



# Energy Council of Canada Conference 2017 Canadian Energy Industry Updates and Insights

## Speech by the Honourable Jim Carr, Minister of Natural Resources

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Thank you, Graham [Graham Campbell, President, Energy Council of Canada], and thank you, Colin [Colin Andersen, Chair, Energy Council of Canada]. It's important for me — and, I have to say, pleasing — to address you. Because it was my very first speech as Canada's Minister of Natural Resources to the Energy Council of Canada in Calgary when you had the good sense to confer the honour of that year on Mike Cleland [recipient of Energy Person of the Year award for 2015], whom I had known very well working with the Canada West Foundation. And then I had the pleasure last year to praise via videotape my friend Elyse Allan [President and CEO, GE Canada]. So, I feel comfortable in front of this audience, and I'm very happy to share some thoughts with you.

A lot has changed since that first speech more than a year ago. And I've been moving around a little bit. I've travelled to the International Energy Agency in Paris and to the G7 meeting in Kitakyushu, Japan. I'm recently back from Mexico — I'll talk about that in a minute — and many places in the United States, and to India. And what strikes me in all of the conversations I have with politicians, with community leaders and with CEOs and others in the corporate world is that everybody knows exactly what's happening. And that is, we're in a transition.

The conversation is the pace of the transition and who will lead the competition for trillions of dollars of investment in renewable sources of energy. And when you pose the question — whether it's to the board of directors of the forest products association or to oil and gas industry groups — How has the agenda changed in the last 10 years?, they'll tell you that it's changed dramatically. But it's changed worldwide. Canada is part of an international recognition that the energy world is moving, and we don't know how quickly.

So, it's been busy lately. I've just returned last night from Mexico, where I had the honour of leading a delegation of Canadian businesses from oil and gas, mining and clean tech. We were joined by the Energy Minister from Nova Scotia and, for the first time, by several Indigenous leaders from coast to coast in Canada. This participation is very important, because if you were to pose the question What has to happen for us to move together as a nation to ensure that the energy infrastructure is built and prosperity is shared?, you have to factor in the environment and I think Indigenous leadership and business leadership.

So, our goal was to showcase companies, highlight Canadian know-how and explore our opportunities for even greater collaboration. As part of that goal, I met my counterparts and signed a historic Memorandum of Understanding on Mining. We also helped Canadian companies pursue the opportunities presented by Mexico's ambitious energy reforms that you will know about. I've had, over the last year, six opportunities to meet with Pedro Joaquín Coldwell, who is the Cabinet Secretary of Energy in Mexico. And you know the incredible reforms that they're in the process of implementing took boldness and courage. And whenever you're bold and whenever you're courageous, there is feedback. And not all the feedback is uniform, just as it isn't in Canada when we make major decisions. And I'll talk about that too.

So, we help Canadian companies pursue the opportunity presented by these energy reforms to transfer technology — offering expertise on offshore drilling and providing guidance on energy policy and regulations. It was a successful trip. And I'm confident it will accelerate the momentum we've built over the past year. And at the same time, as I'm sure you would imagine, I'm busy engaging with our American friends, working with congressional leaders, highlighting the convergence of interests on the energy file.

We've been active across the whole range of relationships, not only in Congress but also in State houses, and among interest groups and the corporate community. I think you had a briefing this morning about the American landscape. I'm very curious to know what emotions you've felt after that briefing was over and how you're going to convert those emotions into an action plan; let me know.

We've been active across the whole range, not only in Congress as I've said, but also outside of government. And it's a national effort. Canadian mayors are calling American mayors. Premiers are calling governors. All with a view to ensure the message gets through that Canadian and American economies are linked, and it's in everyone's interest to have access to each other's markets.

We've already had some encouraging news with the president's support of the Keystone XL, a project that will create thousands of Canadian jobs. And we'll continue to look for areas where our interests intersect and where we can create good, middle-class jobs on both sides of the border.

As dynamic as recent developments have been, today I want to step back from the day-to-day events and look at the bigger energy picture, to take a longer view to give you a sense of how our government sees things unfolding in the years ahead. We believe the trend toward cleaner energy is clear, but some Canadians have suggested that the future could be jeopardized with our recent approval of pipeline projects. These decisions have sparked a significant and, I would say, constructive national conversation about energy. Some support new pipelines, others don't, and they're making their feelings known.

That's as it should be. We live in a country that makes room for all views to be heard. We welcome dissent. It's not always easy, but it's important. Because as an energy-rich nation that is also committed to fighting climate change, we have some tough choices to make about how we develop our resources and grow our economy, how we strike the right balance. And we're not alone, as I've mentioned in my opening remarks. The world is in a midst of an historic transition: a gradual move from traditional sources of energy — coal, oil and gas — toward new ones — solar, wind, tidal and others.

The operative word is “gradual.” The reality is that as large parts of the developing world advance, the demand for oil and gas will continue to grow over the next few decades, keeping the pace of the transition slower than we would like. For those who would want to move to 100-percent clean energy immediately, the pace can seem frustratingly slow. I understand that. A clean fuel future is the ultimate goal. But the reality is we’re not there yet, we’re not there yet. We will need pipelines and other infrastructures for traditional energy sources to heat our homes and business, fuel our cars and drive our economy. We have to rely on the old, even as we introduce the new.

So, while it’s easy for some to say “No more pipelines” or “Keep it in the ground,” it’s just not practical. Think about it. Imagine if we could wave that wand, what would happen?

First, we’d throw thousands of people out of work, not just in Alberta, but right across the country. People we know, families we see at the rink or in our neighbourhood, suddenly without the means of paying their mortgage or feeding their kids.

Second, if we had no Canadian oil or gas supply, we’d have to import it from other countries, making our energy supply less secure and more expensive, increasing the cost of transporting everything from the food we eat to the goods we buy. Those higher costs would hit the most vulnerable first and hurt them the most. For those already struggling to buy groceries or put gas in their cars, it would be devastating.

Third, governments at all levels would lose the revenue they get from taxing the oil companies. Many of you in here no doubt would have an opinion about that. That means less money for hospitals and schools, new bridges or safer roads. It means less money for the social programs that make us who we are as Canadians.

These and many other consequences would cascade from any sudden removal of the energy infrastructures supporting our society. So we have to do things responsibly. While the transition to a clean energy future will be long, the trajectory is clear: there is no stopping this powerful new global force that’s pushing all of us toward a clean energy future. We can’t, as the saying goes, stop the waves from hitting the beach.

And those waves are gaining strength. In the last year alone, close to a trillion dollars was invested in renewable power — that’s almost double what was spent on fossil fuels. Since 2000, the amount of electricity produced by solar energy has doubled seven times, wind power doubled four times. Countries around the world are positioning themselves to capitalize on a clean growth century. They’re realizing that climate action is now a competitive advantage.

Take China, one of the largest greenhouse gas emitters in the world. It’s making generational changes to how it uses energy, including committing to cut its greenhouse gas emissions by 18 percent and capping its coal emissions by 2020. Next year, they will put a price on carbon. Or consider Saudi Arabia, the leading oil-producing country. It’s aiming to build enough solar capacity over the next 16 years to supply about 20 percent of its electricity — Saudi Arabia!

The transition is underway and gaining momentum. Our responsibility, all of us, is to accelerate that transition as much as we can on every front, from the largest international action to the smallest individual effort. As we work through it, Canadians are asking some basic questions. What is the Canadian government doing to drive this change? How are we going to reduce

emissions from energy use and reap the benefits of clean energy and clean technologies? Perhaps more fundamentally, How do we get to a clean energy future by building pipelines? Fair questions.

A few thoughts. It begins by taking climate change seriously. The fact is that previous governments of all stripes did not. We do. Which is why since coming to office we have signed the Paris Agreement on Climate Change; helped launch Mission Innovation, a global initiative to double government investments in clean energy research; and reached a ground breaking agreement with the United States and Mexico on climate, clean energy and the environment. And we negotiated an international agreement to reduce hydrofluorocarbons in refrigerators and air conditioners. You think that's not a big deal? That is a big deal, because those gases are thousands of times more destructive than carbon dioxide.

Closer to home, we've negotiated a pan-Canadian framework on clean growth and climate change and put a price on carbon — something more than 30 major Canadian companies, including energy companies, agree is the most effective way to reduce emissions, spur innovation and drive energy efficiency. We've also accelerated the phase-out of coal from our electricity system — the equivalent of taking 1.3 million cars off the road, preventing more than 1,000 premature deaths and saving billions in healthcare costs.

But we have to do more. If we're going to meet our Paris commitments — and we will — we'll have to cut GHG emissions by 70 to 90 percent by the middle of the century. How can we move that far that fast? The International Energy Agency offers a big part of the answer. It argues that energy efficiencies can get us almost halfway there. Imagine if it was announced tomorrow that some new technology could get us halfway to meeting our climate change goals? It would be the lead story on every newscast and every newspaper around the world, and rightly so.

And yet that breakthrough already exists. We just have to use it. Combine energy efficiency with other initiatives and investments, and we can create the bedrock of a clean economy, an economy of new middle-class jobs for Canadians, positioning Canada to be among the leaders of this clean energy revolution. In some ways, it's no different than what Canadian families are doing every day. They're doing their part for the environment. They're recycling, replacing drafty windows, installing more efficient furnaces, taking public transit. But at the same time, many of us are still driving SUVs or making due with houses that aren't as energy-efficient as they could be.

Why? It's not because we don't care about the environment. It's because it's not always possible or practical to make those changes all at once. Maybe we need a larger vehicle to take our kids to the hockey rink or run our business. Maybe it's because an electrical vehicle just isn't in the budget at the moment. Maybe an unexpected layoff means we'll have to wait to do that energy retrofit on our home. It's the same with governments. Making the transition from fossil fuels to renewable energy takes money.

Back to pipelines. They are a source of revenue, revenue that the government can use to invest in clean technology like solar panels for our homes or recharging stations for electric vehicles. And also, we have to pause and remember that innovation will be very much a part of the way forward. People forget that it was innovation in Alberta that unlocked the oil sands in

the first place. And now, innovation will help us extract those fossil fuels more sustainably with significant reductions in greenhouse gas emissions.

So, that's how pipelines will bring us closer to a greener future by leveraging the fossil fuel resources we have today to deliver clean energy solutions for tomorrow. As we manage our way through this transition, we know we won't be able to satisfy everyone. I can speak personally. For those who want to get there overnight, nothing we do will ever be fast enough. For those who want us to burn fossil fuels until they run out, our efforts on climate change will be seen as moving too fast. We aim to strike the right balance, to create the prosperity we all seek, which preserving the environment we all cherish and share.

This is the great project to which we, as a country, now set our hands. This will be the culmination of the transition we must lead. And this is the world we will leave to our children.

Thank you.