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"WE'RE WASTEFUL": CATHERINE MCKENNA WANTS CANADA TO STEP UP ITS CLIMATE GAME

Canada's Environment Minister Catherine McKenna says she gets frustrated when she searches for a spot to lock up her bike on Parliament Hill. "I'm a huge cyclist, so it just drives me crazy that there are no bike racks out in front of Parliament Hill, because I think if you have them out there, people will see — they will be reminded — that it's actually faster to get around by bike," she told her parliamentary colleagues this week. This is one of the areas where she thinks the government can start to change its own practices as it tries to convince Canadians to do the same. She believes her department, Environment and Climate Change Canada, can also contribute by zeroing in on wasted energy. "We have an electric vehicle charging station at Environment and Climate Change but we should have that across the board," McKenna told her colleagues in Parliament this week. "Our fleet should be electric vehicles." Whether it's in the buildings where Canadians live or work, and how they travel between the two, the government believes these are "huge areas" that could be targeted with new rules that support efforts to slash carbon pollution, McKenna said. Video of Catherine McKenna by Mike De Souza Her latest comments come on the eve of an historic event on Friday for Earth Day. Some 150 leaders from around the world, including Canadian Prime Minister Justin Trudeau and U.S. President Barack Obama, are set to arrive in New York City to sign a major climate change agreement reached last December in Paris. It is believed to be the largest gathering of leaders to sign an international agreement, McKenna said. Opposition critics from the federal Conservative Party say McKenna and the Liberal government are taking Canada down a dangerous economic path that harms its oil and gas industry and threatens thousands of jobs. Environmental groups have said the government is taking the first steps to build momentum for solutions that would also provoke a shift in the economy and brand new jobs. Six months to create a comprehensive plan the federal minister and her counterparts from Canadian provinces and territories say they are working to tackle all of these issues as part of a comprehensive plan to reduce the heat-trapping emissions that contribute to climate change. McKenna said the governments are giving themselves six months to complete this plan. "We're wasteful," McKenna said. "When you look at where emissions are coming from: buildings and vehicles. Those are huge areas, where If we have efficiency standards, we can produce less pollution and that's part of — once again — the working group process (between governments in Canada) that has been established." The federal minister spent more than two hours answering questions about climate change, clean technology jobs and other environmental issues from her parliamentary colleagues and from journalists in three separate events on Wednesday. In contrast to previous federal environment ministers that have slipped out back doors or been "late for meetings" when pressed to discuss the threat of climate change, McKenna has said she will speak about the government's plan — to make polluters pay for producing the heat-trapping gases that warm the atmosphere — every chance she gets. "We need to price what we want less of — pollution," she said, "And reward behaviour (that leads to) cleaner solutions." Canada far from achieving climate targets but the government's own statistics show that Canada is not even close to achieving its targets. McKenna told the federal New Democratic Party's environment critic, Nathan Cullen, and Green Party Leader Elizabeth May that she agreed with their concerns that Canada needed to do more. Canada's greenhouse gas emissions have been steadily rising since 2009, after a sharp reduction that was triggered by the global economic downturn in 2008, McKenna's department estimated in a newly-released inventory report. Environment and Climate Change Canada also estimated in the inventory that carbon pollution from residential buildings and transportation made up about 34 per cent of the country's annual greenhouse gases in 2014 - estimated to be equivalent to 732 megatonnes of carbon dioxide equivalent gases. McKenna said that federal spending in areas such as affordable housing projects is also shifting to focus on more efficient buildings that use less energy.

"I advocated and ministers were all on board that if we're going to build social housing, we need to make sure that it's extremely efficient," McKenna said. "That's not just retrofits, which it does include, but it's also new housing, because it just makes economic sense." While May pointed out that collectively, the world is not even close to having adequate policies to prevent warming of more than 1.5 degrees Celsius, Cullen said the Liberal government needs to go beyond the target, set by former prime minister Stephen Harper, to reduce Canada's annual greenhouse gas emissions by 30 per cent below 2005 levels by 2030. This target, if achieved would Lower Canada's annual emissions from about 732 megatonnes in 2014 to about 524 megatonnes by 2030. "When we go to New York and sign that commitment on Earth Day, we will be using Mr. Harper's targets that are woeful and inadequate in meeting our global commitments," Cullen said. But both opposition critics from British Columbia have praised the Liberal government for accepting scientific evidence that there will be significant disruptions to life on Earth if temperatures rise more than 1.5 degree Celsius above pre-industrial levels.

On the other side of the political debate, some suggest that the impacts identified by scientists are not as grave as the immediate economic impacts of taking action. Canada's oil and gas industry has already been hammered over the past 18 months from plummeting global commodity prices, shedding tens of thousands of jobs since the fall of 2014. Particularly in Alberta, producers that are active in the oilsands, the world's third largest crude reserves after Saudi Arabia and Venezuela, have struggled since their heavy oil is already more expensive to extract - requiring vast amounts of energy and water - than other forms of oil. “I have spoken to many Canadian businesses who appreciate that Canada has to do its part to address the environmental challenges that face us, but they are deathly afraid that the playing field will be dramatically tilted against them if Canada moves forward with aggressive climate change policy - specifically carbon pricing - if in fact, some of the other key competitors do not follow suit,” said Fast, a former Conservative cabinet minister who also represents a federal British Columbia riding in Parliament. McKenna said that she spoke to both business and environmental leaders who want the government to go ahead with a plan to make them pay for carbon pollution. Several prominent oil industry executives even stood alongside environmentalists and provincial government officials last November when Alberta announced its own plan to tax pollution and set a limit on emissions from the oilsands — Canada’s fastest growing source of greenhouse gases. McKenna also said that the prospect of putting a price on pollution is also opening up possibilities for new Canadian exports and jobs. For example, she noted that China is planning in 2017 to introduce its own version of what is commonly called cap and trade — a system that requires polluters pay for emissions through a market that allows companies to sell technologies or practices that reduce pollution. “When China does that, that’s a game changer, because most companies (or) businesses are looking to do business in China or (they are already) doing business in China. So that is a very important signal,” McKenna said in response to questions from Fast.

ENERGY SECTOR’S WOES COULD PUT TAXPAYERS ON HOOK FOR CLEANUPS

Peabody bankruptcy reminds us that plans hatched during fossil fuel boom don’t look so secure now It turns out taxpayers are expected to be a big loser following the bankruptcy this month of the world’s largest private-sector coal company, Peabody Energy. In what could be a problem in other jurisdictions, including here in Canada, there are early signs bankruptcy rules will allow the giant company to sidestep the costs of fixing hundreds of millions of dollars worth of damage their mining has caused. At issue is something called “self-bonding,” where some states allow U.S. companies to set aside the money required for remediation within their internal accounts. The logic is that strong companies will always be good for that money, and rather than pay for surety bonds that act as insurance that the cleanup bill will be paid, the company merely promises to cover the costs out of future earnings and assets. In this case it means Peabody owes about $1.5 billion US in self-insurance costs, according to Bloomberg News, and there are serious doubts whether state governments will see that money as creditors fight over the company’s remaining assets. “We’re smarter here,” chuckled Chris Powter, a former Alberta government official who now runs his own consultancy. Since resources are a provincial responsibility, Canada has a patchwork of rules governing how companies clean up the messes they make while extracting natural resources. But in Alberta, which has a well developed program, it is it the responsibility of the Alberta Energy Regulator to protect taxpayers under two different pieces of legislation. In that province, the Licensee Liability Rating covers oil and gas drilling sites. Coal mines and oilsands sites are covered under the Mine Financial Security Program. Other provinces have similar rules. “The fundamental principle of the MFSP is that the approval holder must have sufficient financial resources to suspend, abandon, remediate and reclaim oilsands and coal mine sites,” said energy regulator spokesman Ryan Bartlett in an email. “In the best of all worlds, they would be setting aside that money in a separate bank account and keeping track of it and having it available,” Powter said of oil and gas companies, “but that doesn’t always happen.”

In the case of both the smaller drillers and the giant oil and mining companies, the regulator’s rules operate in a way not so dissimilar to the self-insurance system of Peabody Energy, with liability assigned to future company earnings and assets still in the ground. “Financial security and the future financial potential of bitumen or coal protect the public from paying for abandonment and reclamation costs,” Bartlett said.

However Alberta’s auditor general has repeatedly expressed concern

that taxpayers are not sufficiently protected under the Mine Financial Security Program. As Peabody has demonstrated, things can change quickly. As the AAG's office said in its July 2015 report, "$1.57 billion of security is currently being held in comparison to estimated reclamation liabilities of $20.8 billion," In the case of oil companies, "the AER assesses assets and liabilities to ensure licensees meet all abandonment and reclamation requirements," Bartlett, the energy regulator spokesman, said. But according to Don Bester, who represents farmers that lease their land to oil operators, that hasn't stopped a growing number of oil operators from going broke and leaving his members in the lurch, including a retired couple who owed $200,000. "It's just a mushrooming effect here," Bester told me by phone as he was waiting for a couple calves to be born.

"As this thing unfolds, it's going to be the taxpayers of Alberta that are going to have to clean up the mess," he predicted, saying promises by the oil industry to ante up will fade if prices and profits stay low. Bester said he's annoyed that the federal government was being asked for money to clean up oil wells in Saskatchewan and Alberta.

"To me, the person that created the mess is the one that should be responsible for cleaning it up, not the taxpayers of Canada." Statistics seem to back up Bester's concerns. The number of "orphan wells," those without an existing company to take responsibility for them, is growing faster than the resources available to clean them up. That may underestimate the true figure since there is no time limit on how long a company can leave a well inactive. In holding oil companies to their financial responsibilities, North Dakota is light years ahead of Canada, said a report last month in the Financial Post. And according to Barry Robinson, a lawyer with environmental group Ecojustice, Canadian provinces would be wise to follow their lead. "We should have time lines on decommissioning and reclaiming wells and we should have a full security program in the sense that companies should be forced to post full security the day they drill the well," Robinson said. And as to cleanup claims against a company being waylaid by a bankruptcy case, what is happening in the U.S. with Peabody is not unique to that country. Robinson is awaiting a ruling on a Canadian bankruptcy case where there are similar issues at stake. "There's no decision out yet," Robinson said, "but based on bankruptcy law, I'd guess that the bank as secured creditor is going to get the money and the Alberta Energy Regulator will move those wells into the orphan fund."

COSTING CANADIAN JOBS AND PROSPERITY, LIBERALS "KICK LNG BALL DOWN THE REGULATORY ROAD"

Liquified Natural Gas, or LNG, is odourless, non-toxic, non-corrosive, and less dense than water and it's made in beautiful Northern BC. It's a game changer in the Canadian fossil fuel industry. LNG is just regular old natural gas that has been chilled to -160 degrees Celsius so that it can be converted and condensed into liquid form. Once in a liquid form, LNG is easily transported in tanker ships where it can be re-gasified at the end destination. Exportability is important. There is an oversupply of natural gas in the North American market. But not in Asian markets. Places like China and Japan need LNG to meet their escalating energy needs and ethical, Canadian made LNG can help fill the gap as Japan moves away from coal and nuclear. Canada needs to get into these markets before our competitors, like the United States and Australia, do. An LNG boom in BC will create jobs the same way the shale boom created jobs in North Dakota and Pennsylvania. Analysis of recent data shows that if just five LNG liquefaction plants were built over the next nine years, 100,000 jobs can be created in construction, operations and upstream gas extraction with thousands more jobs being created due to the economic spin off in booming communities. Those just aren't jobs for Northern BC. Those are jobs across the entire North, BC and Alberta too. Trucking companies in Grande Prairie, welders from Nisku and drilling companies in Ponoka will benefit from a boom in BC. LNG is safe, low carbon and clean burning. It has the support of local BC mayors, Premier Christy Clark and First Nations. LNG has the potential to pull the entire country out of a recession. So what's the hold up? The Federal Liberals are the hold up. The Liberals are doing the same thing to LNG that they're doing to Energy East. They're adding an extra layer to the approvals process. They're adding more hurdles and hoops for projects to jump through while Northern BC and Alberta spiral into social catastrophe caused by long term unemployment. An incredible opportunity will pass us by while the Liberals kick the LNG ball down the regulatory road.

Half of the opposition to LNG is rooted in energy illiteracy and the other half is rooted in a fundamental opposition to Canadian prosperity. People like Environment Minister Catherine McKenna, BC NDP leader John Horgan, Justin Trudeau and Rachel Notley are ashamed of Canadian energy. They're ashamed of how good Canadians are at producing clean, ethical, world class, gold standard energy. They don't want us to share it with the world. They don't even want us to share it with the rest of the country via Energy East. The unwarranted shame of these anti Canadian politicians who refuse to say "yes to LNG" and "yes to Canadian energy" will cost thousands of Canadians their jobs, their businesses, their homes, their hope and their futures.

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