

Briefing Note

Liberal Election Platform: Have the Liberals Really Shifted Their Approach to Oil and Gas Emissions?

Prepared for SCAN!

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The Liberals' Election Platform

On August 29 /21, The Federal Liberals released 'A Cleaner Greener Future', their new and improved election platform for climate action. The announcement was met with some enthusiastic responses such as the headline in the Energy Mix: Trudeau Announcement Means the End of Oil and Gas Expansion. The CAN/RAC spokesperson quoted in the article certainly seemed to think so. And the headline in the National Observer: Liberals name the elephant in the room: Oil and Gas emissions must come down. A Globe and Mail opinion piece suggested the same.

Is it really the end to the expansion of oil and gas? No. Have the Liberals shifted their approach to oil and gas emissions? Not likely.

1. Oil and Gas Sector Emissions:

The Liberal promise:

- Make sure the oil and gas sector reduces emissions at a pace and scale needed to achieve net-zero by 2050, with 5-year targets to stay on track to achieving this shared goal. And driving down pollution starts with ensuring that pollution from the oil and gas sector doesn't go up from current levels.
- Set 2025 and 2030 milestones based on the advice of the Net-Zero Advisory Body to ensure reduction levels are ambitious and achievable and that the oil and gas sector makes a meaningful contribution to meeting the nation's 2030 climate goals.

Comment:

These measures are in keeping with obligations under the new climate legislation, Bill C-12, which requires the government to establish an emissions reduction plan for 2030 and must include an interim GHG emissions objective for 2026. The plan must contain relevant sectoral strategies. But why would we have an oil and gas sector in 2050? Shouldn't it be phased out by then?

There are two things we already know. One is the liberal's preference for lowering emission intensity levels rather than absolute emission levels. SCAN!'s report "The Liberal Climate Action Formula: A Recipe for Failure" points out that the government's carbon pricing system for large emitters puts a price not on actual carbon emission levels, but on **carbon intensity per barrel**. (As the report points out, "If a company pollutes less per unit of production it can pollute as much or more as long as it does so in a more carbon efficient manner. There is a critical difference between absolute emission limits and intensity limits.")

Second, according to the government's climate plan, A Healthy Environment and a Healthy Economy, the Oil and Gas sector was expected to reduce absolute emissions by a small amount by 2030 when the overall emission target was just over 30%. Now that the new target is 40-45% it is likely the oil and gas sector will have to do a little better than the anticipated 20 MT or 12.7 % reduction.

The recent election platform announcement doesn't change either of those points. But what the announcement did do was cause some confusion, as often happens when the Liberals try to have it both ways.

Jonathan Wilkinson, the pre-election Environment Minister [said](#) “we’re effectively capping oil and gas emissions in this country.” Confirming that the plan is focussed on reducing absolute emissions, rather than emission intensity per barrel, he said that “emission intensity is not sufficient because if you have more improvements...yet increase production, then you end up with an increase in absolute emissions.”

But Trudeau had a significantly different take on the question, [saying](#) that the Liberal plan to cap emissions is by decreasing “**the carbon emissions per barrel, because that is the path forward**” and that “**industry knows that.**”

Indeed, the industry knows that because it is a plan [cooked up](#) by industry and government together. Trudeau’s use of the word “path” echoed “**The Oil Sands Pathways to Net Zero**”, a plan developed by tar sands companies as well as the Alberta and federal governments. This is likely a product of the [Create the Path Table](#), one of the secret joint industry/government working groups that was created in the lobbying barrage during the pandemic.

The Oil Sands Pathway adopts a ‘no crisis here’ approach to the climate issue:

This initiative is the only realistic path forward for our country to combat this unprecedented challenge while also helping to supply the world’s energy needs... Canada cannot meet its energy needs and its emissions targets without hydrocarbon fuels. Oil will continue to play a critical role in the diversified energy mix of the future...

Is this the End of Oil and Gas Expansion?

Canada’s oil and gas companies have no intention of cutting back production. The plan is to increase production as long as they profitably can. The Liberals are still enabling that addiction. The Liberal strategy remains a fossil fuel climate plan. It can be seen in

- their commitment to intensity rules in the industry part of the carbon pricing system (Output Based Pricing System)
- their support of unreliable carbon credits and dubious carbon offset schemes
- their commitment to a pipeline that will nearly triple the capacity for the industry to ship its oil (and associated emissions) to other countries,
- their support for fossil fuel hydrogen
- their failure to date to end fossil fuel subsidies, and
- their recently announced intention to spend billions in public monies to subsidize oil and gas companies’ carbon storage ventures.

2. Methane Emissions

The Liberal Promise

- We will require oil and gas companies to reduce methane emissions by at least 75% below 2012 levels by 2030, work to reduce methane emissions across the broader economy, and seek similar commitment from other major economies at the upcoming G20 and COP26.

Comment:

This is good news. Methane is the primary component of natural gas and has more than 80 times the climate warming impact of carbon dioxide when measured over a 20-year period. In its recent report the IPCC called for drastic cuts in methane. The Liberals are responding to that demand and the pressure from Canadian climate action groups.

The problem with the announcement is that absent other changes, such as how methane is measured and monitored, how fugitive emissions are captured and what modelling is used to inform the regulations, the 75% reduction may be less than it seems.

Canada promised in 2016 to introduce methane emission reduction regulations to reduce oil and gas methane emissions by 40 to 45% below the 2012 baseline by 2025, regulations which were finalized in 2018. Provinces were allowed to introduce their own regulations as long as they were equivalent and did so by late 2020.

A September 2020 Media Briefing [Note](#) on Canadian methane regulations from the Pembina Institute revealed that recent modelling released by the federal government showed that the regulations would only result in a 29% reduction below a 2012 baseline instead of the 40 to 45%. The federal government's modelling relied on methodology that underestimated emissions.

It is still unclear whether and how Canada will meet its 2025 methane reduction target. And the task of meeting methane targets will be even more difficult with the Liberal's hydrogen strategy, which uses natural gas as a feedstock.

3. Ending Thermal Coal Exports

The Liberal promise:

- Canada is leading the way with the Liberal government's commitment to phase-out unabated coal-fired electricity by 2030 and no longer approve new or expanded thermal coal mines. To keep moving forward on moving past coal pollution, a re-elected Liberal government will end thermal coal exports from and through Canada no later than 2030.

Comment:

This is a good initiative, in keeping with Canada's leadership in the Powering Past Coal Alliance.

In 2018 the federal government introduced regulations to phase out conventional coal-fired electricity across Canada by 2030. In June 2021 the government released a policy [statement](#) on thermal coal mining that stated that

The continued mining and use of coal for energy production anywhere in the world is not environmentally sustainable and does not align with the Government of Canada's commitments, both domestically and internationally, with respect to combatting climate change. Accordingly, the Government of Canada considers that any new thermal coal mining projects, or expansions of existing thermal coal mines in Canada, are likely to cause unacceptable environmental effects. This position will inform federal decision making on thermal coal mining projects.

If the Liberals can end one fossil fuel that is, in their words “not environmentally sustainable” then why not end oil and gas which we know are destroying the planet?

4. Ending Fossil Fuel Subsidies

The Liberal Platform released on September 1/21 included a promise to eliminate subsidies and public financing for Fossil Fuels.

The Promise:

- Accelerate our G20 commitment to eliminate fossil fuel subsidies from 2025 to 2023
- Develop a plan to phase out public financing of the fossil fuel sector, including from Crown corporations, consistent with our commitment to reach net-zero emissions by 2050

Comment:

Canada first announced it would phase out fossil fuel subsidies in 2009. Environmental Defence’s long-standing campaign on this issue may be paying off. Their most recent [report](#) revealed that the federal government announced almost \$18 billion to the oil and gas sector in 2020. The report notes that “Canada now provides more public finance for fossil fuels than any G20 country other than China.”

It is difficult to not be skeptical about how a Liberal government would interpret these promises. Just as the current promise to end subsidies is bogged down by the government’s pledge to eliminate “inefficient” fossil fuel subsidies, we could anticipate disagreements about what public financing means. Last year, for example, the federal government [gave](#) \$320 million to the government of Newfoundland and Labrador, with no conditions other than it was to be used to support oil and gas workers and reduce emissions. Would such transfers in the future be counted as public financing? And earlier this month, Canada’s Natural Resources minister [announced](#) a call for expressions of interest to support carbon capture, utilization and storage (CCUS), with funding of \$319 million from its Energy Innovation Program to advance the commercial viability of CCUS technologies. Would this count as public financing?

The Canadian Association of Petroleum Producers’ election wish list [calls](#) for a 100 per cent tax deduction on all new capital spending, including emissions-reducing investments. They also want the parties to discuss options for “fiscal tools” to help companies develop CCUS systems. Is a fiscal tool public financing?

The Liberals’ fossil fuel election announcements are still geared to supporting the oil and gas industry and to continuing the Liberal drive to ensure Canada’s oil and gas exports. Other than perhaps the possibility of some funding under the vague National Energy Grid program that the Liberals also announced, it is distressing that there is no funding for wind or solar energy.

The Liberals still live in a world where there isn’t a climate emergency and where scientists and the UN have not issued a Code Red warning for the planet.