oil come from?

• (1720)

**Mr. Jean-Denis Charlebois:** It comes from the United States.

**Ms. Julie Dabrusin:** Thank you. That's helpful.

Do you know roughly what percentage of our oil imports comes from the U.S.?

**Mr. Jean-Denis Charlebois:** In 2021, it was 66%.

**Ms. Julie Dabrusin:** Perfect.

**Mr. Jean-Denis Charlebois:** I might point out that, as we look at past trends, the United States is taking an increasing share of this. If we go back 10 years, we can see that Canada was importing oil from a more diversified group of countries.

**Ms. Julie Dabrusin:** Thank you. That's helpful.

So that's actually changed over the past...I don't know if I caught how many years. Did you say it was 10 years?

**Mr. Jean-Denis Charlebois:** Yes, about 10 years.

**Ms. Julie Dabrusin:** Thank you. That's helpful.

I will turn to Mr. Hargrove for a question.

We've also been talking a lot about the International Energy Agency and what changes they're looking at due to the Russian invasion in Ukraine. I believe they issued a 10-point plan.

Have you had a chance to review the 10-point plan from the IEA?

**Mr. Glenn Hargrove:** I have seen the 10-point plan, yes.

**Ms. Julie Dabrusin:** When you look at it, do you have a sense, from what you've reviewed from the IEA generally over the past month, since the Russian invasion, that there's also a focus towards moving Europe to renewables and other forms of energy other than Russian oil?

**Mr. Glenn Hargrove:** Yes. The work with the IEA, particularly on moving Europe away from reliance on Russian imports, looks at not only diversifying the immediate supply but also at the long-term transition to renewables, and also demand restraint measures and those sorts of things as well. The IEA takes a holistic approach, and I think that's consistent with what the European Union and member countries are looking at as well.

As Minister Wilkinson stated, there is obviously a very acute energy security issue in Europe, and that is not to be downplayed. I would also say that they are looking at these twin crises and how they can not only meet their current energy needs, but also looking at how to transition toward a lower-carbon energy future.

**Ms. Julie Dabrusin:** An interesting quote that came out of that, I think by the Irish minister responsible for energy—I don't know their proper title—was something like “No country can hold the wind or the sun hostage”, when talking about energy security and looking to forms other than oil and gas.

I'm running out of time, so quickly, you mentioned that the European Union is consistently looking towards renewables as a mid-term and long-term.... Do you have anything you can add about that?

**Mr. Glenn Hargrove:** Yes. The Prime Minister also announced a Canada-EU energy security working group to look at the immediate energy needs and the medium- to long-term energy needs, and to look at a holistic view around energy security. We have had initial conversations under that working group and have been talking about things like LNG and the pathway to a hydrogen economy as well.

**Ms. Julie Dabrusin:** I just got a red card and that means our time is up. Thank you very much.

**Mr. Glenn Hargrove:** Thank you.

**The Chair:** Thank you.

Mr. Simard, before you start, I've discussed with the clerk—we've done this with Mr. Maguire—that if you could get us any questions you have for Environment and Climate Change, we will send them to the department and get a response. Then, if you have a follow-up, we can do that as well to try to get any of that testimony and the invitations there for all sides, if that helps with the situation today.

[*Translation*]

**Mr. Mario Simard:** In my opinion, this is not the spirit of the committee. We meet in committee to question people. If it were just a matter of sending questions in writing, we wouldn't need the committees. I'm just pointing out that I may be tabling a motion later on to call Mr. Moffet back in, especially given the circumstances of what was just announced about the Bay du Nord project.

And I won't hide from you that it irritates me somewhat to see a deputy minister who is no more prepared than that and who finds himself unable to appear because his equipment is broken. Frankly, it is not very serious. In my former life, I was a university teacher, and this reminds me of a student who says that he cannot hand in his work because his dog ate it. That's not very serious.

I'll put it to you this way. I hope it will not be taken away from my six minutes of speaking time.

• (1725)

[*English*]

**The Chair:** I'll start your time now.

[*Translation*]

**Mr. Mario Simard:** We heard from many witnesses that capping emissions through carbon sequestration and capture may be effective, but only for certain industries. These include cement plants and other industrial processes that pollute. This, they argue, is not necessarily the case for oil.

Today we learn that the Bay du Nord project will potentially release 430 megatonnes of CO<sub>2</sub> into the atmosphere. I can't believe that the department, before the Liberals introduced the 2030 Emissions Reduction Plan, didn't calculate that.

Is there anyone in the Department of Natural Resources who was aware of what was coming and did calculations on what the Bay du Nord project could represent if they tried to cap emissions?

[*English*]

**Mr. Glenn Hargrove:** Perhaps I can provide a short response, but again this question would be best directed toward Environment and Climate Change Canada.

What I would say more generally, rather than specifically, about the Bay du Nord project is that when the emissions reduction plan was developed, part of the process there was to look at the Canada Energy Regulator scenario forecasts for production. That would take into account expectations about future project development and those sorts of things. A number of measures and technologies are then modelled—policy instruments, those sorts of things—along with the impact that those would have on emissions and production.

While I can't speak specifically to the Bay du Nord project itself, I would say that type of modelling takes into account expectations about future production growth and the role of policy and technologies in the reduction of emissions in the industry.

[*Translation*]

**Mr. Mario Simard:** In my opinion, one thing that we managed to demonstrate during the study we conducted is that low-carbon oil is not profitable. People in the oil and gas sector won't go into it without state support. That's pretty clear. The oil companies did not want to answer the questions we asked them on this subject, but several witnesses from the environmental community came to tell us that it was not profitable for them. This is evidenced by the fact that the two major carbon sequestration projects in Alberta, worth \$2.5 billion, are 57% publicly funded.

Tomorrow, we're going to see a tax credit for carbon capture in the budget. It seems to me that a project like Bay du Nord is going to blow the federal government's financial support for the oil and gas industry right out of the water.

Has the Department of Natural Resources factored that into its calculations?

[*English*]

**Mr. Glenn Hargrove:** To make sure I understand the question, what you're asking about is the impact on the requirement for public support of the Bay du Nord project as it relates to emissions production.

• (1730)

[Translation]

**Mr. Mario Simard:** I will clarify my question.

We are looking at capping emissions, and one of the strategies for capping them is carbon sequestration and capture. We know that there will be a tax credit in the budget for that. If you want to cap it and increase production, I guess you have to do more carbon sequestration and capture. Therefore, the value of the tax credit should be much higher than you anticipated, not knowing that the Bay du Nord project was going to happen.

Has the ministry done this type of calculation?

[English]

**Mr. Glenn Hargrove:** The Department of Finance is responsible for the investment tax credit around CCUS. As you indicated, the intention is to announce the details of that. I do not have the details of what will be in the budget with respect to the investment tax credit.

[Translation]

**Mr. Mario Simard:** I know that Mr. Guilbeault has announced his intention to end inefficient subsidies to the oil and gas sector. I assume that is also part of your thinking.

Do you consider supporting carbon sequestration and capture strategies to be an effective form of subsidy?

[English]

**Mr. Glenn Hargrove:** I believe that CCUS is a critical tool for reaching our climate objectives. That's in line with statements by the International Energy Agency, the IPCC and the International Renewable Energy Agency as well. It's part of all net-zero scenarios going forward.

**The Chair:** Thank you.

[Translation]

**Mr. Mario Simard:** Thank you.

[English]

**The Chair:** Mr. Angus, it's over to you for your final six minutes.

**Mr. Charlie Angus:** Thank you.

Thank you, Madame De Silva, for being here. I have been reading your Canada Energy Regulator reports with great interest and trying to figure out how you come to your analysis.

When you're looking at future trends, you would take into account the rising price of the carbon tax year by year as you look at what production levels may go to. Would that be how you would do it? Would that be part of it?

**Ms. Gitane De Silva:** I will ask Monsieur Charlebois to answer in more detail, but the way the projections and the modelling work is that we look at existing policies and legislation, the things that have already passed and are on the books. If you would like the specifics, I could speak to what was included.

**Mr. Charlie Angus:** No, thank you. I wanted to know that, because one of the things we're told all the time by this government is

that putting a price on carbon is the most effective way to change behaviour, but if it's still very profitable to increase production, and that's factored in, that's of interest.

When I asked Mr. Guilbeault about the news that a major new oil project, the Bay du Nord, is coming on stream, he told the committee that part of the analysis they worked on was the Canada Energy Regulator's latest scenarios that are looking toward a million-barrel-a-day increase.

When you look at the environment plan put out by Mr. Guilbeault, does that contradict the work and predictions that you have made, or would you say that they are complementary?

**Ms. Gitane De Silva:** I'll ask Monsieur Charlebois to answer your specific question about how projections are included in the work done by Environment and Climate Change Canada. I would just point out, in answer to your earlier question, that a price on carbon would be only one of the factors considered in the modelling we do. We can certainly table the whole list of factors with this committee if that would be of interest, so we can ask Monsieur Charlebois to—

**Mr. Charlie Angus:** Absolutely. That would be helpful. I just wanted to get a sense of whether you guys are at cross-purposes with your prediction and what the government is claiming. I've heard two different stories, one from Mr. Guilbeault, who said he factored it in, and one from Mr. Wilkinson, who said he's sort of sending directions and that he wasn't pleased with it.

Based on your prediction, you're looking at a million-barrel-a-day increase under the evolving policy scenario. So when you look at the plan by Mr. Guilbeault and the government, would that be contradictory to what you're anticipating—that million-barrel-a-day increase?

• (1735)

**Ms. Gitane De Silva:** I will point out that our modelling is projections and not predictions. These are models based on a variety of assumptions. I can ask Monsieur Charlebois to explain how we, at the regulator, in the energy information that we generate, work with our colleagues at Environment and Climate Change Canada.

**Mr. Jean-Denis Charlebois:** Sure.

As Ms. De Silva mentioned, we make projections based on a series of assumptions. Some of the key assumptions underlying the oil production forecast are that there will be an increase in carbon pricing, which has been announced, and, depending on the scenarios, there will be a continued increase in that carbon price beyond 2030. We also have to make assumptions about the price of oil globally and how it translates with respect to Canadian oil, as well as some of the policies around climate. Then we—

**Mr. Charlie Angus:** That's helpful. I get that. I'm sorry but I'm running out time here.

I asked that question because when you came up with your December scenario, the war in Ukraine wasn't on anybody's radar, and that has been a significant game shifter. It was also not really certain whether Bay du Nord was going to go ahead.

That's an extra 500,000 barrels a day that have been added on, but your projection is for a million barrels a day, so based on what you're saying—and I know you don't like to talk off the top of your head—are you looking at this 500,000 barrels as being in addition to the million you were predicting?

**Mr. Jean-Denis Charlebois:** We really run two scenarios, one based on current policies and another based on evolving policies. We don't make specific assumptions about whether or not specific projects are coming online. As I mentioned, our production forecast is based on, most importantly, the price of oil, the price of carbon and climate policies that become more stringent, depending—

**Mr. Charlie Angus:** That makes perfect sense to me. It's just that in December, the Ukraine war wasn't on anybody's radar. Now we're doing a massive increase, and Bay du Nord hadn't been approved. That would be another 500,000, but you were talking about a million-barrel-a-day increase.

You have two scenarios. One is that it goes up to 6.7 million barrels a day by 2044. The other scenario, which you say is based on lower GHG emission plans, puts us at 4.8 million barrels a day, which is roughly equivalent to where we were in 2019. In that scenario, we're pretty much back where we began. Is that correct?

**Mr. Jean-Denis Charlebois:** That's correct to a large extent.

One thing I will add, though, is that you make reference to recent events that have obviously disrupted the global energy system, and the nature of our projections is really for the long term. We're talking about projections to 2050. So as the—

**Mr. Charlie Angus:** But the 6.7 million barrels a day that we could be seeing in 2044 could involve uncertainty in global markets and could involve price rises. Regardless of what happens here, we could be looking at a major increase to 6.7 million barrels. However, you're saying that if everything goes based on the government's planning, we will basically have the equivalent amount of energy oil being produced per day in 2050 that we have today.

**Mr. Jean-Denis Charlebois:** As Ms. De Silva indicated at the beginning, those are projections based on assumptions we are making. We don't have a crystal ball: We don't predict the future. Instead we run analyses and models that require assumptions. Then our results will indicate whether there is economic value in putting production online.

**Mr. Charlie Angus:** Thank you very much for that.

**The Chair:** That brings us to the end of the time we have for today.

[Translation]

**Mr. Mario Simard:** On a point of order, Mr. Chair.

[English]

**The Chair:** Yes.

[Translation]

**Mr. Mario Simard:** I would like to table the following motion:

That the committee invite again the assistant deputy minister, Environmental Protection Branch, to appear for a period of one hour.

[English]

**The Chair:** I thought it was a point of order and you can't move a motion on a point of order.

We were going to suspend and come back for committee business. If you want to do it then, you can.

Garnett.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Mr. Chair, will the committee business be in camera—

**The Chair:** Yes.

• (1740)

**Mr. Garnett Genuis:** —or in public?

Okay. Since I have the floor and I didn't acquire it on a point of order—I sought your attention and received the floor—I will respectfully move the motion that Mr. Simard just moved.

I will move that the deputy minister for environment be invited to appear before this committee for one hour and that he may appear either remotely or in person, so that he can avoid the potential technology problems.

**The Chair:** Is there any discussion?

**Mr. James Maloney:** Hold on. I have point of order.

That's cute, but he's responding to a point of order, which doesn't make it appropriate

**Mr. Garnett Genuis:** I asked for the floor.

**Mr. James Maloney:** No, you were responding to the point of order raised by Mr. Simard. The chair was kind enough to allow you to talk. We're still dealing with the same issue. It does not change the fact that it's out of order.

Let's end the meeting, go in camera and deal with committee business.

Thank you, Chair.

**Mr. Garnett Genuis:** That's a totally inaccurate description of what happened, respectfully, Mr. Maloney.

**The Chair:** We need to dispense with this one way or another. We will call the vote.

We have a motion.

Julie.

**Ms. Julie Dabrusin:** To clarify, we have this study on a just transition that we're launching into. Is it going to be taking time from our just transition study to have this next piece? How would that get scheduled?

I think it's relevant. I just want to know how it's going to be scheduled.

**The Chair:** If we're delaying this, it will bump into the just transition study. We also have the motion for the study we're trying to conclude today, which also includes a tabling date of April 28. That will push that.

Those are things to keep in mind as we're voting on this motion that has just been put before us.

Charlie.

**Mr. Charlie Angus:** Thank you.

I would normally totally support my colleague, and I always think it's important to have people come, but we have two major studies that we have to get the reports out for. I think it damages the credibility of our committee to have done that much work and we still don't have the methane reduction thing done.

I'm just surprised. We're taking time here tonight. I don't think we're going to get it done tonight, so it's going to take another time. We've committed to meetings on just transition, so if we keep throwing other things in there, we're not going to get anything done. I'd rather just get the vote done.

We need to make a decision about the methane report. Then we're going to have major instructions on the emissions cap. That is a major study we've just undertaken. We have to do this thing right.

**The Chair:** I have Mr. Simard, and then if there's nobody else, we'll vote.

[*Translation*]

**Mr. Mario Simard:** What is damaging to the reputation of the committee is that a deputy minister can cite technical problems to avoid appearing. I'm not saying that the allegation of technical problems was unfounded, but it's a bit of an easy excuse. In sticky situations, every deputy minister could now invoke a technical problem to avoid appearing before the committee.

I think the diligence of a parliamentarian should be paramount. I think what we should do is vote on the motion to invite the deputy minister back so we can ask him questions, especially since we have received some information today that is very troublesome and is related to our study on capping GHG emissions.

In my opinion, this completely changes the interventions of several witnesses. So I don't see why we would rush to another study to sweep under the rug a government action that is very questionable from an environmental perspective.

I have great difficulty in grasping my colleague Mr. Angus' logic in this regard. Just as I have difficulty grasping the logic of the government, I do not see what pretext we have for allowing a deputy minister not to testify. To swallow this tactic is to abandon our responsibility as parliamentarians.

[*English*]

**The Chair:** Thank you.

**Mr. James Maloney:** Can we just clarify so that the record is clear?

I still believe this vote is inappropriate but, nonetheless, just so the record has no errors in it, it is the assistant deputy minister, not the deputy minister. It's the assistant deputy minister of the environment, not natural resources, for Mr. Genuis's interest since he suddenly has a keen interest in the subject of his attending.

• (1745)

**Mr. Garnett Genuis:** I suspect this issue is more important in my riding than in yours.

**The Chair:** I'd like to speak now.

To clarify, today we had invited John Moffet, assistant deputy minister, environmental protection branch.

We have a motion that's been put forward. We can repeat it, and then we'll have the vote on what has been put before us.

We don't have the wording so we'll need to write it down and then we'll have the vote.

[*Translation*]

**Mr. Garnett Genuis:** Perhaps Mr. Simard could repeat what I said.

**Mr. Mario Simard:** Here is the motion that my colleague has put forward:

That the committee invite again the assistant deputy minister to appear for one hour, at the earliest opportunity.

**Mr. Garnett Genuis:** That's right.

[*English*]

**The Chair:** That is the motion.

(Motion negated)

**The Chair:** With that I'm going to suspend this part of the meeting.

**Mr. Charlie Angus:** I have a question on that.

**The Chair:** We'll bring our analysts back in to do a quick discussion on drafting instructions.

I also want to thank the officials for being with us today.

You are free to go, if you want to drop off-line or leave the room. Thanks for being here.

Charlie, before I suspend, please go ahead.

**Mr. Charlie Angus:** Because I wasn't told we were going to be going later and I have other meetings, I would like to have a sense of how long we're going to be in camera.

**The Chair:** If I can suspend this, we can get back into it and we'll see. We only have the room for another five minutes or so. Actually, we have the room for 10 minutes. That's the clock that we're up against.

The meeting is suspended.

[*Proceedings continue in camera*]







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