

Minister  
of Natural Resources



Ministre  
des Ressources naturelles

Ottawa, Canada K1A 0E4

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Roz Isaac  
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Jennifer Nathan  
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David Gooderham  
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Dear Roz Isaac, Jennifer Nathan, and David Gooderham:

Thank you for your correspondence of November 30, 2021, regarding Canada's net-zero by 2050 target and oil and gas production. I understand your concerns about the challenges that lie ahead, and the Government of Canada is working hard to keep the country, and the global community, clean and safe to live in for generations to come.

Regarding your questions about the future of oil production in a net-zero future, as announced at COP26 in November 2021, the Government of Canada will cap and reduce emissions in the oil and gas industry, the first global producer to do so. We will work with provinces, territories, and industry to gradually decrease emissions by 2050 to achieve net-zero emissions. At the same time, based on the International Energy Agency's (IEA) Net Zero Roadmap, crude oil will continue to be a major part of the supply mix in 2040 and beyond. Canadian oil and gas will continue to play a key role in supplying the world's future energy needs, as many countries commit to achieving net zero-emissions by 2050. Canada's oil and gas sector continues to innovate and consistently reduce their emissions and cost per barrel.

For domestic modelling of what role oil and gas may play in a net-zero future, I would encourage you to review the latest Canada Energy Regulator report *Canada's Energy Future 2021: Energy Supply and Demand Projections to 2050*. This December 2021 report contributes to the ongoing dialogue of future energy use and climate policy in Canada and adds to an important and growing body of knowledge on energy transformation that will help inform decisions as the government works toward achieving net-zero emissions by 2050. The report also introduces scenarios that explore net-zero pathways for Canada's electricity sector; helping both Canadians and policy makers see what a net-zero world looks like helps us visualize the goal and act accordingly.

Regarding new policies and measures to reduce oil and gas sector emissions, the Government of Canada's [analysis](#) projects that Canada's Strengthened Climate Plan A

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*Healthy Environment and a Healthy Economy*, combined with the various measures from the *Pan-Canadian Framework*, will lead to reduced emissions in 2030 that will allow Canada to exceed its 2030 Paris Agreement target. These projections do not fully account for the accelerating pace of innovation associated with some of the most promising decarbonization technologies, such as zero-emission vehicles, industrial electrification, carbon capture, utilization and storage (CCUS), and clean hydrogen. Furthermore, many provinces have committed to 2030 and 2050 emissions reduction targets, but not all have announced a complete set of measures to reach them. Thus, this analysis does not consider what potentially new or strengthened provincial and territorial climate policies could contribute.

Regarding the role of the Trans Mountain Pipeline Expansion in a net-zero context, after considering a wide variety of science and information (including from the Canada Energy Regulator), reviewing potential environmental and endangered species impacts, and consulting with 129 Indigenous group, the Government of Canada approved the Trans Mountain Pipeline Expansion. The project was approved in 2019 because it is in the public interest; it will not undermine Canada's ability to safeguard the environment and tackle climate change, nor will it undermine Canada's ability to safeguard the environment and achieve Canada's greenhouse gas (GHG) reduction targets in line with the Paris Accord. Trans Mountain Corporation supports Canada's commitment to achieve net-zero emissions by 2050, and the company has confirmed that it will set its own targets to reduce and/or offset its direct and indirect emissions to meet this goal. Furthermore, the Government of Canada is committed to investing every federal dollar earned from the project—including tax revenues and profits from the sale of the assets—to fund its clean energy transition.

Regarding CCUS deployment, the global community, including the Intergovernmental Panel on Climate Change and the IEA, recognizes that CCUS will be needed for the world to achieve its climate objectives by providing emission reduction opportunities across a range of industries beyond oil and gas (e.g. power, cement, iron and steel, fertilizers, chemicals). The IEA's Net Zero Roadmap estimates that CCUS must contribute about 15 percent of the world's GHG emission reductions by 2050, and that without CCUS the cost of reaching net zero could increase by about US\$15 trillion.

To contribute to Canada's net-zero by 2050 goals and support our competitiveness in the growing CCUS industry, Natural Resources Canada is developing a CCUS Strategy as announced in the Government of Canada's Strengthened Climate Plan. Our approach to CCUS aims to build on Canada's CCUS advantages and recognizes that CCUS technology varies in cost and maturity depending on how and where it is applied. Specific measures outlined in Budget 2021 include:

- An Investment Tax Credit for CCUS projects: Led by Finance Canada, this is expected to come into effect in 2022, with a goal of annual reductions of at least 15Mt of CO<sub>2</sub>.

- \$319M for CCUS research, development and demonstration over seven years to advance the commercial viability of CCUS technologies (first call to support Front-End Engineering and Design studies for facilities in hard-to-abate sectors closed September 22).

With regard to methane emissions, the IEA has made clear that curbing methane emissions from oil and gas operations represents one of the best near-term opportunities for limiting the worst impacts of climate change and has called on countries and companies to reduce methane emissions from the sector by 75 percent below 2012 levels by 2030.

In support of this, Canada recently announced its formal support of the Global Methane Pledge, which aims to reduce global methane emissions by 30 percent below 2020 levels by 2030. Canada is also committed to developing a plan to reduce methane emissions across the broader Canadian economy and to reducing oil and gas methane emissions by at least 75 percent below 2012 levels by 2030. Canada is the first and only country to support the Pledge and the 75 percent goal.

These commitments build on Canada's existing actions to curb methane emissions. For example, in 2016, Canada set a target of reducing methane emissions from the oil and gas sector by 40–45 percent below 2012 levels by 2025 and has put in place regulations to help achieve it, making it one of the first countries in the world to regulate methane emissions from the oil and gas sector at the national level. Achieving this 2025 goal is an important part of the Government's efforts to meet its new Nationally Determined Contribution of reducing greenhouse gas emissions by 40–45 percent by 2030. Last year, the Government also launched the Emissions Reduction Fund, which will, in part, achieve methane reductions beyond those prescribed in the federal regulations.

Regarding your question on the inclusion of emissions from wildfires in Canada's emissions totals, as a signatory of the United Nations Framework Convention on Climate Change, Canada supports the condition that countries report the emissions and removals resulting directly from human activity and has agreed to implement it. In keeping with this requirement, Canada's GHG reporting distinguishes emissions and removals in managed forests due to human activities from those due to natural disturbances, including wildfire. This ensures that Canada's GHG inventory and projection reporting provide an accurate representation of the impacts on forest carbon of human activities (anthropogenic impacts) like harvesting and reforestation and changes in the impacts over time.

Having a clear understanding of direct human impacts can inform how we develop approaches to reduce carbon emissions and increase the carbon sequestered by our forests. If Canada did not use such an approach, it would be impossible to quantify how management activities are affecting forest emissions and removals. This is because the forest emissions and removals would be dominated by wildfires and other natural disturbances, which can vary from year to year by more than 200 million tonnes of carbon dioxide equivalent (Mt CO<sub>2</sub>e), depending on large variations in the area burned by wildfire

each year. While the focus of Canada's GHG reporting is anthropogenic emissions and removals with respect to the United Nations Framework Convention on Climate Change, Canada also tracks the emissions and removals associated with natural disturbances, both in the GHG National Inventory Report and in the State of Canada's Forests Report, for information and transparency. Emissions from Canada's managed forest impacted by wildfires have averaged 174 MtCO<sub>2</sub>e in the last five years (2015–2019), as shown in the latest National Inventory Report. In comparison, over the same period, emissions from oil and gas averaged 187 MtCO<sub>2</sub>e, while emissions from transport averaged 179 MtCO<sub>2</sub>e.

Lastly, regarding the role of British Columbia liquefied natural gas (LNG) in Canada's energy future, as you know, climate change is a global issue, and Canada must ensure its domestic actions support both our national climate objectives and global outcomes. Canadian LNG can be part the global energy transition, ensuring reliable energy supplies to countries that otherwise would rely increasingly on coal and other higher-emitting options. Canada's LNG project proponents aim to provide the lowest intensity LNG to global markets. Global economies—particularly countries like China and India, which account for nearly one-third of global GHG emissions—are increasingly relying on LNG to ensure affordable access to cleaner energy while they aim to dramatically reduce coal consumption and expand renewable energy generation capacity.

To learn more about the Government of Canada's estimates and analyses on achieving emission reductions, we would encourage you to contact the Honourable Steven Guilbeault, Minister of Environment and Climate Change Canada, who I have copied on this letter.

In closing, the Government of Canada is committed to building a sustainable and economically viable future for Canadians from coast to coast to coast, just as the Government of Canada is committed to working with its allies around the world to meet its net-zero targets.

Thank you again for writing on these important matters.

Yours sincerely,



The Honourable Jonathan Wilkinson, P.C., M.P.  
(he/him/il)

c.c. The Honourable Steven Guilbeault, P.C., M.P.  
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