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Chair

Mr. Alan Tonks

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● (1115)

[*English*]

The Chair (Mr. Alan Tonks (York South—Weston, Lib.)): Good morning, members of the committee. Bonjour. Members of the audience and those who are interested in following the proceedings, welcome. Welcome to our witnesses this morning.

Pursuant to Standing Order 108(2), we are continuing a study on Canada's implementation of the Kyoto Protocol, part II, a lower carbon energy supply.

Today the following witnesses are appearing: from the Canadian Association of Petroleum Producers, Mr. Pierre Alvarez, president, and Rick Hyndman, senior policy adviser, climate change; from the Canadian Energy Pipeline Association, David MacInnis, president; from the Coal Association of Canada, Allan Wright, executive director, and George White, senior energy adviser; and from TransAlta Corporation, Bob Page, vice-president, sustainable development, and Don Wharton, director, offsets and strategy. Welcome.

Before we commence with the witnesses, I'd like to get some instruction from the committee. Members of the committee, you will note that we do have a motion from Mr. Mills, and due notice has been given. Is it the wish of the committee to deal with this at the front of the session or at the end? The chair is flexible with regard to how we do it. I don't think it will take that long.

Mr. Bob Mills (Red Deer, CPC): It's on the agenda. I think we should get it over with in case we lose our quorum. It won't take very long, I wouldn't think.

The Chair: All right. Perhaps I could beg the indulgence of the witnesses to deal with the matter.

An hon. member: Let's deal with it after we've heard from the witnesses.

The Chair: Okay. Thank you very much.

The committee is looking forward to the witnesses' deputations, and in that spirit they've decided they'll put off the notice of motion and we'll go directly to the witnesses.

Just to explain the procedure, we allow about 10 minutes for the deputation, and then we have a 10-minute envelope of questions for each of the parties. I will take you through that when the deputations are finished.

Unless there has been a decision as to who would commence, I wonder if the suggestion would be acceptable that we go in the order shown on the agenda. Are there any problems with that?

Then we'll start with the Canadian Association of Petroleum Producers, Mr. Alvarez and Mr. Hyndman. Who would like to begin?

Mr. Pierre Alvarez (President, Canadian Association of Petroleum Producers): That would be me, Mr. Chairman.

The Chair: Mr. Alvarez.

If you get any further around there, we'll make you a member of Parliament.

Mr. Pierre Alvarez: There are a lot of things I aspire to in life, Mr. Chairman. This isn't one of them, but thank you very much for asking.

Thank you very much, Mr. Chairman and committee members. The Canadian Association of Petroleum Producers represents the upstream oil and gas industry in Canada, from the east coast offshore to the explorers in the north, the oil sands producers, and the conventional basin. Our members represent about 98% of the production in Canada this year. Capital expenditures by the sector will exceed $30 billion this year, making us the largest single capital contributor in the country. We employ directly and indirectly 500,000 Canadians from coast to coast to coast. In the current price environment, our expectation is that direct payments to government in Canada this year will exceed $18 billion. So you can see that we are a very large part of the Canadian economy.

We have sent our material in advance, Mr. Chairman, so I'm not going to go through the slides in particular. I'd certainly welcome any questions, as you have said. I will, though, key off the key background points I have made. Many of these points obviously will not be new to the committee, but I think they are worth repeating into the record.

First and foremost is that global energy demand will continue to rise significantly as populations' standards of living rise in the developing countries. That will also be the case in Canada, as we have seen over the last 10 years, as our population and economy continue to be very strong. As a result, the world will continue to rely on oil, gas, and coal as the dominant forms of primary energy, because economic alternatives are simply not abundant enough to meet demand growth and displace hydrocarbons.

To give you just a few examples, in the past 18 months demand for crude oil in China has increased by a million barrels a day. Canada produces 2.5 million barrels a day. This gives you an idea of the scope that is out there. In each of the last two years, demand in India has increased by 400,000 barrels a day of domestic consumption.

That is not to say, however, and we have never said, that Canada and other countries should not take action. In fact, we believe we should be ready to take actions to reduce non-energy emissions, enhance forest and agricultural sinks, improve energy efficiency throughout the economy, and promote energy alternatives and energy efficiency in all forms.

However, we also need to think about the fact that GHG emissions will continue to grow; therefore issues about management, adaptation, capture, and storage all require a response as part of the public debate.

As you well know, we've always said that the Kyoto Protocol is not an appropriate forum in which to approach this issue, because we feel the focus on the international allocation of emission rights and associated wealth transfers is not a recipe for successful cooperation on addressing climate change. Going back to the beginning, my comment is that the huge majority—in fact almost all—of the projected growth in greenhouse gas emissions is in countries without Kyoto targets. Remember, this agreement goes until 2012.

I would further add that in the context of talking about climate change, one also has to talk about energy policy and economic policy. To that extent, the development of Canadian oil and gas resources, and the frontier and oil sands in particular, are a major economic opportunity for this country. The oil sands reserves are second only to those in the Middle East. Given the vulnerability of oil supplies from the Middle East, and increasingly from parts of South America, Canada has an obligation to add secure supplies to the North American marketplace.

As part of that debate, one has to remember that over 80% of the emissions from the production and use of oil and natural gas occur at the end use of consumption, with 20% from the production, transmission, and refining of oil and its delivery to consumers. What that tells us is that shifting oil production from Canada to other countries would result in no reduction in end-use emissions on a global scale, and little or no reduction in global upstream emissions.

As part of that debate, and as has come out of the budget, many have talked about the concept of “polluter pay”, which usually implies that those emitting should try to reduce emissions, incur costs to do so, and bear costs for the remaining emissions. In industry's case, polluter pay also means that the cost of reducing emissions and the cost of remaining emissions should be reflected in the price of all products. With an open economy and many sectors driven by international markets, implementation of polluter pay for GHGs would require a GST-style policy design reaching into every corner of the Canadian economy.

● (1120)

That's why, in our point of view, the focus on Canada's target of 570 megatonnes has unfortunately shifted attention from talking about who is going to pay, whether it's under polluter pay or other vehicles, rather than how we reduce emissions. If there is one regret about the Kyoto debate, it's not that it has raised the issue of greenhouse gas emissions, but that we have spent the entire time talking about who is going to pay for reaching the gap that is unachievable through domestic action, who will bear that burden, and what the implications are.

As part of our role in the debate in the large final emitter process, we have staked out some very clear ground, which we're happy to share with you, as we have with the policy-makers over the last number of years. It consists of three key things.

One, domestic policies need to be based on a series of principles that apply to all sectors, that support the competitiveness of the Canadian industry so that Canada can make its contribution from a position of prosperity and industrial strength; we need to improve energy efficiency throughout the whole economy; we need to advance energy alternatives; and we need to support investment in technology development and demonstration, including CO_2 capture and storage.

Two, when you go to the next level of detail, down to that of the large final emitters, we have also staked out a series of points that we believe would take those four points and reflect them in a very, very important piece of policy, if the government decides to proceed down the Kyoto track. It is based on a reflection of the government policy commitments that were made in December 2002 and July 2003, which limited the compliance costs liability to no more than $15 per tonne of CO_2 and no more than a 15% reduction from business-as-usual intensity.

The oil and gas industry should not be discriminated against and its percentage reduction from business as usual should be the same as any other industrial sector in Canada.

We believe very strongly that there must be a credible competitive credit for contribution to technology development in Canada. Canadians need to invest in technology solutions both at home and from an international point of view.

When one remembers that Kyoto is in many ways as much a piece of economic policy as it is of environmental policy-making because of the investment questions that arise, there is a need for long-term certainty on major projects, and we have put forward a proposal to Ministers Efford and Dion that the best available technology economically achievable performance standard for large new facilities, with recognition of other environmental regulations, needs to be set and locked in for a 10-year period.

We have set out a means by which we believe there is a way of measuring improvement from business-as-usual intensity for existing and smaller facilities.

And finally, because the oil and gas industry derives its rights to explore and develop primarily from the provinces, but not entirely, we believe provincial implementation has to be part of the solution. In our case, we believe a national process whereby the Alberta regulatory process could monitor compliance is the way to go. I think we can similarly make the case in British Columbia, through their oil and gas commission. It's important that we not be caught in a battle of jurisdictions and an inefficient system because the two levels of government are unable to agree.

Three, when you look longer term, Canada should promote a post-2012 approach that will engage major countries in a cooperative international effort on energy efficiency and technology development.

With that, I'm happy to either take questions now or later, as the committee wishes. Thank you very much for the opportunity to be here today.

● (1125)

The Chair: Thank you, Mr. Alvarez. You were just a little under time, so thank you for that. We'll hold questions until we've heard from all the deputants. I think that's the way we'll proceed.

We'll now hear from the Canadian Energy Pipeline Association. Who is going to lead off with that?

Mr. MacInnis.

Mr. David MacInnis (President, Canadian Energy Pipeline Association): Thank you, Mr. Chairman and committee members, for inviting CEPA to speak with you today.

Our member pipelines transport over 95% of the oil and natural gas that is produced in Canada. We operate over 100,000 kilometres of pipeline in Canada and almost as many in the United States. Over the next two decades my members are forecast to invest approximately $20 billion in new infrastructure development in Canada.

For the past decade CEPA members have also been at the forefront of managing greenhouse gas emissions from their operations. Through this effort we've developed considerable expertise with the technical and economic challenges of reducing greenhouse gas emissions. CEPA pipelines have improved operating procedures, participated in research and development projects, and implemented new technologies in this endeavour.

Natural gas is considered to be part of the solution to the climate change issue as well as to air quality concerns, since it burns much cleaner and has a lower carbon content than other fossil fuels. CEPA's natural gas transmission pipelines currently transport in excess of 6.3 trillion cubic feet of natural gas each year, a 78% increase since 1990. This increase in demand has been a result of Canada's strong and growing economy, plus growing demand south of the border, but part has also been driven by other industries' efforts to reduce their own GHG emissions by switching to less carbon-intensive fuels such as natural gas.

While everyone benefits from a cleaner environment, it must be understood that this greater demand for natural gas places a disproportionate burden upon pipeline operators to reduce GHG emissions from their own systems. It is worth noting that the previously mentioned 78% increase in natural gas transported since 1990 resulted in an increase of only 13% in direct GHG emissions from CEPA-member pipelines over that same period. This demonstrates that our members have significantly improved their GHG intensity, but continued growth in demand across North America, and supply basins being developed in more remote areas, resulting in longer distances to haul to markets, will work against our members as they strive to further reduce emissions from their operations.

Canada is the most energy intensive of the G-7 economies. This is a result of our resource-based economy, immense land mass, and northern climate. Increased economic activity and a growing population have been the primary drivers of growing energy demand in Canada. To date, improving energy efficiency has been the major mitigating factor countering this rising demand. Despite this, the National Energy Board still forecasts energy demand to grow by 1.5% per year through 2025.

CEPA recognizes the efforts made by the Government of Canada to encourage energy efficiency throughout the country. We certainly welcome the recent announcement in the federal budget for accelerated capital cost allowance rates to promote the use of more energy efficient equipment. The One-Tonne Challenge has also helped to raise awareness of energy efficiency with the general public. This is very important, as roughly 80% to 85% of the total GHG emissions from a unit of natural gas or oil product are the result of its end use. The remaining 15% to 20% of emissions are for production, transmission, and processing or refining. Focusing on demand-side management can generate a bigger bang for our buck.

More initiatives like these are needed to improve Canada's energy intensity. One that CEPA has recommended is a research and development compliance option for industries designated as large final emitters of GHGs. Rather than purchasing foreign emission credits, this initiative would allow Canadian companies to meet their GHG emission targets by investing in R and D projects within Canada aimed at improving energy efficiency and reducing GHG emissions. This would make a positive contribution to the international climate change effort by establishing Canada as a centre of technical excellence in this field.

Canadians are demanding that their regulatory system must above all protect the health, safety, and environment of Canadians. But they also expect the regulatory system to facilitate the timely delivery of the social and economic benefits generated by the regulated industries. Canada's current regulatory system does an excellent job on the former, but not such a good job on the latter.

CEPA supports the call by the External Advisory Committee on Smart Regulation for a predictable and transparent regulatory system. Their report provides a very clear framework for achieving this objective, and we recommend that implementation of the reforms should be pursued immediately, as many of the initiatives will address energy efficiency matters and the reduction of GHG emissions. One example would be the elimination of current regulatory disincentives that inhibit the implementation of cogeneration projects that utilize waste heat recovery at existing facilities.

● (1130)

There has been much talk in Ottawa about using the Canadian Environmental Protection Act as the vehicle to address GHG emissions from industrial activities, especially from those of us in the large final emitters group. While we recognize that existing provisions within the act could be utilized for this purpose, our association is particularly concerned about the possibility of declaring carbon dioxide and methane, the primary component of natural gas, as toxic substances. Listing harmless materials such as these alongside proven carcinogens and mutagens would be an irresponsible move for a government entrusted with protecting the health of Canadian citizens.

CEPA also recognizes and supports the importance of improving energy efficiency and reducing environmental impacts. At the same time, however, as Canada operates in a global economy and addresses more global environmental issues, the competitive position of our industries versus those of other countries becomes increasingly important. All targets for reducing GHG emissions must be credible and achievable and be based on emissions intensity. Actions need to be tailored to Canada's energy-intensive and export-based economy, which currently exports more than half of Canada's oil and natural gas production, mostly to the United States.

To sum up, the global demand for energy is projected to continue to rise significantly. Due to demand increases, we require all sources of energy to ensure an adequate supply response. However, hydrocarbons will continue to be the primary source of energy for decades to come.

Canada must improve its energy efficiency by promoting science and technology initiatives that recognize international competitiveness issues and capital stock investment cycles. The Kyoto Protocol's focus on the purchase of foreign hot air credits will not provide meaningful greenhouse gas reductions, but will merely transfer wealth from Canada to other countries, without any benefit to Canadians.

Canadian consumers must be the focus of reduction efforts, as we, as individuals, are responsible for almost 80% of Canada's GHG emissions.

We need a Canadian plan for the first implementation period that limits compliance liability to a maximum of a 15% reduction from business as usual and at a cost of no more than $15 per tonne of CO_2. Discussions on the post-2012 period must begin soon. The plan that is unveiled by the Government of Canada must treat each region in the country and sector of the economy equitably. Furthermore, the plan must ensure that the provinces and territories be the implementers, and, as Mr. Alvarez mentioned, credit should be provided for actions taken by companies to develop energy efficient technologies.

Finally, CEPA expects that the agreements reached in our discussions with the large final emitters group at Natural Resources Canada will be respected, even if the government decides on a new approach to dealing with LFEs, such as via the Canadian Environmental Protection Act.

Thank you, Mr. Chair, and committee members.

The Chair: Thank you, Mr. MacInnis. You were also under your time. Thank you.

We'll now go to the Coal Association of Canada.

Mr. Wright, would you like to lead off, please?

Mr. Allan Wright (Executive Director, Coal Association of Canada): Thank you very much, Mr. Chairman and committee members. I too would like to thank you for the opportunity to be here today.

As was already mentioned, I'm here with my colleague, George White, to represent the Canadian coal industry and to inform the committee on how Kyoto will impact on our industry. We will also speak on the work the coal industry has done to mitigate its impacts on the environment and speak on our contribution to the sustainable development of Canada's resources.

Coal makes up about 66% of Canada's proven hydrocarbons, with bitumen making up 24%. Conventional oil and gas make up the rest. We have enough coal for 234 years at current consumption, according to the National Energy Board. Coal is used in every cement plant in Canada, including those in Quebec, and, used in five provinces, it accounts for about 19% in 2003 numbers of Canada's electricity production. Coal is also a valuable input to the steel industry both here in Canada and globally.

Coal mining itself contributes only about 3% of GHG emissions in the coal chain, and therefore the focus of our presentation today will be on coal as an energy source. Our goal is to demonstrate the overall positive impact coal can have on Canada's commitment to reducing GHGs and to broaden the discussion to include some of the indirect attributes of coal with respect to its continued use as a reliable and abundant energy source long into the future.

The challenge for the energy sector, including coal, is to meet a growing energy demand in an affordable, secure, and environmentally sustainable manner. Canada and the entire developed world benefit from abundant, affordable, and available energy provided by coal, and all forecasts indicate that this contribution from coal will expand as developing countries fuel their new economies. Coal currently provides approximately 39% of the world's electricity, and coal's continued role in the electrification of developing nations is seen as a reality by all major world energy agencies. The World Coal Institute predicts that coal usage will grow by 70%, from 54 billion tonnes to over 90 billion tonnes, by 2030.

At the same time, society is demanding clean energy, less pollution, and less overall impact on climate. The coal industry has accepted the call for reduction, and in fact much progress has been made.

In Canada, the National Energy Board forecasts that electricity demand will grow by 40% by 2025, or an additional 43.5 gigawatts. This would account for an additional 8,000 megawatts of new coal-fired plants during that period, assuming that available supplies of hydro, nuclear, and other forms are available to meet the rest of the demand. This does not take into account the replacement of the 7,500 megawatts of coal-fired generation in Ontario by 2007 and the replacement of aging plants elsewhere in the country.

New coal technologies are 15% to 30% more efficient than the circa-1970 technology being replaced, and this represents a potential average yearly reduction of about 18 million tonnes of GHG emissions as compared to the old technology.

Because of the time constraints of this committee and our desire to have time to respond to your questions, let me make just a few points relevant to the mandate of the committee with reference, of course, to coal.

Important technologies now exist that are proven to mitigate environmental impacts from coal. For example, Germany has reduced nitrous oxides—or NOx—and particulate emissions by over 80%, despite retaining a significant portion of coal in its energy mix; I believe it's in the 52% range.

They are also on an off-nuclear policy. There was a 34% reduction in Canada from 1974 to 2002.

The U.K. and Germany, both major coal users that continue to use coal despite what people think, have achieved real targets for stabilization of CO_2 emissions and are on track for Kyoto.

This information comes from the World Coal Institute's *The Role of Coal as an Energy Source*, published in 2002.

From a pollution emission perspective, Ontario Power operates two of the cleanest coal-fired units in the world at their Lambton facility in southern Ontario. EPCOR and TransAlta's new Genesee 3 unit in Alberta—and I'm trying not to talk about some things I'm sure Bob is going to talk about—uses super critical combustion technology to produce 15% less CO_2 than typical power plants.

The World Coal Institute calculates that if coal-fired power plants around the world were brought up to the current German standards, the CO_2 reductions from this alone would exceed the entire Kyoto commitment for 2012.

● (1135)

Completely new technologies for coal at acceptable cost are being developed that clean the emissions from coal before it is used, convert the coal to a form of natural gas or synthetic gas, and provide a mechanism to remove and then sequester CO_2. Six such operations are working in Europe and the U.S., similar projects are proposed in Canada's oil sands, and twelve such projects are on the books using coal in China, with the first unit being commissioned next year. Coal is an important diversification agent in the security and sustainability of energy supply, which in turn contributes to the economic foundation that underpins Canada's ability to comply with Kyoto.

Even with a strong push, the International Energy Agency, or IEA, is predicting that renewables will account for less than 5% of worldwide electricity supply by 2030. Synergies between coal, biomass, wind, and solar thermalcan significantly improve the efficiency and usability of renewable energy sources. In Ontario, for example, during the recent blackout, the cold start capability of coal generators became the backbone of an otherwise crippled system that facilitated the repowering of the large hydro and eventually the nuclear units.

The coal-fired generating plants determine the price of power in Ontario 56% of the time, at a Canadian cost of 3.4¢ per kilowatt hour —less than half the price of peak power from other sources. Coal prices are consistently more stable—

● (1140)

Mr. Christian Simard (Beauport—Limoilou, BQ): It is too fast, and the translation cannot follow.

The Chair: Could we slow it down a little bit?

Mr. Allan Wright: I'm just trying to keep under my ten minutes. I apologize for that.

The Chair: We'll allow you a little extra time for it.

Mr. Allan Wright: The coal industry also facilitates social and economic development, both in Canada and worldwide. Luscar Ltd., Canada's largest coal mining company, is a world leader in mining safety and productivity, sending positive signals to the entire sector. In 2004, the company achieved 1.5 million work hours without a reportable safety incident, breaking a record once thought unattainable in the mining industry. The same company has, in less than a year, achieved productivity improvements of over 20% in its mining process, thereby producing product at lower cost with lower GHG emissions intensity.

South Africa presents a striking contrast with sub-Saharan Africa. Electrification in South Africa has risen from 35% to 66% of the population in the past decade, with 90% of the power coming from coal. The result is a dramatically improved standard of living, new business development, jobs, and international competitiveness in South Africa.

The World Bank regards reliable energy as a key to economic and social development. In a recent report by the World Coal Institute, *Sustainable Entrepreneurship: the way forward for the coal industry*, there is a full discussion of the coal industry's goals with regard to the three pillars of sustainable development: economic, social, and environmental stewardship.

We could go on to give more technical and numerous examples of the benefits of coal. It's a complex subject. But I hope we have enlisted your interest by our short presentation. My colleague and I are prepared to answer your questions.

In conclusion, how do we continue to use coal in the future and reduce our emissions, both pollutants and GHG? The answer is clean coal technologies with greater plant efficiencies. The future depends on innovation, such as coal gasification and CO_2 capture and storage.

We are not alone in this endeavour. Despite the fact that the U.S. has not signed on to Kyoto, they have committed billions in resources to the effective and continued use of coal. Governments in Canada need to provide support to develop technologies in this country by supporting the work of such organizations as the Canadian Clean Power Coalition, the Institute For Sustainable Energy, Environment, and Economy, and the Alberta Energy Research Institute, to name just three organizations.

Even with conservation, we will need all the energy we can produce—that's from all energy sources. There isn't an energy source that doesn't have issues, not a single one. When I say we need all the energy sources, I mean at a price and a guaranteed supply that maintains our competitiveness. Canadians say they want greener energy, but overwhelmingly indicate they want affordable energy at the same time. In other words, they may not be prepared to walk the talk.

I would like to express my thanks to the committee for this opportunity to appear before you on behalf of the Coal Association of Canada. I apologize for going too quickly. I hope I came under my ten minutes.

The Chair: You were just right on. Thank you, Mr. Wright. I appreciate it.

I think we'll go on to TransAlta with Mr. Page.

I understand that Mr. Clark was not able to be here. He is not well this morning.

Mr. Bob Page (Vice-President, Sustainable Development, TransAlta Corporation): He's hospitalized with a stroke, sir, so I apologize to the members. He's on our presentation as our technical expert, and he is sorry he is not here this morning.

The Chair: Please express to him our concern, and we hope he recovers from that.

Mr. Bob Page: I will do that.

Thank you, Mr. Chairman, and thank you, members, for this opportunity to speak with you this morning. We have circulated our package, and there are several diagrams and maps that will be useful in terms of my presentation and Don Wharton's in connection with it.

First of all, who is TransAlta? We are the largest private sector electrical generating company in Canada. We have operations in Canada, the United States, Mexico, and Australia, with a total of about 47 facilities. We generate power—62% from coal, 26% from natural gas, and about 12% from hydro, wind, and geothermal. We are the largest wind power owner in Canada and we are a major geothermal player in California.

We have been very active on the offsets issue and on emissions trading. We are also involved in a variety of think tanks and other organizations on climate change, such as the Business Environment Leadership Council of the Pew Center on Global Climate Change in Washington, D.C., which does some of the critical research in this area. We've also been active for over ten years now on clean coal technology, ever since Rio, and Jim Dinning from TransAlta is heading up the Canadian Clean Power Coalition, which our colleagues in coal have already made reference to.

Second, what is our greenhouse gas strategy? We're talking principally about the clean coal issue today, but our overall strategy is continuous improvement of our existing assets and offsets procurement for short-term regulatory needs. Those began on January 1 this year with the regulations of the Province of Alberta for new coal plants.

Third, our long-term focus, as you'll see in our presentation today, is for technology change and a radical management of our emissions package over the years, especially beyond Kyoto, as in succession we do each of our plants. We're also, as I mentioned, very active on renewables, wind and geothermal, and hopefully others in the future. We're also very active in a variety of ways in collaborating with government, with NGOs, and with others on policy initiatives.

I'd like to turn next to the map in the presentation of world coal reserves, and you'll see there are two huge areas of concentrated coal reserves. One is the area of eastern and central Siberia, and the other is the area from the central United States leading up through the province of Alberta to the northeast corner of British Columbia. Virtually all of Alberta is covered by coal reserves, and this is part of the reason why this is our comparative advantage on the flat prairies in comparison to hydro and to others.

Moving on then to the next slide, I'll just give you some statistics very quickly here. Eighty-one per cent of North American hydrocarbon reserves are coal; in terms of Alberta, 86%. Most of the rest is bitumen or oil sands. What we're trying to do here is look to the future. Where does the future of Canada lie in terms of hydrocarbon resources, and how can we address the environmental problems directly so that they become part of our long-term energy solution and not a continuing environmental problem?

I'd like to turn next to Don, who will take you through the next few slides on some of the technical features of coal gasification and clean coal technology.

● (1145)

Mr. Don Wharton (Director, Offsets and Strategy, TransAlta Corporation): Thanks, Dr. Page.

Mr. Chairman, committee members, I'd like to describe very briefly how coal and coke gasification technology works and the opportunities it creates.

Slide 7 in your package essentially describes a simplified schematic of the gasification process. It really boils down to the utilization of solid fuel and the gasification of that fuel to the point where emissions of concern, both CO_2 and other emissions, such as mercury and sulphur, can be recovered and voided from what otherwise would have occurred, and the creation of a synthetic gas that is highly valuable, for power generation but also for other industrial uses, such as the production of hydrogen, the production of steam, and the creation of numerous chemicals, which has been an evolving technology over the past decade or so.

I'd like to draw your attention, on slide 7, to the area that is described as hydrogen/oil sands, the down arrow below CO_2 extraction, which is really the start of a plethora of opportunities, one of which is the use of coal gasification as a creator of hydrogen as a raw input into the oil sands process.

The following slide really then breaks that process down from a chemical perspective. This is an adaptation of a slide from Eastman Chemical, which over the past 20 years has been producing about 150 different chemicals from the use of solid fuel. As you can see, there's a wide variety of chemical outputs or products that are available in addition to hydrogen and power production, which is something we have a commitment to in the future, as Dr. Page alluded to.

On slide 9, we just wanted to point out that there is in Canada a very successful use of concentrated CO_2 from a solid fuel gasification project in North Dakota, and a there's a 300-mile pipeline that goes to EnCana's Weyburn oil field operation in southern Saskatchewan. That operation has been in effect since the year 2000 and has both reduced somewhere in the order of 2 million tonnes per year of CO_2, as it's injected into a mature oil field, and at the same time increased the production, through enhanced oil recovery of that oil field, some 20,000 barrels per day. That is, in our view, a win-win situation, of which we have one single example, and we expect that the oil sands opportunities in Alberta and the maturing oil and gas fields will present further opportunities as we progress.

On slide 10 of your package, we simply wanted to use Alberta as an example of what we see as the opportunity for this new technology to be implemented. If you look at the Alberta electricity generation stock, we expect that approximately 50% of the existing stock will reach 40 years of age by the year 2020 and 85% of the stock will reach that age by 2030, 40 years being a nominal time for a coal-fired power plant to either be retired or to have major repowering. We see that as creating an enormous opportunity simply within the Province of Alberta to implement new technology, assuming we take the longer view of things, and we expect that clean coal technology, as we've described it, is today the best opportunity for new technology using solid fuel and the best opportunity for replacing those retiring plants as time goes on.

The second-to-last slide that I would like to talk to is the one we have entitled, “The Required Policy Response”. I'd like to step back a bit from the specifics of technology to simply say that we believe that technology is, as Dr. Page has pointed out, the long-term response and that there is a short-term response that we believe most of industry will have to avail itself of in the form of offsets and emissions reductions that occur outside the sphere of their direct operations. That's a necessary requirement, we believe, in the short term and requires the implementation of a domestic offset system, an emissions trading system, that allows both domestic and international offsets to be managed and applied.

Then in the mid-term, if you like, in the next five to ten years, we also believe that the implementation of renewable technology will start to take off and have a significant impact, as will the retirement, which I had mentioned, of existing capital stock. We think the encouragement, through various incentives and crediting mechanisms of that retirement, will simply accelerate the opportunity for new technology to be implemented in its place.

● (1150)

The final slide I wanted to touch on, and then I'll turn it back to Dr. Page to close, is showing simply that we are members of the Canadian Clean Power Coalition, which has been working diligently over the past four years now to help develop this clean coal technology for use in Canada. There are several members, some of whom are in Alberta but many of whom are national or even international in focus. We believe this is an excellent forum to create this kind of joint technology development, and we expect we will continue this work over the next several years.

Dr. Page.

Mr. Bob Page: To finish up, I think the lesson all four of us presenting here are trying to say is that Canada needs all of its energy systems for the future to meet our power and our energy needs, and some of these are regionally appropriate. Second, the huge reserves and the low cost of coal in Canada provide a preferred option for certain provinces in our country.

The key thing that has been holding this up is the environmental constraint with regard to coal. What we've tried to tell you this morning is that international science has now found a solution to this, that we have virtual elimination not only of carbon dioxide but of the other emissions, with underground sequestration. What we're doing here is capturing the value of the energy and recycling underground the package of emissions that flow from combustion. We would strongly urge your committee, in its recommendation forward, to support this kind of technology in going forward with Canada. It was referred to in the budget, and there are provisions in the budget under which it could be done.

Thank you, Mr. Chairman.

● (1155)

The Chair: Thank you very much, Mr. Page.

That was just on time. Thank you to all of our witnesses for trying to stay within the time allocation. It leaves a little more time for us to ask questions, and I think the committee appreciates that.

We'll go to the top of the questioning order and ask Mr. Richardson if he will lead off.

Mr. Lee Richardson (Calgary Centre, CPC): Thank you, Mr. Chairman, and I thank all of you. This is quite a remarkable gathering we have this morning. I wanted to pay particular attention to the calibre and credibility of the witnesses who are appearing today. This is quite a group gathered here, with credibility and experience we haven't seen for a while. I'm just sorry you all had to be here at the same time, because I would have liked to have more of what you're saying from each of you. I wanted to say how impressed we were with all of the presentations.

I would like to let my colleagues delve into the presentations you made today. I want just to ask about a presentation we heard previously, because in my view it's a matter that's been hanging over some of the recent testimony we've had before the committee. That was a presentation to this committee back on February 10. The David Suzuki Foundation claimed that recently released data show that federal subsidies to the oil and gas industry between 1996 and 2002 reached close to $8.3 billion. Here we had one of our witnesses suggest there were federal subsidies to the oil and gas industry of $8.3 billion. I have a difficult time accepting that. I wanted to get a comment, and perhaps we couldn't get a better first response than from the petroleum association.

Mr. Pierre Alvarez: Thanks very much, Mr. Richardson.

We took note of that report, based on a study by the Pembina Institute. Mr. Chairman, we will be submitting to you in a day or two, once our chairman is back, a submission that deals with that particular issue. I will assume that through you the formal submission will be distributed to all members.

There are two ways of looking at the problem: were there historical subsidies, and are there on a go-forward basis? I guess to some extent where Pembina and we have agreed to disagree is on what you call a subsidy. Historically, there certainly were features to the tax regime that allowed us to deduct our costs, in some instances on an accelerated basis, which means our costs would come down faster, but so would our paybacks to government over time.

But if you think of a subsidy in terms of direct grants from government like those other sectors such as the automobile or others may receive, our sector has not, for 20 years now, received subsidies out of the federal government.

There are tax differences. One of the things that's interesting is that the oil and gas industry and parts of the mining industry currently pay 4% higher tax than any other industry in Canada because of the February 2000 budget. So we are currently paying more than other sectors are on the tax side.

Mr. Chairman, I will be distributing this. We simply don't accept it. We have quite a detailed paper, which will be in your hands in a day or two.

The Chair: Thank you, Mr. Alvarez.

Mr. Lee Richardson: That would be helpful. I appreciate it.

I'm going to move this to Mr. Mills to carry on the questioning.

Mr. Bob Mills: Thank you, gentlemen, for appearing. I agree with what Mr. Richardson said.

I have several questions. First of all, I wonder if the $15 cap on carbon is realistic, in that it started trading as a commodity January 1. It started out at around $6, was down to $3, and now is at $11. It would appear it's going up. At the COP meetings it has been indicated that $30 would be a nice price. The implications are horrendous if that in fact is true. What's your opinion on that?

● (1200)

Mr. Pierre Alvarez: I'm assuming that's directed at me, but perhaps I'll get Mr. Page....

There are two points, Mr. Mills. One is the issue, why have a cap in the first place and why we push for it. I think it's for a very simple reason: when you are looking at the target Canada has and the exposure the industry had to meeting a target—or not meeting a target, as the case may be—it was simply impossible to explain to the international community what our exposure was, which is why we pushed so hard for the large final emitter clarity, both in terms of price and volume. That's the history of why.

Fifteen dollars is a significant amount of money. I don't think anybody knows right now. At least this way we're able to articulate to the investment community to take the total volume times the tonnes.

In terms of where it's going over a longer term, Mr. Page has lots of international experience on that. Maybe, Bob, I'll turn it over to you.

Mr. Bob Page: This is a very good question, a very important question for all of us, because in trying to estimate our costs for the future, the costs of those offsets, because there will be no option but to buy offsets in the short term.....

The $15 cap was very much appreciated, because for many of us who were already involved in the international trading, the price was going to increase significantly, especially once Kyoto came into force. We appreciated the $15 cap in connection with this as a means of managing some of the risk we're involved with here.

But I have to say as well that the $15 cap is only part of our economic package, and it has to fit into the other measures that are being proposed under the LFE, many of which we're not sure of yet. We appreciate this $15 cap, but it doesn't mean there aren't going to be very heavy expenditures for many of us in attempting to go forward and to look to the future.

The Chair: Thank you, Mr. Page.

Mr. Bob Mills: I've looked at the whole coal gasification. We've explored it in detail. It's a very exciting concept. I wonder when we can have a plant up and running in Canada, and more importantly, with Ontario promising to close down its coal-fired plants, why have they not looked at this technology and at developing it, thus sustaining their energy production through coal?

Mr. Bob Page: Today there are eight plants that I know of in the United States that are being proposed to go forward using the package General Electric has for coal gasification or one of the other available technologies.

In terms of when we could go forward, there is a package of available technology today, but we would have to absorb a price premium in order to be able to finance it. That is one of the issues we're dealing with in our discussions with the Government of Canada with regard to coal gasification. The issue is much more the issue of the extra costs that are involved in it at this time than the issue of available technology for basic coal gasification.

Mr. Bob Mills: I think Mr. Alvarez has a comment.

The Chair: We have Mr. Wharton, then Mr. White, and then Mr. Alvarez. We have three minutes left on this round.

Mr. Don Wharton: Just in response to the second part of your question about Ontario, it's our view that the Ontario situation is driven by other issues, particularly the urban air quality issues that are obviously important in southern Ontario. From a greenhouse gas perspective, though, it's our view that there is certainly a timeframe and a technology future for coal, particularly in western Canada where the resources and the opportunity.... And certainly the air quality situation in Alberta and Saskatchewan is, I would say, better than in southern Ontario and therefore not so urgent.

The Chair: Mr. White.

Mr. George White (Senior Energy Advisor, Coal Association of Canada): It's really interesting to see what's taking place in China. Our sources are telling us now that they're looking at ten units that are on the books for gasification processes. The Chinese have been doing gasification for many years, and some of the technology, I'm sure and we're sure, they have developed on their own. There is expertise there that probably North Americans and Europeans don't know about.

The Chinese are in a situation where they are growing very rapidly. Their environmental problems are much more serious than ours as they exist. The fact is they're building every kind of energy project, but they seem to be concentrating on using their coal—and they are also importing coal—to take the risk associated with this relatively new technology. It's not without risk. While we talk about the risk associated with the $15 cap, the expenditures it takes to build a gasification plant are somewhat similar to what they would be if you were building a conventional power plant; however, there's a considerable technology risk associated with these plants in the early stages.

I think it's refreshing to see that other countries are taking up the challenge as well. I also think it's a shame that a very developed country like Canada is not involved to a greater extent. There are opportunities in Ontario. We can repower existing natural gas plants using gasification technology. We can build new gasification plants in Alberta, for example, or in western Canada. The CCPC is looking at that for two reasons. One is to make electricity, if that's what we decide we want to do. But given the huge requirement for hydrogen for upgrading the growth in the bitumen business, by using coal to produce that gas we could save the natural gas that is so valuable and ship it into our major markets, using coal to displace natural gas. Those are the points I'd like to make on this.

● (1205)

The Chair: Mr. Mills, I'm going to have to cut that off.

Thank you, Mr. White.

Mr. Alvarez, we're out of time on that round now. Thank you.

We'll now go to Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ): Thank you very much, Mr. Chair.

I would like to go back to some aspects of your presentations.

Mr. Alvarez's presentation described a number of principles which should guide Canadian policies on climate change. I would emphasize the third point that says: “ No discrimination against oil and gas: percentage reduction from business as usual same for oil and gas as others sectors.»

I would like you to explain that to me. By not discriminating against a polluting sector, it means you penalize automatically other sectors who have taken steps to mitigate pollution in the past. You should understand that, with that cost structure, the marginal cost for an industrial sector that has already made efforts in the past, that succeeded in reducing grenhouse gas will be higher that the marginal cost of a sector which has not taken any steps in that direction.

Wouldn't you penalize industrial sectors which have made efforts in the past by not discriminating against the oil and gas sector? I would like to hear Mr. Alvarez on this.

I would also like to hear Mr. Page. I know that he recently was or still is a member of the Credit for Early Action Table as cochair. I would like to know what he thinks about that, because you cant require certain things from the manufacturing sector when you don't require anything from other sectors.

TransAlta has made efforts in the past. Even if you are the second largest greenhouse gas emitter in Canada, one has to say that your company is one among companies in your sector, like Alcan and Pechiney, and among companies in other sectors, like Ontario Power Generation, Alcan, DuPont and Suncor Energy, that have voluntarily decided to cap their greenhouse gas emissions. What do you think of this measure that, in my view, penalizes other activity sectors?

[*English*]

The Chair: Mr. Alvarez, and then Mr. Page, I think.

Mr. Pierre Alvarez: Thank you, Mr. Chairman.

To start with, I think it's important to recognize that every sector has made changes in every part of the community. The industrial community has made changes to reduce their emissions. You mentioned some of our members. There are lots in other sectors as well.

When you look at doing a legislative or a policy framework, are you going to do it on a sectoral basis or are you going to do it on a company-by-company basis? Our sector has said, from our point of view, we want to do it sectorally across the piece, because it is simply impossible to dissect what each company did.

Second, many of the changes in other parts of industry where they have reduced their emissions have caused emissions in our industry to go up. When you switch from coal or from bulk fuel oil to natural gas, their emissions go down and our emissions go up, because our volumes go up. Should we be penalized because another sector reduced theirs? Should we be penalized because the U.S. is now off coal in a lot of the midwest and because our emissions went up? I think there's a fundamental flaw in the Kyoto mechanism. The issue of clean energy exports got lost on the way. I think there is a very important issue there in terms of how you are going to measure.

Additionally, in terms of the discriminatory factor, what we are saying very clearly is that every sector has a different way of approaching it, which is why we have said intensity is so important. What we need to be looking at is the intensity of your emissions per unit of production, not your total volume. We have to find a way to improve our performance across the economy and across the industrial sector. To disentangle one part from another part is virtually impossible.

● (1210)

Mr. Bob Page: One of the points I'd like to make right now is that in the power generation sector, each of the major types of power generation today has environmental challenges. In the case of coal, as the questioner rightly pointed out, greenhouse gases are the....

We've been at work since Rio in 1992 in terms of a long-term plan to try to address this. We didn't wait until Kyoto was ratified by Canada; we've been at work for some time. That's why we've made as much progress as we have.

What I like to think we are trying to do here is apply to a fossil fuel a sustainable development approach whereby we continue to capture the value of the energy while recycling underground the emissions package. When we say “the emissions package” here, we're not just talking about carbon dioxide. We're talking about sulphur dioxide, about NOx, fine particulate, and—an increasingly important one—mercury as well.

So we are trying to retain the economic value of coal while addressing the one impediment, which is the environmental emissions related to it. We think this technology, which has now been proved by international science, which has been accepted by some of the leading NGOs in different parts of the world, such as the Natural Resources Defence Council in Washington.... These are bodies that are not just trying to promote coal; these are bodies that are trying to find environmental solutions for the future.

Far from saying this is something that is an impediment, we have tried to find a solution to it from a greenhouse gas point of view. Give us the time, which we are trying to get, and we would be starting on this in the Kyoto period. Then in the period following, we would have successive deep cuts in connection with the application of this technology.

The Chair: Thank you, Mr. Page.

Mr. Bigras, you still have the floor.

[*Translation*]

Mr. Bernard Bigras: I would like to ask a small question before letting in my colleague Simard.

I understand the Canadian government gave you some idea of the implementation costs of the Kyoto Protocol in Canada. According to the most recent assessment, that cost would amount to 25 $ per barrel of oil. That's how the Canadian government has assessed the impact of the Kyoto Protocol on the gas industry.

Given the fact that oil sells these days, on the international market, at close to 40 $ a barrel, how do you explain your refusal to apply the Kyoto Protocol, when that cost seems really minimal and costs in other industrial sectors will be much higher ? How can you explain the fact that your industrial sector refuses to participate in a more binding approach to the implementation of the Kyoto Protocol?

Did I say 25 $? Sorry, I meant 25 cents. There is a big difference.

[*English*]

Mr. Pierre Alvarez: It is different, even in Canadian dollars.

To start with, yes, the price of oil is $50. If you look around the room to a bunch of people who were around when the price of oil was $9—and that wasn't very long ago and it was real—this is a commodity that goes way up. It's also a commodity that swings wildly. I would ask people to think about the long term. The average price of oil over the last 30 years is $18; it's not $50. That's point number one.

Point number two is that we have not said we would not participate. We have tabled with the federal government the most comprehensive proposal regarding large final emitters of any industrial sector in Canada. We have accepted the fact that the government is going to go forward, but if you're going to do it, do it smart. That doesn't say we agree with Kyoto; we think Kyoto has some fundamental architectural problems. But Monsieur Bigras, we have tabled a paper, the elements of which we have provided today. I would ask any other industry to show you the degree to which they have thought through how it would be applied. I would lead that out for you as well.

The Chair: Thank you, Mr. Alvarez.

Mr. Simard, we have two minutes.

● (1215)

[*Translation*]

Mr. Christian Simard: In your material, you insist on the fact that we first have to focus on economic development, this is the goal for all the sectors of your industry, and you talk a lot about the after Kyoto. In some material, you state that you are against the objectives and the implementation of this Protocol. I could as well direct my question to the coal industry: you described to us new technologies and pilot projects but I wonder what is the real usefulness of all this during the implementation phase of the Kyoto Protocol, that is between 2008 and 2012? How do your pilot projects really reduce greenhouse gas? Will we see some concrete examples of that during Kyoto or will it be much, much later?

[*English*]

Mr. George White: If we just look at the existing technology—no new technology—the new plants that are being built are capable of reducing the CO_2emissions by about 12% over the older plants. I think when you take a look at the 2010 business-as-usual case, some of the targets are saying we have to be 15% below that. If we didn't put in any new technology but continued to build plants, such as those that are being built in Denmark and Germany now, over the period of time that Dr. Page mentioned—the 30 years—we could replace the existing fleet of coal-fired generation equipment in Canada with equipment that would almost achieve the 15% the initial commitment period is looking for.

If we add in the integrated gasification combined cycle technology, we can up that by up to about 25%. So a portfolio of different technologies over the next 20 to 25 years will see us moving the technology along, developing systems that are going to reduce, and we can march in step with a program that is reasonable over that period of time.

If someone wants us to change things overnight—this is a very difficult business, as we know, to try to change things—given an opportunity, I think there are projects. I'll give you one example of what the Germans have done. In Germany since 1990 the use of coal has reduced by 17%, and the amount of power production from coal during the same period of time has reduced by 7%. In other words, what the Germans are doing is they're building more efficient and better conventional technology and they're using less coal to make the same amount of power.

That can be done in Canada. As for renewable energy in Germany, people think that when you go to Germany and you see all the windmills and everything else.... Actually renewable energy in Germany only represents 3% of the supply. They recognize that coal is absolutely essential. Right now it represents 52% of their total generation in the country. They also recognize that by using conventional technology with more efficient systems, they can get the benefit of being able to produce more electricity with the same amount of coal or the same amount of electricity with less coal. At the same time, of course, with regard to their CO_2 credits, I'm calculating they've dropped their total emissions on a yearly basis by 200 million tonnes per year since 1990 by using various different methods. One of them is changing the technology on coal.

The Chair: Thank you very much, Mr. White.

Thank you, Mr. Simard.

We'll now go across the committee room to Mr. Wilfert.

Hon. Bryon Wilfert (Richmond Hill, Lib.): Thank you, Mr. Chairman, and thank you, everyone, for coming today.

When the Minister of Environment assumed his portfolio in July and I became his parliamentary secretary, one of the first things we did was to go to British Columbia and Alberta. We visited the Canadian Petroleum Association, among others, to get certainly not only a sense of their issues and concerns but also how they could assist in the issue with regard to climate change issues.

Mr. Alvarez, in your document you talk about the industry being competitive. That is something the minister has made very clear. We want to have a competitive economy. We want to have a strong industry and at the same time obviously to deal with the issue of climate change issues. I didn't hear anyone around the table say they didn't support that, although they may have, I believe, Mr. Chairman, different views on how we get there.

Having said that, I was interested in a couple of points, and, Mr. Alvarez, I'll start with you. On the issue of discrimination in the oil and gas industry, as the former parliamentary secretary to the finance minister, I dealt with Bill C-48, and I can tell you it certainly was a big assistance to the oil and gas industry and to the mining industry in Canada. But that was on the issue of economic competitiveness internationally. I don't have a problem with that. I do want to ask you about the issue of Kyoto.

You mentioned in your comments that Canadians generally support Kyoto. In fact, at least 75% seem to support action being taken on the GHGs in terms of international cooperation. You pointed out that you felt Canadians didn't support the specifics of the protocol. Could you be a little more specific on that item?

● (1220)

Mr. Pierre Alvarez: Thank you, Mr. Wilfert, and thank you for sharing your microphone. It's a kind of reach across the country.

Hon. Bryon Wilfert: Just as you didn't want to become a member of Parliament, I don't need to become a member of the industry, but we'll share.

Mr. Pierre Alvarez: Perfect. They picked our seats well.

There is no question. Poll after poll shows, and I think amongst our membership, the need to get on with reductions. What's very interesting, though, is when you start peeling back and asking people questions. What are they prepared to pay? Do they understand the time cycles? Do they understand the fact that in all likelihood to meet our targets we will be buying foreign credits—hundreds of millions, perhaps billions, of dollars of credits to meet the Kyoto commitment? To the extent that contributes to reducing greenhouse gases globally, we can talk about that another time.

Our point is that we share the view that we need to get on with it. We need to start reductions, but we don't think the debate about Kyoto has accurately reflected what it really means. For the sake of meeting Kyoto targets, do Canadians really want to see that we will be buying credits from around the world so that we can make sure the debits and the credits add up?

Hon. Bryon Wilfert: In terms of the issue of sectors, do you think this should be done on a sectoral basis internationally. Really, should we be looking at the issue of, say, the particular industry across international boundaries rather than simply in one particular country in terms of how we achieve certain targets?

Mr. Pierre Alvarez: I don't know how you would do that in light of the world governance, but I do think there is a logic to that when it comes to technology. Technology is the only solution that is going to lead to global reductions. Whether it's new automotive transportation methodologies, home heating, electricity generation—it doesn't matter what it is—it is going to be technology that will globally reduce emissions. If we don't look at that, whether it's for coal or gas or oil or wind, emissions are going to continue to go up, as in some of the presentations we've shown you, at least until 2050. Those are the projections by Shell and BP, which are probably two of the most informed and most involved on the renewable side on the oil and gas industry.

I think a technology point of view, Mr. Wilfert, is the way we have to look at it.

Hon. Bryon Wilfert: On the issue of your detailed proposal for the LFEs, as you know, we are going to release our enhanced plan from the 2002 climate change in a matter of weeks and not months. There are some, Mr. Chairman, on this committee who don't even know there was a 2002 plan, but in any event they'll have to read it before they read the new one.

The Chair: Mr. Wilfert, you can see there's great anticipation.

Hon. Bryon Wilfert: I'm sure it will be a best seller among my colleagues on the other side.

I want to go to coal in a moment, but I just want to make one comment: we are not intending, at any time, to buy hot air—period, end of discussion—from that side, from the Russians, or from anybody else. Just so you know.

Voices: Oh, oh!

Hon. Bryon Wilfert: That's just a little humour, Mr. Chairman.

On the issue of clean coal, I have a question for Mr. Page, whom I've certainly talked to before. Just generally, you had, on some of the proposals...and also the Coal Association.

We talk a lot about clean coal technology. Obviously, Canada has an opportunity, in my view, to deal with issues of that nature not only at home but also abroad. Certainly I'm particularly familiar with the Chinese context, having been there again in January. That certainly seems to be a major push. I can't explain some of the issues that Mr. White raised with regard to some of the provinces. Maybe we need to do a better selling job with them, but clearly there are opportunities here. I think we have to demonstrate it at home but then be able to export what I think is state-of-the-art technology abroad.

In terms of the technology for demonstration projects, there was talk of retrofitting a plant by 2007, and then by 2010 getting one online. Is that still the timeline?

● (1225)

Mr. Bob Page: The 2007 date comes from when we first proposed this, three years ago. We have had no response from the federal government since, so the time factor has now come into play.

Our principal interest right now in terms of the Canadian Clean Power Coalition is a full commercial plant in place by 2011. That's the timeframe we're into. Unfortunately, 2007 is only two years away.

Hon. Bryon Wilfert: Which ministry were you dealing with?

Mr. Bob Page: We were dealing with the two major departments that were involved. I can give you afterwards the people and the others who.... I made 30 or 40 presentations in this town.

Hon. Bryon Wilfert: So you're getting good at it—unfortunately.

Mr. Bob Page: If success is the mark of getting good at it, then no, I was not very good at it.

Hon. Bryon Wilfert: Okay.

The Chair: Two minutes, Mr. Wilfert.

Hon. Bryon Wilfert: How effective can retrofitting of plants be in reducing emissions?

Mr. Bob Page: First of all, retrofitting under clean coal would be more expensive than a greenfield plant in terms of going forward. What you're trying to do with clean coal is a whole new combustion system, which achieves certain efficiencies in terms of extraction of pollutants and others as a result of the gasification process.

If there was federal interest in retrofitting, we could certainly do it, but as yet we have not seen that, and there is not a formal proposal on the table right now. There are technologies available. I'm just not prepared to advocate that at this point, given some of what we know.

The Chair: Mr. Wilfert, we're out of time now, I'm afraid.

Hon. Bryon Wilfert: That was a quick two minutes.

The Chair: It was. The second hand is getting faster.

Hon. Bryon Wilfert: Apparently so.

The Chair: I was actually off a little bit, sorry; I was looking at the wrong number here. Thank you, Mr. Wilfert.

We'll now go to Mr. Cullen, please.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair, and thank you to the witnesses for coming today.

To Mr. MacInnis and Mr. Alvarez, in your presentations there wasn't a lot of mention—or perhaps I wasn't paying close enough attention—of the concept of climate change. I just want to confirm whether your industry and the folks you represent view climate change as, first, real, and second, as a significant environmental and economic problem for not just this country but also the world.

Mr. David MacInnis: Mr. Chair, we view climate change as indeed real. The pipeline sector is not one to be arguing the science. We will argue the approach. We don't think the Kyoto Protocol is the best mechanism to address the issue, but we do believe climate change needs to be addressed. That's why our members...you've seen a 78% increase in throughput but only a 13% increase in greenhouse gas emissions.

Mr. Nathan Cullen: Just before I go on to Mr. Alvarez, perhaps you could answer the second part of that question. Do you see it as a potential threat both economically and environmentally?

Mr. David MacInnis: As far as we're concerned, it should be housed under energy policy, quite bluntly. It's about how we use energy; it's about reducing the consumer's demand for energy.

The short answer, Mr. Chair, is that indeed it has both economic and environmental repercussions that both have to be observed.

Mr. Nathan Cullen: Thank you.

Mr. Pierre Alvarez: Yes, it's a real policy issue. Yes, it has real costs. And yes, we should spend more time talking about reducing emissions and less time talking about who's going to pay for a gap that we're not going to achieve through domestic action.

Mr. Nathan Cullen: A question to that, then. One of the things I witness in business is the viable attempt....

I presume you folks are here today representing industry players, who also represent their shareholders. The bottom line for those companies, and achieving maximum profit, is important. The externalized cost is something we battle with here as members of Parliament when we look at how an industry functions—any industry, yours or other ones. The tobacco industry has gone through huge problems in this country and in others. There's been a cost in terms of health care that's been externalized by the industry, you could argue, in that the sale of their product is costing society *x* amount of dollars in health care.

If this is an economic and environmental issue—and a health cost issue as well, I would argue—does your industry recognize the externalized costs with respect to your contribution towards climate change?

● (1230)

Mr. David MacInnis: I would suggest, Mr. Chair, that on one level, yes, there is an externalized cost. If the member's question is coming at it from the point of view that the externalized cost is as a result of inefficiencies on the part of the industry, certainly with respect to the sector I represent, my answer is an adamant no, that is not the cause of the externalized cost. The externalized cost of energy use in this country is the choice each of us in this room, in this country, makes on a daily basis. That is where the externalized cost comes—whether you're choosing, for example, a less fuel-efficient vehicle than a more fuel-efficient vehicle.

Mr. Pierre Alvarez: I agree.

Mr. Nathan Cullen: This is the tone I wanted to address, and you've highlighted it well. It's a concern I have in terms of the approach that industry has taken.

I come from a northern and rural riding, and many mining companies operate there. They've experienced many greenhouse gas reductions at some cost, but they've also accrued benefits to their operations. They've seen the inefficiencies in energy use as a significant cost of doing business.

I would hope that there would have been more of an attitude coming from the panel...not so much in a "Who has to pay? It's the consumer's fault." Or that's what I'm understanding, in the sense that the consumer...and the One-Tonne Challenge is a fantastic.... It's being portrayed as a joke, actually, in many of the environmental circles we work with.

In the far north, in the Yukon, the federal government right now is paying approximately $150 million a year for mine recovery. These are old mines that have since been abandoned by companies that accrued a profit, and where people were employed, but now the cost of those operations is being paid by all of us, in part, for a business that no longer has that liability.

My concern with climate change, going ahead, is that I forecast that ten to twenty years from now.... We're dealing with the bugwood problem in B.C., and it's moving into Alberta. Many people are starting to associate it with climate change. Who knows what the ramifications are of changing the world's climate? And who's going to pick up the tab? That's significant.

To Mr. Page, in terms of the sequestration project, it seems rather admirable. You mentioned working since 1992, getting ahead of government, and yet we don't have any plants operating in this country. We see them in other countries to great effect. This seems like a wonderful solution, aside from the fact that portraying it to government...and I'm quick to blame government, don't worry, I'm very comfortable there. I also wonder at industry's lack of movement on this, projecting a plant to 2010 when it's been almost 20 years now of work towards having so-called cleaner coal.

Why so long, and why should I trust?

Mr. Bob Page: Very quickly, Mr. Chairman, first of all, we are talking about plants that have been announced. We're not talking about electric power plants that are currently in operation. So those are announced, and they are announced in the context of $800 million of U.S. federal government aid versus the situation here, where there is none. They are announced in connection with regulated utilities, which are guaranteed their return. We have an open market in Alberta, so that is a further financial aspect in connection with what we operate. They're part of a background in which then companies have been able, through the tax system and various other things, to write off a great deal of these costs. If we had a regime similar to George Bush's, we would be under way today.

Now, I'm not sure if that's what you're advocating or not, Mr. Cullen.

● (1235)

Mr. Nathan Cullen: Don't worry, there are heads hanging low when we go to international conferences and have to compare ourselves unfavourably to George Bush, who is perceived as not a friend of the environment.

Mr. Bob Page: Sorry, I didn't mean that in quite the way it came out.

Mr. Nathan Cullen: Not at all.

I have a question for some of the other panellists. I want to go into two last comments.

How much time do I have, Mr. Chair?

The Chair: You have another three minutes.

Mr. Nathan Cullen: Plus the 30 seconds it took to....

I agree with Mr. Alvarez in terms of looking at this sectorally, and I have one quick question. You've had some reductions in greenhouse gases that you talked about earlier. I'm wondering what the sector's plans are in terms of emission reductions between now and 2012. What plans are on the books?

Mr. Pierre Alvarez: Rick can answer the question.

Mr. Rick Hyndman (Senior Policy Advisor, Climate Change, Canadian Association of Petroleum Producers): There is ongoing energy efficiency efforts throughout the oil and gas upstream sector. In particular, in the oil sands, new technology has been introduced. It's a lot less energy intensive and therefore emission intensive than the older stuff.

Mr. Nathan Cullen: When you folks make projections in terms of the individual businesses, there are always profitability projections and new sources of oil to be found. Have you made any projections —I'm looking for a number—that we can then come back to and measure the effectiveness and earnestness of your industry toward GHG reductions?

Mr. Rick Hyndman: Our companies will meet the LFE targets if they're in place. Whether they will do that internally, how much they will do internally, and how much they will do through the credit for investment in technology is not clear, and won't be clear until it's over, I'm sure.

Mr. Nathan Cullen: Let me ask a question just with respect to natural gas for a moment. There are plans afoot, and maybe they exist already, to move natural gas into the tar sands to then produce oil. In terms of the climate change file in general, leaving Kyoto aside, I'm curious about this in terms of using what we see as one of our more efficient and environmentally friendly sources of energy to produce what is generally seen as less efficient and more polluting.

Mr. Pierre Alvarez: It's a great tie-back, Mr. Cullen, to your opening comment about saving money. There's currently under way the construction of a $4 billion oil sands plant to use bitumen gasification in which you will essentially take the bottom end of the barrel, which is the asphaltene. This is the really heavy stuff. You will gasify that to produce two products: the gas that will then be used for power and steam production and a source for hydrogen production. This project will use almost no natural gas. This is a $4 billion investment to get going.

The other interesting part of that is through the gasification process you produce an almost pure CO_2 stream—

Mr. Nathan Cullen: Excuse me, Mr. Alvarez, though, my question was more toward the use of natural gas.

Mr. Pierre Alvarez: Well, we're backing out natural gas. This plant will not use natural gas.

Mr. Nathan Cullen: This plant, but in terms of the oil sands project, and correct my understanding if it's wrong, are there not prospects to bring a pipeline down to increase the use of natural gas in the tar sands?

Mr. Pierre Alvarez: No, there's a prospect to bring a natural gas pipeline both from the Mackenzie and Alaska to go into the North American marketplace. Where it then goes...it could displace gas that's currently going to the oil sands. But our view is if gas is in the $5 to $6 range, companies are going to be looking for a better alternative, and I think gasification is the one that's clearly on the board.

Mr. Nathan Cullen: I have one last question before a comment, I suppose, with respect to subsidies, and I look forward to the paper that's going to be presented. I think where some of the notions of subsidies are coming out is not so much necessarily from the left-wing, kookie environmentalists, but from such nuts as the OECD, who've said that incentives for natural resource development and use in Canada raise sustainability concerns. The OECD has criticized Canada in the past because “direct subsides and fiscal incentives to the energy industry continue to undermine the efforts to improve energy efficiency”.

I think the concern that some of the committee members attempt to raise is that the questions around subsidies are being commented on from groups that don't necessarily have a huge bias in one direction or the other, I would suggest, like the OECD.

Mr. Pierre Alvarez: But if you look at where that is directed, Mr. Cullen, that is directed to the end use where the government has stepped in and shielded the consumer from the real price or cost. That comment was not directed to the upstream. It was directed to the end use at the end of the wire or at the end of the gas pipe.

The Chair: Thank you, Mr. Alvarez.

Mr. Cullen, thank you.

We'll go up to the top now again and we'll go to Mr. Jean. These are five-minute questions.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair, and thank you to all the participants today.

I have about 47 questions, but I've narrowed it down to one, which I think is the most important issue in some respects in front of us today. That's one of the comments Mr. MacInnis alluded to on CEPA and its involvement with regulating large final emitters.

Quite frankly, I'd like to hear comments. We know there are jurisdictional issues, of course, federally and provincially. We know there are going to be some major problems if CEPA does do this. I would like to hear from some of the members in detail what problems large final emitters will have if CEPA is going to regulate.

● (1240)

Mr. David MacInnis: I'll just give a couple of examples, and I know others will have some comments. We could go on, Mr. Chair, in addressing the answer to this question for quite some time.

Generally, with respect to the Canadian pipeline sector, there is a concern about using CEPA as opposed to stand-alone, large final emitter legislation as the tool to address LFE greenhouse gas reduction efforts. I've mentioned the inclusion of carbon dioxide, for example, and that is a cause for significant concern. It is not a mutagen. To have it on the toxics list is inappropriate, to say the least.

The other point that we make typically about CEPA is that we have been working with the large final emitters group at Natural Resources Canada for a couple of years now, negotiating, discussing how to best address and achieve real greenhouse gas emission reductions. We are concerned, quite frankly, that a number of items that we have agreed to there may get lost if we're entering into a new process. So those are two examples.

The Chair: Mr. Alvarez.

Mr. Pierre Alvarez: The biggest concern for us is some are landing on a legislative base before we've decided what the policy is. There are too many questions. I think we should get the policy first and then talk about enforceability.

As you mentioned, the role of the provinces, especially for the natural resource sector, is critical. The provinces award those rights to explore and develop. Provinces regulate our industry. It's not clear to us how that's going to work.

Mr. Brian Jean: Of course, with the issue of health and Health Canada—and CEPA was set up originally for this—what perspective do you have on that?

Mr. David MacInnis: I guess again it goes to Mr. Alvarez's point about the desired policy outcome. Quite frankly, on this file, there's significant horizontality between jurisdictions, as he mentioned, but also between departments and agencies. There is some concern about the relationship between Health Canada and CEPA, but again, until we know how the government is proceeding, it would be premature to get into discussions about perhaps changes to the current CEPA act, for example, and the relationship it has with other agencies or departments, or legislation or regulation.

Mr. Brian Jean: Would your members' preference be to deal with it by some other legislation dealing directly with large final emitters?

Mr. David MacInnis: Our members have clearly expressed that they would prefer to have stand-alone, large final emitter legislation as the way to deal with greenhouse gas reduction requirements by Canada's LFEs.

Mr. Brian Jean: Do I have any more time?

The Chair: Yes, you have a couple of minutes.

Mr. Brian Jean: I was interested, actually, in what Mr. Cullen had brought forward previously.

Mr. Cullen, on natural gas, I'm from Fort McMurray and I'm aware of what's happening there. I know it's $6 a barrel for natural gas, I understand the cost, and I've spoken, quite frankly, to the heads of many of your members about looking at alternative sources of energy to take out the natural gas. Does the degasification process seem the most efficient from an environmental perspective? I know wind, of course, is one, but when speaking to some of your members, they say it's just impossible because you'd need something like 3,000 windmills to power what's going on there. Nuclear is not possible because the flow is not steady. They need consistent flow. So it seems like there's not a lot of alternative energy sources to take over natural gas.

Mr. David MacInnis: There's a significant amount of research, Mr. Chair, under way, though, to back out natural gas. Many of Mr. Alvarez's members are doing it, and I'll let him talk about Nexen and OPTI and other options. There is research going on; our members are involved. If some of these technologies come to fruition, and I emphasize none of them are 20-year prospects, you're looking at potentially a billion cubic feet a day of natural gas getting backed out. If a couple of these technologies come to fruition and processes change, you can back out more. That has been the history of oil sands development, that technology is improving dramatically.

● (1245)

The Chair: Mr. Alvarez, you'll have to make it very short.

Mr. Pierre Alvarez: I promise.

I don't think anybody is prepared to bet on any one technology. That's why I think government getting back into partnerships on the energy research game is so important. We saw the budget starting to signal this for the first time in a long time—maybe not as robustly as we'd have liked it to—and the role of the federal government with the provinces is critical. I think we share some of Mr. Page's concern about the pace of energy research in the country.

The Chair: Members of the committee, I need some direction at this point. We do have the notice of motion that we wish to deal with. Do we have the unanimous consent to close this part of the committee's deliberations down?

Some hon. members: Yes.

The Chair: We'll have to go on to the motion.

Thank you very much to our witnesses. It's been very helpful. I might suggest something, since I believe it is going to be the committee that will deal with CEPA—though it may not be. You may want to take the intent of Mr. Jean's question with respect to CEPA and what you would be looking for from that review and give it further consideration. If you would like to write the committee, the chair will make sure your letter is distributed to the committee, and we can take that in view of the process that may come with respect to the review.

Thank you very much, and, again, our appreciation to our witnesses.

Members of the committee, we have the notice of motion on the order paper that Mr. Mills has put forward. I'll just read it in order that it can be on the record. It says:

> That, due to the fact Mr. Glen Murray has nosignificant or relevant experience in environment-related fields or study, this committee calls on thePrime Minister to withdraw Mr. Murray'sappointment to the National Round Table on theEnvironment and the Economy.

Mr. Watson.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair.

After some further discussion here, I'd like to propose a friendly amendment to the wording.

[*Translation*]

Mr. Bernard Bigras: Could you ask the members of the committee to settle down, please? There is a lot of discussions going on.

[*English*]

The Chair: Thank you, Mr. Bigras, I appreciate that. The chair should have stepped in sooner.

Could we have your total attention now? We are back in session. Thank you.

Mr. Watson.

Mr. Jeff Watson: Thank you, Mr. Chair, and thank you to our colleague for helping to spur us back to more serious matters here.

As I was saying earlier, I wanted to propose some language as a friendly amendment to this, just to refine it a little bit more. It would read, "That, due to the fact Mr. Glen Murray has", and we'll strike the words "no significant or relevant" and replace them with "insufficient". So he has "insufficient experience in environment-related fields or study." Then add the following words, "and because of the partisan nature of his appointment, this committee calls on the Prime Minister to withdraw Mr. Murray's appointment to the National Round Table on the Environment and the Economy."

The Chair: Could you give us just that "and because of" section again?

Mr. Jeff Watson: I'll give you the full read here, slowly, as it would sound amended:

> That, due to the fact that Mr. Glen Murray has insufficient experience in environment-related fields or study, and because of the partisan nature of his appointment, this committee calls on the Prime Minister to withdraw Mr. Murray's appointment to the National Round Table on the Environment and the Economy.

The Chair: I have the wording now, thank you.

I guess the chair is going to have to seek direction. On the first part, I would rule that using the word "insufficient" and striking out those other words is a friendly amendment. But on the balance of it, my ruling or initial response is that it's fairly substantive and there should be notification given pursuant to our 24 hours on that. I think everyone should have an opportunity to review it.

● (1250)

Mr. Jeff Watson: May I smith the words a little bit differently then on the latter part, if we exclude that? Let me propose a different way.

The Chair: All right, let's try it again. We're all trying to get friendly here.

Mr. Jeff Watson: Let's try to read it this way instead:

> That, due to the fact Mr. Glen Murray has insufficient experience in environment-related fields or study, this committee calls on the Prime Minister to withdraw Mr. Murray's partisan appointment.

We'll smith the word "partisan" in there as a simple word change.

The Chair: Well, okay. I wasn't going to read this part because I didn't want to influence the committee's deliberation, inasmuch as we've already heard from the witness, but it may help the committee in terms of the fairness with which the committee is going to deal with this matter.

In Marleau and Montpetit, it does indicate, with respect to these kinds of sessions, and I quote directly from this:

> The scope of a committee's examination of Order-in-Council appointees or nominees is strictly limited to the qualifications and competence to perform the duties of the post. Questioning by members of the committee may be interrupted by the Chair, if it attempts to deal with matters considered irrelevant to the committee's inquiry. Among the areas usually considered to be outside the scope of the committee's study are the political affiliation of the appointee or nominee, contributions to political parties and the nature of the nomination process itself. Any question may be permitted if it can be shown that it relates directly to the appointee's or nominee's ability to do the job.

Now, after we had finished dealing with this issue, I was going to relate to this in order that the committee henceforth, and the chair in particular, would be more equipped to deal with these appointments and nominees. Keeping that in mind, my ruling would be that the question on the experience is in order, absolutely, and the friendly amendment is, but the wording, in terms of the partisan nature, really goes beyond the intent and in fact the spirit of what I have just quoted.

So unless there's someone from the committee who can convince the chair otherwise, when we finally put it to a vote, I would rule that the partisan nature is outside the spirit of the procedure.

Mr. Mills.

Mr. Bob Mills: Mr. Chair, as it is my motion, I wonder if we could work on that wording and resubmit our notice of motion later today and have it voted on Thursday.

The Chair: Do I have unanimous consent to do that? I think that's the appropriate way to do this. Do I have unanimous consent?

An hon. member: No.

The Chair: I don't have unanimous consent.

Well, then, Mr. Mills, my suggestion would be that without that one word in there, the motion is in order. Do you wish to—

Mr. Brian Jean: Can we make comments? In relation to this, you suggested that somebody could make an argument. I would like to make one.

The Chair: All right, Mr. Jean. Sure.

Mr. Jeff Watson: We'll leave the word "partisan" out and put "insufficient" in. Is that okay?

The Chair: Okay. Is that fine?

Mr. Brian Jean: I would like to refer back to what you quoted, and my understanding is it's in respect of the questioning, not in respect of any motions. My understanding of the rules is that the motions can, in effect, say anything they want. It's the questioning of the witnesses that's not appropriate. So I would suggest that your ruling is in relation to the questioning, which already took place yesterday. Of course, I believe you're right, based on that, but you're not, in my respectful opinion, correct in relation to a motion that's before the floor.

The Chair: That's why I didn't bring the quote forward because I didn't want to influence the debate, but I think it's the spirit of the questioning that also has to be mirrored in the motion itself, and that's the basis upon which I'm making that ruling.

Mr. Bigras.

[*Translation*]

Mr. Bernard Bigras: Thank you, Mr. Chair.

As you do, I try to read and understand what we are shown, and I understand the Chair may interrupt the questioning by members of the committee. The appointment or the political affiliation are related to the questioning of the witnesses before the committee but not to the amendments to the motion. I would like you to refer us to another provision of the Standing Order that says you can't amend a motion like this one when the amendment deals with the partisan nature of the nomination. I do read the following:

> Questioning by members of the committee may be interrupted by the Chair, if it attempts to deal with matters considered irrelevant to the committee's inquiry. Among the areas usually considered to be outside the scope of the committee's study are the political affiliation of the appointee[...]

This reference to political affiliation is mentioned in the context of the questioning of witnesses and not in the context of the study of a motion.

● (1255)

[*English*]

The Chair: I think that's an excellent point, Mr. Bigras, but I would just back up the bridging that I have attempted to make here with the part that I quoted and its spirit. I think you're absolutely right, but let me just read one further part:

> A committee has no power to revoke an appointment or nomination and may only report that they have examined the appointee or nominee and give their judgment as to whether the candidate

—and I think this is the operative part—

> has the qualifications and competence to perform the duties of the post to which he or she has been appointed or nominated.

I would use that as the operative part in terms of the ruling I'm making—not the manner of the questioning. I allow that is absolutely correct. The reason I was going to use that after the fact was that from this point on, it would give all of us a better sense of how to convene the meeting procedurally.

I have Mr. Watson, who has indicated that—

Mr. Jeff Watson: Actually, in light of what you've just said, Mr. Chair, the partisan nature of the appointment is not an aspersion on Mr. Murray himself, but rather a judgment rendered about the government in terms of the nature of the appointment itself. It has no bearing on his competence or lack of competence; it's not a judgment on him. That motion doesn't speak, therefore, to Mr. Murray's capacity.

The first part that you've ruled in order in terms of a change may speak more to whether he's competent or not competent. But the second part of the amendment, the partisan nature of the appointment, speaks nothing to the issue you're speaking of.

So I'm not—

The Chair: In fairness, in terms of natural justice, the whole process of having someone come forward is to reflect directly on their qualifications and competencies. I don't think it behooves the committee, even in an indirect way, to cast an aspersion on them. And I know that's not the intent, but I think it's fair to say that is the inference one could draw.

I would like to work towards a motion.

Mr. Watson, or Mr. Mills—I can't remember who—you indicated that if we were to leave "insufficient" as the amendment and go on with the body of the motion, then we could put that motion.

Mr. Jeff Watson: Yes, we'll let that stand.

The Chair: All right. Do I have unanimous consent that this is the amendment? It would now read:

> That, due to the fact Mr. Glen Murray has insufficient experience in environment related fields or study, this committee calls on the Prime Minister to withdraw Mr. Murray's appointment to the National Roundtable on the Environment and the Economy.

Do I have unanimous consent to put that?

[*Translation*]

Hon. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Chair, the french text and the english one must correspond. The french text mentions the " présidence " of the Round Table, but the english doesn't.

[*English*]

The Chair: I would think that the two words, "chair" and "président", are interchangeable.

Hon. Denis Paradis: That's the way they are?

The Chair: Yes, that is the way we are reading it.

Hon. Denis Paradis: So which one is good?

The Chair: It would be “président”.

The Clerk of the Committee: Okay, we'll fix that; they didn't put “chairman” in that.

The Chair: Gene, is it clear what you're going to do?

The Clerk: Yes, I'll fix it up.

The Chair: Okay. I'll put the motion.

Mr. Paradis.

[*Translation*]

Hon. Denis Paradis: Mr. Chair, I will vote against this motion.

First, Mr. Chair, the mandate of the Chair of the Round Table is to advise the government and to make recommendations. Some colleagues from across the table have mentioned that he should be able to criticize the government. Not at all. It must be somebody who will give advice to the government and make recommendations.

Also, I will vote against this motion, Mr. Chair, because of the skills this nominee has. He was a mayor and a councillor for 14 years; he is still teaching and he is a businessman. He was active at the international level, and we know how important this is for the environment. He is a deal maker and he has the ability to bring people to a consensus and to dialogue. As far as I know, he has all the required skills to chair the Round Table.

● (1300)

[*English*]

Also, Mr. Chair, he has leadership and vision. He's been the chair of the big city mayors' caucus. He put forward the new revenue deal for municipalities—and we've seen in the last budget what that gives.

[*Translation*]

He has been very active with the Federation of Canadian Municipalities. I think we have here a nominee who is quite exceptional. I will vote against the motion, because the nominee has shown us how open-minded he is. He has repeatedly stated he was ready to cooperate. His readyness to cooperate impressed me all the more because there was a sharp difference with the argument put forward by our conservative friends, who brought up here a debate that took place during the elections in Winnipeg, about election pamphlets. It had more to do with a vendetta than with an analysis of the skills of the nominee in front of us. It is quite obvious, Mr. Chair, the nominee is not a conservative, but there is nothing in what he said here that could disqualify him.

For all those reasons, I shall vote against the motion, Mr. Chair.

[*English*]

The Chair: Thank you.

Mr. Mills, Mr. Cullen, Mr. Wilfert.

Mr. Bob Mills: Basically I saw that as a job interview. I found him wanting in a number of areas. By his own admission he does not understand the science. He does not understand such basic things as aquifers, cap and trade, and all of those issues on which he should be showing the initiative and leadership in organizing. By his own admission he understands the politics but not the science.

If we look at the last chairman, he obviously was in a position and capable of dealing with it as a leader, of setting the agenda, which is what you need in a round table situation like that.

So I totally disagree with the last member because I feel he does not have those qualifications. Therefore, obviously I put forward the motion. I don't usually put forward motions like that. It's probably one of the first times I have. The point is that it was so obvious to everybody here that he was not qualified to do that job. That's why the motion is there, and that's why I encourage people to vote for it.

Maybe a better suggestion is that candidates' names be put forward to committees to show that committees do in fact have a relevant place, as the Prime Minister said. Out of the three candidates' names put forward, we could analyze those and play a much more important role in the area of choosing the people for chairmen of jobs like this.

The Chair: Thank you, Mr. Mills.

Mr. Cullen, then Mr. Wilfert.

Mr. Nathan Cullen: Thank you, Mr. Chair.

I've just asked the clerk this. We submitted a motion that ideally meant to get us away from this conversation.

One of the things that we've most enjoyed, that I've most enjoyed, about the environment committee is the generally non-partisan nature. Now we step into a conversation where the debate becomes, is the appointment partisan? Is the rejection of the appointment partisan?

I've asked the clerk if we can bring forward the motion that was crafted by Mr. Broadbent, which has been accepted by five or six committees, to lay out the parameters a little more. I very much dislike going through this every time we have an appointment in front of us. I don't think it does well for the dynamic of this group in making decisions. It doesn't necessarily do all that well for the appointees in front of us.

To that effect, though, I want to express to all the members in the committee, from the presentation we saw yesterday, that I do have grave concerns with the candidate, and also I'm supportive of taking the words “partisan” out of the motion.

I wouldn't mind having the motion clarified one more time, and I suggest that we end this debate somewhat soon.

The Chair: Okay, Mr. Cullen, I can ask the clerk to read the motion.

I'd just like to emphasize that we will bring that forward as a suggestion, but we have this motion in front of us, Mr. Cullen.

● (1305)

The Clerk: It would read:

> That, due to the fact Mr. Glen Murray has no significant or relevant experience in environment-related fields of study, this committee calls on the Prime Minister to withdraw Mr. Murray's appointment to the National Roundtable on the Environment and the Economy.

Is that right?

The Chair: That's it.

Okay, Mr. Wilfert, final question.

Hon. Bryon Wilfert: Mr. Chairman—

Mr. Bob Mills: Call the question.

The Chair: Sorry, I thought you had a question. We're still on debate.

Hon. Bryon Wilfert: Unfortunately, the chair recognized me before, but then he went to Mr. Mills, and then he went to Mr. Cullen—the ultimate in fairness there.

I just want to say, Mr. Chairman, that I am in complete agreement with my colleague, Mr. Paradis, but also with my colleague, Mr. Cullen. I'm disappointed that we have descended into what I consider to be partisan politics on the appointment level, given the fact that Audrey McLaughlin was also appointed as a former leader of the New Democratic Party a former premier of the NWT, and a former New Democrat as well. That certainly was not an issue.

When Mr. Harcourt was appointed by the Prime Minister to lead the chair on the cities file, that again was not contested. I think there have been in fact fair appointments all around, from all parties. If the only rationale is going to be as to whether someone ran or didn't run for a political party, rather than what is described—and Mr. Watson has put forth the motion of “insufficient”—I would rather judge the merits of any candidate on their qualifications, or lack thereof.

Obviously the comments in yesterday's committee, and certainly even in the motion that was withdrawn—and I appreciate that it was withdrawn on the issue of being partisan—clearly reflect the underlying tone of what really is behind the motion.

However, I'm fine, Mr. Chairman, with calling the question, and I will register my opposition.

The Chair: Okay. Thank you. You've heard the motion.

All right, Mr. Bigras, through the chair, if anything, but I'd prefer nothing other than the vote.

All those in favour of the motion? Opposed?

Yes.

Mr. Bob Mills: Will that be reported to the House now, or what is the process?

The Chair: We'll immediately send a letter to the Prime Minister.

Hon. Denis Paradis: Mr. Chair, could we have a recorded vote?

The Chair: Okay, a recorded vote.

(Motion agreed to on division: yeas 7; nays 4)

[*Translation*]

Hon. Denis Paradis: I raise a point of order, Mr. Chair, about what I was telling you earlier about Thursday's meeting.

[*English*]

The Chair: Oh, yes. As you know, the national day of mourning and the service will be held in Edmonton for the four RCMP officers. Some of the members of other committees are going and I wanted to find out whether there was any intention with respect to this committee, so that we could do whatever was appropriate to take that into consideration. Were there any members who were going to go to the service?

Mr. Bob Mills: Two of them are in my community on Friday and Saturday, but I was planning to be here Thursday.

The Chair: Okay. So it would be Mr. Jean, and Lee Richardson is going also.

[*Translation*]

Hon. Denis Paradis: Mr. Chair, I suggest we reschedule Thursday's meeting to another Wednesday or that we try to squeeze it in at some other date. The Standing Committee on Justice, Human Rights, Public Security and Emergency Preparedness has already decided to reschedule its Thursday's meetings.

[*English*]

The Chair: You've heard the suggestion. Now I would like to ask the clerk who we have scheduled for Thursday.

The Clerk: I don't know off the top of my head, but I think we have hydro power, nuclear, gas—industry people.

The Chair: You've heard the suggestion to reschedule the meeting. I don't think we need to put that to a vote then. We'll reschedule that meeting, and both Mr. Richardson and Mr. Jean will take our thoughts with them to Edmonton.

Thank you very much. The meeting is adjourned.

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