HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

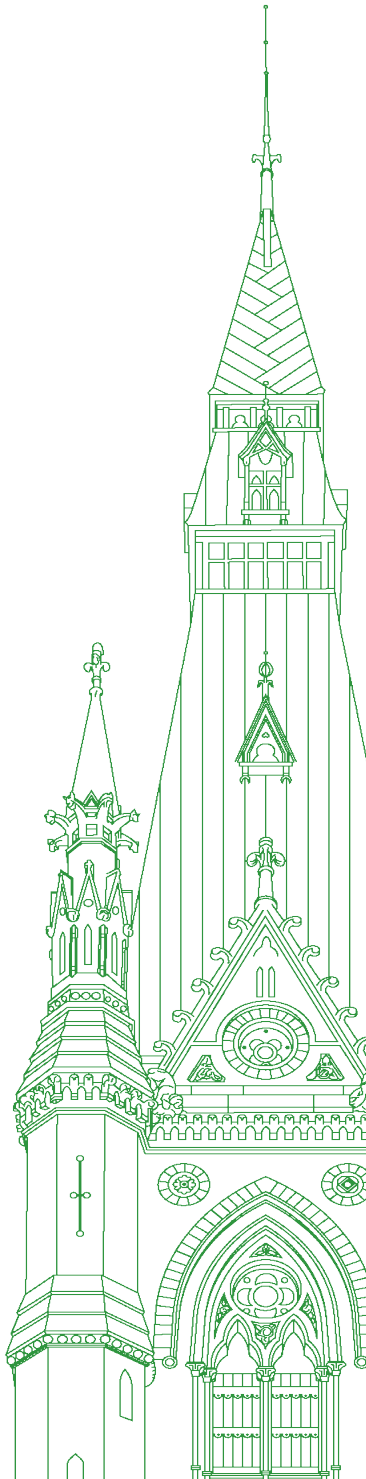
44th PARLIAMENT, 1st SESSION

Standing Committee on Natural Resources

EVIDENCE

NUMBER 002

Monday, January 31, 2022



Chair: Mr. John Aldag

Standing Committee on Natural Resources

Monday, January 31, 2022

● (1535)

[*English*]

The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)): I think we have quorum here. I'm ready to start. I believe all of the parties have people ready to go. With that, I will call the meeting to order.

Welcome, everyone, to meeting number two of the House of Commons Standing Committee on Natural Resources. Pursuant to Standing Order 108(2), the committee is commencing its study of the emissions reduction fund—onshore program. Today's meeting is taking place in a hybrid format pursuant to the House order of November 25, 2021. Members are attending in person in the room or remotely using the Zoom application. Please note that the webcast will always show the person speaking rather than the entire committee.

I will take this opportunity to remind all participants that screenshots or taking photos of your screen is not permitted. Today's proceedings will be televised and also made available via the House of Commons website.

Given the ongoing pandemic situation and in light of the recommendations from public health authorities, as well as the directive of the Board of Internal Economy on October 19, 2021, to remain healthy and safe, the following is recommended for all those attending the meeting in person.

Anyone with symptoms should participate by Zoom and not attend the meeting in person. Everyone must maintain two-metre physical distancing, whether seated or standing. Everyone must wear a non-medical mask when circulating in the room. It is recommended in the strongest possible terms that members wear their masks at all times, including when seated. However, as you can see with me, when you have the floor—when I've recognized you—you can take your mask off to speak. We ask that you put your mask back on when you've finished your intervention. Non-medical masks, which provide better clarity over cloth masks, are available in the room.

Everyone present must maintain proper hand hygiene by using the hand sanitizer at the room entrance. Committee rooms are cleaned before and after each meeting. To maintain this, everyone is encouraged to clean surfaces such as the desk, chair and microphone with the provided disinfectant wipes when vacating or taking a seat.

As the chair, I will be enforcing these measures for the duration of the meeting, and I thank the members in advance for their cooperation.

To ensure an orderly meeting, I would like to outline a few quick rules to follow. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of either floor, English or French audio. Members and witnesses may speak in the official language of their choice.

For the members in the room, if you wish to speak, please raise your hand, and the clerk and I will do our best to keep track of the speaking order. For the members on Zoom, please use the "raise hand" function and you will be placed in order. As I'm sure you can all appreciate, it can sometimes be challenging, as we saw at our first meeting, when members raise their hands both in the room and on Zoom. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Before speaking, please wait until I recognize you by name. If you're on Zoom, please click on the microphone icon to unmute yourself. For members in the room, your microphone will be controlled as usual by the proceedings and verification officer. When you're not speaking, your mike should be on mute.

As a reminder, all comments by members and witnesses should be addressed through the chair.

To begin, we had agreed to attend to some committee business before we start with our first witness.

The first item is to adopt the report from the subcommittee meeting on January 24. The report was distributed to all members last week. If the members prefer that I read the report in full, I can do that now. Otherwise, in the interest of time, if all members have already read it and if everyone is in agreement that they are ready to adopt it without debate, we can proceed that way. What is the wish of the committee?

I see Mr. Angus is nodding in favour of adopting. Is there any opposition to that?

Okay. We're ready to proceed. I'd ask somebody to move a motion to adopt the report.

Mr. Maloney moves to adopt. Do we need a seconder?

Mr. Angus.

(Motion agreed to)

The Chair: Thank you.

We also need to adopt the budgets for our first two studies. They were also distributed to the members last week. These budgets essentially cover the costs of phone lines and headsets required for our meetings. The first is for the study of the emissions reduction fund—onshore program, in the amount of $1,725; and the second is for the study of a greenhouse gas emissions cap for the oil and gas sector, in the amount of $7,125.

Is it the will of the committee to adopt these two study budgets?

Some hon. members: Agreed.

● (1540)

The Chair: Thank you. That concludes our committee business.

Now we'll get into our first panel on our study of the emissions reduction fund—onshore program.

For our first panel, we have the Office of the Auditor General. Joining us remotely, we have Jerry DeMarco, commissioner of the environment and sustainable development. Welcome, Commissioner.

We also have James McKenzie, principal, and Sylvie Marchand, director.

As we get into both panels I'm going to try a timekeeping trick I have seen on the Hill. I have a timer, and when we get to the last 30 seconds, I'll give you the yellow flash. When time has run out, I'll just hold up the red card and ask you to wrap up your thoughts. You don't have to cut off mid-sentence, but we'll get into the questions then. I'll do the same for the presenters.

In our first and second panels, witnesses will each have five minutes for opening statements. I'll give you the 30-second warning and the cut-off time. When we get into rounds of questions, I'll do the same.

With that, we will now turn it over to the commissioner of the environment and his colleagues to start with their five-minute opening statement, and then we'll move into our first round of questions and answers.

Thank you.

Mr. Jerry V. DeMarco (Commissioner of the Environment and Sustainable Development, Office of the Auditor General): Thank you, Mr. Chair. We're happy to appear before your committee this afternoon to present the results of our report on the emissions reduction fund. I'd like to acknowledge that this hearing is taking place from the traditional unceded territory of the Algonquin Anishinabe people.

Joining me today are James McKenzie, the principal who was responsible for the audit, and Sylvie Marchand, the director who led the audit and the team.

Greenhouse gases emitted by human activities are causing climate change around the world. Under the Paris Agreement, Canada committed to reducing its annual greenhouse gas emissions to 40% to 45% below 2005 levels by 2030. Canada has also committed to reaching net-zero greenhouse gas emissions by 2050.

Meeting these targets will require deep and real reductions in greenhouse gas emissions below the levels recorded for previous years. In November 2020, the government launched the onshore program of the emissions reduction fund, which was part of Canada's COVID-19 economic response plan. The government saw the $675-million program as a way to help struggling companies in the energy sector deal with lower oil prices during the pandemic.

The audit focused on whether Natural Resources Canada designed and implemented the onshore program to achieve value for money and to ensure that the anticipated reductions of greenhouse gas emissions after 2023 would be credible and sustainable. Overall, we found that the department did not design the program to ensure value for the money spent or credible and sustainable reductions in greenhouse gas emissions in the oil and gas sector.

When designing the program, the department did not apply greenhouse gas accounting principles or the concept of additionality, which is that emissions reductions should not be attributed to the program if they would have happened regardless, by complying with regulations. More than half of the total reductions targeted by the program had already been accounted for under the federal methane regulations. The department therefore misstated what the program could achieve.

● (1545)

[*Translation*]

The department stated that one of the rationales for the program was to help maintain jobs in the oil and gas sector. However, we found that the department didn't list job retention as an eligibility condition or an assessment criterion for funding decisions.

We found that the department assessed companies' financial viability and added risk controls and monitoring for all companies. For example, the final contribution agreements included procedures to mitigate the risk of default and to help ensure that projects would be completed.

We also found that the department's expectations for the 40 projects funded in the program's first intake period were overestimated. For 27 funded projects, companies had indicated in their submissions that projects would increase oil or gas production. However, the department didn't factor in the emissions from increased production into its estimations. Had these emissions been accounted for, they would have lessened or even outweighed the emission reductions expected from these projects.

Lastly, the department didn't fully assess value for money on the basis of the cost per tonne of reduced greenhouse gas emissions or the number of jobs maintained.

To help Canada achieve its national targets for reducing greenhouse gas emissions, Natural Resources Canada should make sure that its policies, programs and measures are based on reliable estimates of the expected emission reductions.

We made six recommendations as a result of this audit. The department agreed with four and partially agreed with two.

Mr. Chair, this concludes my opening remarks. We would be pleased to answer any questions the committee may have.

Thank you.

[*English*]

The Chair: Great. Thank you for your opening comments and for your brevity. You're in just under the five-minute mark.

We will now go to our first panel member, Ms. Goodridge, from the Conservative Party.

Ms. Goodridge, you have six minutes. Please proceed.

Mrs. Laila Goodridge (Fort McMurray—Cold Lake, CPC): Thank you for your presentation here today. It was quite enlightening.

In the recent report, you noted the following:

> We found that Natural Resources Canada overestimated the reductions in greenhouse gas emissions that it expected under the Onshore Program.

Can you go into detail as to how they overestimated these reductions? More specifically, would you say that these overestimations seemed unattainable in your initial review?

Mr. Jerry V. DeMarco: I'd like to respond to that question by using two examples. One is the concept of additionality, and one is the concept of looking at the entire emissions or the net emissions, as opposed to one aspect of emissions.

On additionality, the answer is highlighted in our report, with the exhibit showing the graph that tries to depict the notion of additionality. It's a question of whether this fund resulted in the reductions attributed to the fund or whether other factors were at play. In this case, it was the methane regulations.

If one funds the same activities that were going to happen anyway with the methane regulations, one cannot say that those emissions reductions were attributable to the program. By failing to carve out the cause and effect of the program from the methane regulations, there was an overestimation because the concept of additionality was not utilized properly.

A second aspect is the net emissions question. The figures provided by the department do not provide the big picture in terms of the total effect of the funding on the facilities and the equipment at issue. We wanted to know what the net effect of the program was, not just the emissions attributed to the piece of equipment that was being upgraded at the site. This is a problem, because many of the applications that we reviewed that produced the facilities indicated that they would be increasing production. However, those increases in production, which could offset the emissions reductions from the equipment being installed, were not factored into the estimations of the department.

● (1550)

Mrs. Laila Goodridge: Thank you for that. You mentioned that in your opening statement.

Did you speak to any companies that received these funds when doing your report? If so, did any mention that they felt the overestimations were clear?

Mr. Jerry V. DeMarco: I will ask a member of our team, Sylvie Marchand, to talk about the procedures that were taken in this audit.

Ms. Sylvie Marchand (Director, Office of the Auditor General): We did not interview companies. However, we talked to department officials. That was the scope of our audit.

Mrs. Laila Goodridge: When doing an audit, if you're not speaking to companies, how can you so clearly state what you did in your report?

Ms. Sylvie Marchand: We looked at the submissions and analysis that were done by the department. In effect, the submissions are the official statements by the companies, so they are the declarations of what they expect will be achieved by their project.

Mrs. Laila Goodridge: You spoke to no companies, and there was no follow-up with the companies after their initial reports.

Ms. Sylvie Marchand: I know it is backward-looking. We looked at what was done in the past, and in the past, the only thing that the department did was stop the implementation of the fund and assessing submissions.

We analyzed the design of the program. We did not assess and monitor the results of the projects once the facilities had implemented the technology. That was not in the scope of our audit.

Mrs. Laila Goodridge: Your report also says the following:

> We found that Natural Resources Canada did not follow key greenhouse gas accounting principles or a standard when preparing its estimates of expected reductions in emissions.

Did anyone explain to you why they weren't accounting for these principles?

Ms. Sylvie Marchand: If you read the report, the department somehow was confident that its approach was properly accounting for the emissions reductions, but when we asked them whether they were following these ISO standards that ensure the credibility and replicability of the estimates of expected emissions reductions, they confirmed that they did not use these standards.

The Chair: That's great. I'm sorry to have to cut you off there. That's the end of the first six minutes.

We'll now move to Ms. Dabrusin from the Liberals for six minutes in her first round.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): I really appreciate the opportunity to talk with you and to get your feedback, which we got from your audit. It's helpful to have it.

I actually want to start with some of the basics, to be truthful, about methane, because I think methane reductions are important as part of GHG emissions as a whole. When I looked at it, it looked to me as though the top source of Canada's emissions from methane is the oil and gas industry.

Would I be correct in saying that?

● (1555)

Mr. Jerry V. DeMarco: Yes.

Ms. Julie Dabrusin: The majority of those come from venting and from leaks. I'll need you to actually answer, not because I'm trying to put you on the spot but because then there's an answer.

Mr. Jerry V. DeMarco: Yes. Thank you.

Ms. Julie Dabrusin: That's perfect. Thank you.

From what I understand, methane emissions are actually a more—for lack of a better word, although you might have a better word—toxic source of global warming than CO2 is.

Is that correct?

Mr. Jerry V. DeMarco: I wouldn't use “toxic”, but their warming potential is much greater than that of carbon dioxide. Their residency time in the atmosphere is shorter, but for the time that the methane is in the atmosphere, the warming potential is much greater. That it's a more potent greenhouse gas is another way of looking at it, rather than more toxic.

Ms. Julie Dabrusin: I apologize. That's why I was looking to you for the word. That's where I was going.

My understanding is that we have regulations in place that are addressing methane emissions.

Mr. Jerry V. DeMarco: Yes.

Ms. Julie Dabrusin: I've been calling it ERF, but I'll call it the emissions reduction fund. That is kind of a complementary piece on top of the regulations. It's an incentive that's built on top of that.

Mr. Jerry V. DeMarco: If it were carried out in a way that was in keeping with the additionality principle, then I would say that it was complementary, but in fact, it was partly complementary and partly duplicated.

Ms. Julie Dabrusin: That's a fair answer to that. That's what I was seeking. It's sort of a different route from the purely regulatory piece. We have the regulatory piece and then we have this other measure, which, if I am following what your recommendations are, would be that complementary piece.

Is that fair?

Mr. Jerry V. DeMarco: Yes.

Ms. Julie Dabrusin: I was looking at some pieces about that.

If all your recommendations were taken into account going forward, then would you feel that it would be an important piece to have that incentive over and above the regulations that are in place?

Mr. Jerry V. DeMarco: The choice of measures is up to the government of the day, obviously. If carried out properly—and that's what our six recommendations are aimed at.... This program isn't over, and if there are similar programs in the future, we would like them to be carried out as efficiently and effectively as possible.

If this is the choice of measure—and perhaps in the next hour you'll be hearing from others about more policy-level issues—then our recommendations are aimed at improving the performance of this type of measure, yes.

Ms. Julie Dabrusin: That's great.

This audit was of the first intake, and there have been some changes made to the third intake.

Would you be planning on auditing once again, to see how that third intake measures up?

Mr. Jerry V. DeMarco: It's certainly a possibility that we'll do a follow-up based on the third intake. We looked at the first intake. The second intake happened after the end of the audit period but before today, and then the third intake period is the present one.

Most of the funds are still available in the original $675 million, so it's possible that we'll do a follow-up. It'll depend in part on a number of factors, including whether we believe there's a risk of continued problems with the third intake. In that vein, we will look at the changes that have recently been announced by Natural Resources Canada to see whether they meaningfully address the recommendations in our report.

Ms. Julie Dabrusin: In some commentaries about the program—I don't have very much time—I saw that some stated that 97% of the emissions reductions from the emissions reduction fund came from projects that eliminated intentional routine venting and flaring as opposed to reducing. Does that line up with your audit?

Mr. Jerry V. DeMarco: I believe the reference is 97% of the projects included going beyond the methane regulations. I don't believe it was 97% of the emissions though. A project could be meeting and then exceeding. If a project did both, then it fell within that number that you're speaking of, but I don't believe the 97% refers to the emissions amount.

● (1600)

Ms. Julie Dabrusin: I'll double-check that, but I appreciate that.

I see that I literally have about 10 seconds left, so I'm just going to give those back to the floor.

The Chair: Thank you, Ms. Dabrusin.

I just wanted to acknowledge that Mr. Morrice from Kitchener Centre has joined us.

Welcome to our committee today.

Next up we have Monsieur Simard from the Bloc for his six minutes of questioning.

Monsieur Simard, you can begin.

[*Translation*]

Mr. Mario Simard (Jonquière, BQ): Thank you, Mr. Chair.

Good afternoon, Mr. DeMarco. I enjoyed your report, which I read in my bath. I have that unfortunate habit, and I had to heat my bath up twice to read your entire report.

I was struck by something in your report. You said that two-thirds of the projects, 27 out of 40, would result in increased oil and gas production.

I'm not an expert on the oil and gas sector. However, I have a silly idea in mind for reducing emissions, namely, the need to cap production. It seems logical that increased production means increased emissions.

You said earlier that it isn't efficient to roll out these types of measures. Do you think that it's impossible to roll out a program to reduce greenhouse gas emissions without first capping production?

Mr. Jerry V. DeMarco: Thank you for your question, which covers both the topic of our meeting today and the topic of our meeting next week. I'll respond quickly.

In our November report entitled "Lessons Learned from Canada's Record on Climate Change," lesson 2 focuses on emissions from the oil sector. We must set a cap to achieve our goals. Our emissions have increased over the past 30 years and we must reduce them. We need to set a cap, and we'll talk more about that next week. The cap is key to meeting the 2030 and 2050 targets.

Mr. Mario Simard: You also showed in your report, in light of very clear facts, that the program isn't helping to meet objectives. I'm thinking in particular of job retention.

Would you agree at this time that the government didn't set a clear target for the program's objectives?

Mr. Jerry V. DeMarco: There was a target for emissions. However, for the other components, there was only a qualitative target. To confirm value for money, for example, in terms of jobs, you need measures and targets. There weren't any for this program.

Mr. Mario Simard: You referred to the concept of addition and additionality. I'm curious whether Natural Resources Canada and perhaps the Department of the Environment have any tools for this type of work, meaning for measuring the additionality of emission reductions.

Mr. Jerry V. DeMarco: I don't know. You can probably ask the Natural Resources Canada officials on Wednesday when they're here.

I'll ask Sylvie Marchand whether she knows more about this than I do.

Ms. Sylvie Marchand: Good afternoon. Thank you for your question.

As we said in our report, the use of standards, particularly ISO 14064 standards, is very useful for this purpose. The goal is to ensure the consistency, reproducibility and additionality of estimated emissions reductions. We recommend the use of these standards, protocols or other standards based on this ISO standard. So it's very possible, yes.

● (1605)

Mr. Mario Simard: I see the emissions reduction fund and other government initiatives as an effort to decarbonize the oil and gas sector. To me, that's like saying we can create diet poutine. I don't advise anyone to eat poutine for diet purposes. If we want to decarbonize Canada's economy, it seems that the solution isn't to invest heavily in the oil and gas sector, but rather in renewable energy.

Do you personally believe that it would be better to invest more in renewable energy than in the oil and gas sector?

Mr. Jerry V. DeMarco: That's a choice for the government, not for me. It's a matter of policy.

We know that the emissions curve is heading in the wrong direction, so we need to ask questions of this nature. I would recommend that you raise this issue with the department officials on Wednesday.

Mr. Mario Simard: Thank you, Mr. DeMarco.

[*English*]

The Chair: Thank you. Unfortunately, that's the end of our time for this round.

Now we go to our final MP, Mr. Angus from the NDP, for six minutes.

Mr. Charlie Angus (Timmins—James Bay, NDP): Methane is a planet killer. It is 80 times more destructive than CO2. I've spoken with people in the industry who say it is possible to deal with the leakage. What seems to be lacking right now is industry will. Given the Prime Minister's really strong statements at Paris and COP26 on Canada's commitment, this program seems to me to be a no-brainer. This should be a pretty straightforward thing, yet, when I look at how the program was set up, it was to attract investment and increase competitiveness, and then further down, oh, and deal with greenhouse gas emissions with a focus on methane.

How is it that a program that is focused on attracting investment and competitiveness is actually dealing with the climate crisis?

Mr. Jerry V. DeMarco: That's an excellent question, and that's why we wanted the department to look at the full picture, rather than taking a myopic view of the equipment being installed at a given site. We wanted to see what the full effect of the fund was on, for example, continued production, or increased production that wouldn't happen in the absence of the fund.

This goes to the key point of completeness in the greenhouse gas accounting principles. Without a complete picture, if we look at programs like this in a myopic way, perhaps it's of no surprise that over the last 30 years the trend in Canada is that emissions are going up, even though we have individual programs intending to diminish those emissions.

Our recommendation is to look at the full picture in creating a program, in designing and implementing a program like this, rather than looking at it in too narrow a way. The figures attributed to reductions that have been published by the department are not net emissions figures, and net emissions figures are what we need to know whether we're meeting our Paris targets.

Mr. Charlie Angus: Sorry to interrupt, but you called this a subsidy. If we're increasing production and attracting investment into the oil patch, that's a subsidy. Isn't that what the focus of this program is?

Mr. Jerry V. DeMarco: Yes, this fund is a type of subsidy, agreed.

Mr. Charlie Angus: It is a subsidy.

Then you stated that you were “surprised” and “disappointed” that Natural Resources Canada wasn't tracking whether reductions happened at all. I used to work for first nations and arts groups before, and we got piddly little amounts of money. If we didn't deliver, we didn't get the money, and the feds were all over us, yet we see $134 million given out to oil companies with the objective of helping to keep our planet from being destroyed, and Natural Resources Canada doesn't track whether the job was done. How is that possible?

● (1610)

Mr. Jerry V. DeMarco: Things we hoped to see when we carried out the audit were measures and targets related to what's called “value for money” or the optimization of resources. Value for money under Treasury Board guidance looks at relevance and performance. There are questions about relevance now because the raison d'être of the program, in terms of depressed commodity prices, has changed quite considerably since the infancy of the program. Performance—in terms of measuring costs per tonne, costs per job saved and so on—was missing as well. It was a poorly designed program; there's no doubt.

Mr. Charlie Angus: Okay, so it's a subsidy. They're not even checking whether or not we're dealing with methane, which is destroying our planet. You present your report to Natural Resources and they shrug it off. You say that you were quite disappointed with the responses of the department, and that it “doesn't bode well”.

Given such a damning indictment, in which you say Canada has to stop going from failure to failure, are you telling us that the department's response, as you say, “doesn't bode well”? What does that mean?

Mr. Jerry V. DeMarco: Well, they agreed with only four of the six, and they partially agreed with two of the six. In one of the responses to recommendation 4.40, they did not seem to even understand the idea of baselining emissions reductions, so there are problems with that.

It's also interesting that, in recommendation 4.93, they talk about the need for the program to be based on financial need. This is a question you can pose to the department on—

Mr. Charlie Angus: Sorry, can I get clarification? It's whose financial need? Is it the oil companies of Canada? Is this program worried about their financial needs when we're talking about methane? Is that what the department's focus was?

Mr. Jerry V. DeMarco: Well, it's their response that I'm referring to.

Mr. Charlie Angus: Wow.

Mr. Jerry V. DeMarco: I can't speak for them.

Mr. Charlie Angus: No, I know you can't, but a government that has made commitments internationally to reduce greenhouse gas emissions.... The minister's staff and department are saying that their focus was on the financial needs of big oil and not actually on reducing methane. That was their response. I find that shocking.

Mr. Jerry V. DeMarco: Well, the point I was trying to make was that they agree with us that they should be basing decisions on financial need. That goes to the relevance point and value for money. The question you may want to pose to the department is whether that financial need—and I know you disagree with the premise for it overall—is still present in round three, now that commodity prices have rebounded sharply since the onset of this program.

Mr. Charlie Angus: There were $18 billion in subsidies given to them last year, and this government is focused on the financial need of big oil. I'm just shocked by that.

The Chair: We're out of time on this one.

Now we'll move to round two, which is 15 minutes. That will take us pretty much to the end of this first panel. I think our next panel is pretty much set up. Once we go through four rounds of questions, we'll wind this one up.

For panellists on the second panel, who are waiting, you're up in 15 minutes, so get ready.

First up in our second round, for five minutes, is Mr. Maguire.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you, Commissioner, for your presentation, and thanks to the staff with you today, and for the work you did on this report.

In response to what Mr. Angus just asked, for the department to come up with no understanding of baselines in this program.... Could you just explain, Commissioner, why there was seemingly a lack of baselines? Of course, this was to support industries as well as to create jobs, with the overall idea that we're reducing methane.

Could you just explain how we even measured that, if we didn't know what the baselines were?

Mr. Jerry V. DeMarco: That's an excellent question. I will summarize what's at page 15 and onwards in the report. I would commend you to look at that after the hearing.

Baseline is really important. We have an exhibit that explains that. From the baseline, you can then determine what the effect, the causation, is with respect to the fund, or in this case the fund and the methane regulations. Without a proper baseline, essentially your equation for determining the emissions is off on the wrong foot, right off the bat. You need a baseline to project out what the emissions will be, not just this year but in future years as the methane regulations come into force. Only then can you determine what effect the fund is having in addition to the methane regulations, for example.

If you don't have a proper baseline, then you're going to have a faulty result from your calculations.

● (1615)

Mr. Larry Maguire: Thank you. The plan even planned for a 25% default rate in the companies that applied for the fund. We knew how many companies and jobs in the sector were at risk of disappearing right from the start, apparently, when they put it in place. I know what baselines are, obviously, but if we didn't have one in this particular instance, I don't know how you measure this. I thank you for the report, but I don't know how you solve that issue.

Did you find any evidence at all that the government asked...? I guess that would be a repeat of a question that my colleague asked. You already answered that there was no consultation with the companies. If that's the case, what recommendations would you make now to the department on how to determine whether or not the funding is retaining jobs?

Mr. Jerry V. DeMarco: On the question of value for money and retaining jobs, there's essentially no criterion for approving a project that's based on that objective. You have an objective of retaining jobs, but you don't have an eligibility criterion from the applicants saying that they will retain this number of jobs, or this number of jobs per dollar spent, and so on.

It goes back to basic performance management. If you have an objective of retaining jobs, you need to establish a target and a way of measuring that, and of measuring the efficiency which which the target is being met. Those are all absent, so you'd have to start from scratch on that.

Mr. Larry Maguire: How do you work with a plan that planned for a 25% loss of companies in this whole area as well? Perhaps you could expand on that.

I have another question as well. This was a seven-year program to be paid back before the end of that seven-year period. All the money was to go out in 2021-22, these two years, to reduce methane and then be paid back. What criteria has the government used, and how does it measure whether we're on track or not to reduce methane?

Mr. Jerry V. DeMarco: They did some tests looking at financial viability. That's where they came up with the 25% default assumption you mentioned a few minutes ago.

It should be pointed out, too, that on the loans, there's the default question. They are prepared to potentially write off up to 25%. That's the assumption they made. However, there's also the nonrepayable portion, which is a straight subsidy. There are loans and then what they call the nonrepayable portions of the loans, which to the average person would be considered a grant. That's not coming back to the taxpayers of Canada.

The Chair: We're out of time on that one.

Mr. Maloney, you have five minutes for questions.

Mr. James Maloney (Etobicoke—Lakeshore, Lib.): I'd like to thank you, Mr. DeMarco, and your colleagues for being here today and giving us a rundown of your report and the recommendations therein.

I just want to say this: I'm glad to be here. This is my first time being at a committee meeting in person in almost two years. You'll forgive me if I look for my mike boom throughout this meeting.

My questions will focus on process, Mr. DeMarco. Your colleague said that you do not look at results of the program and you didn't speak to any of the companies who applied for or received funding. Is that standard operating procedure in an audit process?

Mr. Jerry V. DeMarco: Recall that we're auditing the government's program. We're not auditing the private sector directly. We audited the application process and the disbursement of funds. We looked at whether they were measuring results, because we were auditing Natural Resources Canada. We were not auditing, as we don't have access to each individual company's books, the way their own private auditors would for each of the companies.

We audited Natural Resources Canada and their documentation and their measures for determining value for money and sustainable and reliable reductions. My focus was on Natural Resources Canada's work.

● (1620)

Mr. James Maloney: Fair enough, but how do you measure the appropriateness of criteria for a program like this without looking at the results? You've made some statements today that are pretty definitive in terms of the outcomes, and that they were measurable or not measurable, or successful or not successful.

I'm puzzled at how you make those statements without actually looking into the results yourself.

Mr. Jerry V. DeMarco: We make those statements based on good principles of design for a program such as this.

Recall that we got into this right after the first intake period, so the funds had just gone out and the equipment, for the most part, was still being installed or was about to be installed. We weren't waiting for the whole $675 million to be disbursed and all of the equipment to be installed, and then looking back at the mistakes years later. We were looking at this after the first intake period, because we wanted to look at whether there were flaws in the design of the program, not just the results that we'd be able to measure with a follow-up thereon.

Mr. James Maloney: With all due respect, sir, I would question the ability to suggest there are flaws with the program unless you look at all the facts. In my experience, drawing conclusions that are definitive without having all the facts is a risky proposition.

I want to thank you for doing the audit, because your role is to try to help the government improve programs like this and many others. It would seem to me that your audit has been successful from that standpoint, because the government has adopted four out of the six recommendations and partially two of the others. I would think that would draw you to conclude they are on the right track. Is that a fair comment?

Mr. Jerry V. DeMarco: We haven't audited the changes to the program that will be happening in intake number three.

Mr. James Maloney: I'm sorry to interrupt you, but I'm limited in time. That leads me to my next question.

You said to my colleague, Ms. Dabrusin, that you're not sure whether you're going to do an audit of the third intake. You said it's possible for there to be a third audit, but you will do it if there's a risk of problems with the third intake.

How do you know if there's a problem unless you do an audit?

Mr. Jerry V. DeMarco: In terms of selecting any audits we do, we carry out what we call strategic audit planning and knowledge of business accumulation. We look into matters, and then select them. We have to look at them in a prima facie way to see whether it looks like there's something there worth auditing. If there is, then we'll audit it. If we look into it and it looks like things have been corrected and there are no issues, then there's less of a reason to audit.

Mr. James Maloney: You'll do it without a deep dive. Is that a fair characterization?

Mr. Jerry V. DeMarco: You have to make a choice of whether to audit based on some information. We certainly don't make that decision in a cursory manner.

Mr. James Maloney: You answered a question by Mr. Angus earlier by saying that's a myopic way of looking at things. I'll leave that there.

You've made conclusions, sir, for example, that reductions may have happened in any event, but you don't know that because you haven't looked into the outcomes, have you?

Mr. Jerry V. DeMarco: We know that because portions of the money were to address the funding of initiatives—

Mr. James Maloney: That's a design comment, sir. That's an outcomes-based conclusion. This is my point: Unless you look at the outcomes and talk to the people involved in the process, how do you make those conclusions?

Mr. Jerry V. DeMarco: I've already covered that issue, which is if we go in at this time, we're going to be focusing more on design. If we wait and do a forensic audit six years from now and tell you what went wrong, probably the criticism would be, “Well, why didn't you tell us that earlier so that we could have improved the program?” We've gone in when we did, and we've used all the information we've had access to to look at the design and early implementation. That's the best—

Mr. James Maloney: This is my point. You did what you did. You might want to review that.

The Chair: We're out of time now on this round.

For the next one we go to Mr. Simard for two minutes and 30 seconds.

Over to you, Monsieur Simard.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

I think that your conclusion is harsh. You're saying that the emissions reduction fund could boost oil and gas production and lead to increased GHGs. If so, it would become an ineffective subsidy for fossil fuels. That's my takeaway.

In terms of the third intake period, you made four recommendations. First, I wonder whether you could state in your recommendations that it might be better if there were no third intake period.

Second, do you really believe that, by applying the four criteria that you're presenting as necessary changes, we can actually reduce GHGs?

● (1625)

Mr. Jerry V. DeMarco: We're proposing six recommendations, not just four, to improve the program.

In terms of whether it's reasonable to have a third intake period, I think that the committee should ask the department on Wednesday.

I spoke about the importance of value for money. Has it changed because of the change in the price of oil since the pandemic began? That's another question that the committee can ask the department on Wednesday.

Mr. Mario Simard: I understand that this isn't your role and I don't want to put words in your mouth. I want to know whether you can do anything other than propose changes and say outright that this program should be suspended or that the third intake period shouldn't take place.

I mainly want to know whether you're allowed to make these types of recommendations.

Mr. Jerry V. DeMarco: There are many options. For example, you can use the polluter pays principle and say that there won't be any subsidy. In that case, you would use a regulation rather than a subsidy.

There are several options. The other witnesses should say which one they prefer, not only in terms of the third intake period for this program, but also in terms of future programs.

Mr. Mario Simard: Thank you.

[*English*]

The Chair: We will now go to Mr. Angus.

Mr. Charlie Angus: Thank you, Mr. DeMarco. I've sat on many committees and I have enormous respect for your work. I'm sort of disappointed by the attack you suffered from my Liberal colleague, as though you didn't know what you were doing.

It strikes me, when you said that you were very disappointed with the responses of the department, that it doesn't bode well. We're talking about a government's commitment to making Canada respect its international commitments, yet we see that the focus all along, as the department said, was the financial needs of big oil.

I want to ask you about your comments, though, when you said, “Canada was once a leader in the fight against climate change. However, after a series of missed opportunities, it has become the worst performer of all G7 nations since the landmark Paris Agreement on climate change was adopted in 2015.” That was the meeting at which Prime Minister Justin Trudeau said, “Canada's back.” How is it possible that after Canada came back in 2015, we are now the worst performer of all G7 nations? Can you explain that?

Mr. Jerry V. DeMarco: I can't explain it, but I can provide some context to that. I spoke about Canada being a leader. I participated in the Rio conference in 1992, and Canada was definitely a leader in pushing other industrialized nations to adopt the conventions at Rio. Canada was a leader in hosting the 1988 conference, which got climate change on the map. Those were intentions. They were good deeds, but they weren't followed up by outcomes and results.

How bad has it been? Well, since Paris, we've had an increase in emissions, and the other six G7 nations are doing better than we are since Paris. It's not just since Paris, though. Since Rio in 1992, Canada is the worst performer of the G7, so it's not just the recent past, but the whole three decades. Canada's emissions have gone up by over 20%, while most of the emissions of the G7 countries have gone down, and a couple of the countries are around the same as they were in 1990.

We're up by 20%. That's a significant outlier compared to the rest of the G7.

Mr. Charlie Angus: An outlier. Thank you. I understand my time is up. Is it possible for us to get a list of the companies that receive money? It would certainly help if we could get a sense of whether they're very profitable companies. It would be helpful to have a sense of how this program played out.

● (1630)

Mr. Jerry V. DeMarco: I'll have to check into that and we'll get back to you on that, Mr. Angus.

Mr. Charlie Angus: Thank you.

The Chair: Thanks, everyone. That concludes our first round with the commissioner.

Thank you, Mr. DeMarco, Mr. McKenzie and Ms. Marchand, for joining us this afternoon, and for the insights you've given into the audit you've performed. With that, I believe you're able to drop off the call.

I'm just checking with our clerk to make sure we're ready with the next panel.

With this panel, we have Pierre-Olivier Pineau, professor, HEC Montreal, appearing as an individual. From the David Suzuki Foundation, we have Tom Green, senior climate policy adviser. Edmonton Global is represented by Brent Lakeman, director, hydrogen initiative. We have two representatives from Environmental Defence Canada: Julia Levin, climate and energy program manager; and Dale Marshall, manager, national climate program.

You will each have five minutes for your opening statements. I'll give you a 30-second warning, and then time to wrap it up. Don't stop mid-sentence, but bring your thoughts to a conclusion. Then we'll get into our rounds of questioning. We'll see how that unfolds as we get into it.

We will start with Monsieur Pineau, for a five-minute opening statement

Please proceed.

[*Translation*]

Mr. Pierre-Olivier Pineau (Professor, HEC Montréal, As an Individual): Good afternoon. I want to thank the committee for inviting me.

I'll just start by saying that, at the start of the pandemic, in May 2020, oil prices fell quite quickly to record lows. Western Canadian Select was down to $3.50 per barrel. This hurt Alberta businesses tremendously.

In the midst of the pandemic, the government wanted to help all Canadians and Canadian businesses affected. At this time, not only has the price of oil rebounded to levels not seen since 2015, but oil production in Alberta is at an all-time high. Alberta production hit a record high in October 2021, and prices have rebounded to levels not seen since before 2015. The oil industry in Alberta is now extremely profitable again.

When assistance programs are designed, they're geared towards companies or individuals facing struggles. Clearly, the oil industry is no longer struggling. It seems that the reason for this program—it is indeed an assistance program—has just disappeared. It was there to help companies that no longer need it. Logically, we should stop helping people who don't need assistance.

Moreover, we're fighting climate change. The fact that subsidies for oil companies still exist has been repeatedly criticized. During its first election campaign, Mr. Trudeau's government even promised to end subsidies for the fossil fuel industry. This is one of the only promises regarding the natural resources sector that he hasn't kept. He has kept many other promises, but not the one concerning subsidies for the fossil fuel sector. I'm surprised that the government is still subsidizing, through this type of program, a sector for which we clearly want to reduce emissions.

Today, with the first panel, we already established the situation of greenhouse gas emissions in Canada. We know that the emissions are headed in the wrong direction. We also know that Canadian consumers are among those who pay the least for their petroleum products in the world. We have a very low level of taxation compared to other OECD countries. Nevertheless, the government is subsidizing oil companies so that they can do the things that should be done pursuant to the regulations. As Mr. DeMarco said, the regulations require them to limit their methane emissions.

This program helps companies that don't need help. This goes against economic logic. It goes against environmental logic. It goes against the well-being of Canadians, who see their public money being misspent on programs that, as we've seen, are ineffective. There are already regulations that do the same thing.

Given all these shortcomings, I'm saddened. I hope that the government will simply eliminate this “assistance” program, a subsidy program that certainly doesn't deserve to still exist and that should be stopped very quickly.

● (1635)

[*English*]

The Chair: Thank you. I appreciate your comments.

We are ready to go to our next individual, from the David Suzuki Foundation.

Mr. Green, we'll turn it over to you for your five-minute opening statement.

Mr. Tom L. Green (Senior Climate Policy Advisor, David Suzuki Foundation): Thank you for the opportunity to appear before the committee today.

The David Suzuki Foundation has long advocated for effective regulations to rapidly reduce methane emissions from the oil and gas sector. Because it is a short-acting greenhouse gas with a 20-year, climate-forcing effect 86 times that of CO2, less methane in the atmosphere leads to immediate climate benefits. The urgency of tackling the oil and gas sector's emissions is accentuated by field measurements that consistently show around double or more methane emissions than are recorded in Canada's national inventory report.

Unfortunately, existing methane regulations can actually incentivize the increase in flaring of gas that is rich in methane and volatile organic compounds. The flaring of methane and VOCs results in the formation of black carbon particulates, which are both toxic and a short-lived climate pollutant with a global warming potential that is many hundreds of times greater than carbon dioxide. Flaring is also a compliance pathway that is inconsistent with Canada's climate objectives and the commitment to zero routine flaring by 2030.

The federal government announced the emissions reduction fund in the early days of the pandemic, in a moment of economic uncertainty when governments were quickly rolling out a suite of measures to stabilize the economy. As my colleague, Dr. Pineau, mentioned, the prices of gas and oil were in a very low territory. We believe in the polluter pays principle, so the ERF providing financing to the oil and gas industry is not the approach we would have recommended. However, once the decision to establish the ERF was made, we sought to ensure that supported products achieved emissions reductions that went beyond regulatory requirements, with a focus on eliminating rather than reducing emissions.

In an April 2020 joint letter, we made recommendations to the minister. We believed that if the ERF were guided by such principles, the program would lead to emissions reductions beyond those that could be achieved by existing federal and provincial regulations. Further, the ERF would catalyze growth in Canada's nascent methane abatement industry.

When NRCan announced the net results from intakes one and two, we were pleased to see that 97% of the emissions reductions came from projects that eliminated intentional routine venting and flaring of methane. This abatement was achieved for less than $20 per tonne of CO2 equivalent. This is a notable achievement, demonstrating that Canada should immediately strengthen the existing regulations to end the intentional venting and flaring of methane-rich gas.

We were naturally concerned to learn some of the issues identified in the environmental commissioner's report. Expecting that NRCan would take corrective action, we wrote to Minister Wilkinson in December of last year to urge him to ensure that whatever course of action is taken, be it revising or cancelling the ERF in favour of other measures, the department aims to meet or exceed the proportionate outcomes of the first two intakes of the program over an equivalent period.

Last week, we were briefed by departmental officials on changes to the program for intake three. We are pleased that projects were required to surpass regulatory requirements to be verifiably incrementable, and that only capital infrastructure projects that eliminate sources of intentional routine venting will qualify under the program.

The ERF's achievement showed that tackling methane offers some of the lowest-cost mitigation on a dollar-per-tonne basis across the Canadian economy. We are committed to participating in the review of existing regulations and the development of enhanced regulations to achieve the 2030 target of requiring Canada's oil and gas sector to reduce its methane emissions by at least 75%. We are also cognizant that it takes time to develop those regulations. We prefer the regulatory approach and we believe that future efforts to mitigate emissions should be guided by the polluter pays principle, Canada's commitment to eliminate fossil fuel subsidies by 2023, and the commitment to phase out public financing of the fossil fuel sector.

Nonetheless, we recognize that the ERF, by focusing on elimination and exceeding regulations, has the potential to quickly deliver substantial reductions in emissions that put Canada in a better position to meet its climate goals on improving air quality and public health.

● (1640)

[*Translation*]

Thank you for listening. I'll be happy to answer your questions.

[*English*]

The Chair: Thank you so much for those opening comments.

Everybody has been really good about keeping it under the time limit. I appreciate it.

Next we will hear from Edmonton Global.

Mr. Lakeman, it's over to you. You have five minutes.

[*Translation*]

Mr. Brent Lakeman (Director, Hydrogen Initiative, Edmonton Global): Good afternoon.

[*English*]

Good afternoon, members of the Standing Committee on Natural Resources.

I'd like to start off by acknowledging that I'm participating today on Treaty 6 territory, the traditional gathering place and centre for trade for many first nations, Métis and Inuit people.

Edmonton Global thanks the committee for the opportunity to appear before you today to discuss the hydrogen opportunity. The purpose of Edmonton Global is to radically transform and grow the economy of the Edmonton metropolitan region.

The energy transition, in particular the hydrogen opportunity, is an excellent example of the radical transformation that our region is seeking to make. We can’t do it alone. We recognize that the federal government is a critical partner in this transition. Global net-zero commitments being made by governments and industry are driving this transformation. It's estimated that this shift will see global investments of between $2.5 trillion and $11 trillion between now and 2050.

Hydrogen will play a key role in the energy transition across the world and could represent 20% of the future energy mix. In Canada, that number is even higher at approximately 30%. This is a huge economic opportunity for Canada. The Transition Accelerator, a Canadian think tank working to accelerate our energy transition, estimates that the hydrogen transition represents a $100-billion opportunity annually. It will create jobs. The federal government’s hydrogen strategy estimates 350,000 new jobs across Canada. A recently commissioned study on the energy transition saw similar results, with the shift to clean energy technologies resulting in a $61-billion impact on Alberta’s GDP and 170,000 jobs.

In 2020, the first hydrogen hub in Canada was launched in the Edmonton region, in recognition of the critical role the region will play as the epicentre of Canada’s hydrogen economy. The hub is led by the mayors and leaders of five municipalities within the region, as well as the chiefs of two of the region’s first nations.

The world is starting to pay attention to what is happening here. We’ve had a number of announcements of multi-billion dollar projects planned for the region, including the world’s first industrial scale net-zero hydrogen production facility. We’re expecting about $30 billion in new investments within the region by 2030.

Delivering on the economic opportunity will not occur on its own. It will require a commitment from all orders of government to work together in a timely and coordinated manner. We’ll need to invest in infrastructure. This is related to the transport and use of hydrogen within hydrogen hubs, as well as getting hydrogen to key export markets.

We must also invest in the workforce that will support the hydrogen economy. This is a great transition opportunity for the highly skilled workforce developed through our traditional energy sector.

Federal government programs will play a key role in supporting this industry’s growth. Programs like the clean fuels fund and the net-zero accelerator are a great start. Federal incentives such as a tax credit for CCUS deployment can play a critical role as well.

We need a strategic approach to federal government investments, focused on quickly building and scaling the infrastructure needed. This will help deliver the emission reductions that will be needed to achieve net zero. This means focusing on the parts of the country that can scale—and scale quickly—not only in the production, but in the use of it across key sectors.

We are seeing an international trend in the use of hydrogen hubs to catalyze the growth of the hydrogen economy. Countries like the U.K., the Netherlands, Germany and Korea are all establishing hydrogen hubs. Similarly, Canada should treat hubs as a strategic mechanism for advancing the energy transition. Hubs provide a tailored approach that recognizes regional opportunities across different parts of the country.

The Edmonton region hydrogen hub is providing a road map for the rapid development of western Canada's hydrogen economy, which will require an integrated approach that includes support for things like hydrogen refuelling infrastructure, incentives for the acquisition of hydrogen fuel cell or dual-fuel vehicles, and the staged grow-out of pipeline infrastructure to connect key hydrogen demand clusters.

There is a global competition to establish leadership in the hydrogen economy, and Canada risks being shut out of key export markets if we don't move quickly and aggressively. We need our federal and provincial governments working together to establish key hydrogen transportation infrastructure for getting our low-carbon, low-cost products to global markets like Japan and Korea.

One last area I would like to highlight is the importance of moving away from messaging that is focused on the colour coding of various methods of hydrogen production. The investment community needs certainty around the carbon intensity expectations, and we should be communicating scientifically credible measures of carbon intensity. There is a risk that some of the world's most advanced and rigorous projects will be regarded as incompatible with some organizations' net-zero goals if we continue with the narrative that low-carbon hydrogen can come only from renewable energy sources. Edmonton Global applauds the efforts of the federal government and the Alberta government to pursue a rigorous, scientifically credible carbon intensity standard for future projects.

This concludes my opening remarks. I'm happy to respond to questions from the committee.

● (1645)

The Chair: Perfect. Thanks very much. You hit it right on five minutes.

I will ask everybody presenting to not rush your sentences, though, so that our interpreters can keep up with you.

With that, we have our final introductory statements from Environmental Defence Canada. I believe Ms. Levin, the climate and energy program manager, is going to give those opening remarks.

If that's the case, Ms. Levin, we'll go over to you for five minutes.

Ms. Julia Levin (Climate and Energy Program Manager, Environmental Defence Canada): Thank you for the invitation to appear before the committee today. I would like to provide some context around the federal government's track record when it comes to providing oil and gas companies with subsidies, and the patterns that are exemplified by the emissions reduction fund.

The Government of Canada continues to provide huge amounts of subsidies and public supports to the fossil fuel companies despite a commitment to eliminate these subsidies. The emissions reduction fund was just one of many support programs created in 2020 to subsidize the oil and gas industry, part of $18 billion in subsidies and public financing promised to the sector that year alone. Over the past five years, governments in Canada have provided $100 billion to oil and gas companies.

We know that when it comes to the climate crisis we need an all-of-government approach. Fossil fuel subsidies undermine our ability to reach our climate commitments. That's why international leaders such as the head of the IEA and the UN Secretary General are urging countries to remove fossil fuel subsidies as a key step to tackling the climate crisis.

The ERF is just one of several new funding programs set up to provide fossil fuel subsidies under the guise of emissions reductions and job creation. Minister Wilkinson has claimed that these programs that are ostensibly about achieving environmental outcomes are not fossil fuel subsidies, but that simply isn't true, and it doesn't align with international definitions such as the World Trade Organization's.

Programs like the ERF lower the cost of production and doing business for oil and gas companies and result in increased profitability. They distort the market, even further benefiting fossils over solutions like renewables and the electrification of transport such as EVs. These programs socialize the costs of environmental cleanup by allowing oil and gas companies to reap enormous benefits from public resources. In fact, oil and gas profits are at an all-time high, estimated by the ARC Energy Research Institute to reach nearly $100 billion this year.

Not only do these programs pass environmental costs on to taxpayers, therefore violating the polluter-pays principles that are enshrined in Canadian laws, but none of these programs did what policy-makers claimed they wanted to achieve in terms of emissions reductions, environmental cleanup, or job creation or retention. In fact, the audit by the commissioner described the ERF as a fossil fuel subsidy and an inefficient use of taxpayer money. It revealed just how poorly designed this program was.

Though it is not practical to do an audit of every spending program, the trends illustrated by the commissioner are apparent in other government programs, such as the $1.7 billion that went to cleaning up oil and gas wells. Rather than leading to new remediation work, the end result was largely that profitable companies were able to pause their own spending and replace it with public funds. This pattern causes concerns about how even larger funding programs are being designed, such as the $8-billion net-zero accelerator.

As we know, the government has committed to eliminating fossil fuel subsidies by next year. This was in response to large amounts of public pressure. However, in order for the government's approach to be credible, it must use internationally recognized definitions. Failing to do so means breaking a promise made to Canadians.

The ERF exemplifies a second concerning pattern around the impact of industry lobbying. The best, most cost-effective way to tackle methane emissions is through regulations. This approach ensures that the public isn't cleaning up for industry and that every facility is undertaking emissions reduction activity.

We know that the oil and gas industry lobbied to have existing methane regulations delayed, weakened and made voluntary. The pattern here is of the oil and gas lobby weakening the regulatory approach in order to reduce their cost of doing business, and then convincing governments to take on some of those costs, in effect subsidizing regulatory compliance.

Canada needs to tackle its methane problem. Achieving reductions in methane emissions is critically important. It's actually inexpensive, and many measures are easy to implement. We must strengthen the current regulations aimed at reducing methane emissions by 2025 and ensure that the new regulations in the 2030 methane reductions are robust. However, there's no reason that the public should be bearing these costs instead of industry.

Furthermore, the best way to reduce methane emissions is to begin talking about the need to transition off oil and gas. We need to start actually planning for the transition away from fossil fuel production.

In closing, we know the scale of spending needed to tackle the climate crisis is significant. Given that governments don't have infinite spending capacity, we need to be strategic. Oil and gas companies have profited immensely for decades from public resources. Instead of continuing to subsidize the sector, the government must implement strong regulatory frameworks that ensure oil and gas companies are doing their fair share while investing in activities that put us on a climate-aligned pathway, including energy efficiency, renewable energy and electrification. Ongoing subsidies like the ERF divert spending from these climate solutions.

I will end there.

● (1650)

The Chair: That's great. Thank you.

With that, thank you to each of our panellists for those opening statements.

We'll now have one round from each party, of six minutes each. We'll start with Mr. Melillo.

Mr. Eric Melillo (Kenora, CPC): I'd like to thank all of our witnesses for joining us today and providing their comments so far. I'm looking forward to hearing more about what they have to say when we get to questions.

One of the concerns we've heard about the offshore fund is that in certain areas, emissions actually increased when companies received the fund, which is obviously not ideal when you're looking to reduce emissions. There's something I want to note there in the sense that obviously, when companies in Canada are ramping up their production, they're doing so in ways that are much more environmentally friendly than many other jurisdictions and are actually displacing, whether it's oil and gas or LNG, production from other countries that have worse regulations.

I'd like to direct my question to Mr. Pineau.

I'm just curious to get your view, when looking at LNG in Quebec, for example, or looking at the oil and gas sector in Alberta. An opportunity that I had in the last Parliament was to travel to Fort McMurray to visit one of the sites and see some of the great work they're doing to lower their emissions. I'm wondering if you can comment on the positive impacts of increasing production in Canada to displace the emissions that are happening at the global level.

Mr. Pierre-Olivier Pineau: It's interesting to look at the question from that angle.

I've been to Fort McMurray. I've looked at many oil sands facilities and their emissions. The intensity of emissions is declining, and that's good. You're also right in saying that oil and gas production in Canada is actually better than in most places in the world. You referred to the LNG project in Quebec. From an energy perspective, I was in favour of this project. We see the kinds of geopolitical issues in Europe and Ukraine and Russia. If Canada could be a supplier of natural gas for Germany, for example, that would definitely be very helpful for the world overall.

Having said that, the fight against climate change should not focus on production but on consumption. We tend to forget that Canadians are among the world leaders in terms of energy consumption per capita. The focus we have on the industry, I think, is misplaced. Today we're here to discuss one program that subsidizes production in Canada. Clearly this program is wrong and should be cancelled as soon as possible.

The real fight should be on consumers. We should make Canadian consumers able to use less oil and gas by having better mobility systems and by having stricter norms in terms of building codes and heating for our homes. We should provide alternatives. The key problem is not, I would say, the oil and gas industry. The key problem is our consumption habits and how we have been trained to use too much oil and gas, and too much energy in general, even electricity. I'm from Quebec. We use too much electricity in Quebec.

● (1655)

Mr. Eric Melillo: I appreciate those comments, and that actually leads to another question I have.

In your report, “The State of Energy in Quebec 2020”, you note that the number of vehicles per 1,000 persons in Quebec has continued to increase, while electric and plug-in hybrid vehicles, I believe, represent about 3% of new automobile sales in Quebec. I come from northern Ontario, Kenora, a region where there are very limited options in terms of electric vehicles. There are very few charging stations along the highways, and of course frigid temperatures, which make some of these changes in consumption, some of these changes of habits, quite difficult for people in my region.

I'm wondering, in your opinion, if Canada at this time does have the infrastructure necessary to facilitate a greater growth of electric and plug-in vehicles.

Mr. Pierre-Olivier Pineau: The quick answer is no; we don't have the infrastructure, but the problem is not EVs. The problem is not the lack of EVs. The problem is we have too many cars and too many big cars in Canada. The geography of Canada hasn't changed during the last 20 years, but the number of cars per 1,000 people has increased, as well as the size of these cars. We really have an oversized problem in terms of having too many cars and vehicles that are too big.

Before electrifying these vehicles, we should actually go back to smaller cars and promote car pooling and car sharing—options that don't require public transit. I'm a big supporter of public transit, and wherever we can we should, but truly the focus should be on smaller cars. It will be much easier to electrify smaller cars than to electrify the current fleet of SUVs. This is where we are really misaligned in our objectives.

Mr. Eric Melillo: Mr. Marshall, I believe you had your hand raised. I want to see if you have any comments on either of those questions. We have limited time, so just keep that in mind.

The Chair: We're pretty much at the end of the six minutes, but I missed your hand up, so I'll give you a second to add a sentence or two. Then we'll go to Mr. Chahal.

Mr. Dale Marshall (Manager, National Climate Program, Environmental Defence Canada): Just super quickly, I want to correct the record.

There is some peer-reviewed research on the GHG intensity, the carbon content, of different forms of oil from around the world. Canada's is one of the worst. Masnadi et al. found that it was fourth dirtiest in terms of carbon content compared with 50 other regions in the world.

To say, then, that Canada's oil is somehow clean and will displace others in a way that's beneficial to the climate is nonsense. Any additional oil from Canada means more climate change.

The Chair: We're going to have to move over to Mr. Chahal.

Mr. Chahal, you have six minutes.

Mr. George Chahal (Calgary Skyview, Lib.): Thank you so much for presenting today. It's great to have you all on the panel.

I'm glad that Dr. Pineau mentioned the three-dollar-per-barrel oil price. Actually, western Canadian select was negative, I believe. That's important to know. We had a significant energy crisis that impacted western Canada. I'm from Calgary. I'll give you some numbers. There's a 30% vacancy rate in our downtown core, with significant challenges to provincial and municipal budgets. Most importantly, there's the loss of thousands of jobs and the drastic impact on working Albertans and Calgarians.

As I see it, the purpose of the program is quite clearly outlined. The $750 million brought forward was part of Canada's COVID-19 economic response plan to help oil and gas companies maintain jobs. We were in crisis, and it was critical to maintain jobs while reducing methane emissions. I think that's the critical thing when we look at the first part of the intake program. Did we meet those objectives? That's critical to look at.

Mr. Lakeman, you talked about hydrogen and Edmonton Global and the great initiatives you're working on. Are there other ways that the Government of Canada could be supporting oil and gas companies in reducing their emissions while retaining jobs?

As a second part to that question, do you believe this program has shown new, promising research and development opportunities that have come out of the first intake part of the program and will help spur further reductions in methane gases?

● (1700)

Mr. Brent Lakeman: I'm not sure I can go into a whole lot of detail on the program in that our focus on hydrogen has been.... Probably this program specifically has been less focused, although I should say that when we talk about the hydrogen opportunity, part of that is managing the methane emissions associated with upstream oil and gas production or natural gas production in particular.

Any programming that continues to search for efficiencies or the elimination of fugitive and vented methane emissions certainly helps, to go back to that carbon intensity of hydrogen production. It requires a multi-faceted approach to look at the oil and gas sector and how it can contribute to emissions reductions that will come back to the hydrogen benefits we're talking about.

That would be my main comment there: a focus on continued reductions combined with some of the provincial initiatives as well, or certainly positioning our natural gas production sector favourably compared to others. One example I'll use is a recent report comparing the colours of hydrogen, blue hydrogen and green hydrogen. It was using methane emission factors that were not really representative of what's going on in Canada, in Alberta. My understanding from some of the commentary back was that we were probably 25% of that total, or let's say a 75% improvement from what was being used in international benchmarking.

We're continuing to see improvement. That continues to position our hydrogen production sector favourably as well.

Mr. George Chahal: Do you believe we've seen value for money and optimization of resources with our first intakes of this program?

Mr. Brent Lakeman: I'm not in a position to comment on the intake of the program. I haven't done that detailed review. I'm not an expert in that area.

Mr. George Chahal: Mr. Green, thank you for being here. NRCan has made various changes to the program for the third intake period. In your opinion, have these changes improved the program? Do you think the newly established cost-per-tonne threshold is likely to provide value for money?

Mr. Tom L. Green: The department has worked to improve the program in response to the commissioner's result analysis.

One of the key things to recognize here is that the regulations do not require the elimination of all continuous sources of intentional routine venting. I wish they did, but they don't. We have a lot of oil wells that produce associated gas, and that gas is perhaps not near a gas collection network right now. These projects have allowed a tying into that infrastructure, which allows that gas, instead of being vented or flared, to supply energy needs or to be used for on-site fuel. I think that's an improvement over the regulations.

To change the regulations—which we would really like to see; we want to see them ramped up—does take time. I think this fund, intake three, will help reduce emissions in the interim period.

● (1705)

Mr. George Chahal: Do you have any other suggestions that would help improve the program, moving forward?

Mr. Tom L. Green: I think the changes that have been made are very constructive. I wouldn't be able to get into that level of detail.

The Chair: The clock has run out there, so thank you.

We are moving on to Monsieur Simard.

You have six minutes.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

Mr. Pineau, I found your remarks very enlightening, especially since my colleague Mr. Chahal just told us that the program's objective was to help the oil companies. I find that intriguing. I think that we're making progress.

In your presentation, you said that the program may have existed because oil prices fell during the pandemic and that now, with oil prices rising and companies becoming profitable again, the program may no longer be needed.

I'm wondering about the government's motivations. Why did the government set up the emissions reduction fund? I don't think that it was to reduce emissions from the oil and gas sector, but rather to provide financial support. I gather from your explanation and Mr. Chahal's that the goal was to provide financial support to the oil and gas sector during the crisis, not to reduce GHG emissions.

As a result, I want to address an issue that worries me a great deal. Isn't there a new way of doing things now, in which emissions reduction is being used as an excuse to financially support the oil industry? This was done to some extent with hydrogen.

I'd like to hear your thoughts on this, Mr. Pineau.

I also want to hear from Ms. Levin afterwards.

Mr. Pierre-Olivier Pineau: Thank you for your question, Mr. Simard.

In general, I fully agree with your analysis. The federal government and several provincial governments are very quick to provide subsidies to develop and support various industries.

What you're saying about the oil industry is true, in my opinion. However, it's also true for the electric vehicle industry. The governments like to give money so that Canadians buy more goods, whereas the fight against climate change shows that we shouldn't put more vehicles on the road, but fewer, and that we should consume fewer material goods to reduce our carbon and environmental footprints.

In general, I fully agree that the governments aren't using the right measures to guide us towards these reductions. The reason is that it's hard to convey the message that we need to consume fewer material goods and less energy. It's hard to convey, on a political level, that a change in behaviour is needed.

We often tend to point fingers at the industries when we want to address climate change. These industries certainly have lobbies and don't always take the best steps to combat climate change. However, ultimately, the consumers are the ones who overconsume. We must send the message that our consumption must be reduced to work towards a climate that's less damaged than we fear.

Mr. Mario Simard: Thank you.

[*English*]

Ms. Julia Levin: I would agree that the government has realized that it can't get away with giving subsidies to the sector the way it has for decades. Now it is using the promise of either job creation or environmental outcomes to disguise the same subsidies as something new. If job creation were the goal, then it would have been a critical criterion for receiving the funding. That wasn't the case, and the oil and gas companies.... The price of oil fell for a month and then quickly picked up, way before any funds were distributed from this program.

The reason this fund is so problematic is that pattern of oil and gas lobbying for weak regulations, and then getting the government to pay the difference. The bottom line for them is more profit and fewer costs.

I have a last, quick point. It is critical that we tackle the oil and gas sector. It is Canada's largest and fastest-growing source of emissions, both in methane and other greenhouse gas emissions. It's not just about reducing the consumption side, because we know that Canada is one of the world's largest export nations in terms of fossil fuels, and those emissions, which we don't count in our domestic accounting systems, are even larger than our domestic emissions. In 2019, our exported fossil fuels created 954 megatonnes of greenhouse gases, which is way more than our domestic emissions. That's why tackling this is so critical.

● (1710)

[*Translation*]

Mr. Mario Simard: Thank you very much, Ms. Levin.

Unfortunately for you, Mr. Pineau, your non-verbal language is quite evocative. When it came to hydrogen, I saw you nodding your head.

Not so long ago, we studied the issue of hydrogen in committee, and what we were told was that it is far from clear that carbon capture strategies for hydrogen, which is called blue hydrogen, are effective. Also, the costs associated with it could be very high. I've always thought that it might be more expensive now to produce hydrogen from biomass than from hydro. However, you also have to calculate the cost of these carbon capture strategies.

I would like to hear from you on that, Mr. Pineau, and perhaps you too, Mr. Lakeman, if there is any time left afterwards.

Mr. Pierre-Olivier Pineau: I must confess that I don't understand why we are talking about hydrogen here when we talk about this program.

I think you're absolutely right: the premise of blue hydrogen relies on CO2 capture, which is still very expensive and commercially unproven. There have been big failures in Saskatchewan or cost overruns, so it's very hard to see much future for hydrogen on a large scale.

[*English*]

The Chair: Thanks, everyone.

Now we'll go to Mr. Angus for his first six minutes.

Mr. Charlie Angus: Thank you to the witnesses. This has been a fascinating discussion.

For me, the issue we're discussing today is whether or not a government investment program worked. Did it meet its objectives? We have a climate catastrophe facing us. We also have a serious need to retool our economy, so government investments and spending have to be accountable.

Mr. Lakeman, I want to start with you, because I come from a resource region. I've seen unjust transitions and what a social and economic catastrophe it is. We have a moment of choosing to diversify. We have a moment, and it's a short window, of making investments to get us onto a better path.

What role do you think Edmonton can play, being that it is an energy sector and you have expertise? Should we be looking at diversifying the investments we're making right now, so that we're talking about the clean, renewable energy economy and using that expertise to diversify our economy in such a way that we're going to move forward as a nation and not be left behind?

Mr. Brent Lakeman: There is an opportunity for a place like Edmonton, as one of the first hydrogen hubs. It's a bit of an epicentre for that. As we look at the workforce in our region that can make a transition towards some of those hydrogen jobs of the future, there's a tremendous story there, but it does require a concerted effort.

How do we start to look at both the production of hydrogen and, more importantly, the use of hydrogen and some of the jobs associated with that? How can we pivot the professionals we have today, whether it's in engineering, construction or other parts of the workforce that could support the hydrogen economy, including new opportunities as well? We think about just using hydrogen, but it may also create some new industries in our regions that could be somewhat different from the industries of the past.

There is an incredible transition here, potentially. There's a workforce that is skilled, but we need to prioritize what the gaps are in that workforce, and how we can understand what the opportunities will look like over the next five to 10 years. It requires a more strategic approach than we've been taking in the past.

Mr. Charlie Angus: Thank you. I really look forward to going to Edmonton again. I have family from there. I played many great gigs there over the years. I'm not going to talk about my music right now, but as soon as omicron is down I want to get back there.

We're looking at how we can invest in the region. We're also looking at how things shouldn't be invested.

Madame Levin, Monsieur Guilbeault made a dramatic statement recently that, I don't know, he was going to do something in 18 months. It wasn't clear whether he was going to shut down the oil and gas sector entirely. I think he meant he was going to end fossil fuel subsidies.

Canadians are expecting dramatic action, yet we see from this methane plan, even as my Liberal colleague from Calgary said, that it was there to help out the oil industry. It was a financial incentive to the oil industry. On methane, hey, if they got it, okay, but they didn't even check to see whether they were meeting their target.

What do you think it says, when we have a climate catastrophe looming, that we're just taking money that should have been used for greenhouse gas, for addressing that crisis, and giving it to big oil with no checks and balances?

● (1715)

Ms. Julia Levin: When you're in a hole, you stop digging. Giving out fossil fuel subsidies is the exact opposite. It is literally pouring fuel on the fire.

This is the trend that has been going on. This is the most subsidized sector of the Canadian economy. It has received enormous amounts of public funding over the years. It needs to stop, and Canadians clearly expect the government to follow through on the commitment to end fossil fuel subsidies.

This was a commitment that was made, for the first time, in 2009. It's not a new commitment. We are years behind schedule. We are expecting a peer review with Argentina to come out this year. That's three years behind schedule.

However, the real issue is that the government is trying to get away with a bait and switch, if you will, whereby it's trying to dress fossil fuel subsidies up as something new, as emissions reduction, whether it be through the emissions reduction fund or whether it be through funding for carbon capture and storage, when we really need to be talking about the best way to address the climate crisis, which is to tackle the production of oil and gas. That includes ensuring we're not locking ourselves into hydrogen strategies that are based on fossil fuels, which will make the problem of methane much worse going forward.

Mr. Charlie Angus: Again, as my Liberal colleague from Calgary said, hey, there was value for money because it was a financial incentive to the industry.

You know, there was a pandemic. During the pandemic, Shell met with the Prime Minister's office six times. They had a direct meeting with the Prime Minister. The heads of big oil met almost 100 times with either Minister Guilbeault or Minister Wilkinson and their staff. Even the Prime Minister set up a special committee for oil and gas. I bet they had their names on the backs of the chairs. They got $18 billion in subsidies in the first year of the pandemic.

They're not making PPE. These aren't ICUs. This is an industry that now, we're being told, is awash in money.

Can you break down an analysis of just how much free money was being given out to big oil?

Ms. Julia Levin: As you said, in 2020 the government provided $18 billion to the fossil fuels sector; $13 billion of that was public financing through Export Development Canada. That's really "make it or break it" financing that oil and gas companies rely on in order to get big projects built.

Bloomberg New Energy Finance has estimated that governments in Canada provided $100 billion over five years to oil and gas companies.

Mr. Charlie Angus: Wow. Thank you very much.

The Chair: That's great. Thanks.

We'll move on to our next round, starting with Mr. Maguire for five minutes.

Mr. Larry Maguire: I want to just ask Mr. Lakeman a couple of questions.

I've spent a lifetime looking at trying to improve the export products that we have in our country. You've alluded to that. I've long believed Canadian natural resource companies have that potential to develop, manufacture and sell their equipment in other countries to reduce emissions.

You did mention a few projects, but can you outline some initiatives, some innovations particularly, that are current being developed right here in Canada? I know you talked about growing Edmonton. We also need to grow Canada. We have the ability in our universities and the technology in the companies to be able to make these products.

You mentioned exports to Japan and South Korea particularly. Can you expand on that for me?

Mr. Brent Lakeman: Sure. Maybe I'll start with the export side of it.

We know that some of the international markets that don't have the ability to pursue renewable electricity to the same extent as others are looking at hydrogen and ammonia for, let's say, power generation. Japan has been very explicit about that. The Japanese have been targeting certain countries, Canada being one of them, that they feel have an opportunity to supply them with that energy resource, whether it's in the form of hydrogen or ammonia. However, they're also very clear to say, "We're certainly looking for you, Canada, to work together on that to get your product to market."

That represents one of the challenges. We can produce at very low cost and we can do it in a low-carbon manner as well, but it's also, as I mentioned, the challenge of moving it to the market and how we do that in a coordinated fashion.

On innovation, a wide range of innovations are going on in western Canada, whether it's carbon capture technology and some of the work going on.... I just came back from a couple of trade conferences in the Middle East and it's clear that we are significantly ahead in areas such as carbon capture and storage, with projects that have been going on for over six years now and storing over one million tonnes per year per project. The world is looking at us.

There are many other areas as well, next-generation production technologies that we're supporting here through some of the funding mechanisms provincially and federally that are looking to actually scale it up right in our backyard. We have the right attributes, the talent and the economic conditions for that. Then there are projects through which we can actually use hydrogen in different manners. We have a blending project starting that will be led by ATCO very soon—later this year or early next year—to inject a certain amount of hydrogen. The world will be watching those projects as well, and our experts who can understand the performance of these technologies in terms of, for example, what some of the metallurgical issues are around blending hydrogen and natural gas.

We have expertise; we have the pilot projects, and again, the world seems to be watching us very closely right now.

● (1720)

Mr. Larry Maguire: What other recommendations would you suggest for any of the programs, both to reduce emissions and to derive good value for taxpayers?

Mr. Brent Lakeman: It comes back to that: a strategic, more holistic approach, looking at the production but also the use, and where we can make the biggest difference most quickly.

Hydrogen is important from the net-zero perspective, and we need to move quickly. We don't have the luxury of waiting 20 years for perfect conditions.

We can scale quickly. Again, we can provide some lessons learned for other parts of Canada and other parts of the world, so how do we strategically do that?

Mr. Larry Maguire: There clearly is an appetite, in the companies that I've spoken to in the oil and gas sector, to reduce their emissions. You have alluded to the situation in the Middle East, that we are leaders in that area.

There are other sectors that could do that as well. The cement industry is one. No pun intended, but should we have a concrete plan for the cement industry to receive support for reducing emissions?

Mr. Brent Lakeman: Sure. We're seeing projects in Edmonton: Inland Cement working with others on carbon capture within their processes, and Lafarge as well. There are a number of interesting projects, pilot projects, moving ahead. They're part of that conversation.

Hydrogen is important for those sectors that are very difficult to electrify or that can't go completely renewable. That can be steel manufacturing. That can be cement or other uses of large amounts of heat for industrial purposes.

Mr. Larry Maguire: That's some kind of an educational program that we need in those areas to be able to expand some of those projects.

Considering your background in environmental monitoring, what else could you propose as alternative ways to measure these fugitive emissions?

Mr. Brent Lakeman: There are a large number of different technologies out there for monitoring fugitive emissions, from satellite measurements to ground-based measurements. To be honest, significant amounts of work have been going on over the past decade in methane emissions monitoring.

It's taking a close look at all those technologies and some of the more low-cost ways to do it, as well, over large areas.

The Chair: I'm going to jump in. We're out of time. We're tight to get to 5:30 p.m.

I'll go now to Ms. Lapointe for her five minutes of questioning.

[*Translation*]

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

I want to thank all the witnesses who are here this evening.

[*English*]

I greatly appreciate your sharing your knowledge and your expertise with us.

My first question is for Mr. Lakeman.

You talked earlier about innovation. To achieve any zero-carbon targets will require innovation from all our industry leaders and partners. The same can be said of government. We know the Government of Canada has an ambitious climate plan. Accordingly, the current policy framework will need some innovative thinking and approaches as well.

Toward that end, in looking at new ways to develop effective policy, what changes could the government make to do this?

Mr. Brent Lakeman: Again, we need to look at some of the opportunities we have across the country that may be somewhat unique and different. How do we take maybe more of a clustered approach? How do we pursue that opportunity in, let's say, the Edmonton region? How do we pursue a similar opportunity in Toronto, Hamilton and those areas, focused on the uniqueness of those areas and how we can scale up quickly? I'll keep coming back to that. It may require a different approach than having a bucket of incentive programs and sprinkling them across the country, instead looking at where we can achieve the biggest impact quickly. I keep coming back to scaling and scaling up quickly, because that's the need here.

I've been focused on climate change policies over the last 20 or 30 years, and I think sometimes that need for quick action and the opportunity we have available are missed. It does require a very focused effort, maybe regionally and geographically as well, but one involving all orders of government working closely together. We have a hydrogen hub that involves the mayors from our region, which is one-third the size of Alberta economically. There's an opportunity to really pull together a coalition of governments to pursue that strategic approach.

● (1725)

Ms. Viviane Lapointe: In your opinion, in what manner should industry, levels of government, and labour work together to create efficiencies and measurable results?

Mr. Brent Lakeman: You need to look at mechanisms that bring different groups together, including indigenous communities. Again, our Edmonton region hydrogen hub is a coalition of two of our indigenous first nations—the leadership, the chiefs, of those nations—and the mayors finding ways to engage industry, in some cases the willing industries, the ones that really want to be part of the solution.

We look at that coordinated approach, which might be different from what it has been in the past, when we would get into very transactional situations. We look at the overall longer-term approach that can be taken by working together with industry across different parts of the economy—again, not just in terms of production but on the use side as well. Our industry associations in the transportation sector, for example, are pursuing some truck pilots using hydrogen.

It requires an approach that is different from the traditional one, which was focused only on the production side, and that instead looks at production and use and infrastructure.

Ms. Viviane Lapointe: My next question is for Mr. Green. Are there steps that can be taken in the short term that will have continued positive impact on the outcomes we're seeking to reduce methane emissions in the oil and gas sector?

Mr. Tom L. Green: Canada's 2025 methane regulation target is not likely to be met, because the regulations are looking as though they're going to come in at 29% reduction rather than the 40% to 45% that was aimed for, so there's a regulatory review process under way. Making sure that it is carried out well and that changes to regulations are made is a critical role.

The fact that intake three of this program is focused on projects that eliminate routine venting means this could be a very productive short-term opportunity.

Ms. Viviane Lapointe: I would like to ask you the question as well about different approaches the government can take to develop effective and innovative policies.

Mr. Tom L. Green: That's a very big question to answer in 30 seconds. One thing we have to look at, from a holistic perspective, is where the government should be putting its money, and I would agree with my colleagues from Environmental Defence. The main investment should be moving us away from fossil fuels, and we should be investing in renewables and energy efficiency and helping Canadians have a better quality of life through buildings that are not as drafty and that don't have indoor gas stoves, for instance, which are known to cause health problems.

The Chair: Unfortunately for us, this ends the time we have together today. We're at 5:29—

[*Translation*]

Mr. Mario Simard: Mr. Chair, forgive me for interrupting, but could we continue with the meeting?

I would like to ask a brief question. Also, I'd like to leave two minutes for Mr. Angus to speak.

[*English*]

The Chair: You're up next, and if you can wind up in one minute, sure, you can have one question and—

[*Translation*]

Mr. Mario Simard: I will be brief, Mr. Chair.

My question is for all the witnesses.

If you had a recommendation for the minister, would you agree with me that the third enrolment period for the Emissions Reduction Fund Onshore Program should simply be deferred?

Mr. Pineau, Mr. Marshall, Mr. Lakeman, Mr. Green and Ms. Levin, you may simply answer yes or no.

● (1730)

Mr. Pierre-Olivier Pineau: Yes!

Mr. Dale Marshall: Yes, and there should be stronger regulations.

Mr. Tom L. Green: It's a little more complicated than that. I think it depends. Personally, I think regulations are needed. Otherwise, it might be worthwhile.

[*English*]

Ms. Julia Levin: This is a fossil fuel subsidy, and the government's committed to eliminating those.

The Chair: We're now at our time.

I want to conclude by thanking each of the witnesses for this panel.

Mr. Charlie Angus: I have a point of order.

The Chair: Let me finish up, Mr. Angus. I'll come back to you.

Thank you to Monsieur Pineau, Mr. Green, Mr. Lakeman, Ms. Levin and Mr. Marshall.

I want to mention that on Wednesday, we'll be meeting with Minister Wilkinson and government officials in the first hour, and then additional witnesses for the second hour. That will be the end of this study, and then we'll have drafting instructions as soon after that as we can.

On Monday, February 7, we'll start with our next order, which is a study of the greenhouse gas emissions cap for the oil and gas sector. Witnesses are currently being confirmed for that.

Mr. Angus, it's over to you for your point of order.

Mr. Charlie Angus: Thank you, Chair.

Thanks to all our excellent witnesses. This is a fascinating study.

I asked if we could get from the environment commissioner the list of the companies that received funding. Given that we are being told that this was a financial aid to help struggling companies, it's really important that we know exactly who got the money.

The Chair: Okay. I'll follow up with the clerk on that.

Mr. Charlie Angus: Thank you.

The Chair: With that, we're at 5:30.

Thanks, everybody, for your time today.

The meeting is adjourned.