



# **SUBMISSION AND RECOMENDATIONS: ECCC 2030 EMISSION REDUCTION PLAN**

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## **INTRODUCTION**

During the recent UN climate change conference (COP26), the world came together to commit to a faster timeline to limit global warming to 1.5°C.

The Federal Government is developing a plan to reach net-zero and to achieve Canada’s emissions reductions target to reduce emissions by 40-45% below 2005 levels by 2030. The Federal Government is seeking input from interested Canadians on how to best reduce emissions in order to achieve these ambitious goals.

Since the passing of the *Canadian Net-Zero Emissions Accountability Act* in late June 2021, the Government of Canada has begun consulting with provinces and territories, Indigenous Peoples, the Net-Zero Advisory Body and interested Canadians on the collaborative approach the Government of Canada can take to address climate change.

## **BACKGROUND**

- On June 29, 2021, the Canadian Net-Zero Emissions Accountability Act (‘the Act’) received Royal Assent and enshrined into law Canada’s 2030 Nationally Determined Contribution of reducing emissions by 40-45% below 2005 levels by 2030, and target of net-zero greenhouse gas emissions by 2050.
- The Act establishes a legally binding process to set five-year national emissions-reduction targets for 2030, 2035, 2040, and 2045, as well as develop credible, science-based emissions-reduction plans to achieve each target.
- The Act specifies that the Minister of Environment and Climate Change Canada develop a national emissions reduction plan for each five-year target, with the 2030 plan due by March 29, 2022. The emissions reduction plan must include a description of the key emissions-reduction measures the Government of Canada intends to take to achieve its 2030 target.
- In addition, when establishing an emissions reduction plan, the Minister must provide the governments of the provinces and territories, Indigenous Peoples, the Net-Zero Advisory Body and interested persons with the opportunity to make submissions.
- Canada’s 2030 Emissions Reduction Plan is the first of many to come for each five-year target. Similarly, this engagement exercise will continue for each new target, and the Government of Canada will establish formal, ongoing and consistent engagement processes for future emissions reduction plans.

## **WHAT THE FEDERAL GOVERNMENT HEARD: ENGAGEMENT ON 2030 TARGET**

- To inform the setting of Canada’s more ambitious 2030 target of 40-45% below 2005 emissions levels, Environment and Climate Change Canada (ECCC) launched an online survey to seek public

input on how Canada can continue to increase action on climate change across the country. The public engagement survey was open from March 19, 2021 to April 21, 2021. A total of 1,134 respondents participated in the engagement.

The Association provided the following answers to the survey:

## **SECTION 1: ACHIEVING OUR 2030 EMISSIONS REDUCTION TARGET OF 40 – 45% BY 2030**

1. What opportunities do you think the Government of Canada should pursue to reduce emissions by 40-45% below 2005 levels by 2030 and position Canada to achieve net-zero emissions by 2050, including in any or all of the following economic sectors?

To be successful, Canada's ambitious climate goals must include emissions reductions initiatives in all sectors. As the Government of Canada prepares to increase the speed at which it meets its climate commitments, CAOEC would suggest there are a number of proven incentives to achieve this without jeopardizing Canadian jobs, investment, or resource and tax revenues in the oil and gas industry.

Proven incentives to accelerate transition to a lower carbon energy industry include:

- Promotion of Canadian energy (and specifically oil, natural gas, and LNG) internationally as the world's premium product to encourage investment and development. The International Energy Agency (IEA) continues to project growing demand for oil and natural gas in the coming decades. It is fundamentally important to acknowledge the certainty that there will continue to be a need and a demand for oil and natural gas as we approach 2050 and beyond. Non-emitting sources of power including renewables and nuclear will play an increasingly important role in developed countries, but in other parts of the world, demand for oil and increasingly natural gas will persist. Canada should recognize and leverage its economic and environmental advantages to supply the energy that the world needs while helping to reduce emissions via displacement of higher-emitting forms of energy.
- Continued incentives to energy companies to invest in clean technologies such as the upcoming investment tax credit for carbon capture, utilization, and storage (CCUS) technologies.
- Funding support for CCUS technology, geothermal, hydrogen, and other forms of low-carbon fuels.

2. What do you see as the barriers or challenges to reducing emissions in these sectors? Do you have suggestions on how to overcome these barriers?

With specific regard to the oil and gas industry, CAOEC believes a net-zero transition is a technical challenge but also a great economic opportunity. The production of cleaner oil and gas, development of alternative energy sources such as hydrogen and geothermal, and support for CCUS can form a viable pathway to net-zero, and is one that supports Canadian workers, resource communities, and our economy through the energy transition.

Challenges for the oil and gas industry associated with the transition to a low-carbon economy include:

- Restrictive regulatory policy that unnecessarily escalates costs, prevents market access for Canadian producers, and/or prioritizes less efficient, more expensive energy sources.
- The perpetuation of the sentiment that Canada's oil and gas industry must be phased out if we are to achieve a low carbon future.

Canada's energy sector is a willing partner in helping Canada achieve net-zero emissions but in a manner that protects energy affordability, reliability, and security as we tackle emissions reductions. The production of Canadian oil and gas employs hundreds of thousands of Canadians. Within the context of continued global demand for oil and gas resources, Canada's net-zero commitments should not result in unnecessary job loss, drastic increases to energy bills, or displaced economic activity to jurisdictions who do not share our commitment to climate action. Canadian economic prosperity and energy security must be considered as we move forward as failure to do so could result in decreased support for climate action from Canadians. CAOEC believes the net-zero transition will need to be planned thoughtfully and take time - but through partnership - government and industry can ensure Canadian oil and gas resources succeed in a net-zero energy environment.

CAOEC would recommend that the Government of Canada affirm that it does not intend to phase-out natural resource development and will support Canada's resource workers, industries, and communities through energy transition by focusing on supports to develop cleaner energy including policies that assist oil and gas industry to reach net zero emissions targets.

3. What broader economic, technological, or social challenges and opportunities do you foresee resulting from efforts to reduce emissions in these sectors? For example, opportunities associated with economic diversification across sectors. Do you have suggestions on how to address these challenges and opportunities?

The Canadian energy industry has the tools, technology, and knowhow to help Canada meet emissions targets, and can play a meaningful role in satisfying global demand for low-carbon energy if there are continued opportunities and appropriate policies put in place to support the success of the industry, its workers, and resource communities as we drive towards net-zero targets. Technology, we would suggest, is not our greatest challenge however we do believe there are economic and social challenges associated with net-zero goals. For example, Canadians depend on reliable, affordable, and secure sources of energy. This is essential to Canadian families and our economy. Without prudent and realistic planning, our actions to reach net-zero by 2050 may produce unintended consequences (unnecessary job loss, energy price/supply shocks, etc.) that could ultimately undermine Canada's climate commitments. The ongoing and escalating energy crisis in Europe, and the geopolitical tensions now being created as a result, demonstrate the need for national energy affordability, reliability, and security to be prioritized as we tackle emissions reductions.

To overcome this challenge, the CAOEC would recommend that the Government of Canada collaborate more closely with industry as it prepares advice for Canada's 2030 emissions reduction plan. Canada's energy industry has a decades' long and well documented track record of lowering and capturing carbon emissions, and this work will accelerate as we move through an energy transition. Industry expertise is required as Canada charts out technology pathways and policy designs to achieve declining emissions

targets for the oil and gas sector. This collaboration is critical to ensure that Canada's net-zero targets support innovation, jobs, and continued economic prosperity for Canadians and avoids issues that can cause political, social, and economic disruption.

## **SECTION 2: CONTRIBUTING TO NET-ZERO BY 2050**

1. Looking beyond 2030, what enabling measures, strategies or technological pathways do you think the Government of Canada should put in place now to ensure that Canada is on track to net-zero emissions by 2050?

There are several technological pathways for Canada to reach net-zero. Looking beyond 2030, CAOEC supports a regulatory and policy environment that is committed to utilizing and perfecting net-zero technologies primarily focusing on carbon capture and storage techniques, and offset programs to support the production of net-zero forms of blue hydrogen, geothermal, and low-carbon natural gas.

2. What broader economic, technological, or social issues do you foresee as a result of the transition to a net-zero economy in Canada? Do you have suggestions on how to address these issues?

As stated previously, Canadians support a transition to a low-carbon economy, but we risk losing Canadians' support to act if net-zero policies place undue burdens on families and livelihoods. It is vitally important that the Government of Canada recognize that in an era of increasing polarization, getting the net-zero policy wrong could result in decreased support for climate action from Canadians, especially if pathways pursued produce unnecessary job loss, drastic increases to energy bills, or displaced economic activity to climate-laggard jurisdictions.

Industry supports the Government of Canada's goal to significantly reduce the GHG emissions profile of our oil and gas sector but strongly asserts that the drive for net-zero should not effectively become a cap on oil and natural gas production in Canada. The Oil Sands Pathways to Net-Zero Alliance is an example of industry's commitment to a detailed framework for reaching net-zero by 2050. It is vitally important for the Government of Canada to collaborate with industry and governments in resource-producing provinces to ensure we get net-zero policies right and capitalize on the unique potential of our energy resources and environmental innovation, and avoid economic, social and political disruptions.

## **SECTION 3: ONGOING ENGAGEMENT ON CANADA'S EMISSIONS REDUCTION PLANS**

1. How would you like to be engaged on Canada's climate plans moving forward? How often should this engagement occur, and what method or format would be preferable?

CAOEC appreciates all efforts initiated by the Government of Canada to consult our industry and Canadians. Canada's oil and gas industry is a partner in helping the Government of Canada reach our national climate targets and international obligations. Our sector has a proven track record of innovation that has resulted in demonstrable environmental improvements and emissions reductions. We would recommend deeper collaboration instead of forms of traditional consultation. This form of collaboration could include industry representation on the Net-Zero Advisory Body, for example.