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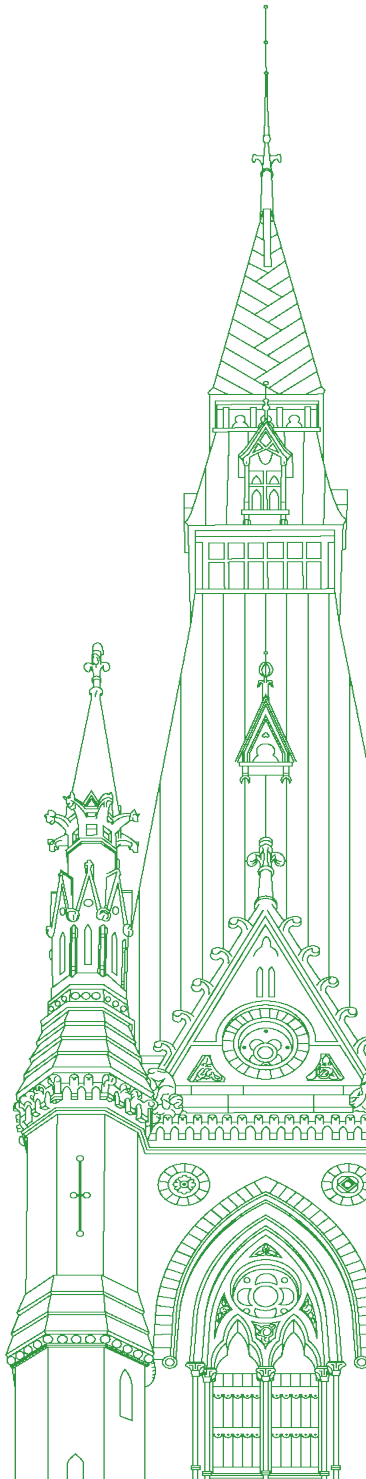

Chair: Terry Duguid

Standing Committee on Natural Resources

Tuesday, February 3, 2026

● (1105)

[*English*]

The Vice-Chair (Shannon Stubbs (Lakeland, CPC)): I call this meeting to order.

Thank you, colleagues. It's nice to see you all here today. I'm looking forward to this productive meeting we'll have on Canada's energy sector.

As we begin this meeting, I'd like to acknowledge that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting number 21 of the House of Commons Standing Committee on Natural Resources.

Before we begin, I'll just review the guidelines, as we usually do. I ask all in-person participants to read the guidelines written on the updated cards on the table. These measures are in place to help prevent audio feedback incidents—of which I have been an offender over the years—and to protect the health and safety of all participants, including the interpreters, for whom I always speak too quickly. You will also notice a QR code on the card, which links to a short awareness video if you need it.

Today's meeting, as you all know, is taking place in a hybrid format, so I would just like to remind participants of the following points. Before speaking, just wait until I recognize you. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel. For members participating in person or via Zoom, please raise your hand if you wish to speak. The committee clerks and I—by which I mean, really, the committee clerks—will do the best we can to maintain a consolidated speaking order. I remind you that all comments should be addressed through the chair.

Pursuant to Standing Order 108(2) and the motion adopted on Thursday, September 18, 2025, the committee shall commence its study of the management of Canadian energy exports.

I am very pleased to welcome our witnesses: Normand Mousseau, a professor at the Université de Montréal; and Pierre-Olivier Pineau, a professor and chair in energy sector management at HEC Montréal.

All witnesses appearing virtually have conducted a mandatory witness onboarding test—thank you to the team who did that.

You will each have five minutes for your opening remarks, after which we will open the floor for questions.

Let's begin, colleagues.

Mr. Mousseau, you have the floor.

● (1110)

[*Translation*]

Normand Mousseau (Professor, Université de Montréal, As an Individual): Thank you, Madam Chair.

Ladies and gentlemen, thank you for inviting me to appear before the committee.

In 2024, Canada exported approximately 4.5 million barrels of oil a day, 8.8 billion cubic feet of natural gas and 36 terawatt-hours of electricity, the vast majority to the U.S. These exports came from many independent producers, most of them owned by foreign interests. Canada ranks among the world's largest energy exporters. However, because of its ownership and production structure as well as its markets, which are dominated by a single customer, Canada's influence on global and regional energy prices is marginal, even with the recent development of the Trans Mountain pipeline and the LNG Canada methane terminal, two significant pieces of infrastructure. This means that Canada is simply a major energy producer and exporter, not an energy superpower on the world stage.

Despite recent announcements, Canada's position on the world stage when it comes to energy is unlikely to change. To understand why, we need to look at the main energy exports. First is electricity. While some provinces were able to take advantage of their low electricity production prices to export significant amounts to the U.S., new electricity supplies in Canada have no significant competitive advantage compared to the U.S. The reason is that the technologies used largely come from abroad, whether it's for nuclear energy, wind turbines, photovoltaic solar energy or battery storage. This means Canada pays the same price for its new production infrastructure as the rest of the world.

Some electricity producers might benefit from favourable conditions, but otherwise, we can't expect electricity to become a huge export product. I think the same can be said about potential exports of green hydrogen, for which there's still no convincing business model. Even worse, Canada was once at the cutting edge of electricity generation and use; that's no longer the case. It is now completely out of step when it comes to renewable energy production and storage technologies, as well as the electrotechnology that is transforming the planet today.

On the natural gas side, production in the U.S. is expected to remain strong over the next few years, making any significant increase in exports to the U.S. unlikely. That said, there might be some opportunities with the growing number of methane terminals in the U.S., which could open themselves up a bit to the natural gas market, and especially put upward pressure on the price of natural gas.

LNG Canada phase 1 has an export capacity of about 14 tonnes per year, which represents about 10% of natural gas production in Canada's western basin. Once operational, it could also lead to an increase in production and in price.

However, even with the west coast projects, Canada should remain a second-tier player in natural gas, well behind the U.S., Australia and Qatar. Without any real ability to influence global prices, Canada is not a superpower in that regard either. While it is expected that global production capacity could exceed demand, we could also see a decline in the value of natural gas in Canada.

On the oil side, although Canada is a major exporter, its markets are not very diversified, which explains the price difference of $16 U.S., for example, between Western Canada Select and West Texas Intermediate.

This is unlikely to change anytime soon. In spite of the new Trans Mountain pipeline, which has a production capacity of nearly 900,000 barrels a day, only 270,000 barrels were shipped to Asian markets in the first 9 months of 2025. Despite the promises, which we are talking about a lot today, it is hard to see how we could increase the number of private pipeline projects, because Trans Mountain is already unable to bill its actual oil transportation cost. The company is barely recovering its operating costs, and there is no hope of amortizing construction costs, which are significant.

Underlying these findings is also the issue of shifting demand, as the rest of the world outside North America accelerates the adoption of electric technologies in transportation, construction and industry by relying on wind power, solar photovoltaic energy and batteries. These transformations are already reducing historic growth in fossil fuel demand globally and could very soon lead to a net reduction in that demand, which would significantly affect the value of Canadian investments in fossil fuel production and transportation infrastructure.

In summary, despite significant energy production, Canada is not an energy superpower.

● (1115)

As mentioned, things are not expected to change in the next few years. On the contrary, I would say that without a real policy for the adoption, mastery and development of modern technology based on renewable energy and electricity, Canada risks becoming less and less important and relevant on the world stage in the energy sector.

Thank you.

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you to the witness.

Just so colleagues are aware, I'll mention that we went an extra 17 seconds over, but I think it was well worth it. I hope that all colleagues support that decision on my part to let the witness finish.

I appreciate that, Mr. Mousseau.

Mr. Pineau, you have five minutes.

Pierre-Olivier Pineau (Professor, Chair in Energy Sector Management, HEC Montréal, As an Individual): Thank you very much. It's a pleasure to be here and to speak in front of this committee.

Normand set the stage for many points that could be shared, but I'll reiterate the fact that Canada is a very large energy producer, especially in oil. When you look at the energy exports across Canada in 2024, you see that 25% of all of our exports were energy products, largely dominated by crude oil, with 19% of our exports being crude oil exports.

What is interesting is not only the 2024 picture and the current picture but also the evolution over the years. We have a diverse portfolio of energy products that we export. Normand mentioned electricity, oil and natural gas, but we should also realize that we export a large amount of coal. Actually, coal is more important in our exports than electricity. We also export uranium products—nuclear fuel—which is, overall, not that significant. However, we are still a major uranium producer, and we do export a significant amount.

I'll go over the last 20 or 30 years of exports to show that in the 1980s and 1990s, Canadian exports were not that dependent on energy exports. Around 10% of our exports were based on energy products. From 2000 to 2010, the rise of the oil sands production and the rise in prices, both for natural gas and for crude oil, made hydrocarbon exports more significant in our energy exports. Then, in 2008, when the financial crisis hit, oil prices dropped, which resulted in significant losses in terms of revenues for oil exporters. After 2008, natural gas was not a major source of export revenues anymore, because of the shale gas revolution in the U.S. Natural gas prices have never really recovered from the growth of shale gas. From 2000 to 2010, natural gas and oil were almost equivalent in terms of export revenues, but natural gas revenues have dropped and have never recovered in terms of importance in our energy exports.

Oil prices did recover until 2014, but then again, with the growth of shale gas in the U.S., the global prices for oil decreased. Oil export revenues for Canadian exports dropped again because of this very significant drop in prices. The prices recovered, but in 2020, the COVID pandemic hit prices again, and oil revenues from exports dropped again. They've recovered again; however, since 2022, prices have been declining because of the world's overproduction of oil.

We are in a situation in Canada where, due to the growth of oil production across Canada, prices are fluctuating hugely. The economy of Alberta, the largest oil-producing province in Canada, is very much being put at risk because of its vulnerability to oil prices. Three times in the last 20 years, oil prices have significantly dropped, hurting Alberta's economy because of its dependence on oil.

As Normand said, we are not a significant energy superpower, despite our extremely large production, because our market is split across different provinces with a lot of players and is dependent on the U.S.

What are the barriers to Canadian energy exports? The first one is the low world prices and higher production costs of Canadian oil. These low prices don't provide a prospect for a huge increase in the future.

● (1120)

The second barrier is the limited growth in demand for oil, with diesel and gasoline demand already declining in China. When China and Europe have a declining diesel and gasoline demand, then we should be worried about the future prospect of our markets for oil.

The Vice-Chair (Shannon Stubbs): We're just a bit over your time. I desperately want you to finish the recommendations. Could you wrap up very quickly? Then we'll move to questions, and I'm confident you'll get the option to expand on your recommendations.

Pierre-Olivier Pineau: My recommendation is really to move on from oil export orientation to developing our economy on energy productivity, reducing our consumption to make the country more productive, and developing sustainable markets in products other than just hydrocarbon products.

The Vice-Chair (Shannon Stubbs): Thank you, Monsieur Pineau.

Thank you to both the witnesses.

[*Translation*]

Mario Simard (Jonquière, BQ): Madam Chair, I have a point of order.

I love my interpreter friends. They're fantastic. I just want to tell them that when we say “shale gas”, it's “*gaz de schiste*” in French. It's not Shell, the company.

For the benefit of my francophone friends, I will also say that we had an issue with the word “pellet” for “*granule*”, and we have the same issue for oil.

I apologize for the interruption.

[*English*]

The Vice-Chair (Shannon Stubbs): Indeed, they're both distinct resources.

Thank you, Monsieur Simard.

We'll go to our first round of questions, and we will start with Monsieur Malette.

[*Translation*]

Gaétan Malette (Kapuskasing—Timmins—Mushkegowuk, CPC): Thank you.

My first question is for Professor Mousseau, from the Université de Montréal.

Thank you for joining us, Mr. Mousseau.

You have often stressed the importance of further developing biomass as an energy source in the Canadian market.

Can you explain the critical role biomass plays in the Canadian market?

More specifically, how could we develop the biomass industry to increase our energy independence?

Normand Mousseau: Thank you for the question.

Biomass varies a lot across Canada. In the Prairies, for example, biomass is primarily used for the production of ethanol and biodiesel. On the coasts, both in British Columbia and in Quebec and the Maritimes, companies produce pellets for export. Logs and forestry waste, among other things, are also used in the pulp and paper industry. Companies burn the bark to make energy.

There is no structure, except for biofuels. There's no real overall vision in Canada to properly assess how to develop this biomass in a more interesting way. The Institut de l'énergie Trottier recently published a report, in co-operation with Roberta Dagher, highlighting the challenges that come from lack of information, lack of coordination and lack of strategy in our use of biomass.

In terms of overall energy consumption, biomass is marginal. In Canada, it represents maybe 5% to 7% of energy consumption. However, biomass could be very interesting if the federal government had a real strategy and a real policy to allow for the right biomass to be used in the right place.

I would say that, in general, vehicle biofuels are not the best or most interesting way to use this energy biomass. Maybe in specific cases, but not in general.

Gaétan Malette: What are the success stories? Who are the champions of using boreal forests, like ours?

Normand Mousseau: There are countries in northern Europe, for example, that apply extremely sophisticated waste and forest management processes. Biomass is used extensively for industrial applications. So they're trying to increase the value of these residual products.

● (1125)

Gaétan Malette: Okay.

Would you say that the current regulations are holding back the deployment of biomass in Canada?

Normand Mousseau: It's not so much the regulations as the lack of consistency. Pellets, for example, are essentially exported from Canada. It's a bit ridiculous that we have to ship our pellets to Austria because we haven't managed to create markets for them. We're not advocating using this resource to replace petroleum products like fuel oil in the regions. You can use biomass in the electrification process, for example, to increase resilience in heating.

Canada doesn't have a structuring vision for the use of biomass. I've been going to conventions for 10 years or 15 years, and I feel like we've been treading water all this time.

[*English*]

Gaétan Malette: All right. Thank you.

This may be a repeat but, to get more clarification, which international models should Canada study to accelerate the development of biomass? What distinguishes these countries from others around the world?

Normand Mousseau: We see that Europe—northern Europe, in particular, with the same climate—does have a much better view of how to structure the use of biomass for industry for a heat district, for example. In Canada, there's no real policy, so the actors are more or less trying to fight and survive by themselves without any vision and without any strategy that would allow planning, investments and modernization of this industry.

Gaétan Malette: What would be the main reasons...? You say that in the last 20 years Canada has been declassified as a leader in energy. What are the main causes of that and what should be done to rectify that?

Normand Mousseau: If you look at electricity, we are missing the revolution. We are not there. We were there 30 years ago in new technologies. Now, if you look at nuclear, we'll import the nuclear industry. If you look at electricity, we are not there. In oil and gas, the main issue is that we have one client and our production is very scattered. There are a lot of players in the production, so it's not possible to have the impact we see in other countries that have a nationalized gas and oil industry where they can control import and export and play on prices much more, for example.

Gaétan Malette: When you discuss the transportation of oil on the Trans Mountain, is it the same issue when oil goes through the pipeline to the United States?

Normand Mousseau: No, because those are older pipelines, so the costs have already been amortized, and they're included in the cost of transport. For Trans Mountain, if you look at the prices, essentially we're subsidizing at the level of $7 a barrel at the moment, because that would be only the interest on the debt, without including any additional revenue or profit for the company.

[*Translation*]

Gaétan Malette: Thank you, Mr. Mousseau.

Normand Mousseau: Thank you.

[*English*]

The Vice-Chair (Shannon Stubbs): You have 13 seconds in case you want to wrap up, Monsieur Malette.

[*Translation*]

Gaétan Malette: I'm done. Thank you, Madam Chair.

[*English*]

The Vice-Chair (Shannon Stubbs): Okay.

For six minutes, the next round of questioning will be from Monsieur Guay.

[*Translation*]

Claude Guay (LaSalle—Émard—Verdun, Lib.): Thank you very much, Madam Chair.

Mr. Mousseau, I'd like to go back to something you said earlier, at the very end of your remarks. You seemed to be making a case for major investments in technological modernization in Canada. I'm curious. I would like to give you some time to tell us more about these modern technologies.

First, can you give us some examples of what you alluded to?

Second, can the clean economy investment tax credits the government has announced help?

Maybe Mr. Pineau would like to add something on that afterwards.

Normand Mousseau: Thank you, Mr. Guay.

The Institut de l'énergie Trottier published a report on this last October. The world is already using transportation technologies to electrify modes of transportation. Canada doesn't produce those technologies.

We've identified sectors where Canada could be a leader. Canada could develop an expertise in off-road transportation, such as in mines. The same is true for industrial heat pumps, such as heat pumps for the manufacturing and agri-food sectors, where there is no global structure or expertise. These technologies are still being installed and optimized on a very small scale. However, if Canada had a real program, it could create an efficient service industry and potentially start exporting. Those are some examples.

In fact, Canada produces none of these technologies at the moment in the major industry, in the manufacturing sector, in building and in transportation. As time goes by, the possibility for Canada to develop original niche markets diminishes, but certain niche markets, such as the ones I mentioned, are possible.

That said, you need more than just tax credits to get there. There needs to be a real strategy to allow investors in the service sector, for example, to train staff, establish supply chains with product suppliers and develop expertise to guarantee long-term optimization.

The programs currently used are driven by demand, so there's no structuring. We see it: People in the industry install heat pumps, but when they break down, and they aren't replaced, because we lack a properly created smart ecosystem that allows Canada to turn to modern technologies.

● (1130)

Claude Guay: Mr. Pineau, what are your thoughts on that?

Pierre-Olivier Pineau: Our level of consumption is a major challenge. Look at energy prices in Canada. Our lack of development of expertise in maintenance and innovation stems from our fortunate abundance of natural resources. We have a wealth of energy resources, which has made it possible to keep prices very low. Unfortunately, this has led to a culture of nonchalance in energy management. This often explains why we over-consume energy and why we don't tend to really innovate.

Tax credits here and there can be beneficial. However, basically, if Canada wants to become a true energy superpower, it must have the courage to look at its energy efficiency and consumption in the various sectors and to seize opportunities to accomplish more with much less energy. By boosting the energy efficiency sector, we'll gradually shift towards the innovations referred to by Mr. Mousseau, such as heat pumps and other technologies.

Obviously, this can be supported by an industrial policy designed to encourage the development of certain sectors. However, as we've seen in Quebec, when we want to support the electrification of buses or the development of the battery industry, for example, it's quite risky. I'm always wary of governments that choose so-called winning sectors. Unfortunately, this can quickly backfire on the players involved. That said, Canada will always benefit from greater productivity and efficiency. We have enormous potential for making gains in this sector, because we're currently terrible energy consumers.

Claude Guay: In the past, you have criticized Quebec with regard to electricity exports. I think that you had this in mind when you talked about the need for us to consume more responsibly in order to be able to export.

Tell us a bit about the environment and Canada's electricity grid.

Are there any benefits to interconnecting our electricity grids in Canada?

What are your thoughts on this?

[*English*]

The Vice-Chair (Shannon Stubbs): You can do it in 45 seconds, no big deal.

[*Translation*]

Pierre-Olivier Pineau: In terms of electricity, there are enormous benefits to increasing the interconnections among the provinces and, ultimately, with the United States. The goal isn't so much to export net volumes of energy, but rather to exchange energy.

I disagree to some extent with Mr. Mousseau on one thing. Contrary to his assertion, Canada has a competitive advantage over other countries in the world. We have ample space, plenty of wind, a great deal of sun and many storage tanks. We have a competitive advantage because of our geography. This can help us produce more electricity at a lower cost.

The interconnections help us to exchange energy in order to optimize our production and consumption structures. This is where their benefits come into play. It isn't so much a matter of generating net exports, but rather of exchanging energy.

[*English*]

The Vice-Chair (Shannon Stubbs): That's perfect. Thank you. You're just five seconds over. That's spectacular.

Now we'll go, for six minutes, to Monsieur Simard.

[*Translation*]

Mario Simard: Thank you, Madam Chair.

I would like to thank the witnesses for joining us. Your remarks are eerily reminiscent of discussions that we've had on many occasions. I would like to work with you to ensure that your remarks are properly summarized in our report.

I'll get back to the current situation. The government is juggling the construction of gas and oil facilities, the construction of energy facilities and the resilience of the economy against the backdrop of unfavourable tariffs.

I gather that the time needed to build these facilities, their cost and the global energy situation mean that, in the long term, this wouldn't be viable for gas and oil.

Mr. Pineau and Mr. Mousseau, I would like you to explain this quite clearly.

● (1135)

Normand Mousseau: In the short term, we're already seeing a significant downturn in global energy demand. We're seeing the beginnings of a decline. Moreover, when it comes to liquefied natural gas, a huge number of projects are under way outside Canada. We'll end up with a surplus. This could hit us quite quickly.

Mario Simard: Okay.

Mr. Pineau, you often talk about energy efficiency. However, when it comes to oil and gas infrastructure, have you reached the same conclusion as Mr. Mousseau?

Pierre-Olivier Pineau: Yes. I have reached the same conclusion.

As we can see, no private investors are breaking down doors to say that they want to invest. In my opinion, this is a good sign. The message is quite clear. As discussed, global oil prices are in decline and we're in oversupply. This means that adding expensive transportation infrastructure becomes a problem in a market where prices are falling and the quantities required are likely to decline in the coming years. This will further exacerbate global overproduction.

For natural gas, the path to take is perhaps a bit less clear. However, I fully agree with Mr. Mousseau's assessment that liquefied natural gas will become oversupplied worldwide and that Canada will find it tough to compete in this situation.

Mario Simard: Given the current situation, what should a prudent government do if it wants to build up its economic resilience and take advantage of its energy potential?

Mr. Mousseau, you already spoke about the idea of investing in new technologies. However, what strategy could the federal government adopt to give our economy a bit of a boost?

Normand Mousseau: This is where I disagree with Mr. Pineau. As I see it, energy efficiency must start with electrification and technological upgrades. That's how we'll remain at the cutting edge of technology. While we're at it, we may as well do things properly and efficiently.

We must support electricity production with strategies to bring prices down. We can see that some provinces don't have very effective strategies. We run the risk of seeing a movement against electrification.

We must support the electrification of transportation. As I was saying, we must also head in a direction where the rest of the world can't be found. We must try to find niches where Canada isn't dominant, for example by developing technologies for electric cars. However, we must also find ways to develop Canadian niches where we can gain a foothold on the world stage.

For me, this is the way forward. We need real strategies. Simply handing out subsidies won't work.

Mario Simard: Okay.

Mr. Pineau, what are your thoughts on this?

Pierre-Olivier Pineau: In the short to medium term, Canadian exports aren't in any danger. Today's meeting is really about exports. Exports aren't at risk. Canada's oil exports are at record levels. Natural gas exports are picking up again, courtesy of the LNG Canada project on the west coast. We don't need to worry about these exports.

That said, we must remain wary of overdependence on export revenue. This revenue will fluctuate and decline over the long term. As just discussed, we certainly can't count on growth in this sector with new infrastructure that won't pay off.

What should we focus on? I'll repeat myself. In Canada, we have enormous sources of energy in various areas. We must continue to exploit the sources with a future, such as renewable and nuclear energy sources. We must become better consumers and increase our energy productivity.

Productivity lies at the heart of economic growth. If we manage to develop resources, we gain added value. We must focus on this productivity, which obviously comes with technological innovations. We must boost these innovations through incentives for better consumption.

● (1140)

Mario Simard: Mr. Mousseau, I don't know whether you can provide any analyses regarding the electrification investments made around the world, particularly in China and Europe, and their potential impact on the cost of oil over the next thirty years or so.

I think that I saw somewhere that the massive investments that the Chinese are making in electrification will inevitably mean that they'll consume less oil. This will affect supply and demand and drive down the cost of oil.

Do you have anything of this nature?

Normand Mousseau: I don't have anything on hand, but there are many studies.

The issue lies in forecasting the value of oil over 30 or 50 years. The cost of oil is extremely difficult to predict. The markets don't only depend on demand. They also depend on production. It's a matter of knowing how adjustments will be made.

Certainly, even today, with oil overproduction and overcapacity in relation to demand—

The Vice-Chair (Shannon Stubbs): Sorry to interrupt you.

[*English*]

We're just a bit over. I've ensured that we go over equally on each one. There will be more opportunities to answer.

We'll go on to our second round now. The first question will be from Monsieur Martel.

You have five minutes.

[*Translation*]

Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Madam Chair.

This is all quite enlightening.

By all accounts, Norway, a natural resource-rich country, has made a very successful energy transition. I believe that Canada has all the resources needed to make this transition.

Why is Norway so far ahead when Canada is also a natural resource-rich country? What has Norway done that Canada hasn't?

My question is for both witnesses.

Pierre-Olivier Pineau: Norway is an interesting case. It's a bit like Alberta and Quebec combined. Norway produces a great deal of oil and electricity. In terms of emissions per capita, the Norwegians aren't the leaders in Europe. Their emissions and energy consumption are quite high.

Norwegians are considered leaders in the electrification of transportation. It's real, because they have a major policy. Their approach is quite simple. I would recommend it to Canada. It would involve imposing extremely high taxes on the sale of gas-powered vehicles in order to make electric vehicles naturally more attractive to consumers.

This involves taxing vehicles and oil products. That's my recommendation to the government. These economic signals align perfectly with the direction that the economy should take. It encourages the adoption of cleaner technologies and more profitable and productive behaviours.

Richard Martel: It's funny, because—

I'm listening, Mr. Mousseau.

Normand Mousseau: Unlike in Canada, where oil and decarbonization are pitted against each other, Norway believes that, as long as people buy oil, it will produce and export it. However, at the same time, Norway is modernizing its territory. It's electrifying transportation and heating systems for buildings. It's also doing much more secondary processing in the aluminum sector, for example. This means that Norway is much more productive per gigajoule used in the aluminum sector. It doesn't just produce aluminum ingots. It transforms them into car parts, which have a higher added value.

A number of aspects are interconnected. However, first and foremost, we need to modernize our economy and our technologies. The electrification must go hand in hand with our oil exports, as long as markets remain available.

I think that this is reasonable. The idea is to avoid giving out subsidies. If private players want to invest in producing and exporting oil, let them. At the same time, Canada must develop and support a massive electrification of energy use.

Richard Martel: This talk of electrification seems to have been going on for a long time. However, nothing really seems to be moving forward. We don't see anything concrete to make us believe that we'll get there.

We keep talking about the challenge of securing blocks of electricity for certain projects. We're worried because we think that we'll run out of electricity given the massive electrification and the emergence of artificial intelligence. I attended a conference recently. We heard that all forms of energy will play an important role in the future because we may face a terrible shortage with everything coming down the line.

I don't think that we should stop at all forms of energy. A transition is taking place. I just wanted to hear your comments on this.

Is Canada aware of the scale of electrification required with the emergence of artificial intelligence? Canada will have a hard time being self-sufficient.

● (1145)

Pierre-Olivier Pineau: Let's keep things in perspective. Over the past 50 years, electricity has been growing worldwide. The electrification of our societies is unprecedented. Electricity is the fastest-growing form of energy when we look at all the forms of energy used by consumers. A modern society needs electricity.

You spoke about artificial intelligence. Electricity will power artificial intelligence, which will increasingly fuel the services that we need. It won't just be electricity. We need heat. In many cases, heat will be better supplied by other sources or by electrotechnology.

Electrification is happening, whether we like it or not. Electrification is a basic trend in every society. We can speed it up for the energy transition, but it will happen anyway. Electrotechnology is generally superior to combustion technology.

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you. That's time.

Also, the member asked if there is enough energy to support electrification goals with regard to AI. If you do have that answer, I'd encourage you to share it later in the meeting or by following up in writing.

Now, we'll move on to the next questioner.

Mr. Danko, you have five minutes.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Madam Chair.

I really appreciate this discussion this morning.

Mr. Pineau, I think it was you who just said that societies are electrifying to an unprecedented degree. When I look at modern homes being built in Canada, that includes charging infrastructure for an EV, a heat pump for heating and cooling, a stove and oven that are electric or induction, a heat pump dryer and a heat pump water heater. Then, tack onto that the electrification of industrial processes, such as electric arc furnaces, steel production and, as was mentioned, data centres and AI.

I think you've already said that this is a global trend, but I just wanted to be clear on the record that this is not an ideological choice. Societies around the world are moving this way because these technologies are better, cheaper and more efficient.

Could you offer some comment on that?

Pierre-Olivier Pineau: Yes. Absolutely.

A modern society relies on electricity for an increasing number of activities. Again, that's not an ideology. That's a fact. When you look at the share of electricity consumption around the world, electricity has been growing for the last 50 years. This was even before anyone was starting to talk about climate change and the need to decarbonize. Electricity is extremely efficient. That's why societies have increasingly been adopting electricity. That's why we should continue to move toward further electrification.

To gain productivity and to basically grow the economy, we will need more electricity and more generation. It will be hard to build, because there is a lot of public resistance to new facilities. The costs are also important. We need to realize that the costs of increasing the infrastructure will be significant. There will also be some public resistance over transmission lines or nuclear power plants or wind farms or solar farms.

That's why, again, we should look at every electron we're consuming: Is it the most efficient way to use our electricity? In Canada, we're very fortunate to be so inefficient, because we can grow our supply within our current consumption. Because we benefit from such a high level of inefficiency, we can reduce our consumption in many sectors in a way that is productive and that will avoid constructing more infrastructure, although we will still need more infrastructure in the future.

John-Paul Danko: Thank you.

Mr. Mousseau, you spoke about the counterelectrification movement. We've certainly seen that in the United States, where the Trump administration has been anti-EV and has been all in on fossil fuels. We're seeing echoes of that here in Canada as well. I'm wondering if you can comment on where that leads in global competitiveness, if western democracies are resisting electrification. Where does that leave us from a competitive standpoint globally?

● (1150)

Normand Mousseau: In fact, contrary to what my colleague said, in Canada the share of electricity in total energy demand has not increased over the last 20 or 30 years. We are at 20%. If you go to China, it has moved from 15% to 32% in the last 20 years. That means China is using more electricity technology than Canada and in a more diverse way. We're still using largely the same technology we were using 30 years ago in Canada. In industry, of course there's a bit more use of heat pumps, but natural gas is still dominating in heating in a lot of places in Canada. Industry has not electrified as massively as in other countries.

Electrification is also a way of automatizing, of making better products and of making better use of energy. Electricity is much more efficient than gas or petrol, just by its thermodynamic nature. That's where we are lacking in Canada. We have not taken over the technologies at the right scale. Canada is not moving forward. In that sense, we're very close to the U.S. If you look at EVs, there's been a large pullback in Canada, very similar to what we see in the U.S.

John-Paul Danko: Thank you.

My last question—and maybe you can send that in a brief—is whether we should be burning fossil fuels to generate electricity or whether it's more productive, as the rest of the world is going, to use nuclear, wind, solar, battery storage, etc.

Thank you.

Normand Mousseau: I would say that the technology is going down in price with regard to wind, solar and storage, so we should certainly move there. If we need electricity in the short term, we might burn some gas to be able to move forward in the technology, but we have to understand that this is the end of the line.

The Vice-Chair (Shannon Stubbs): Thank you. The time is over.

Hopefully, you'll have a chance to expand further.

Our next questioner will have two and a half minutes.

Mr. Simard.

[*Translation*]

Mario Simard: Thank you, Madam Chair.

I don't have much time. However, I would like to ask the witnesses for their thoughts on the recommendations that will appear in the report.

Again, I don't want to put words in your mouths. I gather from your comments that the government shouldn't be investing in oil and gas infrastructure. If the private sector wants to do so, that's fine. The government should instead focus its efforts on modern technology that may align better with current developments in Europe and China.

If you had to make a recommendation, what would it look like? Would it revolve around this?

Normand Mousseau: It's not so much a matter of building or importing more technology, but of building Canadian capacity and competitiveness. These investments, this support or these strategies should be seen as a way to improve Canada's productivity and competitiveness by modernizing our use of energy.

Pierre-Olivier Pineau: I put a lot of emphasis on productivity. Canada has to become more productive, which will enable it to position itself well, to position its economy well. Any pressure we can put on improving productivity will spur innovation. We must therefore continue to support research, development, experimentation and innovation.

However, we have to look at the big picture. We have to make sure that all entrepreneurs take interest in innovation, whether through price-related measures or incentives.

Mario Simard: I want to end with this.

We've already talked about this, Mr. Mousseau. I'd like you to provide the committee with a clear answer.

Eventually, within a reasonable time frame, do you think we'd be able to develop more efficient and effective strategies for batteries to maintain electricity in the coming years?

Normand Mousseau: Yes, and where Canada could position itself is in the long-duration battery sector, not in lithium batteries. For lithium, it's already over, and we're not competitive.

When it comes to iron-air batteries, or other types, there are still few players in the world, and Canada would need them.

There are certain markets in which Canada could make progress with certain products or play an important role. To do that, you have to develop them, you have to take risks, and we've been pretty bad at developing efficient industrial strategies in Canada. We have to look at how it's done elsewhere.

Mario Simard: If I understand you correctly, that storage will exist in the near future.

Normand Mousseau: Yes.

[*English*]

The Vice-Chair (Shannon Stubbs): That's time. Thank you to both of you.

I'm going to make a decision here based on the chair's prerogative. We will go to Monsieur Malette for five minutes, and then our colleague Mr. Clark has agreed that he would ask one or two questions.

● (1155)

Gaétan Malette: I have a question for Monsieur Pineau, and then I'd also like to hear from Monsieur Mousseau.

We talk of hydro energy, crude oil and natural gas. We have a vast resource of biomass in this country, which is renewable energy. What could be an opportunity for Canada in this?

Pierre-Olivier Pineau: We definitely have a lot of biomass. We are not making the best use of it.

The first thing—Normand has alluded to it—is that we don't have a deep knowledge of our consumption of biomass and the different markets or different uses. We should better know ourselves in terms of the different types of biomass. We need to structure the market in such a way that investors in the biomass market have more confidence that their product will find a niche or a real market, so that they can invest.

We've been very bad at producing biofuels. The government has put some biofuel requirements, but we haven't seen investment in biofuel refineries for ethanol or biodiesel proportionate to the increase in the blending of biofuels in different fuels. That's because it's hard to get the certainty for producers—certainty on the supply, output and sales. We need to structure the market in such a way that there's more confidence for producers that their product will be able to find a market.

Normand Mousseau: As we move to net zero, all of the ideas about the role of biomass for carbon sequestration could be very interesting for Canada as we're creating international markets for these kinds of negative emission rights. This is also something where Canada could lead, because this is an underdeveloped market on the world scene.

We need to test the technologies, evaluate the geology, evaluate the role of land and agriculture, and see whether Canada could really use biomass efficiently in that respect.

Gaétan Malette: Thank you.

That leads me to a question for both of you. What would be the first steps for growing this industry effectively in a way that creates energy and also creates jobs?

Normand Mousseau: We need a real strategy to structure this capacity. We need visibility for the regulation. Also, we need to support innovation in a very structured way, especially on the negative emissions side.

Pierre-Olivier Pineau: We also need a market environment where producers see the value of their products. That's why a carbon tax is extremely important, because you wouldn't pay the carbon tax on biofuels, as they're considered carbon-neutral, for very good reasons. Without the presence of a carbon tax, we basically give a subsidy to hydrocarbon, and this is unfair to the biomass market.

We need to structure the market in such a way that the right economic incentives are provided on a long-term basis to have certainty.

Gaétan Malette: Where would this be competitively if we classify it with oil, crude oil, electricity, natural gas, refined petroleum products, uranium and nuclear? Where would it put us competitively?

Normand Mousseau: Biomass is already competitive for heat, for example. In regions, we are underusing biomass for heat production, for example. In big centres, it's harder, but in regions close to where the biomass is produced, this is already competitive.

Then, if we're talking about biofuels and biogas, the competitiveness comes in, essentially, through regulation, so you have to impose it, because the costs are too high. The reasons for this are environmental, and that's how we justify it.

Even without the price on carbon, regulation on fuels—for example, clean fuels—plays this role to increase the value of these products.

Gaétan Malette: Thank you.

Mr. Pineau.

Pierre-Olivier Pineau: I don't have much to add.

As Normand said, biofuels and biomass are already competitive in some markets. They don't benefit from big players, so we would probably need larger players to be able to structure the market and to make these efficiencies where we need them. As Normand said, in many regions, heating from biomass is good.

Developing heat networks—district heating with biomass—in many places does make a lot of sense, and that is also very good, not only from a competitive perspective, but from a resilience perspective. Also, to foster the local economies and local competitiveness, there's a very good match here.

● (1200)

The Vice-Chair (Shannon Stubbs): Thank you.

We just went over so that you could finish that thought.

Now we'll go to Mr. Clark.

Braedon Clark (Sackville—Bedford—Preston, Lib.): Thank you very much, Madam Chair.

I will be as brief as possible with my one question.

Mr. Pineau, you've spoken quite a bit—both of you have—about the need for electrification and electricity generation. To that end, I just wanted to highlight a major project that's being championed by my home province of Nova Scotia: Wind West. This is a project that represents, at full build-out, up to 66 gigawatts of renewable electricity, which is 27% of our current national demand. It's a tremendous project with incredible potential around interties and all of the things that have been discussed today.

Mr. Pineau, could you just touch on that project in particular and what you think about it? If you're unable to—and I know I'm putting you on the spot with this one—just more generally talk about what your views might be on offshore wind as a potential electricity generation source in the short, medium and long term for our country.

Thank you.

Pierre-Olivier Pineau: I think Wind West or offshore wind is very interesting and is a potential we should definitely look at. However, we should look at it from a more integrated perspective: not only from a Nova Scotia perspective, but really from an Atlantic Canada perspective, including Quebec. We should make sure that we have all of the interties so the surplus wind can move to other provinces to the west of Nova Scotia, and then reciprocally, so that Nova Scotia can benefit from the supply from other provinces, because there will still be some hours with less wind. If we look at it in a more integrated manner, then we can optimize these benefits.

So far, we've been unable to have this kind of regional planning in Atlantic Canada, and across Canada in general. We desperately need this more general and joint regional planning, to make sure that these investments are optimally sized and the adequate transmission lines are built.

Braedon Clark: I agree.

Thank you.

The Vice-Chair (Shannon Stubbs): Thank you very much, indeed.

To that point—that very salient point from the witness—I would just point out that this very committee recommended to the federal government to start with interties in 2017 or 2018, and they've done nothing whatsoever. Thank you for that comment, and thank you to my colleague Mr. Clark for his concluding question.

Thank you to the witnesses for their participation.

I just want to make sure you know that you can also submit input in writing. The committee will need to adopt that into the report if you do that. If there are additional things that you didn't get to speak to, that's an option for you. Of course, the more Canadians participate in these sorts of debates, contributing to the public policy discussion, the better it is for our democracy and the better it is for government decisions, ultimately.

Thank you for all of your participation. Just so you know, you have that follow-up option as well.

[*Translation*]

Normand Mousseau: Thank you.

[*English*]

Pierre-Olivier Pineau: Thank you very much.

The Vice-Chair (Shannon Stubbs): Thank you.

That is all the time for this panel today.

Again, I would just like to thank the witnesses.

As colleagues know, now we will suspend for a few minutes to welcome our next witnesses, and maybe for me to run to the bathroom as fast as I can with my short legs.

● (1200)

_____(Pause)_____

● (1210)

The Vice-Chair (Shannon Stubbs): Without further ado, let me first introduce our two witnesses.

From Canadians for Affordable Energy, we have the Honourable Dan McTeague, who is the president of that organization. From the Macdonald-Laurier Institute, we have Heather Exner-Pirot, director of energy, natural resources and environment.

All witnesses who are appearing virtually have conducted a mandatory witness onboarding test.

I'm going to make a few comments for the benefit of the witnesses. Please wait until I recognize you by name before speaking. For those participating by video conference, as you both are, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. I remind you that all comments should be addressed through the chair, although I don't get sticky about that.

You'll have five minutes each for your opening remarks, and then I'll open up the floor for questions.

Honourable Mr. McTeague, you have the floor for five minutes.

● (1215)

Hon. Dan McTeague (President, Canadians for Affordable Energy): What a pleasure it is to be here again, Madam Chair. It's great to see you, as well as my colleagues, who I tip my hat to. I've been where you are, and I can tell you that it's not an easy job, but it's very rewarding, both before and after.

I would also say that I see the setting is a lot better than what we had to put up with 10 or 20 years ago, with plastered walls, some of them filled with asbestos. It seems that the facilities are a whole lot more amenable, and of course we can meet virtually, which I think is just wonderful.

[*Translation*]

I will make my comments in English, but I'm also able to answer your questions in French. So it's up to you to choose.

[*English*]

In 2024, total Canadian energy exports reached $208.2 billion, accounting for 29% of all Canadian goods exported. In fact, natural resources is the only sector in which Canada has a trade surplus. Oil and gas exports alone totalled $188 billion in 2024, and 94% of that went to the United States. Indeed, 89% of energy exports by value, roughly $184 billion, goes to the U.S. annually.

Canada supplies about 60% of U.S. crude imports, and nearly 100% of all American natural gas imports—and that's a good thing for both sides. It provides jobs, economic vitality and, by stimulating domestic energy industry, affordable energy on both sides of the border—including, of course, the United States and other players that are important to this role. That doesn't mean we shouldn't be looking for other markets to exploit. The more oil and gas we export, the stronger the economy will be right here in Canada.

However, the major limiting factor here is infrastructure. We have recently seen some positive developments on this score. As you know, in 2025, our first large-scale liquefied natural gas export facility, the LNG plant, went online in Kitimat, B.C., enabling us to begin transporting material volumes of LNG to other markets, especially South Korea, Japan and, of course, China. The Trans Mountain expansion, completed in 2024, has provided some tidewater access from Alberta to the port of Vancouver, in Burnaby.

Still, that's a drop in the bucket, and it's difficult to imagine any major changes to this dynamic with Bill C-48, the Oil Tanker Moratorium Act, and Bill C-69, the “no new pipelines” act, which, of course, is still in force.

This is an important opportunity for growth, since hydrocarbon energy provides the vast majority—more than 80%—of the world's primary energy needs, and global demand for these fuels is increasing, not decreasing. If Canada does not step up and supply the hydrocarbon energy for which the world is desperate, it will be supplied by poorly regulated, undemocratic, authoritarian countries that are less environmentally responsible than we are, not to mention less concerned with human rights.

The war in Ukraine has exposed the dangers of overreliance on one despotic trading partner. Most of the nations of Europe would have happily swapped Canadian oil and gas for the Russian products they had to buy. A nation like India—which of course has been very much in the news these days, both in the United States and in Canada—which imports half of its natural gas and nearly all of its oil, is still trying to wean itself off Russian energy. They would be an ideal customer, I think, for Canada and for Canadians, if we indeed had the capacity and the willingness to step in and fill that void.

There would be environmental benefits, to be sure, in doing all this, as well as economic ones, enabling those nations that are still extremely reliant on coal to reduce emissions and improve air quality by transitioning to our natural gas. The fact of the matter is that, if we were to follow the advice of the net zero-obsessed, anti-fossil fuel activists and the “leave it in the ground” mantra, global emissions would increase, along with energy prices, and the Canadian economy would indeed suffer.

Energy is Canada's leading export sector, and defending and expanding our energy exports are necessary for paying down things like our national debt, for strengthening our dollar and for safeguarding our sovereignty. Of course, increasing our energy exports would also enable us to increase our global influence, as well as the energy security of all our allies and trading partners.

Most importantly, it would enable us to bring down the elevated cost of living, which is making it so difficult for Canadians to heat their homes—on a day like today in eastern Canada—to gas up their cars and to pay for the basic necessities of life.

I'm here for your questions. Thank you very much.

● (1220)

The Vice-Chair (Shannon Stubbs): You're exactly like a pro—right on time. Thank you, Honourable Mr. McTeague.

For the Macdonald-Laurier Institute, Ms. Exner-Pirot, you have five minutes.

Heather Exner-Pirot (Director of Energy, Natural Resources and Environment, Macdonald-Laurier Institute): Thank you, Chair, and thank you, committee members, for the opportunity to speak to you today.

This topic of energy exports is critical to Canada's economy and to its global influence and power, and it's essential that we better position ourselves for success.

Canada is a world-class energy producer with well over a century of reserves of oil, gas and uranium. To reiterate what Mr. McTeague said, Canadian energy exports are worth over $200 billion, about 90% of which is oil and gas. According to NRCan, oil and gas comprised 26% of Canadian exports in 2024.

I will focus my remarks on oil and gas, but I would be pleased to further discuss uranium, electricity, propane and coal during questions. I would just note that Canada has recently become as likely to import electricity as to export it, a stunning and unfortunate turn of events, and this state of affairs deserves much more attention.

Until 2024, Canadian oil and gas exports went almost exclusively to the United States via pipeline. It is only with the start-up of the Trans Mountain pipeline and LNG Canada that we have become a global rather than a regional exporter.

Although the cost overruns of TMX are well known, the pipeline itself has proven its worth again and again. It narrowed the differential, or the price difference, between WCS and WTI crude oil benchmarks by about six to eight dollars a barrel, adding billions in revenues, royalties and taxes, even before accounting for the additional volumes we've been able to send to global markets. Those additional volumes are significant.

Although Trans Mountain has not been in service for even two years, it is already running very full. Last week, it ran at about 825,000 barrels a day, or 92% full. This is despite very high tolls for Trans Mountain, which are more than double the cost of sending crude to the Midwest. Recent data shows that tolls were about $14.40 a barrel from Edmonton to Westbridge, in B.C., but only $6.60 from Edmonton to Flanagan, Illinois.

Our crude oil exports to the United States have now dropped from what used to be an average of about 97% of the total to just 84%. China counts for about 10%, with the remainder going to other countries, including Spain, India, Hong Kong, Singapore and South Korea.

It's clear from Prime Minister Carney's and Minister Hodgson's recent trips to China and India that there's an appetite for more Canadian oil and gas in Asia, and that this will be key to any trade diversification strategy we advance.

Canadian oil and gas producers are world-class operators and will incrementally grow production and global market share when they get new pipeline space to fill. The situation today is relatively healthy. LNG Canada has started up its second train very recently and is still ramping up exports. Cedar LNG, Woodfibre LNG, Ksi Lisims LNG and LNG Canada phase two are expected to reach a final investment decision in 2026.

For pipelines, the immediate focus is on expanding what we already have. Enbridge has already announced the optimizing of its main line to the United States of up to 400,000 barrels a day over two phases. Trans Mountain is planning an expansion of up to 360,000 barrels per day. Coastal GasLink was built to already accommodate LNG Canada phase two.

We need two new pipelines in the medium term. The first is the Prince Rupert Gas Transmission, which is already approved and on the Major Projects Office list. It is intended to serve Ksi Lisims. We can sequence that pipeline building in northwest B.C. by planning to build the west coast oil pipeline, which Alberta is leading, right after PRGT is finished. That means we must get our ducks in a row now. We don't need a new million-barrel pipeline today or tomorrow, but we will need it around 2031 or 2032, and that absolutely means that the planning and execution must start now.

Alberta and Canada should take the necessary steps to develop a route, submit a project, conduct the duty to consult, clear initial legal and regulatory hurdles and financially de-risk a new oil pipeline through indigenous loan guarantees, to the point where a private proponent feels confident that the pipeline can be built in Canada in a reasonable amount of time and that we are once again a safe place to invest capital.

Private proponents must consider Canada safe to invest in for upstream production as well, in order to fill these new oil and gas pipelines to reach new global markets. Although the rhetoric and focus on being an energy superpower are much improved, there are mixed signals coming from the policy side: for example, in methane regulations, carbon pricing and indigenous consent. These need to be addressed for us to meet the lofty goals Prime Minister Carney has set for us as a nation.

Thank you. I look forward to questions.

● (1225)

The Vice-Chair (Shannon Stubbs): Thank you, Ms. Exner-Pirot, and thank you to both witnesses.

I feel a bit awkward about this, but if colleagues will consent, I will lead the first round of questions. Claude, you can time-check me. The clerk will keep me on track.

Thank you. Let's start.

Thank you to both witnesses for being here today.

Why don't we start off the top with a point both of you made about the necessity of infrastructure in order to stimulate investments so that products can actually be shipped?

I'd invite you both to describe the approach to energy development in Canada by this same government during the past 11 years, and exactly why no private sector proponents are willing to propose intergovernmental, interjurisdictional pipelines for export—two proponents did, but couldn't see the way to the end of the regulatory system.

Could you please explain why the government regulatory framework is absolutely, inextricably linked to a private sector proponent's determination of a business case?

Heather Exner-Pirot: I can start.

You're exactly right. There isn't a business case for a private proponent to build an export oil pipeline to the west coast.

People build pipelines every day in this country. There's a business case to build pipelines, and there's a business case to expand pipelines. I think the fact that Enbridge and Trans Mountain are both expanding their oil pipelines indicates that there is indeed a case for growing oil production and exports.

Also, we are likely to get FID for Prince Rupert Gas Transmission. We will be building a new export pipeline. It just happens to be natural gas and totally within British Columbia, which means that it isn't under the regulation of the Canada Energy Regulator.

However, for oil pipelines, the cancellation of northern gateway after it had been approved, when it needed a few more conditions met, was absolutely the biggest red flag you could send to the international investment community. It told them that Canada was not a safe jurisdiction, that it had a risk premium and that you'd be better off putting your money anywhere else.

Then Trans Mountain's ballooning costs and all the legal issues that happened and the delays that were easily imposed—the blockades and all that—again told capital that we are not a safe jurisdiction to put their money into for an oil pipeline. No CEO would go to their board and say, “Hey, we're going to invest $20 billion or $25 billion into an oil pipeline in Canada”, with—as Dan pointed out—Bill C-48's oil tanker ban still in place. Without some assurances, some signals, who is going to put money into a pipeline when an oil tanker ban is still in place?

B.C. is again signalling that they intend to use their powers to do what they can to frustrate it, even if they don't have the power to stop it. It's very important, and we've seen this happen with LNG, where there was political alignment. You did get the political signalling from both B.C. and Ottawa that this was encouraged. As a result, you are seeing progress, you are seeing construction and you will see FID. We need to see that same level of support on regulatory certainty for the oil pipeline side.

The Vice-Chair (Shannon Stubbs): Mr. McTeague, maybe you can comment—and you can as well, Heather.

There's been much talk about fast-tracking Bill C-5 to build projects at speeds never seen before. At the back of that bill is a list of laws and regulations that the Liberals admit block building, because they want to create a workaround. Now we have a scenario of politicians recommending projects to politicians, while the government refuses to define the national interest. They have an MOU, but nothing at all has actually happened. There will be a conditional approval, probably some time later, with major pieces still undone while nothing at all has happened.

You may want to make comments about whether or not this government is actually focusing on fundamentals that need to be fixed for every private sector proponent. There are more than 60 of them across natural resources that are stuck in front of federal regulators right now. Maybe you can comment on whether or not the Liberals have actually effectively fixed the problem that they themselves have created.

● (1230)

Hon. Dan McTeague: Notwithstanding, I think the mixed signals that the government has given really confuse.... I don't know of any other country in the world that has the energy prowess of Canada—the third-largest or fourth-largest approvable reserves in the world—that is required to decarbonize before it's able to get infrastructure built or to get products to market. We impose this on ourselves. While it might be interesting and very important in certain corners, it is leaving market and capital with an absolute, definable decision on Canada: that it's too risky.

You know, I worked with GasBuddy during the period of time when the B.C. government took the position of using every tool in the tool box to block the Trans Mountain pipeline. Kinder Morgan, a company that was prepared to spend $6 billion out of its own pocket to build a pipeline that we desperately needed, was chased away. As a result, you and I wound up picking up the tab, $32 billion to $50 billion, based on a number of estimates.

The reality is that if we continue to say, in condition, the way in which we're prepared to build infrastructure in this country, no one is going to be interested in doing this, save the Canadian government. The last time I checked, our financial situation is, to put it very bluntly, very weak. To suggest that somehow we should be trading away our most important, most valuable golden goose under the idea that we can't do these things, that we shouldn't be doing these things, is a negative to the Canadian economy and the people who are looking for work today.

Governments have a real problem with balancing their books in the way my government, in the time of the 1990s, knew how to balance a book and understood very well the importance of building pipelines, building our energy infrastructure. Yes, that was the Jean Chrétien-Paul Martin government, of which I was a member.

The Vice-Chair (Shannon Stubbs): Thank you.

Even though I have 97 more questions, that's time for me.

We will move on to the next questioner, who is Mr. Hogan.

You have six minutes.

Corey Hogan (Calgary Confederation, Lib.): Thank you very much, Madam Chair.

Thanks to our witnesses as well.

There is, of course, a growing opportunity. You and other witnesses have talked about how energy has become an increased part of Canada's exports, which I also want to flag. It doesn't really suggest that exports are in decline in the energy sector, but we also need to be thinking about where the market is going. I do believe that, even in a world that uses less oil, demand for Canadian oil can continue to grow.

I worked on the northern gateway project. I worked on the energy east project. I worked on the TMX. I do think we need to be pretty honest with ourselves here. There are absolutely regulatory efficiencies to be found, and those need to be resolved. However, there are also fundamental economic challenges. We're talking about going west over the mountains or going east over an entire country—greenfield construction. These are not the most economic solutions available to our oil and gas sector. This is a north-south continent. I mean, you see it in the pad system and in existing infrastructure.

Ms. Exner-Pirot, you talked about tolls. It is challenging to say, “Go build something that is less economic, and then we are going to toll you on it.” Here is my quandary: Free markets are naturally going to gravitate towards that north-south market integration and that infrastructure. How do we incentivize east-west infrastructure, and how do we incentivize export infrastructure without badly distorting the market?

Maybe we can start with you, Ms. Exner-Pirot.

Heather Exner-Pirot: Well, that's a great question.

I would say that the northern gateway project was free market-led, and they did make that decision. They did have a route, which was initially approved to go into Kitimat, so there was a private market case to build that pipeline over mountains a few years ago. Enbridge has said itself that it spent almost $1 billion on that; it obviously saw that there was a business case.

Now we're in a different position—to your point—and I think we are asking ourselves, if we don't want to go more north-south.... I mean, I haven't heard anyone say that they want to export less to the United States, but the option of being able to send oil to other markets is obviously very appealing and would give Canada different leverage and a different set of tools in the current geopolitical situation. There's actually a national security case to build to the west coast. The reason we usually talk about the west coast is that Asia is simply a better market than going to the east coast. It's much larger, and it's growing much faster, so there's more opportunity to displace existing producers.

For me, it's obvious that what's happening is that we need to de-risk it to a point where a private proponent could take it to its board to get approved and wouldn't get slammed by shareholders the very next day in the markets. I think what Alberta is doing—acting as a proponent, getting over some initial hurdles, getting it listed with that Major Projects Office, getting it designated as a nation-building project—are the right moves.

I think Alberta could spend a lot of the time doing some of the initial duty to consult, which has to be done anyway, and then waiting for the market to be ready. It's true that, at $61 per barrel in 2026, the market isn't looking for a million-barrel pipeline from Canada. However, we expect that in 2028-29, the market will be looking for those barrels, after the Trans Mountain expansion is optimized and is delivering its additional barrels. Since our Achilles heel is long timelines, it's very important that we, as Ottawa and as Edmonton, do as much legwork as we can to get that pipeline in a position for a final investment decision for a private proponent to take over.

● (1235)

Corey Hogan: Thank you.

I totally take your point. I think, however, that Enbridge had a lot of sunk costs. It also didn't have the benefit of seeing how much the TMX cost and the complexity of some of the crossings, which gets to the fundamental challenge. We need to be building these things. The Alberta-Canada MOU has a commitment to a west coast pipeline. This is something we need to produce.

I want to flag again that I'm worried about how we do it in a way that doesn't distort the market, because we also want a free market. I worry about exactly what's going to occur without really giving some thought to that.

Mr. McTeague, do you have any thoughts on that?

Hon. Dan McTeague: Yes, Mr. Hogan. Those are very good points you've made.

I, too, take your point about going south, because, of course, that's where refineries, over the past 20 years, have been reconfigured to take the heavier slates of oil, which Canada is well known for and Venezuela was at one point. Even Mexico was, to a large extent, until it discovered that it had problems with the quality of its oil, in terms of both water and salt contamination.

This also speaks to the need for expanding the markets to meet what the IEA.... It's never been very big on the idea that we need more hydrocarbons, but now it's admitting that, yes, this is in fact going to go up.

The question is, do we have the infrastructure? It's not just the pipeline. Do we also have the advanced cokers? Do we also have the upgraders? The cost that has to go into these things, more than just an MOU, by some estimates.... I looked at the numbers earlier for the costs of carbon sequestration. Who's going to pay for that?

The actual costs of increasing the carbon consideration from $95 to $130 could be an extra $10 a barrel, making Canadian oil less attractive from the get-go, and perhaps explaining why there hasn't been a stampede toward building any pipeline under these conditions.

Corey Hogan: That is the perfect lead-in to my next question.

In your opening remarks, you said that if we don't produce, the production will come from countries that are “poorly regulated” and “less environmentally responsible”. I'm trying to understand regulation and environmental responsibility. Are they something our customers are concerned about internationally?

Hon. Dan McTeague: I think they want the lowest price where they can get it, but they also want to make sure that it meets high standards.

We produce a heavy slate of oil that's needed for things like diesel. The United States doesn't produce heavy oil to the extent that we do here in Canada. It's one of the reasons why most of the imports it brings in come from Canada. It's because you can't run your economy without diesel and heavy oil.

To the point about—

The Vice-Chair (Shannon Stubbs): Thank you, Mr. McTeague. I went over so that you could answer my colleague's question.

Hon. Dan McTeague: I'm sorry about that.

The Vice-Chair (Shannon Stubbs): Thank you.

We'll go to the next round of questions.

For six minutes, we'll go to Monsieur Simard.

[*Translation*]

Mario Simard: Thank you very much.

It's good to see you again, Ms. Exner-Pirot. The last time we spoke, as part of the study on critical minerals, you were very effective at providing an overview, perhaps more so than our colleagues in the government. We might not be on the same page, and I'll tell you what I'm getting at with my questions.

First, I want to understand the dynamic between building infrastructure for the commercialization of gas and what I see today as the lack—and I'd like your thoughts on that—of a clear signal from private companies. As I understand it, the Trans Mountain pipeline is the latest oil infrastructure to be built in Canada. It cost $34 billion of taxpayers' money. Also, as far as I know, the government is still offering a subsidy of about $7 per barrel. So companies don't want to pay the cost of using this refinery.

When I look at the projections, I see that, in the next 20, 30 or 40 years, China and Europe will significantly reduce their oil consumption. So I wonder why a private company would want to invest billions of dollars in infrastructure that will be ready, at the very least, in 10 or so years, on the assumption that it will be profitable. I don't understand this dynamic. This often leads me to believe that there may not be a cost-benefit analysis for building oil refineries.

Perhaps you can convince me that my statement is irrelevant, but I'd like to hear your comments on that.

● (1240)

[*English*]

Heather Exner-Pirot: I will certainly try to persuade you otherwise.

On the question of Trans Mountain being $34 billion, that was absolutely unnecessary. It doesn't need to cost $34 billion to build an oil pipeline. Right now, as you may know, some of the shippers are in a legal case with Trans Mountain to figure out what the cost overruns were, what the shippers should be responsible for paying and what the inappropriate expenses were that the government took on in building Trans Mountain. We'll get a better sense of how much that pipeline should or could have cost.

On partly going through Prince Rupert or some northwest port, the idea is not to have to go through Canada's third-largest city and have all of the costs and delays that would bring.

On the question of long-term demand, this is the major question. I feel pretty confident that Canadian heavy oil has a long lifespan in Asia. I'll give you a few reasons. One is that, compared to light oil, heavy oil actually produces less gasoline and more petrochemical feedstock, more jet fuel, more bunker fuel and more diesel. Even as we do see some electrification of transport, especially in light-duty vehicles, we are seeing increases in demand for petrochemical feedstock and jet fuel, and heavy oil is a better mix and a better complement for refineries, given what the Asian market is actually looking for.

That being said—

[*Translation*]

Mario Simard: I'm sorry to interrupt, but I don't have a lot of time.

Do you have any data on what you just said?

I know you work very efficiently. You may have some data on potential opportunities for other types of fuels. If you could provide that to the committee, that would be great.

[*English*]

Heather Exner-Pirot: Yes, absolutely.

With India, which is obviously where Minister Hodgson was, no one expects its demand will plateau in the coming decades. It has a lot of runway before it even gets close to the kind of gasoline and oil consumption we have in North America. The sense is that even if China's demand plateaus, Southeast Asia will have much more demand in the coming decades.

[*Translation*]

Mario Simard: I don't know if the other witness has an answer to my concern.

Hon. Dan McTeague: Today, according to the International Energy Agency, there is an increase in demand, not only in China, but also in India, as Ms. Exner-Pirot explained. I explained it myself in my comments at the beginning. Could Canada find a way to more easily provide other countries with something that is absolutely necessary?

As I said earlier, heavy oil has greater potential, and that goes beyond just gasoline-powered vehicles. It's interesting that countries like Japan, South Korea and China have refineries that are able to take heavy oil and turn it into products that are much more important for their economies. So Canada plays a very important role, despite geographical challenges.

Mario Simard: Thank you.

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you.

There are 12 seconds left for any takers, but if we're good, we're good.

For five minutes, we'll go over to my colleague Jonathan Rowe, who comes from Newfoundland and Labrador, the province in which oil and gas makes up the highest percentage of its GDP, which is even higher than in Alberta.

Go ahead, Jonathan Rowe.

Jonathan Rowe (Terra Nova—The Peninsulas, CPC): Thank you for having me.

I have a hundred questions, so I'll try to be quick.

We have a refinery in Newfoundland and Labrador, and the Liberal government spent $86 million to retrofit that refinery, which once produced gasoline, propane, diesel and, I believe, even jet fuel. It now produces only biodiesel. The biofuel market was the U.S. After Trump made changes to the carbon credit regulations, biofuels have been struggling to find a new market.

Ms. Exner-Pirot, do you think it's wise for the Liberal government to subsidize a retrofit that was dependent on the carbon credit subsidies of foreign nations?

● (1245)

Heather Exner-Pirot: Thank you for the question.

I have to mention that I did my master's at Memorial University. I lived on Topsail Road, so I'm delighted to hear from you.

I guess the proof is in the pudding. The retrofits happened and it wasn't economic. The opportunity costs in terms of putting subsidies and a policy direction into something that isn't economically sustainable.... We're seeing that now. I do understand. Even with trying to make changes to the clean fuel regulations and trying to, for example, potentially set up quotas for domestic production, there is demand for these biofuels under the CFR, but Canadian competitors were just not as competitive as foreign exports.

Part of it is making sure we're competitive and—Dan can speak to this—not just putting those costs onto the Canadian consumer by first having the clean fuel regulations, having that carbon price and now also having further expenses with the quota system.

On all of these things, I would say yes and I would agree with you. Economically, at least, it has proven objectively not to be wise.

Jonathan Rowe: I have a question for either one of you—perhaps Dan McTeague may want a chance at this.

It's no good to cry over spilled milk. Now this refinery needs to diversify, like you were saying, and they're looking to the EU. Newfoundland is placed on the very east coast of Canada, close to European markets. Our Prime Minister has been to Europe numerous times, yet as far as I know there has been no deal to get this biodiesel into the EU market immediately.

For the sake of the Newfoundland economy, do you think that should be a priority for Mark Carney and the Liberal government?

Hon. Dan McTeague: Yes. Given the cost of diesel today—which, of course, everyone has noticed is much more expensive than it has been in the past—and given the demand—particularly in Europe, but also here in Canada and North America—for ultra-low sulfur biofuel diesel, why not?

By the way, Come-by-Chance, the refinery is something that's near and dear to my heart. In 1998, a report said the federal government should use its power at Petro-Canada to release the restrictive covenant. Guess what: We got the damn thing rolling again. I say this only because I think there are great opportunities; we're just not looking at those opportunities, or we're not paying a lot of attention to them. We can do other products, but we won't deal with what we have at hand, which is the ability to send diesel to Europe. Last time I checked, with the war in Ukraine, they are still seeing significant costs, not only for LNG but for diesel itself, especially with colder weather and, of course, fuels that are used for jets and other things.

The reality is that it's an open market. Maybe we've taken too much of a stance that there's no business case, when in fact there's a huge business case, not just in Europe but around the world. Last time I checked, that place is certainly amenable to sending that kind of diesel anywhere in the world.

Jonathan Rowe: Absolutely.

I'm going to transition a bit. We had the German Chancellor come to Newfoundland and Labrador. They were trying to get natural gas to pivot away from their Russian energy dependence. The Liberal government said no, they didn't want to sell them natural gas. They said there was no business case for that, so they wanted to sell them hydrogen. The thing with that is Canada and Germany jointly pledged $600 million to the project, and a CBC article is now saying that they're waiting for more subsidies from either the Canadian or the German government.

Does it make sense to subsidize one energy form and rely on foreign German subsidies, rather than simply produce more offshore oil and gas that makes a profit, paves roads, improves health care and gives us more geopolitical leverage internationally?

The Vice-Chair (Shannon Stubbs): You have 38 seconds.

Heather Exner-Pirot: Obviously, it didn't make sense, and obviously we're not exporting hydrogen. A lot of government money was put into that, and it didn't produce the economic development that we were hoping for in Atlantic Canada. Germany and other European countries continue to come to Canada and say that they would really like to diversify their LNG import sources. They would like to diversify it off the Americans toward more Canadian sources.

If we are serious about increasing our alliances, and if we really do want our allies to have energy security, then obviously we should still be focusing on the best ways we can get LNG to those European allies.

The Vice-Chair (Shannon Stubbs): Wow, that's on time.

Our next questioner, for five minutes, will be Mr. Danko.

John-Paul Danko: Thank you, Madam Chair. You're doing a great job, by the way.

I appreciate the discussion today. There are a couple of points I've taken so far from what we're hearing. The global demand for Canadian hydrocarbons is strong in both Asia and Europe. The need for global diversification from U.S. markets is a priority for the government, and I think that's pretty clear. Also, the inherent nature of Canadian hydrocarbons—being low-carbon, protecting Canadian workers, protecting the environment and using Canadian materials, Canadian labour and so on—just benefits us domestically. In that context, I think most of us agree that there's a need to expand and accelerate the sale of Canadian hydrocarbons abroad.

My first question is for Ms. Exner-Pirot.

You talked about some of the geopolitical issues currently in the world. A huge one, of course, is that the U.S. just invaded Venezuela and effectively has control of that country, including the second-largest hydrocarbon reserves in the world. How does that impact Canadian markets and the uncertainty broadly in the fossil fuel industry?

● (1250)

Heather Exner-Pirot: It's a great question.

In the short term, it hasn't impacted too much. Venezuela is ramping up to the production it had before the blockade, so while it may seem like there's a ramp-up, it's really getting to what was normal a year ago, which is still very far below what it was, let's say, 10 years ago.

Obviously, Venezuela can, and likely will, ramp up, but there will be limits to how much it can ramp up. In Canada, we know how expensive it is to develop heavy oil assets, and we know the kind of regulatory certainty that businesses need. We may lament that Canada doesn't have perfect certainty, but it's obviously very much worse in Venezuela. Reserves don't equal profitability, and they don't equal exports. There's a lot of work to be done there.

On the bright side, we are seeing some benefit in that China is also looking at the situation and seeing Venezuela as a potentially more unreliable source. It had been importing from Venezuela, and that helped to account for some of the diversification we've seen here from China demanding more heavy oil, and China and India are, I think, looking to secure more Canadian heavy oil.

The important part for us all to know is that, even as Canada is looking to diversify its exports, all nations are looking to diversify their oil imports, and because Canada hasn't been on the scene and hasn't been a meaningful exporter of oil, we are a new kid on the block. We are seen as reliable and friendly. Those are the kinds of attributes your energy importers want.

For me, Venezuela shows the whole world why reliability matters and why Canada, by contrast, is a very attractive place to get hydrocarbons.

John-Paul Danko: Thank you.

Both of you mentioned Asian markets particularly as an opportunity for Canada's sales of hydrocarbons.

Ms. Exner-Pirot, you talked specifically about opportunities for petrochemical feedstocks. I want to give you an opportunity to expand on that. If I take that correctly, that's plastics and industry, but not gasoline and diesel, burning hydrocarbons for fuel.

Heather Exner-Pirot: Yes, that's correct. That segment of the hydrocarbon market is growing the fastest. Maybe you could say that you can displace oil with electricity, but you can't really displace petrochemicals with another material. They are cheap and abundant.

Again, heavy oil is well suited for some petrochemicals. Obviously, Asia has a very large manufacturing base, and some of Southeast Asia is trying to do more of that, so you see demand for that growing, even as gasoline demand in particular may be plateauing in some countries.

I thought I was out of time with Monsieur Simard, so I just wanted to add one other thing. The world produces and uses about 105 million barrels, and we're competing for those 105 million barrels. What we don't appreciate is that some countries won't be able to produce the same level as they are today. In 10 years, they will run down their reserves. United States shale is already peaking. In Norway and Mexico, you've already seen that. Even if you don't expect any growth in oil demand, there is still going to be a larger portion that Canada can take over from other countries.

Hon. Dan McTeague: I'll just mention the investment side of it. There is real concern that what we're using today is not being replaced or replenished by approvable, available reserves. Yes, you have Guyana and Brazil. We can discount the geopolitical strains of what would happen if there's suddenly a regime change in Iran to complement what's happened in Venezuela.

However, I think the International Energy Agency—which is not a big friend of oil in its comments over the past several years—has had to finally throw in the towel and admit that the world is going to need more oil. The question is whether it will come from Canada or from some unsavoury country.

● (1255)

The Vice-Chair (Shannon Stubbs): Thank you, Mr. McTeague.

We're going next to Monsieur Simard for two and a half minutes.

[*Translation*]

Mario Simard: Thank you very much.

In your opening remarks, I think both of you talked about the geopolitical situation and the danger of being trapped by the U.S. market. You also talked about the importance, in order to build infrastructure, of eliminating the risk associated with investing for private investors. Personally, I don't think they're going to put a lot of money into it if the public sector doesn't get involved. I'll tell you what really bothers me.

When you look at the major players in the Pathways Alliance, which represents 80% of all oil producers, you see that 60% of them are linked to American companies. If the idea is to have a more resilient economy to protect us from our dependence on the Americans, I find it quite strange that we're prepared to invest public money in infrastructure that will serve mainly American interests. That means that the profits they generate are generally returned to American companies and that they'll have considerable control over infrastructure that will become strategic.

In your opinion, given the ownership structure of these companies, isn't it inconsistent to decide to invest in infrastructure, perhaps with taxpayer money, when we know that it will ultimately serve American interests?

Hon. Dan McTeague: Mr. Simard, the battle over where we would seek investment money has already taken place, and it goes without saying that the United States is involved, given our geography.

It must be said that the money invested in extracting and exporting our resources has a positive impact on the entire economy. We can talk about what is subsidized by the federal government, whether it be 7% or another percentage, but we cannot deny the $20 billion, or even $30 billion a year, that go back to the Canadian economy. Nor can we deny the revenue that the federal, provincial and even municipal governments generate as a result of this industry.

Does the reality of where the capital comes from prevent us from getting money from the U.S.? I don't know, but when we talk about the U.S., one of the things I have to point out is that Canadians have no purchasing power because of the weak loonie. The lack of interest in our economy, whether from the United States, Japan or Europe, is costing us 22¢ a litre. We need to tell everyone that Canada is ready to receive investments, which will have enormous benefits for the vast majority of Canadians.

[*English*]

The Vice-Chair (Shannon Stubbs): Thank you. That's your time.

Heather Exner-Pirot: I will add to that very quickly. I just want to say that the companies we're talking about are publicly traded. It may be American money, but anyone can have a share in those. It would be great if more pension plans in Canada were willing to invest. They're getting money from the California pension plan, some companies, and not for local teacher ones.

That money will come. The way I envision the de-risking is with indigenous loan guarantees. Those would be government-backed loans going to indigenous communities. I think that's a good way to get some Canadian content, prevent economic leakage and also build that case for consent.

The Vice-Chair (Shannon Stubbs): Thank you. That is time.

Now we will move on to our third round of questions, which will be mine. The clerk will keep me on track here.

Let me start with both of you.

I get concerned when people easily use the word “we”. That “we”, in royal terms, has been used a lot here. I should make it clear that what Conservatives want is for the private sector to be able to build major energy infrastructure, to create jobs and to contribute taxes, royalties and revenue that provide the programs and services that all Canadians everywhere value. It's not that the government ought to subsidize it, except that Canada is in this position because this very government has killed two intergovernmental export pipelines in the last 10 years, and no private sector proponent will go it alone, which is why a provincial government has had to put a group together.

TC Energy, which dropped Canada's name from its title, for example, says, “the U.S. will continue to be where we'll invest.” They say, “The returns we can earn in the United States are significantly more attractive than they are in Canada”.

This question is for both witnesses. Since competitiveness and Canada's beating the United States are now more imperative than before, despite the two opportunities that the Liberals killed—with which Canada could have been self-reliant, sovereign, affordable and independent from the United States, and which would have been in service many years ago—what do the witnesses have to say about the schedule of policies, bans, mandates, laws and taxes in Canada's domestic regulatory federal framework, which the U.S. has none of?

You might want to touch on the oil and gas cap or the Canadian electricity regulations. Both are mentioned in the MOU, by the way, but nothing concrete whatsoever has been done to remove them.

● (1300)

Hon. Dan McTeague: I would simply say that the Canadian government has certainly signalled, whether it has realized it or not, that Canada is not open for business. Our decision that we must have everything based on net zero—a philosophy that has so far been very disruptive, if not damaging, to the Canadian economy and to consumers, notwithstanding the credence we attach to it—is sending a signal to the rest of the world that Canada is not the kind of place you want to make business dealings with. Because there are so many conditions, most people simply walk away from it.

The reality is that it's not hurting those businesses. It's not hurting those who are sitting on the side saying, “Let's get more subsidies for our net zero.” It's actually hurting Canadian consumers. We are seeing oppressive amounts of pressure on Canadian businesses and consumers, such that we're seeing the effect of low growth in our economy, compared to that of our peers.

We're also seeing a world in which the pursuit of many of these projects and policies, whether that be the three carbon taxes—the one carbon tax we got rid of and the two others—the clean fuel standard, the OBPS, the industrial pricing carbon tax, the narrative around emission caps or the whole idea of electric vehicle mandates.... All these things are wonderful in a vacuum, but their effect thus far has been highly damaging and very corrosive to the Canadian way of life, and it has taken away the ability of Canadians to believe that there is going to be a future that indeed is one that will deal with prosperity, as we've seen previous generations bequeath to the next generation.

The Vice-Chair (Shannon Stubbs): Those are all policies that the United States, Canada's biggest competitor and now aggressor, does not impose on itself federally to hold itself back.

Ms. Exner-Pirot, go ahead.

Heather Exner-Pirot: I'll just quickly add that there is investor interest in Canada right now. We are seen as a place that is maybe doing things differently, maybe to go on, but our policies are not matching that rhetoric. There is a lot of anxiety that we're going to miss this window that we've been granted, and there's so much more we could do to unleash this investment. Dan has mentioned some of it, but the discussion paper from ECCC on OBPS, talking about moving to a $130 price, is just chilling everything in this town.

On the clean electricity regulations, we understand there's a carve-out, but we don't know what that's going to look like. We don't know what the carbon price is going to be on the end of it, so it's still a matter of uncertainty where no one wants to invest in any kind of electricity infrastructure that's natural gas-fired, because no one knows what it's going to look like on the other side.

We are still very much in a scenario where there's too much uncertainty. People want to spend. They're looking at Canada, but there's no place for money to stick.

The Vice-Chair (Shannon Stubbs): We're 11 years in with the collapse of investment from Canada into the United States in a historical anomaly that started in 2015 and has been getting worse ever since.

I don't know if, to wrap up, either of you has comments on the importance of the inextricable link between energy and economic and national security, especially in the current geopolitical context. I'd invite you to comment on that to wrap up.

Heather Exner-Pirot: I can start.

It's obvious, from the last several trade delegations, what Canada's superpower is. The way we're leading new negotiations, we are expanding trade relationships and leading with oil and gas, and I would also say uranium. I think Canadians in general, in the last year, have become much more aware of how important this is to Canada's standing in the world and to our economy. I think politicians have a lot more leeway than they did a year or two ago to make some changes to really let that sector shine.

We have so many great resources. We have such great companies. The private sector wants to build and spend. It's not looking for subsidies, for the most part. It is just looking for clear rules and a reasonable return on investment, and that can translate into not only economic growth, but also soft power influence.

● (1305)

The Vice-Chair (Shannon Stubbs): Thank you.

I'm done. Maybe there will be another opportunity, but we will now go for a full five minutes to Monsieur Guay.

Claude Guay: Thank you, Madam Chair.

Ms. Exner-Pirot, it's good to see you again. Thank you for coming to the committee.

I sit here and I'm baffled, because I think the word that the Prime Minister uses is “pragmatic”, and I feel that I'm hearing a non-pragmatic position, particularly when I sit in the House of Commons, because in the past government there were all these regulations and I hear you saying that everything was over-regulated, making nothing happen. The previous Conservative government got nothing done because they had zero regulation, and it ended up in court. It ended up with the first nations—

The Vice-Chair (Shannon Stubbs): Let's just stick to facts and not absolutely lie like that.

Claude Guay: Madam Chair, it's my time to [*Inaudible—Editor*].

The Vice-Chair (Shannon Stubbs): Yes, I am the chair, but stick with facts.

Claude Guay: There were a lot of contests in the courts. There were a lot of protests from the first nations. So, in a world of complete deregulation and no consultation, we can't get anything done. In a context of over-regulation, we can't get anything done.

What are you suggesting as a middle ground, as a pragmatic ground? I do agree that we are resource-rich, and I do agree that the purpose of this study is to see how we can get more exported. What is that middle ground that the government should be looking for?

Heather Exner-Pirot: That's a great question.

I'll say, on LNG, that we're finding something of a middle ground, and I would say it's been very important. We have great resources; we know that. We have a great market to get into, but for both B.C. and the federal government to say that we want to go to Asia, that we want this LNG and that we will allow it to proceed has been very helpful.

I think, obviously, that an interprovincial oil pipeline is the most contentious of the things that we're discussing. It's still very difficult. On the middle ground, make it clear.... We follow the duty to consult, section 35, in Canada, and adding UNDRIP on top of that has muddied the waters. I think that's very clear, but the courts have been pretty consistent in saying that we need it. We have a duty to consult and accommodate. It's not a veto. We don't require consent, but we will do our very best, operating in good faith as the Crown, to meet any of your objectives and to accommodate and mitigate the impacts on treaty and aboriginal rights. We know what it is, but sometimes it's still muddy, I think, in how we communicate that.

On the regulations, really, it's about certainty. Again, with ECCC.... I'd say there's very good rhetoric coming from the government, but ECCC is still doing things that seem to contradict both the MOU and the signals that were going to China and India. Saying that we're going to have another revamp of the OBPS and try to increase the price to match the headline price, undermining the markets that we already have, I think is very unhelpful.

The methane regulations...proposing regulations that are different, even the time frame, from what the MOU with Alberta just put forward. Clean fuel regulations.... Again, the regulations were put in two years ago, and they have already been shown to not be working, so now we have to make new amendments to those. It's so difficult, as you know, for the private sector to look at a case, make the business case and figure out what their return is going to be when the regulations are changing so much.

In this country, we desperately need consensus on energy policy. I think we're closer than we have been, but on the policy side, some of the policies that pre-existed the current government are still there as a fly in the ointment.

Claude Guay: What do you think, Ms. Exner-Pirot, of the MOU signed between the federal government and Premier Danielle Smith of Alberta?

Heather Exner-Pirot: I thought it was a very good MOU but, again, as you know, some of the elements have not been formalized. We know that there's a carve-out for the clean electricity regulations, but we don't know what that looks like. We know that a lot of this hinges on some April 1 industrial carbon price agreement, but we don't know what that's going to be. We don't know when we're trying to reach $130. We don't know if TIER is going to be respected or if there's going to be a carbon tax replacement, as the discussion paper seems to make clear.

I think the mood was buoyant in Calgary in November, but also the green taxonomy was introduced, so several things have happened on the policy front since the MOU was signed, mostly from ECCC, that are again muddying the waters and making it unclear to investors what they should be doing.

● (1310)

Claude Guay: If I can rephrase what you just said, if all of this becomes clear, which I think was the intent of the MOU, this would provide certainty for the investors. Is that correct?

Heather Exner-Pirot: I think that, if the MOU is implemented with reasonable carbon pricing, yes, that will be a very improved situation. It will get to FID on Ksi Lisims and PRGT, and hopefully to an oil pipeline as well.

Claude Guay: Thank you very much.

The Vice-Chair (Shannon Stubbs): Thank you, Monsieur Guay.

Thank you to the witnesses.

Of course, it sounds very clear that there have been 11 years of uncertainty that started in 2016, and today, in 2026, there's still a lack of certainty.

Thank you for a fantastic meeting and a discussion that is absolutely critical to Canada's economy and to our international standing in the world, since this sector underpins the entire Canadian economy.

Gaétan Malette: Madam Chair, I don't know if it's the proper time, but I would like to present a motion at the next meeting and present it in camera, if agreed.

The Vice-Chair (Shannon Stubbs): Yes, I think there's agreement. Thank you, Mr. Malette.

Is there anything from any other colleagues? No, except for giving me shit for my editorial comments, which is fair game.

Thank you, colleagues.

To our witnesses again, I certainly encourage you to follow up with written input if there's anything that you didn't get to, because that is the only way in which MPs can include your extra feedback in the committee's report or in a supplementary report, should somebody decide to do that.

That is all the time we have today with this panel. I want to thank the witnesses again for being here.

Our next meeting will be on Thursday, February 5, when we will continue the current study.

If everybody agrees, the meeting is adjourned.