

Canada's Energy Strategy: a Series of Lurches¹

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1. Introduction

Canada's energy strategy has been and is failing on all fronts. In effect, Canada's energy policy or strategy is a Stephen Harper construct, focusing on specific projects of short term political and economic expedience, and completely ignoring social and environmental issues. It makes no effort to acknowledge or reflect the priorities and requirements of each region of Canada. *Ad hoc* and sporadic, it is doing Canada a disservice politically, and economically, causing loss of respect internationally.

2. Global Factors: Global Problem

Growing global concerns, particularly around the subject of climate change, set the stage for all other considerations. Climate change can no longer be denied: the increased frequency of severe weather incidents world-wide should be sufficient to draw the attention of anyone paying heed. When we find major storms moving up and across eastern North America carrying a magnitude of water comparable to the Mississippi River becoming airborne, while areas to the west face drought, its time to take note.

Environmental, economic and energy concerns are inter-related: touch one and the others feel it. Although there will always be some kind of "environment", not all possibilities may accommodate human existence. Over the millennia, the environment of the world has varied considerably, in several instances quite dramatically due to forces external to the planet (e.g. extinction of the dinosaurs).

The next major ecological disaster, however, could well be driven by human activity. The complex ecological systems that have absorbed virtually all mistakes of humanity to date are reaching the limit of their capacity to adapt. Impacts from rapidly increasing numbers of people, and more importantly, the exploding pace of their use of technology and indiscriminate use of resources, with accompanying pollution are beginning to overwhelm the capacity of global ecological systems to absorb such shocks.

The evidence is there to see: disappearing arctic sea ice, more severe weather incidents and massive glacier melt that will raise sea levels. The risks from sea level change, now evident along the entire eastern US seaboard as well as the Gulf States, are finally getting attention. In Canada, major impacts will be felt in northern areas,

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particularly the tundra permafrost and the Arctic Ocean, although the prairies and all northern regions will be significantly affected. Greater variability in water levels and flows will be challenging and difficult to forecast, frustrating *inter alia*, shipping on the St. Lawrence Seaway.

3. National Irresponsibility in the Global Economy

Individual countries show signs of concern from time to time, but usually with accusations of wrongful resource management and resource degradation by another country: the EU ban on natural furs being one example. The assertions of activists and governments (US and EU) surrounding the oil sands don't account for the CO₂ generated and pollution impacts from oil imported from the heavily oil soaked marshes of Nigeria, or the heavy oils imported from Venezuela. Nor does the US acknowledge that taking the tops off mountains to strip mine coal for electricity generation produces huge quantities of CO₂, amongst other equally undesirable impacts.

As is so often the case, major environmental issues are always someone else's problem. It's easier for US activists to rally against the Keystone pipeline (Canada) than address problems within their own country.

4. Harper's "Lurch Strategy"

Almost a year ago Canada's Prime Minister went on record as questioning what an energy strategy might be, and why it might be useful.

Despite this, his actions indicate he has been implementing his own strategy. As a reaction to corporate interests, Harper has jumped on selected projects, Keystone is one example where he sought to bring benefits to Canada by supporting these interests. When the Keystone decision was deferred, he reacted by suddenly looking for markets in Asia. There's nothing wrong with this; such markets deserve investigation. This provided a rationale to support a gas pipeline from Alberta to the Pacific coast, without any apparent thought to the complexities of that situation: aboriginal, intergovernmental, environmental issues as examples. The impression was that the government was simply lurching from one project to another without any over-riding strategy except just that: the "lurch strategy".

The argument that Canada was instrumental in the Kyoto Accord has no relevance to today's situation. Moreover, the then Prime Minister signed it knowing at the time that Canada could not possibly meet the targets!

Since Kyoto, much has changed, but the economic role played by energy has grown considerably. Negative impacts on the environment are greater, even though other efforts are reducing CO₂ outputs from other sources (more efficient cars, better home insulation, efficient appliances, etc.). New sources of energy, particularly shale gas from fracking, as well as wind and solar technologies, have reduced CO₂

emissions overall, but have also generated considerable uncertainty about the potential rates of return on long-term large investments in hydro-electric and nuclear projects. Their viability is in serious question.

These newer technologies appear benign in terms of environmental impact, but it is important to remember that the wind does not always blow at the preferred speeds, while demand fluctuates within every day and week. The actual environmental impact of solar energy must take into account the alternate uses of the land upon which they are installed. For example, large subsidies from the Ontario government have resulted in solar panels replacing agricultural uses of high productivity lands in the Windsor area.

The complex interconnectedness of energy, economy and environment must be taken into account together, not separately. It is a synergistically interconnected system. For example, ethanol produced from corn has impacted all sectors of agriculture, and specifically food supply.

With no apparent framework or national strategy, it is impossible to prioritize, coordinate, plan, finance and execute projects needed to ensure Canada's place as a diversifying economy as well as an energy exporting nation. A political apparatus that would include Parliament and Provincial Legislative Assemblies is needed to develop such complex strategies. Recognizing the need for a workable formula for First Ministerial cooperation is key.

Absent this, enter the implementation phase of Harper's apparent strategy.

The "lurch strategy" has been backed up by decimating environmental legislation and funding. Even though the "spin" for this endeavor was to curtail the interference of "foreign" (read US) environmental activist organizations while speeding up due process on environmental assessments, the devil was in the details! Some of the details eliminated were reasonable (e.g. drainage ditches are not streams in terms of the original intention of the Navigable Waters Protection Act), and US activists were clearly supporting local efforts to frustrate local environmental assessments. Ultimately, the overall effect of lax oversight and regulation leaves open the strong likelihood of serious environmental degradation and pollution in the future.

Concurrently, budget cuts to key environmental programs were implemented. Closing the Experimental Lakes Area Research Program (ELA) is the best example of this. The "whole lake" research done there over four plus decades illustrated the benefits from using real settings that cannot be replicated in a lab. Research findings at ELA were recognized internationally and are essential to continuing improved understanding of lake ecology. Interestingly, this type of research and its results are critical to addressing concerns over water quality associated with the oil sands, one of the projects chosen for support.

Compounding the impact of the budget cuts is the restricted public access to scientists and to scientific/environmental data. Somehow, it appears that even simple facts like the total amount of snowfall in any part of Canada (Ottawa, for example) is deemed to be confidential, and best kept from the public lest they use it against the government (the Harper one, that is). Not only that, it requires herculean effort (and good personal contacts) to find out how to reach a public servant in Environment or Fisheries Canada. Apparently, public information staff are better equipped to answer scientific questions than the scientists!

The implied objective of these legislative, budgetary and information access changes suggest that interest in environmental issues needs to be suppressed if economic development is to flourish, and that means energy, specifically oil export, must be encouraged at all costs. Nowhere is there acknowledgement of a coordinated process in place to plan, articulate and implement sustainable economic, environmental and energy priorities. The latter is possible, but only when dialogue and open discussions are encouraged and facilitated in order to find the best of all options.

Unfortunately, Harper's strategy reflects an approach that should have been put to rest in 1987 by the Brundtland Report. Implied in the "Harper lurch strategy" is the notion that pollution is a problem we'll deal with later...now we want to sell the energy quickly so the economy can improve (with the existing structure, no consideration of diversification). This is not reality. It's a bit like St. Augustine asking God for "chastity ..., but not yet". The economy and energy situation will improve only if the environmental impacts are addressed up front. That's the reality, and it cannot happen until everyone considers changing their "mental model" to one that consistently puts environmental factors in the mix while listening, considering and discussing.

5. Canada Lacks Institutional Structure to Develop and Present a Coherent Strategy to the World

As a country, Canada does not have the political and policy infrastructure in place to deal with complex energy, environment and economic realities amongst divergent regions. Each region has unique resources, environment and economic dimensions, inter-relating only to a degree. External global circumstances affect each of them in different ways. Canada's Constitution Act, 1982 does not specifically provide for such political infrastructure, but it does not prevent it from being developed. Federal and all provincial jurisdictions have legal roles to play, but all need to be on the same team. In the absence of this at present, however, we are left with Stephen Harper and his lurch strategy for Canada's participation in global issues involving provincial natural resource mandates.

Canada is experiencing massive pressure to implement environmental measures soon, or suffer trade impediments. President Obama, in his State of the Union address, has come out clearly on the issue of global climate change. The US is going

to act, and it will act in its own interest. This response will focus on clean energy, but also will in some way accommodate the coal industry, in response to massive pressure from the coal lobby, perhaps with reliance on a new chemical process that is being developed to access energy from coal without burning it. Canada's economy will experience turbulence from actions south of the border. If it does not pay close attention, Canada will find itself playing incremental catch-up with its southern neighbor to the very real detriment of its resource based sectors. Americans will always look after their own first! Knee-jerk reactions are a poor way for Canada to engage and act in the arena of climate change and the global environment.

6. Proactive Canadian Strategy Needed in a World of Complexity

A US decision on Keystone is still being considered, but it may be made soon, and if the intentions about climate change identified in the State of the Union speech are implemented, it may be rejected. If Keystone is approved, there may well be some *quid pro quo* attached. A simplistic public relations response to this situation is a weak and reactive way to develop a comprehensive strategy to ensure Canada's best interests into the future.

In the meantime, the Gateway pipeline proposal is meeting strong resistance on environmental grounds. A pipeline to the east may well evolve, thanks to the Premiers of Alberta and New Brunswick, not the federal government. The latter addresses Canada's internal needs, and might well deserve higher federal priority than it has received to date.

Virtually all provinces are struggling to deal with their own unique situations. In some cases, concerns vary from rising energy costs to consumers to how to meet growing domestic demand. The solutions may lie in large measure within Confederation itself. The needs of one region may be met within Canada by other regional strengths, if good will can break out. Several provinces rely heavily on the energy sector for revenue and jobs, and major developments carry with them the camp followers of drug, alcohol, and other social issues connected to rapid change or anomalies in demographic structure. US markets are being met more by domestic supply, except for existing oil, gas and limited electricity exports. Due to US shale gas developments, this picture is not expected to change significantly in the coming years. But, other world markets exist, and together the regions of Canada can take advantage of these as well as many of their own imbalances by working together.

There are more elements to a national energy strategy than just a pipeline, a trashing of environmental legislation and reduction of environmental budgets.

Across Canada, there are many different and potentially complementary sources of energy, as well as uses for it, including processing within Canada.

The Arctic Ocean is becoming more accessible, and it holds considerable oil and gas potential. It will also be affected most severely by climate impacts on species (current populations and new migrants) and on permafrost (shorelines undergoing significant changes as well as the tundra generally). The term security covers a wide range of issues in the Arctic, deserving of immediate strategic action.

Aboriginal issues need attention, and that begins with listening. The Indian, Inuit and Metis of Canada must to be part of the broader conversation on energy, environment and linkages to economic activities.

So far, all of this is going on with very little discussion amongst the players, except for occasional acrimonious statements where apparent but narrow conflicts or overlaps occur. Although each jurisdiction may have its own strategy (stated or implied), the lack of coherence affects the viability of local as well as the Canadian economy, and frustrates access to export opportunities. Some Premiers, particularly Alberta, Saskatchewan, New Brunswick and Newfoundland and Labrador, are trying their best. There is not a national responsibility, but Canada should be grateful for their efforts.

7. Conclusion

Energy issues facing Canada today require well informed and considered approaches. Coordinated effort on the part of all governments and the private sector is the needed basis for action. The latter go well beyond just energy companies. Financial institutions, housing, social services and infrastructure needs deserve attention. Processing and refining industries need to be looking for Canadian locations for their operations: excuses about unused capacity on the Gulf coast, for example, simply reflect poor judgment on the part of the industries themselves. There is no excuse for deferring future refining needs within Canada. Governments generally are financially stretched, but cannot be cut too deeply without affecting economic health. The challenge will be to identify the highest priority policies and projects and stick with them: a tough action in a democratic system.

If all the players got together to find solutions of mutual acceptability, Canada would be better off. The result should not, however, be just a dog's breakfast of projects across the country, or a continuation of the "lurch strategy". It needs to begin with a framework within which all initiatives can be considered, a true "national strategy". It means that all players need to come to the table with the idea that together they can make Canada's economy a world leader in balanced and sustainable resource development and environmental stewardship. In the absence of Harper taking the lead on this, continuing provincial and interprovincial efforts are needed to move Canada onto the right track.