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Chair: Mr. George Chahal





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Wednesday, September 27, 2023

• (1635)

[*English*]

**The Clerk of the Committee (Mr. Patrick Williams):** Honourable members of the committee, I see a quorum.

I must inform members that the clerk of the committee can only receive motions for the election of the chair. The clerk cannot receive other types of motions and cannot entertain points of order or participate in debate.

[*Translation*]

We can now proceed to the election of the chair.

Pursuant to Standing Order 106(2), the chair must be a member of the government party.

I am ready to receive motions for the chair.

Mr. Simard, you have the floor.

**Mr. Mario Simard (Jonquière, BQ):** I nominate my colleague George Chahal as chair.

**The Clerk:** It has been moved by Mr. Simard that Mr. Chahal be elected as chair of the committee.

Are there any further motions?

[*English*]

Are there further motions?

It has been moved by Mr. Simard that Mr. Chahal be elected as chair of the committee.

Is it the pleasure of the committee to adopt the motion?

(Motion agreed to)

**The Clerk:** I declare the motion carried and Mr. Chahal duly elected chair of the committee. I invite Mr. Chahal to take the chair.

**Some hon. members:** Hear, hear!

**The Chair (Mr. George Chahal (Calgary Skyview, Lib.):** Thank you, colleagues.

It's an honour to be the chair of the natural resources committee. I look forward to working with all of you over the months ahead on these important studies we've undertaken.

I want to take a moment to thank our former chair, John Aldag, for the tremendous job he's done this session. Thank you so much.

Clerk Patrick, I look forward to working with you.

Dana and Laura, both of you have done tremendous jobs as well. Thank you.

**Some hon. members:** Hear, hear!

**The Chair:** Today we meet to resume our study of Canada's clean energy plans in the context of North American energy transformation. We will then proceed to sit in camera to discuss committee business.

In accordance with our routine motion, I am informing the committee that all remote participants have completed the required connection tests in advance of this meeting.

I will now welcome the witnesses who are with us this afternoon.

First, from the Chemistry Industry Association of Canada, we're joined by Mr. Greg Moffatt, vice-president of policy and corporate secretary; and David Cherniak, policy manager, business and transportation.

From Clean Energy Canada, we have Rachel Doran, vice-president for policy and strategy.

We had, from Hoverlink Ontario, Christopher Morgan, who is unable to join us today. We will reschedule Mr. Morgan to another date.

We have, from Resource Works Society, Margareta Dovgal, managing director.

From the The Transition Accelerator, we have James Meadowcroft, transition pathway principal.

Thank you to the witnesses for joining us.

I have some lovely cards. Yellow means that you have 30 seconds left in your five-minute introduction. Red means that you're out of time, so please complete your thought and we'll proceed to the next witness.

We'll start today with the Chemistry Industry Association of Canada and Mr. Greg Moffatt.

**Mr. Greg Moffatt (Vice-President, Policy and Corporate Secretary, Chemistry Industry Association of Canada):** Thank you, Chair, and congratulations.

I would like to begin by acknowledging that I am privileged to be in the traditional and unceded territory of the Algonquin Anishinabe people. This region is still the home of many indigenous people, and we are grateful to have the opportunity to be here today.

Chemistry and plastics are Canada's third-largest manufacturing sector, generating over \$90 billion in annual shipments. Eighty percent of the sector's annual production is export-oriented, with most exports destined to the United States. More importantly, the sector is poised for significant growth. Today, over 24 chemistry projects have been proposed; taken together, they represent at least \$30 billion in investments, and each of them is envisioned as low-emission or net-zero emission. This includes Dow's proposal to build the world's first fully net carbon-zero petrochemical facility in Fort Saskatchewan.

There is a five-part pathway to transition the global chemistry industry to low carbon. This includes carbon capture storage and utilization; hydrogen; electrification; feedstock switching to lower carbon resources, including biomass; and building circularity for our downstream products, essentially avoiding production through post-consumer product recovery and reformulation.

The wonderful news is that Canada is only one of two regions worldwide capable of providing all five of these pathways to support the sector's transformation. Importantly, these pathways will also help downstream manufacturing sectors reduce their own emissions as chemistry products work their way through supply chains.

However, I must make clear two very real challenges.

First, these new projects are proposed. There are no shovels in the ground, no modules on order, and we have not seen any final investment decisions. There is significant work to turn these proposals into built infrastructure. Second, we need to attract every dollar of investment we can to lower emissions in the existing chemistry industry. A rough estimate suggests that we have \$200 billion to \$300 billion of existing chemistry infrastructure in Canada. To transform fully to low or net-zero production by 2050, we will need to recapitalize all of that infrastructure. The global chemistry industry will make the transition to a lower emissions economy. The only question is where these investments will take place.

I believe this committee shares an interest with us in seeing that Canada not only participates in the next wave of chemistry investments but also fully participates in the first wave of net-zero chemistry investments.

The Government of Canada must undertake two important actions to help realize the projects mentioned earlier and attract new investments.

The first is to place attention on the broader investment climate. Study after study shows that Canada is slipping in attracting foreign investment, and our future prosperity is potentially at stake. While attracting \$200 billion to \$300 billion in new investments over the next two decades sounds doable, the reality is that over the past two decades, the sector has only attracted about \$10 billion in new investments. In short, the status quo approach will not suffice. The true value of incentives, like the Alberta petrochemicals incentive program and those in the U.S. Inflation Reduction Act, is the transparency and certainty provided to investors: If you meet a predetermined set of criteria, you receive the credits. There is no adjudication behind closed doors and there is no picking favourites. The in-

tent of these credits is winning investment, plain and simple. In Canada, we continue to insert barriers into our investment policy, and we must be mindful of the risks associated with them.

Second, we need to ensure that the tax credits we have been discussing for three years become law as soon as possible. The Government of Canada has proposed and is consulting on the carbon capture utilization and storage tax credit, a clean hydrogen tax credit and a clean electricity tax credit, among others. We have been talking for years about investment supports and ITCs—input tax credits—and not one shovel is yet in the ground. We need to see these credits passed into law so that we can put private capital and Canadians to work.

In closing, as an example of what is at stake if we get this wrong, we are at the risk of falling behind the United States in assisting our Asian colleagues in meeting their climate change commitments. As of today, over a dozen clean ammonia energy export projects are under way in the United States. While Canada has several such projects proposed, not one is yet under construction.

My colleague David Cherniak and I look forward to discussing some of the specifics of these ITCs with you.

Thank you for this opportunity, and we look forward to your questions.

• (1640)

**The Chair:** Thank you, Mr. Moffatt, for your introduction.

We'll now move to Clean Energy Canada and Rachel Doran.

**Ms. Rachel Doran (Vice-President, Policy and Strategy, Clean Energy Canada):** Thank you, Chair.

Thank you, members.

Clean Energy Canada is a think tank based out of Simon Fraser University's Morris J. Wosk Centre for Dialogue that has been focused on the clean energy transition for the past 10 years.

I would thank my colleague for the land acknowledgement and would echo it, but I'd like to start my remarks by really positioning us in how fast this transition is moving.

In the year since this committee moved to make this a study, the Inflation Reduction Act south of the border has led to 272 new projects, 170,000 new jobs and \$213 billion in new investments. That's in its first year. This week, the International Energy Agency revised their forecast and now sees fossil fuel demand peaking before 2030. A recent study now projects that two-thirds of global car sales could be electric by the same date.

The energy transition is not coming; it is here. With 90% of global GDP now covered by net-zero commitments, we are in the middle of the biggest economic transformation since the Industrial Revolution.

Here is Canada's opportunity, because according to modelling that we completed last spring, Canada, with the right policies, has the ability to create five times more jobs in clean energy by 2050 than there are today, outpacing any decline in fossil fuels. There are huge opportunities for Canada's natural resource economy, such as using our clean water supply and renewable energy potential to produce clean hydrogen or using Quebec's iron ore, which is among the highest-grade ores in the world, to make the next generation of clean steel.

These changes don't have to come at the expense of Canadian households. Our reports and those of colleagues show that Canadians can actually save money on their energy bills in the energy transition.

What does Canada need to do to seize this opportunity?

This spring, TD Economics estimated that Canada had actually spent more as a percentage of GDP than the U.S. Canada has been doing some leaning in, but there's definitely more to do.

First, I would say that what Canada needs to do is focus on the opportunities of tomorrow, not yesterday. Green hydrogen—i.e., hydrogen made with renewable energy—may be more expensive to produce today, but it's forecasted to be less expensive by the early 2030s. I would echo the comments of my colleagues at the chemistry association. We've written reports highlighting the real opportunity for Canada to become an exporter of the clean chemicals that will go into the battery supply chain and other products that will be needed in a net-zero future.

Second, we need to double down on our competitive advantages. Today, Canada's grid is 84% clean, and the U.S. is at 40%. As manufacturers clean their supply chains, this is going to be a huge advantage, but other countries won't let us keep that edge forever. The U.S. has its eye on a clean grid by 2035.

At the federal level, fiscal incentives such as the clean electricity tax credit and regulatory reforms like the clean electricity regulations will help support provinces to address the costs of build-out and ensure investor stability.

My third point is this: Move quickly. I think that point has already been covered. Time is of the essence.

Fourth, be smart and strategic. Canada cannot match the U.S.'s market size and fiscal firepower dollar for dollar, so what we need to do is think strategically and smartly about this. I anticipate that my colleague will speak more to this, but my first suggestion would be to use good industrial policy—namely, being strategic, nimble and iterative with industry, labour, indigenous partners and others by setting clear objectives that can help orient private investment, and by choosing lanes, giving clarity on what Canada will and will not compete for. Canada, by doing these things, can help to be prepared for emerging opportunities.

Also, by strategically choosing investments, Canada can provide the best return on taxpayer dollars. In our work to help Canada

meet the \$50-billion opportunity of the EV battery supply chain, we estimated the jobs multiplier associated with battery gigafactories that we've seen announced in St. Thomas and Windsor, and reportedly coming to Quebec, to be between six and eight by 2030. That's a high-value investment in terms of jobs and GDP, which is why jurisdictions are competing to secure them.

Going forward, Canada can get even more advantage by focusing on the upstream side. How do you get Canadian minerals into Canadian batteries to leverage our competitive advantage and ensure opportunities will be available in even more parts of the country?

Finally, the American approach of using government buying power to create a market for low-carbon goods has been proven to support U.S. businesses and workers. Because Canadian products are already cleaner than the global average, "buying clean" can mean using the dollars the government was already planning to spend to support Canadian industry to meet those growing markets for clean materials. Canada needs to finalize its own "buy clean" strategy.

• (1645)

In conclusion, this is a once-in-a-generation opportunity to build a resilient, growing and inclusive economy.

I look forward to any questions. Thank you.

**The Chair:** Thank you, Rachel.

We will now move to Margareta Dovgal from the Resource Works Society.

**Ms. Margareta Dovgal (Managing Director, Resource Works Society):** Thank you so much, Mr. Chair.

It's a pleasure to be here. I would also like to echo the earlier land acknowledgement.

As mentioned, I'm Margareta Dovgal, the managing director of Resource Works Society. We are a B.C.-based non-profit and we advocate the continued recognition of Canada's economically productive, responsible natural resource industries, including mining, forestry, and oil and gas. We also organize the annual Indigenous Partnerships Success Showcase, an event that brings together industry leaders and indigenous partners to discuss pathways to economic reconciliation. We'll be returning in June to Vancouver for our fifth year, so hopefully we'll see people there.

To delve into some of the pressing issues before us today that hinder Canada's ability to meaningfully respond to opportunities arising from the North American energy transformation, I wanted to touch on a couple of things.

Before I do that, I just want to say that the choices that we make here on energy and industrial policy, including right here in Ottawa, have enduring effects impacting not only workers in natural resource and clean technology industries but also the quality of life for all Canadians. Our overall standard of living does continue to rely on the production and export of in-demand commodities to global markets.

What the world seeks to buy is definitely shifting gradually, but we're actually well positioned for that shift. We have the right mix of raw materials, a skilled and trained workforce, a mature regulatory environment, and a wealth of innovation expertise and excellence within industries like natural resources. We can't lose sight of the value of what Canada can do for the world and our allies through our natural resources.

One major challenge that we observe at Resource Works is the growing perception that federal recognition and support for natural resource development as a key driver of this economic well-being has declined in recent years. Continued investment in natural resource development has been, and continues to be, a cornerstone of our economy, but we're having issues, as Greg mentioned, with retaining and attracting investment to enable that job creation to take place. Right now, we're in a world that's filled with economic and geopolitical uncertainties and we urgently need investor certainty, which can only be achieved through strong, positive signals from all levels of government.

Another matter is the creation of productive jobs in Canada. Resource-based manufacturing is something we think and talk about quite a bit at Resource Works. It's our strength here in Canada and has immense promise for the future, but without a secure and reliable supply of raw materials grounded in timely mining approvals and permitting, our manufacturing capacity will continue to suffer and potentially decline.

Consider, for example, lithium iron phosphate batteries. Recent decisions by auto manufacturers to direct investment to Canada relied on a combination of factors, including proximity to U.S. markets and our ability to source these critical minerals, like phosphate. Without a secure and reliable supply, that anticipated growth of EV manufacturing cannot be realized.

Permitting issues represent a significant bottleneck here, with timelines for many types of new mine development estimated at 10 to 15 years, far longer than the global standard and what we should

be striving for. Urgent action is needed to streamline and simplify these processes to provide clarity for investors, both from Canada and abroad.

Another issue is the polarized and politicized decision-making process. Co-operation between federal and provincial governments is not just a good idea; it's also essential if we want to move forward. A lack of alignment not only hampers progress but also results in policy measures that actually work at cross-purposes with each other. Valuable time and political capital are being spent negotiating these conflicts rather than responding in a unified, coordinated manner to the changes afoot globally and with our greatest trading partner, the United States.

If projects make business sense and they advance objectives shared with our allies, such as the U.S., the government's role should be to ensure that regulations are conducive to attracting that investment and that the joint responsibilities and accountabilities between federal and provincial governments are clearly defined and can be actioned.

In order to align all of these potential benefits of a coordinated North American energy transformation, it's imperative that we strengthen our ties with the United States, but Canada also needs to be proactive in diversifying its trade and export products to seize global opportunities in the clean energy market. We see examples like liquefied natural gas, LNG, off the coast of British Columbia and in other jurisdictions in the country. We have taken many years to get close to completion on our first major export project, LNG Canada, and that represents the largest private sector investment in Canadian history.

In the same period of time, other competitor jurisdictions, like Australia and Qatar, have made sizable leaps forward, so that's a sobering reminder that we need to improve the speed at which we bring these projects online.

By providing clarity certainty to attract capital through competitive regulations and by providing support for technology development, Canada can successfully transition to a clean energy economy and capitalize on the opportunities presented by the North American energy transformation.

• (1650)

Thank you for your attention. I look forward to questions and further discussion on these topics.

**The Chair:** Thank you, Ms. Dovgal, for your introduction.

We will now move to Mr. James Meadowcroft from the Transition Accelerator.

**Professor James Meadowcroft (Transition Pathway Principal, The Transition Accelerator):** Hi.

First of all, thank you for allowing me to talk to you today.

As my colleagues have said, I welcome the land acknowledgment made by the first speaker.

I'm here speaking for The Transition Accelerator, which is a national not-for-profit. I describe it not as a "think" tank but as a "do" tank. We work practically with stakeholders in government and industry across the country to accelerate transition pathways towards net zero, particularly in the electricity system, the decarbonization of buildings, the decarbonization of the transport system, the development of the hydrogen economy and related areas. I'm also a professor in the school for public policy at Carleton University, specializing in long-term energy transitions and decarbonization.

Coming towards the end, I echo many of the comments made by the previous speakers. It's clear that we are in the midst of a global energy transition that has been gathering pace over the past couple of decades and will extend two, three, four and more decades into the future. It's a transition away from end-use fossil fuels, particularly in transport and buildings and in providing heat in industry.

Twenty years ago, you could be forgiven for thinking about the climate change issue as essentially an environmental issue—about preserving the climate and an environment that is conducive to human society, other species and so on. It's still an environmental issue, but today, from the point of view of a country like Canada, it's also an issue of industrial competitiveness and prosperity for the future generations of Canada.

All of our major competitors are heavily investing in the transformation of their energy systems, transport systems, electricity systems and industrial structure in order to move towards net-zero emissions around the turn of the century. Think about Germany, the U.K., France and of course the United States. Reference has already been made to the enormous investment that the U.S. is now undertaking under the IRA, the Inflation Reduction Act. We're building a new energy economy. Prosperity and jobs over the next 20 to 30 years and beyond depend on whether Canada keeps pace and develops the new resources and economic investments that will allow us to prosper in a net-zero world.

One caution I would make is that we think about transitions as taking place very slowly. Actually, if you look at all of the big changes in technologies—the adoption of mobile telephones or moving from horse-drawn transport to the automobile—not much seems to change for multiple decades. Then you hit the upwards deep slope on the S-curve, and things change far more rapidly than people thought would happen.

Right now, decarbonization of electricity systems and uptake of electric vehicles are hitting that accelerated step, both in advanced countries and globally. For instance, IRENA, which is the International Renewable Energy Agency, had a report out yesterday that said the deployment of renewable energies over the past three years and the uptake of electric vehicles and batteries are now occurring so fast that it's meeting their projected model of achieving a 1.5-degree limit on global warming—that is to say, decarbonization—by mid-century. They are actually surprised this is happening.

Things look slow for a time, then speed up. Some of you may have seen this: On Sparks Street today, there is a show organized by Accelerate that has everything to do with electrification and hydrogen vehicles in Canada. Many promising models of where we're going to be moving, over the next few years, are there.

I would say that some companies and investments will survive and adapt in a net-zero world. Others that look very powerful and important today will be gone in 15 or 20 years. We need to ensure that the investments of the future are growing and that we don't cling to the economy of the past.

• (1655)

Thank you.

**The Chair:** Thank you, Mr. Meadowcroft.

We'll start our rounds of questioning with six minutes each. We'll start with Mr. Jeremy Patzer from the Conservative Party.

The floor is yours, sir.

**Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC):** Thank you very much, Mr. Chair.

Once again, I offer congratulations on your appointment to the chair. I look forward to seeing how your time as the chair goes from here. Thank you once again for taking the position.

I'm going to start with Clean Energy Canada. We hear a lot about getting the last 14% of our grid clean, per se. You say we're at 84% and the Americans are only at 40%, which means we're already doing extremely well on this front. However, it's going to take a doubling of grid capacity at the very least—we've heard this from a few witnesses—to be able to do this last 15% to 16%.

We keep hearing everybody say this is what we have to do to get off fossil fuels or oil and gas or however you want to say it, but no one has ever actually said how we're going to accomplish it.

Maybe you can enlighten the committee on how we're actually going to provide that doubling of grid capacity in the next 12 years to meet that deadline of 2035.

• (1700)

**Ms. Rachel Doran:** Sure. Thank you so much for the question.

You've hit on two important things the grid needs to do in the near future, which are decarbonize and grow. There is a challenge there, which is why I think it's so essential that this committee and the government are thinking about all the tools in the tool box to try to make sure that's happening.

In my remarks, I referenced just what a competitive advantage this is. Certainly in modelling around trying to achieve a plausible pathway to net zero, we focus on a 2035 electricity grid because of the vehicles that are going to be plugging into the grid and because of the homes that are going to be fuelled by heat pumps. In looking at what Canada's path is, we are lucky in many provinces to benefit from a history of investment in hydroelectricity and other pieces that have provided a leg-up for certain jurisdictions.

Certainly the resource profile is not going to be the same in every jurisdiction in the country—

**Mr. Jeremy Patzer:** I'm sorry to cut you off. We have limited time here.

I'm trying to be a bit more specific. Historically, yes, we have benefited from things like hydro power. We're seeing investments in wind and solar. In Saskatchewan, solar doesn't even register 1%. It's actually 0.002% of grid capacity. Wind consistently runs at about 7%, and we had 191 megawatts of output on Monday, September 25.

Just today in Alberta, there are about 3.8 gigawatts of wind capacity, yet only 512 megawatts were produced. Alberta is actually the leader in wind power in this country and has the most capacity. It's been investing in it and building it for years, to the point where it's decommissioning farms that have been built. It's the same in Saskatchewan. Suncor actually built the first wind farm in my riding in Saskatchewan.

We still haven't heard which technology's going to be used to replace the coal that's being shuttered and the natural gas the government wants to eliminate. No one's bothered to say how we're going to replace that and what technology we're going to use.

I'm curious. If you could break it down quickly, what technology is going to have to be used and how many of each unit are we going to need to be able to meet the demand, which is going to be a doubling of the grid capacity?

**Ms. Rachel Doran:** My very brief answer is to start by maximizing renewables. Jurisdictions that have done that have seen a cost benefit. We can currently produce wind in Alberta, for example, at a lower cost than natural gas power.

Stability on the grid can be provided through a number of options, including increased investment in storage and interjurisdictional interties, so the batteries.... With jurisdictional profiles being different, your hydro in B.C. can be a battery for your wind in Alberta. Be creative about the distributed energy resources. All those electric vehicles that are going on the grid can be a battery in the future as we work through the details about relying on those at peak periods.

What we have to do is build out for the moment we need the most electricity on the grid, and through using some of these creative flexibilities, like household solar and interties, we're going to

be able to build a lot less to still have the same power available for Canadians.

**Mr. Jeremy Patzer:** We're still going to need to double capacity. That doesn't tell us how we're going to double our capacity.

For example, again, hydro has been a fantastic thing for this country, but how many more hydro dams is it going to take to double our grid, and can we do that in 12 years? How many wind turbines is it going to take to double our grid?

I drive past all the new wind farms on my way to the airport every single week, and more times than not, there's not a single one of them producing power. It's going to be -30°C to -35°C in a couple of months, when people want to heat their homes, and during the summer it's +30°C or +35°C, and people want to cool their homes.

How are we going to be able to make sure that we have the actual base level of power we need? People don't want to rely on plugging their car into their house to heat their home when it's -35°C. We know of the issues EVs have when it's extremely cold out, and we happen to live in a country where that is a regular occurrence.

How are we realistically going to do this?

• (1705)

**Prof. James Meadowcroft:** You posed the question in terms of how we will double the grid in 12 years. There's no need to double the grid in 12 years. It's going to take 30 years or more to transfer all those end uses that are presently met by fossil fuels, or to transfer many of them—not all of them, because some will be met by hydrogen and other clean fuels—to the electricity grid, so you don't need to double the grid in 12 years. What you need is to decarbonize the grid over the next 12 to 15 years, or whatever it is, and incrementally add to it clean technologies.

Twenty years ago, the question you are posing would have been completely right on. Today we know the technologies that can do it, and there are other countries that have proven some of the ones that are not yet deployed in Canada. Storage, all the panoply of renewables.... We know how to make electricity without fossil fuels, and it's firm electricity.

**The Chair:** Mr. Meadowcroft, thank you for providing that in-depth answer.

We'll now move to the next round of questioning, which is from Ms. Lapointe from the Liberal Party.

[*Translation*]

**Ms. Viviane Lapointe (Sudbury, Lib.):** Thank you, Mr. Chair.

[English]

My question is for Ms. Doran.

It will come as no surprise that I, as the MP for Sudbury, will be asking questions about the role of critical minerals and their mining in a clean energy future. We know that energy technologies, such as renewable energy generation, require significant quantities of critical minerals.

The Inflation Reduction Act contains several clean energy tax incentives and funding. There are many, and it would seem that critical minerals are key to at least two incentives in that act. One is the advanced manufacturing production credit for equipment, including solar modules, wind energy components and battery cells. The other one is the clean electricity production credit, which pays producers for non-emitting electricity for each kilowatt hour they generate.

The U.S. will need Canada's critical minerals—we know that—for programs like the two I just mentioned. However, if we send all our mined minerals to the U.S. for processing, we're going to miss out on a massive economic opportunity for Canada, and I believe you mentioned that in your opening statement when you talked about focusing on the upstream side.

How can we leverage our natural resources in supporting the IRA while creating refining and supply chain systems for the EV batteries right here at home?

**Ms. Rachel Doran:** One of the key findings that we've heard from experts on the supply chain is the critical importance of industrial policy or strategy. Again, it's having Canada really lean in and figure out how to take best advantage in terms of the situation of its workforce and specific advantages and benefits to businesses seeking to work upstream.

That's not just the minerals themselves; it's the chemical processing of minerals and the many other steps before you get to the actual building of a battery cell, so it's making sure that Canada is strategically focused on keeping some of that activity in Canada so that we will no longer be the “hewers of wood and drawers of water”; it's the security of making sure that Canada is getting the best possible return on its investments.

We can certainly look at not only the tax credits that you've described but also at other strategic supports. I think Quebec has done a great job of providing some work at a provincial level to add a layer of strategy to how it will secure investments, how it will position workers and how it will make sure that industrial lands are ready for this kind of investment.

**Ms. Viviane Lapointe:** Earlier this month Joanna Kyriazis, your director of public affairs at Clean Energy Canada, made a statement in response to the Parliamentary Budget Officer's report on production subsidies for Stellantis and Volkswagen. She said:

As the U.S. moves quickly to invest in, and capture benefits from, a booming North American battery industry, Canadian government support has been essential to keep pace with our most important trade partner. The clean energy transition is the economic opportunity of a generation and, as such, is a deeply competitive one. Canada has many natural advantages, from abundant mineral resources to a highly skilled labour force, and yet success will only be rewarded to those countries that work for it.

My question to you is this: How will the IRA affect the competitiveness of Canada's mining industry, especially with the IRA's focus on “buy American” policies?

• (1710)

**Ms. Rachel Doran:** There are some provisions in the IRA that are beneficial to Canadian minerals. It is clear that the U.S. designed that policy to seek out friendly suppliers of critical minerals for its supply chains. However, there are some other components of the IRA that really do benefit a “buy American” provision. I think we've seen the Canadian government lean in with customized supports through strategic investments, such as those in gigafactories.

Again, I think we should continue to think about how to anchor some of that upstream investment potential, where there may be less direct competition with the United States because we have our own minerals and may have both some competitive advantage and proximity to resource extraction, and ensure that we're taking best advantage of those upstream opportunities.

I absolutely echo all the statements made by my colleague.

**Ms. Viviane Lapointe:** You mentioned four things that Canada should focus on. Of those four things, which one do you believe is the greatest threat to us, either because we're behind on it or because we don't have enough focus or resources on it? Which of those four would you consider?

**Ms. Rachel Doran:** Canada's in a tough position because it is so close to such a big economic player. As a small, open economy, thinking strategically and thinking quickly are equally important. That's making sure there's good policy and thought around how to secure the right investments to get the best advantage for Canada.

The kinds of permitting forms and the necessity to finalize the investment environment here in Canada as quickly possible shouldn't be underestimated either.

**Ms. Viviane Lapointe:** Would another witness like to respond to that question as well?

**Mr. Greg Moffatt:** I would say again that certainty, predictability and transparency are key to investment decisions. There's a lot of activity going on. Sometimes it's okay to be a first mover, and we should be thinking about that in that context.

**The Chair:** Thank you, Ms. Lapointe.

We will now move to Mr. Simard from the Bloc for the next round of questions.

[Translation]

**Mr. Mario Simard:** Thank you, Mr. Chair. Congratulations on your election.

Mr. Moffatt, I'm going to ask you to bear with me because the questions I'm going to ask you may seem trivial at first, but since we're going to be writing a report following this study, we'll need to be clear and very precise.

I would ask all of you to indicate whether you agree that decarbonizing the economy is essential. You can nod your head; it might save me some time.

I see you agree.

Mr. Moffatt, do you agree as well?

[English]

**Mr. Greg Moffatt:** I would say that is absolutely an ambition within industry, for sure.

[Translation]

**Mr. Mario Simard:** It's an ambition. Good.

I'm also going to ask you to indicate whether you agree that in order to achieve an energy transition, there needs to be carbon pricing.

Do you all agree that we need carbon pricing?

[English]

**Ms. Rachel Doran:** Economists have found that a carbon price is the most efficient way in a market economy to achieve emissions reductions in terms of price.

[Translation]

**Mr. Mario Simard:** Thank you.

You'll see where I'm going with this.

I think it was Ms. Dovgal who mentioned earlier that polarization and politicization were among the major problems. If I understood you correctly, you all said that if we want to be competitive, we need predictability and a coherent discourse.

There is one problem, and that's attracting investors. So if we want to attract investors, we have to have a coherent, predictable narrative that at the very least recognizes that we're aiming for a low-carbon economy. I don't think I'm wrong. You've confirmed that, and that's what I wanted to hear.

A party that defends the opposite would be doing something that looks like polarization and politicization. I'm the one saying this; I'm not putting words in your mouth.

Would you agree with me on that?

[English]

**Ms. Margareta Dovgal:** I think that with the translation, I potentially missed the double negative there.

I want to say to your point about carbon and carbon pricing that, as my colleague said, it is an effective mechanism. Economists support it across the board, but the important thing is how we implement it and the competitiveness with which we do it. If we use mechanisms like border carbon adjustments, we can ensure that our path forward is a positive one.

It's not a matter of eliminating specific feedstocks, which I think needs to be remembered; it's the emissions that matter, and emissions know no borders. They don't know boundaries. We need to work—

• (1715)

[Translation]

**Mr. Mario Simard:** I agree with you, Ms. Dovgal. The devil is often in the details.

To use your words, if we want more clarity, certainty and support from the federal government, we have to recognize the problem.

A party or people who don't recognize the problem of a high-carbon economy would, in my opinion—and this is what I want to hear from you—be a brake to foreign investment in clean energy.

Am I right to say that?

[English]

**Ms. Margareta Dovgal:** There are intractable problems here. We have to work to fight climate change; we also have an imperative to ensure that Canadians' quality of life is maintained. There's no simple solution.

I think demonizing someone who's not taking the perfect approach on one aspect of the problem is not the way we're going to get to solutions, so rather than saying that everyone has to be on the same page, the federal government—whichever party is in government—has a responsibility to build that consensus by outlining a vision for the country and then working collaboratively towards it with everything clearly defined. Where does it see the role of resource industries within that equation? Where does it see the value of effective industrial and climate policy?

We need to be outcome-oriented, rather than squabbling over the details first.

[Translation]

**Mr. Mario Simard:** You're a diplomat, Ms. Dovgal. You'd be good at politics.

I just want to point out that if we want to attract foreign investment in clean energy, we have to make it clear that we believe in clean energy, right? That's what I'm trying to get all of you to say.

Ms. Doran, would you like to add anything?

[English]

**Ms. Rachel Doran:** I would give the example of the United Kingdom, which has recently had some changes in climate policy, and I think the business community in the United Kingdom was one of the first to say, as I think we've heard from business colleagues at the table here, that one of the key pieces is creating a certainty in the investment climate that's not policy dependent. It's really just ensuring that there is a predictability in the energy transition and the investment climate.

[Translation]

**Mr. Mario Simard:** That's right. I think we're saying the same thing, more or less.

What would create uncertainty in the investment climate, in my view, would be to know that a governing party could slash all financial support programs for the renewable energy sector.

It would create uncertainty, wouldn't it? There would be no continuity.

[English]

**Ms. Margareta Dovgal:** Policy continuity is important, and it's a challenge to democratically elected governments to respond to the needs of the electorate. Affordability pressures are hitting really hard, so you're right that this is a risk. That's why any government advancing energy transition and climate action needs to do so in a way that cannot be easily reversed, because it gains the ill will of the populace.

If that's prioritized, then policies will be resilient. They will last for a long time and create that investment certainty that we need.

[Translation]

**Mr. Mario Simard:** Thank you very much.

[English]

**The Chair:** Thank you, Monsieur Simard.

We will now move to Mr. Angus with the NDP for six minutes.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you, and congratulations, Chair, on your appointment.

I sometimes have to put my foot in and say that Ms. Lapointe is not the only person representing “base metal Canada”. Her neighbouring riding has many mines in operation. I just want to say that we'll take any of your workers to get our new projects off the ground.

I hear this line that it takes 10 years to get a mine off the ground because of regulatory issues. I've never met anybody in mining who took less than 10 years to put a mine in, spending billions, because it is an enormous investment.

Mr. Moffatt, I want to ask you this. Volkswagen has put \$7 billion into the battery plant at St. Thomas to build batteries for a market that hasn't been fully established yet. It's not up and running in a way that I'd like to see. They have to have a supply chain, which is an issue as well. We know that we have an advantage in Canada over Europe, which would love to have these battery plants, but they don't have the supply chain. Is the Chemical Industry Association ready? Are they in discussion with the battery plant manufacturers? Are we set to provide the supply chain necessary to get these battery plants into operation and make this market happen? A \$7-billion gamble is a huge undertaking.

• (1720)

**Mr. Greg Moffatt:** Thanks very much for the question.

I always like to say that critical minerals are just rocks without chemistry to refine those rocks.

**A voice:** We would say the opposite, but go ahead.

**Mr. Greg Moffatt:** I'm not trying to create controversy, but what I would say from an association perspective is this: Are we involved? No. Are our members active? Absolutely. There are some

great initiatives taking place in the Bécancour region. A number of battery-related chemical projects are being proposed there, and again I think that speaks to the programs and policies that are in place in Quebec to attract those investments. This is about the value chain and about providing the critical minerals, and there will be chemistry facilities involved as the supply chain for those projects.

**Mr. Charlie Angus:** Ms. Doran, it's hard to keep up. My numbers keep going out of date very quickly on how fast this transition has happened since the IRA. Mr. Meadowcroft mentioned the International Energy Agency, which seems to be just gaga about how fast this is happening.

I want to ask you what that means for the consumer, because you know what we hear from the Conservatives all the time about the carbon tax is that people can't heat their homes and people can't drive.

In this transition, what offer is on the table for affordability?

**Ms. Rachel Doran:** Thank you so much for the question.

We actually released a report today looking at household affordability and energy transition. We really crunched the numbers on the impacts at the household level of adopting EVs and making the switch to heat pumps. We looked at average households in the greater Toronto and Hamilton areas that made the switch to a heat pump or to an electric vehicle, or at the condo level may have adopted a transit pass or switched their cooktops to electric. We found that the further you went along that spectrum, away from how we have traditionally heated and powered our homes and vehicles with fossil fuels, the more money you saved. It really added up over time. We found that a household homeowner in the GTHA could save \$800 a month, or \$10,000 a year. A condo owner could save \$5,500.

Colleagues at the Climate Institute as well as the IEA have also found that over time, through the energy transition, energy prices for individual consumers and households will actually go down. Right now consumers are really feeling the pinch at the gas pump. Electric vehicles can be powered by electricity that will still cost less over time. With electric vehicles being more efficient, even if rates were to raise slightly, they would still cost less than what households are currently paying for their overall energy bills.

**Mr. Charlie Angus:** I certainly talk with envy with my colleagues in northern British Columbia, who can drive all over the north on five dollars. In my region, it kills us. We don't have any of the infrastructure in place.

I want to ask about heat pumps. Again, my region is very rural. People are on rural farms. They heat with oil because they have no alternatives. It's getting more and more difficult to pay for not only the oil but also the service and the insurance. I know a lot of seniors who simply aren't going to get through the winter. We have a program for heat pumps; God help us if we could actually make it work.

What do we actually have to do to be able to say to people, "Yes, you can transition, and this is how we're going to help you"? With regard to our present offer, I've not seen a single person get a heat pump in my region. What do we need to do? What is practical so that we can say to people, "Yes, here's your transition, and here's how you save money"?

**Mrs. Rachel Doran:** I think ensuring affordability, accessibility and simplicity in the energy transition will be key. We've suggested that the program you're describing, with \$10,000 going to transitions from oil to heat pumps, could even be increased by the federal government to be able to make it accessible for low-income households across the country to have a free heat pump. This is what happens in provinces in the Atlantic region. I believe Prince Edward Island and Nova Scotia currently have those programs in place.

More can be done to make that accessible by really looking at the programs. Is it easy to find out about them and access them? Do you need someone to come into your home and do an audit? Is it possible for the government to cover that cost up front in the way that it happens directly at the auto dealership with electric vehicles?

**Mr. Charlie Angus:** Thank you.

• (1725)

**The Chair:** Thank you, Mr. Angus. You're right on time.

**Mr. Charlie Angus:** I'm always on time. I've got your back, Chair; I've got your back.

**The Chair:** Thank you. I appreciate that.

We'll now move over to the next five-minute round of questions. We'll start off with Ms. Stubbs from the CPC.

**Mrs. Shannon Stubbs (Lakeland, CPC):** Thanks, Mr. Chair. Congratulations on your new role as of today.

Mr. Meadowcroft, it might surprise you to hear that Conservatives agree wholeheartedly with you about the realism around the timeline in which such a transformation should occur. That's why it's our position that governments shouldn't be setting targets, in some cases complete with criminal charges and other measures, that are unrealistic for the timelines they set, and they owe answers to Canadians about exactly how these goals are going to be achieved.

Ms. Doran, you are so articulate and you're very powerful. I just want to recognize that and to acknowledge your capacity here to help the coalition partners get their messages out on the policy agenda that you helped deliver and develop for the government when you were the senior adviser to Minister Wilkinson. Given that much of the airtime has been given to you today, I'm just going to ask the other witnesses to make some comments on the following questions.

Of course, Conservatives agree wholeheartedly that Canada must be competitive, and we must secure our supply chains and our value chains. We must put the cart before the horse, so we must develop our resources of rare earth metals and critical minerals that then can feed into the value and supply chains to develop EVs. We agree that interties need to be done. There have to be end-user distribution networks. All of those are undone. The governments and politicians who wax eloquent in this regard have not, to this date, answered Canadians on a single, actual, concrete, tangible question about how all of that is actually going to unfold in 11 years.

All of you have recognized the issues of competitiveness and different policies. Economists who propose carbon taxes for the purposes of emissions reductions do so in the context of saying that they must be implemented with an equivalent reduction of red tape and all other kinds of taxes, as well as protections for, in Canada's case, very critical emissions-intensive trade-exposed industries. That model is not on the table for debate in Canada. It's not the one being implemented by this government.

I would note some of the competitiveness issues, and I hope that representatives from the Chemistry Industry Association and also from Resource Works might want to get into this.

What strikes me is that the U.S. has no national carbon tax, and Canada does. The U.S. fuel regulations aren't nearly as aggressive as ours, which have caused all kinds of uncertainties, and others are about to come in. The U.S. has production incentives, not just investment incentives. Canada has investment tax credits that aren't ready; there are no production incentives, and they're, as we've all discussed, not yet complete. The U.S. has increased foreign and private sector investments, and Canada's are dropping like a lead weight because of the policies that are holding us back.

In Alberta's case, it is the private sector that has led those investments in clean energy and renewables. In fact, the oil and gas sector accounts for 75% of private sector clean-tech investment. It's the Province of Alberta, oil and gas, and pipeline companies that have long led this country in the development of renewables and alternative energies and the technology of the future. We'll do it again if we could just be allowed.

I also partly represent the industrial heartland. I thought you may want to comment about policy cues like declaring plastics as toxins, or some of the other policies that do the exact opposite of what people say they want, which is to incent investment and to develop all these technologies and products of the future.

I'll just open it up and let you take the remainder of the time if you want to comment on any of those contradictions.

**Mr. Greg Moffatt:** Thank you for the question.

What I would say is it's about regional opportunities and constraints when you think about where Canada is relative to the U.S. They're completely different systems. They're completely different approaches.

Why is it that Canada has a large industrial chemical cluster in southern Ontario? Why does Canada have a chemical manufacturing cluster in the industrial heartland, and why is it growing in other jurisdictions in the province? Why do we have a cluster in Quebec?

Again, it's regional opportunities. Again, industry has to deal with governments of the day. Decisions are made based on the availability of inputs: well-priced reliable power, and well-priced, abundant and low-carbon feedstock in western Canada. These all factor in.

There is an element to your question that is overly political for an association to get into. It's about opportunities and constraints, and leveraging off those opportunities to the greatest extent possible.

• (1730)

**The Chair:** Thank you.

We'll now move to Mr. Sorbara for five minutes.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Chair. Congratulations on your new role.

First of all, I'll go to Ms. Doran at Clean Energy Canada, for a couple of reasons. First off, Clean Energy Canada is situated at my alma mater, which is Simon Fraser University. It was 25 or 26 years ago—not to date myself—but it is a place where I grew as an individual and completed my first degree.

I do want to just put on the record—it's not a question—that I agree with the commentary that was issued: "When building Canada's EV battery supply chain, the sum is greater than the parts". The two EV battery plants, Stellantis and Volkswagen, are strategic investments for Ontario and for Canada. Beyond that, they are part of a larger picture in which you have to measure both the direct impacts of those plants and the indirect impact of then setting up and putting into place an actual supply chain. Canada was recognized for that in the BNEF—the Bloomberg index—when we moved up to second place globally on the electric vehicle supply chain.

I always look at things as a continuum, whether it's the housing market or the industrial sector. This place is the automotive sector, and the electric vehicle sector is a continuum. This is what we're doing in Canada very strategically, where we are putting in place the pieces for a supply chain through a continuum, which will benefit Canadians not just today but for generations to come. I thank Clean Energy Canada for that.

My question, however, is going to go to the folks at the Chemistry Industry Association of Canada. I've worked with you folks for a long time. Many years pre-COVID, I went out to the Alberta industrial heartland and visited the facilities. Some of them are being constructed; they are multi-billion-dollar investments.

I do believe in global competition, and we need to always measure that in place, but can you reference it in the global market-

place? There is leakage. We do know that. Our goal is to reduce greenhouse gas emissions here in Canada, but also globally. Can you talk about the global competition for these types of facilities and the opportunities that, for example, Alberta as a province has within our beautiful country? I would be really happy to hear that.

**Mr. Greg Moffatt:** What I'd like to say in that regard is, again, that chemistry is probably one of the largest globally traded commodities. It's a trillion-dollar industry.

The reality is that the pathway to manufacture these chemistries in Canada is a little bit different from what it is in China, in Asia or in the Middle East. In Canada, we use low-carbon natural gas. It is the most emission-efficient pathway to manufacture these chemicals, compared to coal to olefins, which you would see in China, or crude oil naphtha to chemicals, which you would see in Europe and some parts of Asia. We're competing against higher carbon-intensity products. The reality is that those commodities are not traded globally based on their carbon intensity, but if a time comes when there actually is a premium placed on commodities that are of a lower carbon intensity, then there will be some value and benefit to chemistry produced in Canada.

I always comment a little bit that there's this notion that when Canada moves natural gas via LNG to Asia, it will generate some benefit through Article 6 in terms of avoided emissions in other jurisdictions. The reality is that chemistry is a proxy for energy. The lowest-carbon pathway to manufacture these chemistries is here in Canada. We should be exporting these products globally and securing emission benefits through that.

That was a roundabout way of answering your question. The reality is that there is no premium for what we do here in Canada. With carbon pricing and regulations around reducing the carbon intensity, when you're exporting 80% of what you produce, there's no way to get a return on those costs.

• (1735)

**Mr. Francesco Sorbara:** On the sector's path to net zero by 2050, people can go to the AIF or the 10-K form and read that your members—I don't want to single out one or two—have all committed to that path of getting to net zero. Is that not correct?

**Mr. Greg Moffatt:** I would say that for the most part, most companies have in place aspirational goals for scope 1, scope 2 and/or scope 3 emissions by a point in time, by 2050. That's for sure, yes.

**The Chair:** We are done for time.

**Mr. Francesco Sorbara:** Thank you, sir.

**The Chair:** Thank you, Mr. Sorbara.

Thank you for your answers, Mr. Moffatt.

We'll now move to Monsieur Simard for a two-and-a-half-minute round.

[*Translation*]

**Mr. Mario Simard:** I think it was in Ms. Doran's presentation that indicated that, based on modelling, there would be five times as many jobs in clean energy by 2030. That is what I understood.

If I also refer to Mr. Meadowcroft's presentation, we have to move to clean energy if we want to be competitive on an industrial level, we need to shift to clean energy.

Does this mean that an economy still based on fossil fuels would be doomed to industrial decline over the next 20 years?

**Prof. James Meadowcroft:** We don't know exactly how quickly the transition will take place. However, there is no doubt that if most countries aim to decarbonize their economies by mid-century, there will be a decline in demand for oil, natural gas, and other products. It will be very difficult to maintain an economy that produces only fossil fuels in terms of energy.

[*English*]

The speed of the energy transition is still somewhat up in the air. It depends on technological developments. It depends on political decisions by many countries. Most of the models for decarbonization show that there will still be a viable oil industry in Canada in 2050. There are uses for fossil fuels other than burning them to heat houses or using them to power cars. What we need to do in a decarbonized world is make sure that those fossil resources are produced without emission, using CCS—carbon capture and storage—or other techniques.

I see the yellow card.

[*Translation*]

**Mr. Mario Simard:** I understand what you're saying, but what I'd like to hear you say is that no government should be advised to launch new oil and gas development projects. After all, we won't be consuming more oil in the future.

[*English*]

**Prof. James Meadowcroft:** The vast wave of inward investment in petroleum in Canada has probably passed, so yes, I wouldn't hitch my wagon to that horse. It doesn't mean the industry will disappear, but the growth is going to fade in—

**The Chair:** Thank you, Mr. Meadowcroft. Your time is up.

Thank you, Mr. Simard.

We'll move over to Mr. Angus for two and a half minutes.

**Mr. Charlie Angus:** Thank you.

Again, you mentioned the International Energy Agency's latest report, Mr. Meadowcroft. I read those reports. They're usually pretty boring, but they're almost beside themselves right now. They can't keep up with, they said, the “staggering” level of growth in clean energy. For the first time, I think, clean energy is almost double to fossil fuel. What they also said, though, was that, again, the big oil companies are not doing their part, and that's the threat.

I don't know if you've had a chance to read “The People of the State of California versus ExxonMobil, Shell, Chevron, ConocoPhillips, British Petroleum”, and so on. It's a fascinating read. I mention it because they identify all the main companies for their claim that they are working towards net zero and are presenting themselves as climate leaders when they're doubling down on fossil fuels at a staggering rate. This is part of the indictment against these companies. I notice that Suncor has done the same thing. It has walked away on sustainability.

I want to get your perspective on where we're at. On the one hand, we could save ourselves at 1.5° Celsius, and on the other hand, we see the strategy of the big oil companies, as in the big tobacco indictment, is to say they're on clean energy when they're heavily doubling down on fossil fuels.

• (1740)

**Prof. James Meadowcroft:** My academic research studies the transitions in big sociotechnical systems. That's everything from developing piped water and sewage to the transformation of farming to rely on chemical fertilizers. It's many different changes. The typical pattern is that most of the incumbent industry sticks with the old technology because they're doing so well selling it and they have many sunk costs in investment. Very often—not always, but very often—the pressure to change comes from outside. I gave the Kodak example. It wasn't the film companies that made the transformation; it came completely from outside, with the digital technologies.

Sometimes the incumbents, the established firms, can adapt. That's what I would hope for Canadian industry—that some of our big energy companies could adapt and start investing in some of the technologies of the future as well as the technologies they've mastered already—but we'll see.

**The Chair:** Thank you. The time is up. Thank you for your answer.

We'll move to Mr. Falk for five minutes.

**Mr. Ted Falk (Provencher, CPC):** Thank you, Mr. Chair, and congratulations on your new role. I'm sure you'll do well.

Thank you to all our witnesses. I know that the time will evaporate quickly, so I'll start off right away with Margareta.

You've had lots of international experience in the UAE and Taiwan, helping to consult on different energy projects and resource development. You talked a little bit about LNG here in your initial comments.

When you look at Canada's resources, what do you see right now as most in demand?

**Ms. Margareta Dovgal:** Canadian ingenuity and our ability to tap into the raw materials that we have at our disposal are the things that have the greatest value in offering to the world. I see a huge amount of traction in British Columbia right now on LNG, as you mentioned. It's highly promising. We've been hearing a lot of conversation here about the different drivers of energy systems transformation. Policy, of course, when societies collectively decide that we need to go in one direction, can provide that push.

We see a positive effect from clustering. When an industry has developed a base of people and skills and institutions and organizations and companies working together with a rich and diverse supply chain, you do get some positive effects from that as a driver of innovation and transformation. However, I think ultimately markets and consumer demand will determine the direction of the transition.

When we're talking about these highly promising opportunities for Canada, we need to remember that we're a small, open economy. We're a trading nation. As a trading nation, we can't just be looking to our domestic consumption and the changes we can make and how we produce and use things like energy within Canada; it's about what we offer to the world. Technology transfer from clean technologies is a very valuable thing that we can provide, but I think those raw commodities produced in an environment that leads the world on many dimensions is where that value is. While the demand is there for industries like LNG, I think we should enable those industries to survive.

Capital risk is a good filter for that. If private industry is willing to take the risk and they believe the conditions of the world at large would enable them to go out there and sell those products, then policy-makers should be responsive to that, rather than saying, "Let's arbitrarily kneecap industries that we don't think meet our ideal future scenario for what Canada's economy should look like."

That's not to say that there shouldn't be a nudge from policy-makers. I strongly support the work that colleagues here are doing to advance that push from within government and from outside of government, but we need to take stock, in a sense, of our fundamentals.

If as a country we are blind to what has been our economic strength and where we can derive the greatest security and well-being for Canadians in increasingly uncertain times, we're going to be at a serious disadvantage. I'm worried that we're not just going to be out-competed by the U.S.; we're also going to be experiencing a substantially deprived quality of life for all Canadians.

**Mr. Ted Falk:** Okay.

Some of your work has been in the field of energy security, grid capacities and all that. Where do you see the biggest risk for Canada going forward?

• (1745)

**Ms. Margareta Dovgal:** I think I alluded to the distinction between domestic energy policy and international export as a problem long recognized by many analysts. I'm a generalist, so take what I say with that in mind. We just don't have enough interties between provinces. There's work being done to remedy this, but we have serious deficiencies in how we use the resources that we currently have in the country to get energy where it's needed.

I come from B.C., which, like Manitoba, is a major producer of hydroelectric power. It's a mystery to me that we don't get to sell enough of it to the rest of Canada but instead sell it to the United States. I see small modular reactors as a problem with the same opportunity. Ultimately, the security and the stability of that supply for Canadians is important for things like affordability, but when it comes to exports—

**Mr. Ted Falk:** I'm quickly running out of time here.

When it comes to developing some of these resources in which you say Canada is rich, what are the impediments to doing that? Do we have a regulatory environment that is not friendly?

**Ms. Margareta Dovgal:** We have regulatory capacity, yes. As for certainty, as I mentioned, the politicization of the process sometimes makes the outcomes from the regulatory process uncertain. That impedes capital flow. We're losing a lot of investment dollars.

Capacity even within indigenous communities is another one. Increasingly, mining is where—this is positive—we see the involvement of indigenous communities. However, if the capacity is not there to support their participation in the decision-making process, then we see material delays in permitting approvals and the ability of joint ventures to be worked out. It's things like that.

Devoting more energy to being outcome-oriented by saying, "These are the things we want", and then working backwards from that will get us to where we need to be.

**Mr. Ted Falk:** Thank you.

**The Chair:** Thank you, Mr. Falk.

We will now move to Mr. Aldag for our final five minutes today. Bring it home.

**Mr. John Aldag (Cloverdale—Langley City, Lib.):** Thank you, Mr. Chair.

Congratulations on your election. I would like to point out that yesterday I was elected as the chair of the indigenous and northern affairs committee. Today we tabled our first report. I'm hoping this committee will be able, under your leadership, to take up that same pace of work and have lots of things come forward.

**Voices:** Oh, oh!

**Mr. John Aldag:** I look forward to working with you in your new capacity.

I'd like to thank our witnesses for being here for the excellent conversation we've had so far today.

In the opening statements, it was mentioned that Canada can't compete dollar for dollar with what the Americans are doing under their IRA. In the fall economic statement last year, and with the spring budget, we saw some very targeted measures put in place. I think we all know this. We had a bunch of stuff: the Canada growth fund, the investment tax credit for clean technologies and the pursuit of hydrogen. Then in the budget there's the pursuit of this transition through other tax credit measures, and so on.

I'm curious about your thoughts. We've seen the federal government step up and try to move our economy to decarbonize, moving to a green economy and competing to make sure there are investment dollars staying in Canada, yet we see provinces like Alberta introducing a moratorium on clean energy projects. There is an article in the Calgary Herald that indicates they anticipate 118 projects have been affected, representing \$33 billion in investment and enough work to give 24,000 people a job for a year. To me, that should be very concerning to Canadians, and particularly to Albertans.

When we have the federal government providing such leadership, what are your thoughts about the opportunities we're losing when the provinces fight tooth and nail along the way to retain old ways? We're seeing the loss of investment that should be coming to Canada despite the IRA, yet we're creating this situation. Does it mean all of that investment is going to B.C.? What measures does the federal government need to put in play? Is there anything beyond what we've already done to make sure we retain investments, that Canada continues on this transition and that we don't bury our heads in the soil and lose out on great opportunities to do the right thing at this point in time?

Are there any thoughts on Canada's response to the IRA and how we compete with this sort of tension we're seeing right now in Canada?

• (1750)

**Mr. David Cherniak (Policy Manager, Business and Transportation, Chemistry Industry Association of Canada):** One quick thing I would like to note is that the IRA has been the law of the United States since August 2022, and there is not a single tax credit proposed that is currently a law in Canada. That's part of our problem right now, particularly around things like carbon capture and storage, which we've been talking about since 2020 or 2019. This is the fourth year of the most recently completed consultation and discussion of this tax credit. There are excellent parts to it. There are other parts we'd like to have a chat about, but there are excellent attributes to that tax credit, and nobody can take advantage of it. It's not the law of the land.

If there's one message you can take away from the chemistry sector today, it's that we have to get these past the House of Commons. This has to be a statute in Canada. It unlocks private sector capital. It's up to our companies to then deliver, but we need that as law first. You cannot take a promise to your board to approve a final investment decision. You need something a bit more concrete.

**Mr. John Aldag:** What I'm hearing is all-party support to move things forward as soon as we get the legislation tabled and make this happen.

Are there any other thoughts from any of you?

**Prof. James Meadowcroft:** Yes. You raised the question about the relationship ultimately between the federal government and the provinces. Of course, Canada has a complicated political system with jurisdictional divisions and elections from time to time that will turn over governments in a province or federally or things like that.

From the point of view of the energy transition, some sort of policy stability is really very desirable. Maybe it's not the details of this policy and that policy, but at the least they should tend in the same direction, with the same directionality of policy.

I want to say one thing: There's no way that the federal government can decarbonize Canada on its own. It depends on co-operation with the provinces. The political economies of energy are different from one side of the country to the other. Where people get their energy and how the economy has been built are different in Quebec from what they are in Alberta, yet over the long term we want each to develop their own pathways towards a net-zero world.

One of the things my organization does is that we really believe in sectoral and regional pathways because of the nature of Canada and the nature of the problem. Every sector won't decarbonize at the same rate. Light-duty vehicles are happening rapidly now. Heavy trucks are a big problem. We'll have to wait for a decade or whatever.

It's the same provincially. What will happen in B.C. is going to be different from what will happen in Ontario. It's important that we do this in a way that's flexible and has federal leadership but also provides substantial autonomy for the provinces to make their own way.

**The Chair:** Thank you, Mr. Meadowcroft. That's it for time.

I want to thank the witnesses for their testimony and for the great insights today.

Thank you so very much. If you did miss something and would like to provide a written submission to the clerk, please do so. We look forward to seeing you again sometime, possibly in a future study.

**An hon. member:** Like the electricity study.

**The Chair:** Yes, like the electricity study that's coming up next.

Colleagues, we will now suspend for a few minutes so we can go into in camera business. We will resume in a few minutes once we're set up to do that.

*[Proceedings continue in camera]*







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