

## **CANADA'S NET ZERO ADVISORY BODY ENGAGEMENT**

As the Net-Zero Advisory Body consults on the values and principles that will guide its work in preparing advice on how the federal government can lower emissions in Canada's natural gas and oil sector, it is important to recognize two vital realities that must guide the discussion:

1. Energy is essential.
2. The demand for energy will only increase.

Canada's plan must be guided by these two undeniable truths. And the outcomes need to improve and enhance the quality of life for all Canadians. It must also recognize all the impacts (both positive and negative) these ambitions will have on the economy and Canadian families.

With respect to the questions posed by the NZAB, I offer the following comments and suggestions.

### **On the Proposed Foundational Values:**

As written, the values do not acknowledge the realities of global energy demand and the substantial role the natural gas and oil industry plays driving the Canadian economy and supporting stronger Canadian communities.

#### *Seize the Upsides:*

- Canada has the 3<sup>rd</sup> largest oil reserves in the world and vast reserves of natural gas.
  - The natural gas we produce in Canada is among the environmentally and socially responsible in the world.
- Canada needs to leverage the strongest sectors of its economy – particularly those sectors that have a proven track record of environmental innovation and high-performance – to build on our strengths.
- The natural gas and oil industry has a broad portfolio of innovative solutions to deliver emissions reductions. Technological advances that are not aspirational, they are real and delivering results and emissions reductions now.
- According to data from Statistics Canada, Canada's natural gas and oil industry accounts for 37 per cent of environmental protection spending.
- In a world demanding more and more energy, these are the advantages we should be leveraging and the upsides we must look to seize.

#### *Putting People First:*

- Putting people first means more than 'supporting a just and fair transition'.
- It means acknowledging that the workers within it are not just another stakeholder when it comes to this discussion. They are the people developing the technology to lower the intensity of the energy vital to our way of life. And the ones researching and implementing the world-leading innovations that will help us reach our goals.
- Putting people first means acknowledging that limiting the growth of Canada's resource industries deprives Indigenous people and communities of economic opportunities that help support reconciliation and self-determination.

- Putting people first means respecting and understanding that depriving developing nations in energy poverty of reliable and affordable energy to build their economies and improve their people's quality of life is not a solution to the problem.
- Putting people first means acknowledging that it is not credible to believe that ending jobs in resource communities, many of which are the most economically productive jobs in the country, and replacing them with less productive jobs will not severely impact the fabric of those communities.
- And putting people first means offering the over 500,000 Canadians from coast to coast who work the sector more than two words without a plan.

*Motivate and Empower Canadians:*

- If the goal is to 'motivate and empower Canadians', the NZAB must refine the values to acknowledge that a reliable, affordable, and secure supply of energy is essential to modern living.
- Canada is blessed to have some of the most affordable energy in the world. However, many countries throughout the world are less fortunate and are struggling with rapidly increasing energy prices that forcing them to revert to coal-fired power to keep their economies running.
- Today, energy prices are rising and driving price increases across the whole economy, including the products Canadians use every day. Such outcomes will severely test the acceptability of current approaches, particularly because the individuals that are hurt most by increased costs are those that can least afford it.
- A low-carbon economy is desirable, but we risk losing Canadian's willingness to act if the policies implemented make life unaffordable for families.
- Limiting the supply of Canadian natural gas and oil will punish our economy and exacerbate an entirely unavoidable energy crisis. ?

*Collaborate every step of the way:*

- Canada's natural gas and oil industry has proven ready to collaborate on initiatives that will help us reach our national climate ambitions. And is already working on partnerships that have resulted in demonstrable improvements and emissions reductions.
- Collaboration requires, decisive government leadership, supportive policy, and outlining a clear vision for the role of Canadian natural gas and oil, today through 2050.
- Policy measures should be supported based on their ability to motivate and reward early action and investments in innovation by industry. This means market-based, rather than regulatory approaches.
- The ability to trust that Canada will have a stable, predictable policy environment as we pursue our environmental ambitions is critical to attracting the private investment needed for continued progress reducing emissions.

*Recognize and respect regional differences and circumstances:*

- This is arguably the most important value for the NZAB to consider.
- The development and export of our natural resource wealth is the foundation of our economy. By far, Canada's highest and most important value-added sector is natural resource production.
- Jobs in the natural resource sector are some of the highest-paying and most economically productive jobs in the Canadian economy. Mining, oil and natural gas production jobs generate almost twice as much real income as the next highest-value industries.

- Natural resource production also generates a large majority – nearly two-thirds – of Canada’s export earnings.
- Canada’s high standard of living and enviable quality of life is built on natural resources – they go along way to help pay Canada’s bills.

### **On the Design Principles:**

#### *Act early and urgently:*

- Acting with urgency is important, but the impacts on Canadians and our economy must be considered as the NZAB moves through this process.
- Rushing actions without proper planning can result in unintended consequences that are harmful to Canadians. We need look no further than the ongoing and escalating energy crisis in Europe to see the potential impacts of moving too fast, too quickly.
- If Canada stops producing oil and natural gas, our production will move to other jurisdictions with lesser environmental regulations.
- This will weaken Canada’s ability to impact global emissions, most certainly result in increased global emissions, and have grave consequences for global energy security.

#### *Be bold and proactive*

- It is essential the NZAB look to support a strategic and detailed plan, with defined steps that describe the magnitude and impacts of the options presented.
- To date, Canadians have been presented several ambitious goals with varying dates of implementation. However, little detail has been presented on the steps needed to reach the government’s targets and how each of these steps will affect affordability and economic growth in Canada.

#### *Acknowledge there is more certainty than uncertainty:*

- It is certain that there is no future scenario that does not include the need for oil and natural gas.
- While renewables will play an increasingly important role in developed countries, as the global population and standard of living rises, demand for all forms of energy will continue to rise. This means natural gas and oil production will continue to grow help meet baseload power needs and support increased energy consumption in developing economies.
- Canada can leverage its economic and environmental advantages to supply the energy that the world needs while helping to reduce emissions.

#### *Don’t get caught in the “net”*

- The government has made a commitment to “Net”-Zero as have many other countries across the world.
- It is incredibly important that Canada view its role here as part of the the overall global effort to reduce emissions, and recognize its opportunities to assist other countries in this effort.
- It is critically important to remember that ignoring the economic and environmental opportunities our natural gas and oil sector presents will negatively impact key national priorities, including reconciliation and increasing prosperity for Indigenous peoples many of whom have major interests, including ownership, in Canadian oil and natural gas projects.

#### *Beware of dead-ends:*

- No one can know what should be considered a “dead end,” or a “stranded asset” as we work to reach goals set 30 years into the future.
- It would be a mistake to ignore what is possibly the most effective and efficient means to immediately reduce emissions - switching from coal to natural gas. This has driven the biggest changes in Canada (Ontario), the United States, and several other jurisdictions throughout the world.
- An attempt to characterize some emission reduction opportunities as dead ends or liabilities, has the potential to eliminate the most promising opportunities to meet targets by 2030.
- When considering meaningful ways to lower emissions the perfect should not be the enemy of the possible, affordable and reliable.
- Canada’s approach needs to focus on emissions and not on one solution or favoured approach.

With respect to providing advice on key guiding principles for Canada’s natural gas and oil sector, in addition to the reflections outlined above, the NZAB should confirm that an emissions cap is not a production cap and that the industry should be encouraged to grow production provided they continue with demonstrated reductions in emissions intensity. Additionally, through this process the NZAB should publicly acknowledge and recognize the substantial progress the Canadian natural gas and industry has made in improving processes to reduce emissions and position Canada’s industry, its workers, and clean technologies as a preferred supplier of global energy.

Access to a reliable, affordable, and secure supply of energy is essential to modern life.

Energy is essential.

Ignoring the realities of global energy demand – and the necessity of natural gas and oil in meeting that demand – will not help Canada reach our climate ambitions any faster. In fact, ignoring these truths may slow our progress and make reaching our goals increasingly difficult.

I appreciate the opportunity to provide a submission.