



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

Standing Committee on Natural Resources

EVIDENCE

NUMBER 022

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Thursday, February 5, 2026

Chair: Terry Duguid



Standing Committee on Natural Resources

Thursday, February 5, 2026

• (1530)

[English]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.)): Colleagues, let me call this meeting to order.

It's good to see everyone. I understand that no one missed me while I was away.

Shannon Stubbs (Lakeland, CPC): We all missed you.

The Chair: That's what I was looking for: a little empathy.

Thank you, Ms. Stubbs, for taking the gavel while I was away. I really appreciate it. I'm sure it will happen again sometime; however, I plan to be here for the next little while.

Let me welcome some new members around the table.

Ms. Thomas, it's nice to see you. Welcome.

Mr. Rowe, you're kind of a regular now, so it's good to see you, too. Thank you for joining us.

Mr. Clark joins us on the Liberal side.

We will now get under way. I'm going to start, as we always do, by acknowledging that we are meeting on the unceded territory of the Algonquin Anishinabe nation. This is meeting 22 of the House of Commons Standing Committee on Natural Resources.

Before we begin, I'd like to 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 and feedback incidents and to protect the health and safety of all participants, including our amazing interpreters. You will also notice a QR code on the card; it links to a short awareness video.

Today's meeting is taking place in a hybrid format. We have two witnesses here virtually and one here in person.

I would like to remind participants of the following points. Before speaking, please wait until I recognize you. Those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you're not speaking. Those on Zoom, at the bottom of your screen you can select the appropriate channel for interpretation: floor, English or French. Those in the room, you can use the earpiece and select the desired channel.

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

I would like to welcome our witnesses. Online, we have Lisa Baiton, president and chief executive officer of the Canadian Association of Petroleum Producers, CAPP; and Catherine Swift, president of the Coalition of Concerned Manufacturers and Businesses of Canada. We also have Francis Bradley, president and chief executive officer of Electricity Canada.

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

Ms. Baiton, we're going to start with you. You have the floor for five minutes.

Lisa Baiton (President and Chief Executive Officer, Canadian Association of Petroleum Producers): Thank you, Mr. Chair and members of the committee, for the opportunity to appear before you today and contribute to this critically important study. I say "critically important", because expanding Canadian exports, particularly oil and gas, is one of the most effective ways in which we can strengthen our economy, improve our productivity and safeguard our national sovereignty.

It is very encouraging to CAPP and my membership to have a federal government and members across parties looking to grow Canada's role as a global supplier of responsibly produced oil and gas.

Let me begin with the global context. World events have substantially altered Canada's economic and geopolitical circumstances. The ongoing uncertainty with the Canada-U.S. relationship in the context of global trade is putting Canada at risk. Other nations, from China to Russia, have shown that they will use whatever strengths they have to dominate or control valuable resources—in particular oil and natural gas resources, because of the dominant role they play today in the global energy mix and will play in the future.

Around the world, such traditional drivers as population growth and the rapid modernization of economies, especially in the global south, continue to push energy needs higher. In the global north, electrification, data centres and artificial intelligence are escalating energy consumption at a pace few anticipated. Even with the continuing growth of renewables, the world will continue to rely on conventional energy for decades. Over the last 35 years, the share of hydrocarbons in the global primary energy mix has barely shifted—from 85% in 1990 to roughly 80% today.

We need to approach energy with an “addition” mindset. The growth of renewables will simply be layered on top of the growth of conventional energy in order to meet a voracious, growing global appetite for all forms of energy. The core question before us is not whether energy demand will continue to grow; it's whether Canada will choose to help meet that demand. It is an urgent question for a resource-rich and trade-dependent nation like ours, where economic force and not market fairness is now shaping the rules.

Today, most Canadian oil and natural gas exports are sold at a discount to a single customer—the U.S.A.—costing our economy nearly \$50 billion U.S. over the past 15 years. This is despite Canada having one of the largest untapped resource endowments on the planet.

Canada can and should be a global energy superpower. We're seeing the benefits when export infrastructure gets built. CAPP estimates that the Trans Mountain expansion will contribute \$4 billion in additional revenues every year, increasing Canada's GDP, improving productivity and delivering higher revenues for governments. On the natural gas side, every full LNG cargo leaving Canada's west coast is worth approximately \$59 million.

The benefits to Canadians are profound.

First, diversified markets strengthen our trade leverage, ensure that we secure full value for our resources and enhance the strength of our nation's sovereignty. Oil and natural gas represent more than 20% of Canada's total balance of trade.

Second, over just three years, the sector contributed approximately \$116 billion in taxes and royalties. Those revenues are essential to funding our defence spending and public services.

Third, since 2017, more than \$5 billion in indigenous equity has been invested in energy projects. This is a true partnership. Canada's conventional energy sector is emerging as a global model.

Fourth, our sector is foundational to Canada's economy, providing about 450,000 direct and indirect jobs in every single province across the country and contributing more than \$85 billion to GDP just last year.

To continue to realize these benefits at this consequential moment in our history, we must avoid policy changes and choices that increase costs, compliance burdens and uncertainty, such as the newly amended methane regulations and the proposed changes to industrial carbon pricing, which will impose billions in new costs when no competitor producer nation is doing the same.

• (1535)

If Canada truly wants to become an energy superpower, we need a new policy approach. In this new era of economic nationalism, major change is required to attract investment, rebuild our economy, create high-quality jobs, enhance our energy security and strengthen our sovereignty.

The window for Canada to act is open, but it won't be open indefinitely. Canada can and must move with urgency. The future will require more energy, and if we set the policy conditions right, it will be more Canadian energy.

Thank you for your time.

• (1540)

The Chair: Thank you, Ms. Baiton. I gave you a few extra seconds there.

Lisa Baiton: I'm sorry about that.

The Chair: That's all right.

Ms. Swift, it's on to you for five minutes, please.

Catherine Swift (President, Coalition of Concerned Manufacturers and Businesses of Canada): Thank you very much.

My organization, the CCMBC, represents the interests of small and medium-sized manufacturers and businesses in other sectors, but the preponderance of them are in the manufacturing sector.

The Canadian manufacturing sector has been shrinking for some time. Since 2018, manufacturing as a percentage of GDP has decreased by 5%, while the comparable U.S. number increased by 10%, which is clearly a major difference that hasn't been seen before. This is important, because the manufacturing sector in any country is a key source of innovation, productivity and well-paid employment.

The manufacturing sector and the energy sector are closely linked, especially in Canada. Many manufacturing companies in eastern Canada are heavily dependent on the oil and gas sector for their success. Too many Canadians believe that if punitive policies are imposed on the oil and gas sector, it's Alberta's and Saskatchewan's problem, when in reality it significantly affects the welfare of the entire country.

Manufacturing used to represent about 20% of Canada's GDP, whereas it now sits around 10%. There are a lot of different reasons for that: growth of the service sector, technological change and different laws, regulations and so on in different countries.

The admission of China into the World Trade Organization in 2001 is often viewed in hindsight as a huge mistake, as much manufacturing in western countries went to lower-cost China, which does not observe the same environmental, human rights, wage and other policies of western nations. China also abuses intellectual property rights, dumps goods into Canada at unreasonably low prices, does not abide by WTO trade rules and interferes in elections and other elements of other countries, including Canada. Our government's recent move to bring us closer to China is a mistake for our manufacturing sector and our economy in general, not to mention our sovereignty.

Much of the decline in manufacturing in Ontario and other provinces can be linked to the so-called green policies that drastically increase the cost of electricity. Manufacturers are big consumers of electricity and were made much more uncompetitive by these foolish policies.

The industrial carbon tax and methane regulations that Ms. Baiton referred to will fall heavily on the manufacturing sector and the energy sector, the two most productive sectors of the Canadian economy. We know that Canada has a serious productivity problem, so to impose such an onerous regime—regulatory and tax—on the two sectors that contribute most to productivity, which is a proxy for our standard of living, is ridiculous. Once again, our businesses are being asked to compete with one hand tied behind their backs, as their foreign competitors don't face similar taxes and regulations.

Increasing energy exports will boost manufacturing, as the sectors are so closely linked. Building pipelines and other infrastructure to enable increasing exports can and should be done in Canada. Unfortunately, some recent energy projects have actually helped foreign manufacturers much more than our own. The Kitimat LNG facility, for example, used modules from China in its first phase and is slated to use modules from Korea in its second phase. Many of our manufacturing members have said they would be capable of providing infrastructure for these projects but were never given the opportunity.

Boosting oil and gas exports would also bring well-paid employment to Canada and more revenues for governments and would boost our flagging economy, which appears now to be in recession. Neglecting our most important individual industrial sector—oil and gas—for the last decade is the key reason for our weak economic performance today. A weak economy makes us much more vulnerable to the punitive policies of other countries, such as the U.S. and China, among others. Additional government revenues from more energy exports should be used to pay down our massive public debt and implement policies to lower taxes and the onerous regulatory burden that is making all of our Canadian businesses less competitive.

I want to make a few comments on Bill C-5, which permits the government to selectively override various pieces of legislation. What this bill concedes is that these laws are bad, or they wouldn't have to be overridden to get anything done. Why not get rid of the bad laws completely? The fact that they sit on the books further discourages foreign and domestic investment, which has been fleeing Canada for years. Bill C-5 also facilitates winner-picking by government, which has never been a workable strategy. Just look at the

billions of tax dollars that have been wasted on the EV battery sector at a time when Canada has no money to waste.

Finally, the business community wants a trade deal with the U.S. as soon as possible. Implying that Canada can significantly replace U.S. trade with that of other countries is pure fiction. We should always be seeking to diversify our trading relationships, but pretending we'll be able to replace the U.S. as our largest trading partner by far is just lying to Canadians for partisan political gain to whip up Canadians' dislike of President Trump. Meanwhile, Canadian businesses and workers suffer, losing jobs, going out of business or moving out of Canada.

• (1545)

Uncompetitive conditions in the Canadian economy drove many manufacturers out of Canada long before Trump came along. Once a country loses its manufacturing sector, it doesn't come back for a very long time, if ever.

Thank you.

The Chair: Thank you, Ms. Swift. You're right on time. I really appreciate that.

Finally, we are going to Mr. Bradley.

You have five minutes, sir.

[*Translation*]

Francis Bradley (President and Chief Executive Officer, Electricity Canada): Thank you.

My name is Francis Bradley. I'm the president and chief executive officer of Electricity Canada. Thank you for inviting me to speak to the committee as part of its study on Canadian energy exports.

This study is timely. Canada's ambition is to become an energy superpower. Electricity has a major role to play in this plan.

Electricity Canada is the national voice of the electricity sector. Our members generate, transmit and distribute electricity in every province and territory.

[*English*]

Clean, reliable and affordable electricity powers the Canadian economy and is a competitive advantage for Canadian industry.

These three stats demonstrate how exceptional our sector is. The first is 84%. That's the percentage of non-emitting electricity generated in Canada. This makes our grid already one of the cleanest ones in the world. Next is 99.98%. That's the reliability rate of our grid, ensuring that the lights turn on when needed. The last is 51%. That's how much lower our electricity rates are compared to the OECD average, solidifying our competitive advantage over our peers.

The electricity sector plays a fundamental role as an exporter and enabler of energy exports. The electricity sector is a net exporter, having exported an average of 40 terawatt hours annually to the United States over the last decade. In 2024, the value of this trade was \$4.484 billion.

While the trade surplus has been smaller in recent years, two-way trade still serves an important and ongoing role for reliability and resilience. However, electricity is essentially exported in every other sector of the economy, from LNG to aluminum. Almost every export in Canada is, to a degree, an electricity export.

For example, the electrification of the expected Cedar LNG facility with clean B.C. electricity has been foundational for the project's advancement. The natural gas liquefied at this facility is destined to go overseas and will be marketed as among the lowest-carbon LNG in the world.

Electricity also powers the production of aluminum in Canada, which is mostly exported. In 2021, we effectively exported over 40 terawatt hours of electricity in the form of aluminum.

The list could go on and on, from critical minerals to petroleum refinement. Electricity makes it happen.

As Canada seeks to diversify its trade relationships, advance nation-building projects and strengthen the competitiveness of its industries, the electricity system must grow with these industrial priorities while preserving our sector's competitive advantage. Canada is experiencing a rapid increase in electricity demand, which is expected to double by 2050. To meet demand, we are going to have to build more electricity infrastructure in the next 25 years than we have in the last century.

Our task is to build again, decisively and ambitiously, to grow the electricity system that is at the heart of Canada's long-term prosperity. Last month, we launched our 2026 state of the Canadian electricity industry report, "Forging Canada's Electricity Future". It provides recommendations to support the government's ambitious goal of making Canada a global energy superpower.

To achieve this, we have three key recommendations.

First, we must modernize our regulations for a 21st-century electricity system. To start, the government should implement a two-year federal approval timeline for all electricity projects.

Second, we must mobilize capital to finance the build-out. This means making the most of existing supports and removing barriers to investments, things like the EIFEL rules.

[*Translation*]

In conclusion, we must strengthen the capacity and resilience of the sector. To this end, we must work with the sector to mitigate the

impact of extreme weather and to tackle growing labour shortages and supply chain issues. We have a rare opportunity to unlock our country's potential, and we must seize it.

● (1550)

[*English*]

Thank you for the opportunity to join you.

The Chair: Thank you so much, Mr. Bradley.

Now we're going to our first round of questions.

Ms. Stubbs, we're going to start with you.

Shannon Stubbs: Thank you, Chair.

Thank you to all the witnesses today for your messages of unity and calls for action for Canada to thrive and to be self-reliant and self-sufficient, which are needed now more than ever before.

Ms. Swift, you've already sketched out part of what has occurred and why Canada is in this position it's in. I agree with you completely that there are many ways in which it has been self-inflicted.

To both you and Lisa, do you have confidence that there will be the transformative change in policy and regulation that you require, given that the Liberals are talking about building big projects but so far have brought in Bill C-5, which clearly indicates all the laws and regulations that block projects, but they haven't repealed or reformed any one of them?

Ms. Swift, we'll start with you. If you want to add in there the points of competitiveness with the United States, that would be appreciated.

Catherine Swift: As the old saying goes, the best predictor of future performance is past behaviour.

As much as the current federal Liberal government is very similar to the one that kneecapped pipelines in Canada for years, I would like to believe that we are going to see a pipeline, but no, I don't have full confidence. I think we haven't seen action to date. We've seen things like MOUs, which are fine, and they do lay out certain details that are important, but they're not binding by any stretch.

Talking with many people in the energy sector—and Lisa undoubtedly has a lot to say about that—I hear the whole notion of carbon capture and storage as a precondition for a pipeline is, among other considerations, a hugely expensive thing. Do we really need such a massively expensive exercise to so-called decarbonize carbon? It makes you think of maybe water that isn't wet or something like that. Basing the price of a pipeline on such things, I feel, is totally unnecessary. I know that carbon capture is feasible, and all that has been proven and whatnot, but I think the cost of it merely drives up the cost of energy, something we already have an issue with in Canada, and of course, it makes us less competitive internationally.

I have my serious doubts, but I'd sure like to be proven wrong.

Shannon Stubbs: Lisa may wish to comment, given that there were two private sector proposals for intergovernmental pipelines for export in federal jurisdiction, but the federal government didn't use all of the tools in its power to ensure that those proponents could build, so they've abandoned the country, as have other companies, to build pipelines in other countries.

Lisa, although a pipeline has been mentioned in the MOU, there is still a minister unwilling to say that they'll assert federal jurisdiction. The minister continues to say that there needs to be a private sector proponent, although a premier had to put three together because no one is willing to do it alone, and there's no clear pathway to one at all. Do you have any comments about that?

Lisa Baiton: From CAPP's perspective, we are pipeline-agnostic. We do believe in fast-tracking necessary infrastructure to develop existing and new markets as the best way to achieve Canada's vision to make our country into a global energy superpower. CAPP supports any new commercially viable capacity.

In respect of the pipeline that is in discussions as part of the Alberta MOU, the Alberta government has a desire to see production grow to six million barrels per day by 2030 and eight million barrels per day by 2035. CAPP is supportive of the Government of Alberta's work to advance a west coast pipeline and do whatever it can to de-risk the project and make it as attractive as possible for private investment.

We have learned from experience that building pipelines in Canada has proven to be a very significant challenge and requires a highly coordinated, transparent and collaborative approach. That also means meaningful engagement with indigenous communities early in the process.

You referenced the Trans Mountain pipeline—

• (1555)

Shannon Stubbs: I was actually referring to northern gateway and energy east, which the Liberals killed through death by delay and moving the goalposts.

What is perplexing to those of us who want to see Canada prosper is that the Liberals are maintaining ban after prohibition after tax after mandate, which the United States does not impose on itself federally. If we are indeed in wartime footing and we are dealing with an aggressor that is our biggest customer and our biggest competitor because of this last federal government, then what do these guys need to do to prove to Canadians that they're serious?

Go ahead, Catherine.

Catherine Swift: Get rid of all the bad laws. Again, I find it ludicrous that there's backstopping legislation that gives the government a very selective ability to override things. If you have to override them, clearly there's a big problem. Just get rid of them.

The methane regulations are terrible, as Lisa highlighted. They haven't had enough attention, frankly. The industry itself is extremely concerned. There are all the taxes and so on. I think Premier Danielle Smith calls them the nine bad laws. Some of them are being softened somewhat for this project, but if we want to attract investment, when investors, both foreign and domestic, see those laws on the books, they're not going to risk their own money. Governments don't risk their own money. They risk our money. Unfortunately, they lose quite a bit of it in the process.

All of those bad laws should be gone.

The Chair: Thank you both.

We'll go now to Mr. Hogan for six minutes.

Mr. Hogan.

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

Thank you to all our witnesses.

Ms. Baiton, it is good to see you again. I am of the strong opinion that every committee meeting needs a few good Calgarians. Thank you for being one today.

I totally agree that there will be oil and gas demand for many decades to come. I believe even in a world that uses less oil, demand for Canadian oil and gas can continue to grow. The question this committee has is, how do we take advantage of that opportunity and do it in a way that is distinctly Canadian?

Oil and gas production from 2015 to 2024 was up 34% in Canada, and globally about 6%. Growth in the oil sands in Alberta is up 40%, or I believe around there. That's been very good for this country. It has created jobs across this country. Steel for pipelines comes from Ontario. The INNIO Waukesha engine comes from Ontario. It's straddling all sorts of technology all across this side of the continent—or the part I'm from, I should say.

I'm in Ottawa today. The outcomes are really good. According to the UBS "Global Wealth Report", median wealth in Canada is \$152,000 U.S., and median wealth in the U.S. is \$124,000 U.S. We've done a good job of creating broad wealth.

I know that Ms. Swift says that past performance is the best indicator of future behaviour. Those results would give comfort, but I'd like to not leave that to chance. I'd like to keep that going. I'd also like to know that we're doing it in a way that's less reliant on the U.S.

I apologize for the long preamble to my question, Ms. Baiton. Of course, there's always a lag between FID to operations. Some of the growth we're seeing comes as a result of decisions a decade ago.

I'm curious about the pipeline forward—excuse the pun. I'm not arguing for the status quo, but how do we expect production to evolve under a status quo case in the next few years?

Lisa Baiton: I will just repeat that CAPP doesn't take a position on one pipeline over another. What we really push for is two things. First, it should be commercially viable, and then we invite people to remember that a business case is required to attract capital and go through the process to build a pipeline. Separate and distinct from that is the requirement for what producers need to attract capital of their own, to scale up and to fill and keep filled any new pipeline. I would say that this portion of the public discourse has been largely absent.

That's why we are really focusing on policy that on the producer side.... There are two parts. There's a whole equation, and we've only been focused on one part of the equation. For our part of the equation, we're really focused on regulatory certainty and competitive policy—as I said in my opening remarks, carbon policy that is competitive with other producing nations.

We're very focused right now on both the methane regulations and industrial carbon pricing. The new federal methane regulations were released just before Christmas. As written, they are incompatible with operations. We identified very early on that those regulations were unworkable. Insufficient amendments were adopted in the final regs to address industry concerns. By the federal government's own analysis, those new methane regs will place a net additional \$14.6 billion in new compliance costs on the industry. Again, no other producing nation is doing that.

On the industrial carbon system, Canada's system really has to be competitive. There was a discussion paper released in December that was fundamentally misaligned with both the direction from the Prime Minister and the commitments in the Canada-Alberta MOU. As proposed, it's going to impose billions of dollars in costs on the oil and gas industry and other resource-based industries. Again, higher costs for carbon directly reduce Canada's competitiveness.

• (1600)

Corey Hogan: That's perfect. I think we need to get into that with some specificity, and I encourage you—I know you already have—to submit a written report to the committee for consideration.

Lisa Baiton: We did, yes.

Corey Hogan: I want to pick up on something. You've given me the point that I wanted to get to in question two.

You said in your opening remarks, "economic force and not market fairness is now shaping the rules." You talked about new costs with no competitor nations doing the same. Market fairness is really important to me. I want to make sure we're competitive, but it doesn't seem like this is a market that's being driven entirely by market economics. Between Europeans creating rules around carbon intensity—Japan may be following—and China using its heft in the market, what do we need to do to protect a functioning global market? We're a country that doesn't really use state power to drive industry but instead allows industry to thrive on its own, or at least that's what we aspire to.

Lisa Baiton: I think it's not a one-size-fits-all situation, and a direct comparison of Canada to Europe probably isn't relevant.

I will speak to the USMCA negotiations. As I said in my opening remarks, the Canadian oil and gas industry represents over 20% of Canada's entire balance of trade. The majority of that currently—I think it's close to 95%—goes to one single customer: the U.S.

The USMCA will be a big component of that, because even with all the uncertainty, the threats and the trade challenges being caused by the Trump administration, we still must recognize that the U.S. is the largest oil and gas consumer on the planet and remains by far Canada's largest customer. We've traded energy virtually tariff-free for nearly 150 years. Our companies operate seamlessly across the border, and our energy infrastructure, pipelines and refineries are highly interconnected. That's one piece of it.

The Chair: Thank you, Ms. Baiton.

Thank you, Mr. Hogan.

We're now going to Mr. Simard for six minutes.

[Translation]

Mario Simard (Jonquière, BQ): Mr. Chair, before I begin speaking, I want to make sure that the witnesses can hear the interpretation properly.

Is the interpretation working for the witnesses?

I'm told yes, so great. The interpreter has a lovely voice, not like mine.

The question is for you, Ms. Baiton. Politics has taught me something quite simple. We must differentiate between our wishes and reality. It's unfortunate, but that's how politics works.

During our first meeting for this study, Professor Mousseau and Professor Pineau told us that Canada wasn't an energy power, that it never will be and that it has little influence over energy prices. I'll let you respond to this statement a bit later. In your remarks, you portrayed Canada as an energy power.

I'll tell you what bothers me. I'm trying to get a sense of this topic. In your remarks, you also talked about a particular geopolitical reality where, given the current situation with the Americans, we should be developing new markets. I find this troublesome. When we take a closer look at the oil sector, we realize that 60% of the big oil companies are owned by American shareholders. While these big companies made record profits from 2021 to 2024, to the tune of \$131 billion, six out of every ten dollars were paid in dividends to American companies. I find it hard to understand how we can see the energy sector as the industry that will help Canada break away from American shareholders. If we build oil and gas infrastructure, we may be doing them a favour. We'll be making it easier for them to develop new markets and guaranteeing them additional profits.

I would like you to educate me on this topic. How do you see the situation regarding the ownership structure of the big oil companies?

• (1605)

[*English*]

Lisa Baiton: There's a lot in there, so let me try to parse it out.

First of all, to clarify, I did not ever say that Canada was an energy superpower. I was just echoing what our Prime Minister has said—that we should aspire to be an energy superpower. To use the recent words of Prime Minister Carney, we should talk about the world “as it is”, and what Canada should do to make the world into what “we wish it to be”. The world, as it is today, is in a period of profound geopolitical and economic change.

The current U.S. administration has an unapologetic America first policy, and it's rewriting long-standing norms in global trade. For Canada, that new normal is not a debate; it's an urgent question: How should a resource-rich and trade-dependent nation position itself in a world where economic force, and not market fairness, is setting the rules? On the other hand, just as you have federal and provincial governments really working hard to preserve the veracity of the Canada-U.S. trade agreement, that's a critical recognition of the world as it is and Canada as it is.

As I said in my previous remarks on the USMCA, over the last lost decade, there were decisions not to build an east-west egress or a tidewater egress, and we are now in a situation where 20% of our entire balance of trade goes north-south. You can't just lickety-split build a pipeline.

We also have to recognize the critical nature of preserving—

[*Translation*]

Mario Simard: I'm sorry, but I don't have much time left.

I understand your answer. However, we must look at today's world in a realistic way, as it stands. The world as it stands shows that the federal government paid for the most recent pipeline infrastructure built. It cost \$34 billion, and not a single company wanted

to purchase or even develop the project. That's not all. We're currently still paying seven dollars for every barrel that uses the Trans Mountain infrastructure.

I wonder how a private company, without public support, can agree these days to develop a pipeline infrastructure that will take years to build. Over the next 20 or 30 years, will a market for Alberta oil justify the investments made by private companies? Shouldn't we expect these people to rely on public investment to build new pipelines? That's my impression, based on the world as it stands.

I would like your opinion on this topic. I don't see any developers willing to invest in pipeline infrastructure.

[*English*]

Lisa Baiton: Let me take that in two parts.

In terms of global demand, all credible energy forecasts going forward indicate that energy demand is going to be going up, up and up, and we are going to need all forms of energy—renewables and conventional—to meet the ferocious appetite for global energy.

Last year, Larry Fink from BlackRock said that we need to move away from an energy transition to an energy-efficient mindset, because the immensity of growing demand, particularly coming from AI, is really driving that.

To the second part of your question on why—

• (1610)

The Chair: If you could, finish up quickly, Ms. Baiton, with a quick answer, please.

Lisa Baiton: As to why TMX was publicly funded or paid for by the Canadian government, regulatory certainty is required in order to have investor certainty. Canada does not have that at the moment, and that's why investors did not come to Canada. That is the thesis I have presented to the committee today.

[*Translation*]

Mario Simard: Thank you.

[*English*]

The Chair: Thank you both.

Colleagues, we're now moving on to the second round, and we're going to start with Mr. Malette.

Mr. Malette, you have five minutes.

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

Mr. Bradley, you are the CEO of Electricity Canada. Thank you for your presentation.

I have a more specific question. In your opinion, what will happen in 2035 when Canada's clean electricity regulations take effect? Also, what will that mean for the average consumer's electricity bill and the overall cost of living?

Francis Bradley: The member asks a very pertinent question. It has been a concern for our association.

The discussion and dialogue around the clean electricity regulations are a bit in flux right now. We see that it is part and parcel of a conversation between, for example, the Government of Canada and the Government of Alberta.

Ever since the beginning of this process and once we saw the final regulations that came forward, we were very clear that we felt decisions around these matters should have been based upon the best estimates of the people who are actually running the electricity grids at the provincial level. What they were telling us was that the clean electricity regulations as written would have a significant impact on the reliability and cost of electricity for customers in a number of jurisdictions in this country.

That is certainly still the case, because the CERs are still on the books.

Gaétan Malette: What impact will they have on different provinces? Can you note the key ones?

Francis Bradley: I don't have all of the details, but quite simply, the more carbon intensive the electricity system is in a province, the greater the potential impact will be with these clean electricity regulations.

I'm from Quebec, where this is not an issue because we are lucky enough to have massive hydroelectric resources. The same is the case, for example, in British Columbia. If you happen to be in a jurisdiction that doesn't have a resource endowment, for example, in Alberta, Saskatchewan and Nova Scotia.... Even here in Ontario, the system operator has expressed concerns about the clean electricity regulations and the impact they might have here. That is with the not insignificant hydro resources in Ontario and a very robust non-emitting nuclear sector as well.

Gaétan Malette: That takes me to my next question.

You mentioned that energy demand will double by 2050. For the provinces where hydroelectricity has been maximized, who will become the leader in different types of electricity?

Francis Bradley: The view of our members has always been and continues to be that the future is going to be one where an all-of-the-above approach will be required.

Because there are different resource opportunities in different regions, each region is going to have to look at what its opportunities are for non-emitting or lower-emitting energy resources. A doubling of demand is going to mean that we'll have to essentially double down on nuclear. We'll have to double down on hydro, wind, solar, storage, energy efficiency and interconnections.

The other thing we need to recognize is that we have 31 transmission interconnections between Canada and the United States. Historically, the bulk of the trade in electricity has been north-south. Much less of it is east-west. We're not advocating for a line that goes from one coast to the other, but greater regional co-operation and collaboration is going to be part of this mix as well, to meet the challenges of the future. We think the federal government has a role to play in acting as a convenor and, in some instances, in helping to facilitate some of the build-out that's going to be required on a regional basis for more transmission.

• (1615)

The Chair: We're just about at the end of your time, Mr. Malette. You have 20 seconds.

Gaétan Malette: We are a net exporter. Will we keep that?

Francis Bradley: Yes, we likely will, but it's the nature of the kind of mix we have. We will be more of a net exporter in the years when we have a lot of water. In the years when there's drought, it will be challenging.

The Chair: Thank you both.

We'll go to Mr. Guay for five minutes.

Claude Guay (LaSalle—Émard—Verdun, Lib.): Mr. Bradley, it's good to see you.

In your recently published report "Forging Canada's Electricity Future", you mentioned that the Major Projects Office is "a significant step toward addressing" the challenges of uncertain approval processes. You've also mentioned that this must be taken even further, down to small-scale projects, through the elimination of provincial process duplication.

How do you feel we've done so far? What do we need to do to build even faster, better and easier?

Francis Bradley: I thank the member for a very interesting question.

I appeared before the committee that was studying Bill C-5 as it was going through the process. What I said then, and will essentially repeat now, is that I think Bill C-5 is a very strong signal that there is an interest to build things. Our concern continues to be that there are other challenges, which the bill certainly facilitates if you happen to be one of the projects of national interest, or as some people call them, the PONIs. If you're a PONI, there is a concierge approach to moving projects forward. We see it, though, as hopefully setting the stage for how we will more broadly address projects.

We recognize that while we have concerns with a number of regulatory and legislative challenges, they can't all be fixed at once. We do recognize that's the case.

We're hoping that the experience with the Major Projects Office and how it rolls out its programming can then apply to, for example, the medium and smaller projects. Our future isn't going to be just a handful of major projects; it's going to be hundreds or thousands of projects.

Hopefully, the work of the Major Projects Office is going to show us the way to get projects built more efficiently, but we still have to address some of the core fundamental issues with impact assessments, the Fisheries Act and so on.

Claude Guay: I want to pick up on the question that Mr. Malette asked you earlier to give you more time to talk about it.

Talk to me about the importance of the interties, because this study is about exporting and unleashing Canada's export of energy. There's deregulation from clean energy in the U.S., but some governors.... Today I saw Premier Houston with the Governor of Massachusetts. There's a big demand in some U.S. states for clean Canadian electricity, but there are also intertie requirements for us and helping the demand within Canada.

How do you see this playing out?

Francis Bradley: It is a very complex situation. Some people have suggested that what's referred to as the eastern electricity interconnection—basically all of eastern North America is interconnected and operates as a single machine—is the largest machine in the world. It is incredibly complex. Because of that, we will always be interconnected with the United States. The question, though, is whether we can improve, to begin with, some of our interconnections in Canada to the benefit of Canadians.

I also recognize, as I said in my comments, that when we think about electricity and electricity trade, it isn't just about kilowatt hours; it's products, aluminum, a wide variety of these things. We would like to see, certainly, the expansion of those.

When you look at the overall North American grid, yes, Americans, certainly over the longer term, will potentially be interested in clean kilowatt hours coming from Canada. In the case of, for example, the northeast and their desire to one day develop offshore wind, what they're going to want from Canada is not necessarily our kilowatt hours. They're going to want our capacity. They're going to want to be able to interconnect into our system so that, essentially, the hydro systems in Canada, the major hydro system in Quebec, can act as a buffer and battery for their system, because they will not be able to operate, for example, a stand-alone offshore wind system if it isn't interconnected with a more reliable system.

I think there will be North American benefits overall to this, but there will also be regional benefits that—

• (1620)

Claude Guay: There's the nuclear from Ontario.

Francis Bradley: The nuclear from Ontario—absolutely.

Another thing I would mention about—

The Chair: Thank you. That's your time, unfortunately. You can address that at another time.

Shannon Stubbs: That is so interesting. I also thought it was an interesting question and answer.

The Chair: Well, you will have an opportunity in just a few minutes, Ms. Stubbs, to have a follow-up.

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

[*Translation*]

Mario Simard: Thank you, Mr. Chair.

Indeed, it's quite informative.

Earlier this week, Mr. Mousseau was here. He clearly explained the dynamics of the electricity sector where peak hours must be managed. He also explained how a Hydro-Québec reservoir can be used as a huge battery to manage these flows. The interesting part is the technical advances that Mr. Mousseau described. The current progress made in wind and solar energy, with new storage methods such as iron-air batteries, gives us much greater predictability with regard to these technologies.

According to Mr. Mousseau, the major issue lies in the fact that Canada invests very little in these technologies and that it isn't at the forefront of storage strategies. Mr. Mousseau gave the example of heat pumps.

I would appreciate your comments on this topic. I think that this is a fairly significant factor. We need to invest in these technologies that will help us roll out a greater volume of clean electricity.

Francis Bradley: Yes. I completely agree with the professor.

[*English*]

That's where I was about to go on the other question: To what degree can we develop technologies here in Canada? To what degree can we build and have supply chains that we can count on in this country?

I would absolutely agree that we are not spending enough on research, but because of the basics of our electricity system, we have the opportunity to be, once again, the global leaders. A generation ago, we were absolutely the leaders in long-distance transmission and major hydroelectric developments. We built with ambition in the 1960s and 1970s.

The other thing we did, though—and that's where I was about to head before—is we built an incredible supply chain with respect to nuclear. Our CANDU technology is a Canadian technology that continues to deliver. The supply chain is within this country, so as we hopefully look to the next generation of ambition, as we build forward and as we try to figure out how we're going to take advantage of the new storage opportunities we have, we're building the technology in this country and have a supply chain in this country.

The Chair: Thank you.

[*Translation*]

Mario Simard: Quickly, without making you commit—

[*English*]

The Chair: Be very quick. You have 10 seconds.

[Translation]

Mario Simard: —I have a question that ties in with the spirit of our report. The government is proposing financial support for clean electricity, which is good. However, would you agree that this measure's shortcoming lies precisely in the development and the support for the development of these supply chains? Maybe that's the government's shortcoming.

I would like a brief answer.

[English]

The Chair: Please answer with a yes or no.

Francis Bradley: With respect to supply chains, absolutely. This is something we absolutely have to address, and it's in our report.

The Chair: You can pick that up with another questioner if you want to add to that answer.

Ms. Stubbs, it is back to you for five minutes, please.

Shannon Stubbs: Thank you, Chair.

You can also submit it in writing so the committee can use it.

I believe that all three of you—correct me if I am wrong—appeared in front of the transport committee for the debates on Bill C-5. I just want to let you all know that I tried to make an amendment to Bill C-5 to give teeth to the two-year concrete timeline that the Liberals keep talking about. That amendment was rejected, but you can count on me to continue to push for the concrete timeline that all proponents require.

Given that I think all three of you participated, and Ms. Baiton, I'm pretty sure you were there too, or maybe you weren't, but you'll correct me.... Either way, I know you'll have important things to say. I am deeply concerned because I also asked the government to define for all Canadians what they mean by “the national interest”. Just a couple of months ago, you may know that they refused to define “the national interest”.

To give everybody an update, so far the minister has announced 11 projects for referral to the Major Projects Office, but only the Crawford nickel-cobalt mine is actually in the process of undergoing federal regulatory review.

Given that we're talking about ensuring that Canada can compete, and we know we want private sector proponents to be building infrastructure and creating jobs, not neo-Marxist government politicians picking PONIs, I wonder if the three of you have comments to make about how Canada can possibly turn itself into an energy superpower and build at speeds never seen before, when there are more than 60 projects with real private sector proponents in every single sector of natural resources stuck right now in front of the Impact Assessment Agency, the Canada Energy Regulator and the Canadian Nuclear Safety Commission.

Bill C-5 does nothing about any of that, so I wonder if you have recommendations and calls to action to make to the government, which has all the power on what to do to ensure the private sector can build big infrastructure, provide jobs for Canadians and provide all the revenue that goes to all governments of all three levels to provide programs and services that every Canadian values.

I'll just leave that to the three of you.

Chair, maybe you can help here.

● (1625)

The Chair: That seems like it was a question for all of you, so why don't we go around the table. There are two minutes and 45 seconds to do that.

Ms. Baiton.

Lisa Baiton: We definitely support work to advance major projects with alacrity. We have tangible examples around the globe where other countries were able to build major projects with speed. Germany built three new LNG import facilities in a year, and the average time to build a project in Canada is somewhere between nine and 16 years.

If we want to be ready for the current new normal before us, we have to have a profound policy reset to ensure that not only more projects get built but more projects get built with speed.

For us on the producer side, again, we'll need pipelines to build pipelines, but we're concerned about what we'll need to do to scale up, fill and keep filled any new LNG export facility or any new oil or gas pipeline. For us, that is the policy reset, and right now, number 1(a) and number 1(b) are the industrial carbon pricing system and the new federal methane regs.

The Chair: Ms. Swift.

Catherine Swift: I agree with what Lisa said there, but also, we've had an awful lot of talk and very little action. Approvals are one thing, but until we see some very tangible signs....

There are a number of problems with Bill C-5, but one of the main ones is subjectivity. How can an investor say, “Well, if so-and-so likes this project one day, then that's going to be the determinant as to whether or not it actually gets done”?

I would say, unfortunately, Canada now has a long-term record, over the last decade, of not getting things done and being a country that can't get things done. The question arose earlier about how Canada can become an energy superpower. Other countries have done it. They've done it with private sector investment. There's nothing wrong with us that we can't do it, except for roadblocks that the government puts in the way.

It reinforces that action is needed. Why do we need a Major Projects Office? It's another level of bureaucracy to do stuff that we did just fine before without these new levels of bureaucracy. Why couldn't we do it that way? We seem to have done it for years, but not anymore.

The Chair: Thank you, Ms. Swift.

I want to give Mr. Bradley a chance, since the question was directed to all three of you.

Mr. Bradley.

Shannon Stubbs: Chair, I want to thank you for your generosity with the time.

The Chair: It's not a problem.

Francis Bradley: There are a couple of things.

Number one, on project reviews, there have been over the years commitments to have a "one project, one assessment" approach. A two-year timeline on the projects would be very much in order, as well as addressing some of the other regulatory and legislative issues, including, as we did talk about, the Fisheries Act. It continues to be one that we chip away at.

Once projects actually move through the process and get approved, are we going to have the supply chains to address this? One of the recommendations we put in our state of the industry report is looking at the development of a Canadian electricity supply chain road map and the degree to which that might assist: Even once we get to the projects, how do we roll them out and how do we see if we can actually build supply chains in this country?

• (1630)

The Chair: Thank you.

Mr. Clark, you're wrapping up this round. You have five minutes.

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

Thank you to all the witnesses for being here today.

Mr. Bradley, I want to ask you a few questions about the things you touched on.

I'm from Nova Scotia and I represent a Halifax-area riding. You correctly identified that Nova Scotia has a high-carbon generation system. Unfortunately, we're still burning a lot of coal, and it is very expensive to generate and consume electricity in Nova Scotia. We have the country's highest rates of energy poverty in our province and in our region generally as well.

You talked about the fact that electricity demand is going to double over the next 25 years or so, and I think the biggest question we have to address as a country when it comes to energy is, how do we meet that demand? I know you touched on that a bit in previous answers, but how do we meet that challenge? It is a profound challenge to double production, whether it's export or import, and hopefully we're generating it ourselves over a relatively short period of time. What's the best, most efficient way we can make that happen?

Francis Bradley: I thank the member for the question. It is certainly very relevant for the jurisdiction that you come from. As you noted, coal is still being used. For those who are not aware of the circumstances in your region, it's not by choice: It was the resource available at the time and the technology that was built.

What is that future going to look like in Atlantic Canada? It's going to require a move to new technologies. We're absolutely going to need more transmission to interconnect the area, but that will give us, hopefully, the opportunity to open up to new projects like

Wind West. I mentioned offshore wind off the shore of the United States, but that's not moving very quickly these days because of decisions that have been made there.

We have opportunities to build here and to build in this country, but it is going to require a number of things coming together. One of them is a greater collaboration within the Atlantic Canada region, and I know there are active discussions taking place there. To move that, it's going to require infrastructure to be built, and that infrastructure is going to allow new types of generation technology to come online.

Braedon Clark: I'm glad that you mentioned Wind West. It's a major project and concept that evidently I'm very much supportive of, and I know that our region is too, in general. As my colleague mentioned, the premier is actively working with governors in the northeastern U.S. on potential agreements when that comes online.

Could you give me your views, whether on that project in particular or the potential of offshore wind in general, on meeting the huge demand ask we talked about?

Francis Bradley: I think offshore wind is going to be one of the critical pieces for Atlantic Canada. We've seen a shift over the last decade, frankly, that's changing Nova Scotia's place in the North American electricity system. A decade ago, that was the end of the line—the lines would end in Nova Scotia. Now Nova Scotia is interconnected with Newfoundland. Sometime in the future, it is also going to be interconnected with offshore. That's going to move it—to take Nova Scotia as an example—from being at the very end of the line to being in the middle of the action. When we talk about what the prospects are for economic development in the region, this is, again, going to be critically important for that.

One other thing that was said earlier was that we'll have to build twice as much. I don't think we are. I think we'll also have new technology coming online, which is going to mean that we won't have to double what we build because we're going to use the system more efficiently.

Here's the example I like to use. The technology hasn't yet been implemented, but I drive an electric vehicle. Basically, I have an 82-kilowatt-hour battery that just happens to be bolted onto four wheels. It spends 95% of its time sitting in front of my house, plugged in, and we have hundreds of thousands of these on the road. Soon we're going to have millions of these on the road. We can tap into them. Again, it is about how we can more effectively and efficiently use the technology we have. There are Canadians who are working on developing those types of technologies.

• (1635)

The Chair: Thank you. Our time has come to an end, Mr. Clark.

Let me end by thanking our witnesses for joining us this afternoon. I hope you enjoyed the questions from our members. It was a very respectful dialogue, I thought, today, as it usually is. If you would like to offer or present a brief, we would welcome that, so you can delve into, in a little more detail, some of the things you talked about today.

Colleagues, we're going in camera, so we need a few minutes to set up. Then I think Mr. Malette will have a bit of a treat for us.

We're suspended.

[Proceedings continue in camera]

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>