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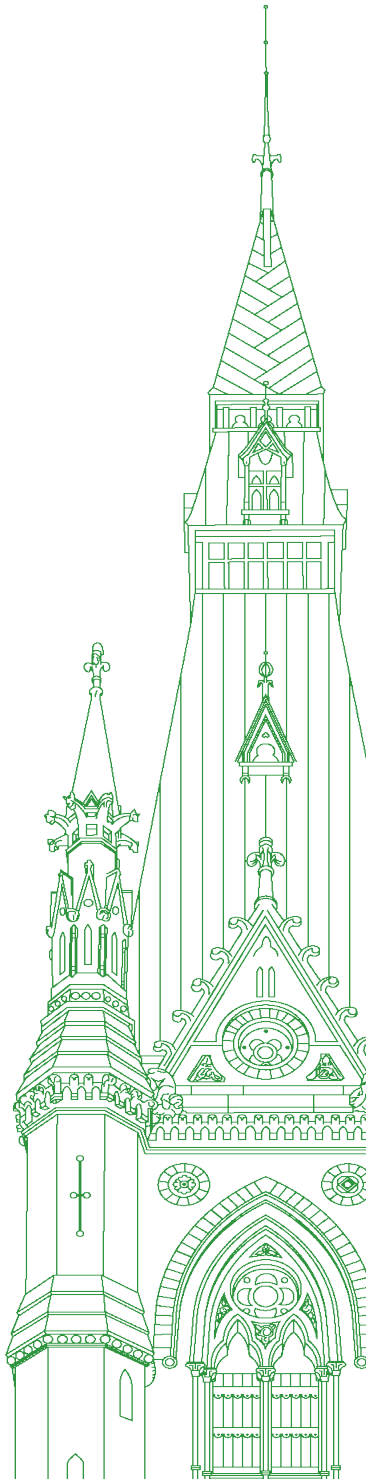

Chair: Terry Duguid

Standing Committee on Natural Resources

Tuesday, February 10, 2026

● (1100)

[*English*]

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

I will start by acknowledging that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting 23 of the House of Commons Standing Committee on Natural Resources. Today's meeting is taking place in a hybrid format.

I'd like to remind everyone of the following points.

Before speaking, please wait until I recognize you. For those participating by video conference, click on the microphone icon to activate your mic. Please mute yourself when you are not speaking. For those on Zoom—our witnesses in the first panel are all on Zoom today—at the bottom of your screen you can select the appropriate channel for interpretation: floor, English or French.

For members participating in person or via Zoom, please raise your hand if you wish to speak. The committee clerk and I will do our best to maintain a consolidated speaking order. 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 resume its study of the management of Canadian energy exports.

I would like to welcome our witnesses. From McMaster University, we have Professor David Novog, director of the McMaster Institute for Energy Studies. From Energy Storage Canada, we have Andrew Thiele, vice-president of policy and government relations, and Robert Tremblay, policy manager.

All witnesses have conducted the mandatory witness onboarding test. They all passed—one just barely, but we got them through.

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

Professor Novog, we'll begin with you. You have five minutes. Please proceed.

David Novog (Director, McMaster Institute for Energy Studies, McMaster University, As an Individual): Thank you, Mr. Chair and the committee, for the invitation to speak here today.

As an expert in nuclear energy, I have been involved in various aspects of the technology for 30 years. This includes experiences with Japan and France's nuclear fleets, with Ontario Hydro and its successor companies, and now in academia.

I had roles advising the Ontario government on nuclear emergency planning and preforming R and D for the Canadian Nuclear Safety Commission. I am currently a professor in the faculty of engineering at McMaster, and I work at the McMaster nuclear reactor, the MNR. The MNR is Canada's largest research reactor. It produces many critical nuclear isotopes, some used domestically and some exported. It is a singular, unique infrastructure supporting Canada's nuclear sector.

In the nuclear field, there are immense export possibilities for direct sales and technical services, some of which are already under way today. Our recent successes in refurbishment in Ontario and new builds at Darlington have put Canada centre stage in global nuclear discussions.

While our exports of Canadian CANDU technology were decades ago, Canada continues to see returns from those investments. Of particular note are the international refurbishment projects being led by Canadian companies like Candu Energy, where the entire Canadian-centred supply chain is performing critical work for overseas markets. The net services and component contracts to support CANDU exports over the years have been a huge success story that few people have recognized. The new SMR project at Darlington would be another defining moment for the Canadian nuclear story, as many countries globally are considering that design.

A key element of our success that's not often recognized has been the top-tier talent trained through Canada's colleges and universities. I've spent my career looking at things of deep complexity, from the innermost parts of the reactor to large-scale accidents like Fukushima. It has become clear to me that workforce availability, knowledge and expertise are the foundation of success.

I'd like to start with this question: What is the issue? In a recent workforce planning study performed at McMaster, we predicted that there will be significant workforce stresses in the coming decade for the nuclear energy and isotope sectors. The predictions show that direct and supply chain employment demands may triple over the coming decade.

This is founded on four key points. First, the Independent Electricity System Operator in Ontario calls for 17 new gigawatts of capacity domestically in Ontario alone. Given the capacity factor of renewables and difficulties with seasonal storage, it is likely that a bulk of this baseload supply will be met by nuclear. The 17 gigawatts would be approximately 60 BWRX units, like the 60 reactors currently under construction in Darlington. It's likely that some of these reactors will be of the large variety. In any event, Canada may have multiple nuclear units under construction simultaneously, while also looking at supporting the export market, which will put significant strains on the labour market.

The second point is that sector-to-sector worker transitions and immigration will be critical to meeting these workforce requirements. Provincial and federal government co-operation on skills development and retraining will be needed.

Third, as successful companies throughout the nuclear landscape—from mining at Cameco all the way to used nuclear fuel by the Nuclear Waste Management Organization—capitalize on global growth and domestic expansion, recruitment will need to ramp up significantly.

Last, and what is not often recognized, is that observing large-scale infrastructure projects like those in the U.K. shows that attrition rates can reach 20% in these large megaprojects.

To counter this, there have been excellent programs through tri-council research funding to support faculty and support universities, including over 100 highly qualified personnel passing through my lab alone. In addition, Natural Resources Canada, through initiatives like its enabling SMRs program, has increased the number of companies active in Canada and also supported R and D at universities.

As Canada embarks on its simultaneous megaprojects in the defence sector, oil and gas, energy, AI and minerals, a national workforce issue is emerging where sectors will compete over a limited talent pool.

How can we do more? Recent announcements by the federal government on the Canada Impact+ research chairs is a promising start. This will bring hundreds of world-leading talents to universities and will fund a large number of new students in these areas. Additional short-term actions—for example, enhancing support programs like the Canada research chair program or transitioning the enabling NRCan programs to large reactor builds—would certainly help.

● (1105)

Finally, working with provincial leaders to establish sustained, targeted and direct funding to grow training programs and facilities like McMaster's reactor is desperately needed. An urgent response is needed now to meet future demand.

I'd be happy to take questions related to the workforce study, nuclear expansion or the nuclear sector in general.

Thank you to the members of the committee for your time.

The Chair: Thank you, Professor Novog.

Mr. Thiele, you now have five minutes.

Andrew Thiele (Vice-President, Policy and Government Relations, Energy Storage Canada): Thank you, Chair and members of the committee, for the opportunity to appear today.

My name is Andrew Thiele, vice-president of policy and GR at Energy Storage Canada. I'm joined by my colleague Robert Tremblay, ESC policy manager.

Energy Storage Canada is the national association representing companies involved in the development, manufacturing, integration and operation of energy storage technologies across the country. Today I want to focus on three core messages for you. First, energy storage is now essential infrastructure for Canada's electricity future. Second, storage is an industrial and supply chain opportunity, not just a grid solution. Third, Canada can lead globally, but doing so requires pragmatic federal policy coupled with smart provincial planning.

Canada's electricity system is undergoing rapid transformation, with rising demand and increasing reliability pressures. Energy storage provides firm capacity, flexible dispatchability and critical reliability services.

Canada's storage market is also accelerating quickly. Ontario has more than 2,800 megawatts of storage under contract or construction, one of the largest procurement pipelines in North America, and other provinces are also moving forward. Quebec has identified over 1,200 megawatts of opportunity. Alberta has currently deployed over 200 megawatts of storage and is looking to procure up to 750 megawatts of new storage in the next two years.

Storage is becoming one of the most important clean industrial opportunities of this decade. Canada is increasingly shifting beyond vehicle assembly toward the core battery supply chain, including battery cells and modules, grid-scale storage systems, long-duration storage technologies and recycling and critical mineral recovery.

The initial EV investment established Ontario as an auto transition hub. The next phase is a deeper dive into the battery value supply chain, where economic value, security relevance and export potential are much higher. Grid-scale storage demand can become a stable domestic anchor for manufacturing capacity, even as EV markets face cyclical uncertainty.

As we look ahead, one of the fastest-growing demand drivers for storage is AI and advanced computing. These step-load increases can take tens or even hundreds of megawatts at single sites. Transmission expansion can take up to 10 years, while storage systems can be deployed and permitted within two to four years. Storage creates room for economic opportunity while deferring costly upgrades and supporting industrial and compute investment.

Storage also strengthens Canada's electricity trade potential. Interties are essential infrastructure, but they are only as valuable as the flexibility behind them. Storage allows provinces to absorb energy during low demand periods and discharge during peaks, making interties more firm, controllable and economically valuable. This supports Canada's ability to export clean electricity at the right time.

Canada already has a diverse group of storage technology leaders and OEMs, including Invinity in British Columbia, manufacturing vanadium flow batteries; Hydrostor in Ontario, leading globally in compressed air storage; e-Zinc, developing zinc-based long-duration storage solutions; and EVLO, a company backed by Hydro-Québec, strengthening domestic battery systems integration. This diversity matters. Canada is not just importing storage; we are building expertise.

At the same time, it is critical to acknowledge near-term supply chain realities. Battery supply chains remain globally concentrated, particularly for cells, subcomponents and processed critical minerals. Even leading North American OEMs still rely on international inputs in the near term. Canada cannot flip a switch overnight to full domestic sourcing without risking delays, cost increases and potential reliability impacts.

This brings us to energy security. ESC supports the principle of excluding high-risk foreign enterprises from participation in Canadian energy procurements, consistent with global best practices. However, these restrictions must be designed carefully. Abrupt or poorly designed measures could delay projects, raise costs or undermine local and indigenous participation.

ESC recommends a risk-based, non-retroactive transition framework, with a clear, targeted state-owned enterprise definition based on ownership and control thresholds; no retroactive application to existing contracted projects; and a phased implementation plan starting with cyber-sensitive components.

Cybersecurity risk management is not starting from scratch. Utilities and regulators already impose standards through interconnection requirements, procurement controls, remote access restrictions, firmware management, and testing and certification. The question is how to build on this foundation in a smart and targeted way.

The federal government has a central role in ensuring that Canada captures the full economic value of storage while protecting its energy security. ESC's recommendations are, therefore, the following: First, optimize investment tax credits; second, expand deployment programs; and third, pair restrictions with industrial policy. Restrictions alone do not build supply chains; industrial policy does. ESC recommends targeted federal storage supply chain fund incentives focused on domestic content bonuses, not on restrictions.

● (1110)

In closing, energy storage is essential to Canada's electricity future, and it's a major industrial opportunity, if done correctly. With clear investment signals, smart supply chain security measures and coordinated federal incentives, storage can strengthen reliability, lower costs, support reconciliation outcomes with indigenous populations and position Canada as a global leader and energy superpower.

Thank you. I look forward to your questions.

The Chair: Thank you to our presenters this morning. You were very clear and concise, which we appreciate.

We will now go to questions. We are going to start, as we usually do, with Mr. Tochor.

Go ahead, Mr. Tochor.

Corey Tochor (Saskatoon—University, CPC): Thank you, Mr. Chair.

Thank you to our witnesses.

We hear a lot about Mark Carney claiming that we're becoming an energy superpower as a nation. Can we become an energy superpower without energy storage, Mr. Thiele?

Andrew Thiele: Can we become an energy superpower without energy storage? I just want to make sure I heard the question correctly.

Corey Tochor: Yes. I know that it answers itself, but I'd like to hear it from you.

Andrew Thiele: Fundamentally, storage is a critical grid enabler. The practices we're seeing across the country and the different applications of storage based on pre-existing supply mixes within provinces.... Ontario, where I'm located, is very strong on nuclear. Storage plays a role in moving around a lot of baseload that tends not to be as practical to use overnight. When you have heavy renewable integration, as we see in the Atlantic provinces and even in B.C., storage plays a role in that.

My colleague Robert, who's actually in Alberta, can speak to the many uses of storage in creating opportunities for fast-frequency response and fundamentally helping to serve that grid. It is a different market from the rest of Canada in how its energy system is designed and the role it plays.

The simple answer is that, fundamentally, we cannot. It is part of Canada's energy superpower agenda—

● (1115)

Corey Tochor: That is the most frustrating thing. We have Mark Carney claiming that we're going to be an energy superpower and talking about all the different energy sources. We're very pro-renewables, but without effective storage, these words are hollow.

That's what I heard around 12 months ago when I met with Energy Storage Canada. I was very encouraged by some of the developments taking place from coast to coast, but even back then, you were concerned about the Liberals' words not meeting actions.

I understand there was an Energy Storage Canada conference back in September. Did any federal Liberals attend it? How did that conference go, by the way?

Andrew Thiele: It was a great conference. It was our biggest yet, which is great. That speaks to the growing interest in storage from people across the country and from international partners.

I don't have an itemized attendee list. I'd have to defer that question to Leone, my VP of corporate services, but there was participation by multiple levels of government.

Corey Tochor: What we heard is that no Liberals attended and that it was a bit of words not meeting actions. The importance of becoming an energy superpower without storage is a little ridiculous.

Going on to projects that have failed to get approval across Canada, can you highlight a project that maybe failed to receive approval?

Andrew Thiele: I may defer to my colleague Robert to see if he has additional information on that.

Corey Tochor: Sure.

Robert Tremblay (Policy Manager, Energy Storage Canada): Thank you, Andrew.

Off the top of my head, I'm not aware of many projects in Alberta that have failed to get approval. I do know that, in Ontario, there's a dynamic where projects must seek municipal resolutions of support, which can be tricky given the timelines and pressure to develop these projects quickly. Of course, it's always incumbent on developers to work with their communities for acceptance as well.

Corey Tochor: It's a layering on of regulations that has stopped some of these important energy storage projects.

Another area where we're lacking as an energy superpower is production. One of the main energy sources is lithium batteries. How much lithium in batteries in Canada is sourced domestically? What is our production and supply chain for the domestically produced stuff?

Robert Tremblay: I can jump in there.

It's a tricky question to answer. The supply chain for batteries is quite global. Major producers of lithium are Australia or various countries in South America. As well, there is some from the United States, but the processing for most of the lithium does happen—

Corey Tochor: Would China be on that list as well?

Robert Tremblay: My apologies.

Corey Tochor: Is China a larger player in that as well?

Robert Tremblay: China is not a very large producer of lithium, but it is a large reformer of lithium. It can then be integrated into cells, either domestically in China or around the world.

A lot of the gap is not necessarily in the extraction of lithium, but in the actual refining of it.

Corey Tochor: We mine it out of the ground, we send it to China to be processed and then we buy it back. Is that somewhat the supply chain for those batteries coming from China?

Robert Tremblay: That can be a dynamic. I'd say it's not unique to batteries, either. For rare earth magnets, there are a lot of examples in critical minerals where the refinement is in a concentration.

Corey Tochor: Do you think it would be important for a country like Canada, with the challenges we face internationally, to have production in Canada? If so, how do we encourage that?

Robert Tremblay: The most important thing for Canada to think about is where it wants to fit into a global supply chain. We have a lot of critical minerals, and I think that's an area we can lean into, including refinement, if it's the will of corporations here or the will of the government to support that development.

● (1120)

Corey Tochor: I'm just switching gears to Mr. Novog—

The Chair: You have 20 seconds.

Corey Tochor: On the research reactor at McMaster, how much funding do you get from the federal government for medical isotopes?

The Chair: Give a quick answer.

David Novog: Going back over the last 25 years, historically, McMaster's reactor has been self-supporting. We manufacture medical isotopes and do irradiation services, so the reactor itself has been largely self-sustaining.

There have been recent investments for us to do a one-time increase of our radioisotope production and increase hours of operation, but in terms of sustained funding, it is a struggle for the reactor on a yearly basis to make sure that it's at least a cost-neutral revenue centre within the university.

The Chair: Thank you both.

Mr. Guay, you have six minutes.

Claude Guay (LaSalle—Émard—Verdun, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for being with us.

Mr. Novog, I'm going to start with you.

A 2023 poll by Ipsos found that 62% of Canadians “agree that nuclear energy can help Canada meet its climate change goals”. You talked about the labour shortage going on right now, but more broadly, how can we take advantage of that and Canadians' willingness to give nuclear energy a fair shot again?

David Novog: In the nuclear industry, we always use the term “success breeds success”. Part of the reason for the public sentiment realigning with nuclear baseload energy generation is the success we've seen at Bruce and Darlington over the last decade from major, multi-billion dollar infrastructure projects. It's clear that the climate benefits are there and the reliability of the energy system is there, but I think the public lacked confidence in our ability to execute these kinds of large, multiscale projects.

I don't know if people saw the announcement, but last week, the last unit at Darlington was brought out of refurbishment on time and on schedule. The project, as a whole, was months ahead of schedule and $150 million below target.

Those kinds of successes make people believe that the promises made by the nuclear energy sector are achievable.

Claude Guay: Thank you.

Mr. Thiele, this one's for you.

We all live in an interesting geopolitical situation with our friends down south. We've been orienting our export of electricity north-south, and it made a lot of sense because we've been sending a lot of decarbonized electricity down south. However, we also have our own needs. The interties and the dynamic in the U.S....may or may not apply federally versus states.

How do you see this geopolitical environment having an impact, and how can storage play a role so that we can export the right electricity to our friends down south?

Andrew Thiele: I'll start by touching on the support of storage for interties.

You've correctly mentioned that previously we traded a lot of energy north and south. Fundamentally, moving forward, that will probably still be the case, but what has come into clearer focus are the opportunities to trade energy east and west.

Storage supports interties by making trade more reliable and more valuable. Interties are strongest when you can move power at the right time, not just when it is available. That's fundamentally one of the key principles of storage. The fact that it can be deployed in such a short and timely construction timeline allows you to deploy it where it is most beneficial to the system.

Think about interconnection points that oftentimes have a lot of energy congestion—too many electrons going on a node. Deploying storage strategically allows you to make better use of the existing infrastructure from an interties perspective, but also to leverage it as new transmission comes on board.

To comment quickly on the international uncertainty we face when it comes to trade and tariffs, fundamentally, the energy question—that we have to have energy security here in Canada—is of critical importance to us at Energy Storage Canada. How we see organizations in my home province of Ontario moving from EV manufacturing to grid battery cell manufacturing is an example of developing a robust domestic supply chain to ensure we have the opportunity for energy security in the future.

● (1125)

Claude Guay: I was also interested, Mr. Thiele, by your recommendation at the end. I'm going to ask you to elaborate a little more, but if we run out of time, I invite you to submit that to the committee so we can include it.

Talk to me a bit about your suggestion to optimize tax credits. If you want to elaborate, I had the sense that you were encouraging carrots instead of sticks on the restrictions versus encouraging with measures for the Canadian content of the supply chain.

Andrew Thiele: Yes, I'm happy to pick up on both of those comments and expand a little more. It's certainly something that ESC continues to feed into multiple federal processes, as well as through our own engagement in the pre-budget submission and others.

To quickly touch on the investment tax credit side, right now as they stand, some storage technologies—and specifically thermal energy storage, which has a considerable role in heat to power—are excluded from these tax credits. That means storage in and of itself and the many opportunities presented by the various types of storage technology, beyond just grid-scale benefits, are not eligible for the suite of tax credits that could fundamentally reshape how we make some of our energy decisions.

On the restrictions piece, in the federal budget in November, we saw a nod towards the opportunities for domestic content provisions in projects. ESC, obviously, as I stated in my remarks, is very supportive of pursuing a domestic supply chain, but we cannot risk current projects that are under way, that are securing resources and that have implementation timelines that could be impacted by decisions that change project dynamics over a short period of time.

The way that ESC has often approached this challenge—and it's certainly something that has come up across multiple provinces—is to ask, “How do we this in a phased way that allows for projects to continue while fundamentally supporting a future growth scenario for the resources?” There are certain components that could be secured domestically much easier or in a much shorter timeline. Those are the ones that we would encourage the government to focus on first, and then it can phase in further domestic content adoption over a longer period of time.

The Chair: Thanks to both of you.

That's your time, Mr. Guay.

We are now moving on to Monsieur Simard.

[*Translation*]

Mr. Simard, you have the floor for six minutes.

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

Mr. Thiele, I have a quick question for you.

In your opening remarks, you talked about the near-term reality and, among other things, the inputs needed for storage technologies. I can't help but see a connection with the critical minerals sector. As part of a committee study, we heard from a witness who told us about a rare earths project, among other things. He told us how difficult it was to refine rare earths, which include several elements that are essential to the battery industry.

Could you give us more details on this input issue so that we can see how to improve the Canadian value chain? Of course, the critical minerals sector can be improved, but there must be other sectors that can be improved too, if we really want to improve our value chain when it comes to storage. Can you tell us more about that?

[*English*]

Andrew Thiele: I will direct this question to my colleague Robert, who's a bit more familiar with that specific subject matter than I am.

Robert Tremblay: When we're thinking about lithium batteries, there are various minerals that can be in them, including lithium, nickel, manganese, cobalt and iron. Canada has a large land mass with lots of minerals. We already do inputs into battery supply chains, especially nickel and iron.

You're correct that rare earths can be tricky to extract and tricky to process, as I mentioned previously to a member of the committee. A lot of the processing and refinement for the minerals is concentrated. That is an aspect where if more of the value chain can be domesticated.... An area where we are already seeing a lot of domestication, both in Canada and globally, is in the assembly of battery energy storage systems.

Andrew mentioned EVLO, which is a company that does assembly in Quebec, and there are numerous companies in the United States and Europe that are also doing assembly of cells. We can think of that as very analogous to auto assembly and auto manufacturing.

● (1130)

[*Translation*]

Mario Simard: Thank you very much, Mr. Tremblay.

I'm sorry, but I'm going to have to talk about a motion quickly.

Witnesses, I'm sorry to cut you off. If you have the opportunity, I would still encourage you to submit additional information in writing, particularly about the supply chain issue.

Mr. Chair, I would like to quickly talk about a motion that was tabled last September. You probably saw the particular situation surrounding Domtar, which acquired Resolute Forest Products a few years ago through the multinational Asia Pulp and Paper.

In the past, this committee has moved motions to invite Jackson Wijaya. We were reassured that all facilities would be maintained in Canada. Now things are changing rapidly. We did a study on the forestry sector, where we know the situation is difficult. Still, the largest owner of Quebec's cutovers must, in some way, answer for his policies and explain himself before the committee.

For that reason, I'm going to move the following motion:

> That considering Jackson Wijaya's numerous refusals to testify before this committee in the past, and
>
> Considering the recent closures of the Domtar mill in Kénogami, and the threat of permanent closure hanging over the mill, given that the company had announced an investment plan in recent months;
>
> Pursuant to Standing Order 108(2), the committee summon Jackson Wijaya, owner of Asia Pulp and Paper and sole shareholder of Domtar, to testify on the impact of such a decision on the mill's employees and the company's intentions regarding its other facilities in Quebec and Canada; and
>
> That a report on this study be prepared and presented to the House and that, pursuant to Standing Order 109, the government table a complete response to the report.

Mr. Chair, there have been preliminary discussions, and I know that my colleague Mr. Hogan may have some amendments to propose. If they relate to what we discussed, I have no objection, but I just want to take a couple of seconds to provide some context.

Domtar has temporarily closed facilities in my region, Saguenay—Lac-Saint-Jean. We know that there will probably be a permanent closure, which is inconsistent with what we were told in the past.

At the time of the transaction, we had discussions with Minister François-Philippe Champagne, during which the government seemed to want guarantees. Mr. Wijaya's visit could be an opportunity to check to see whether those guarantees have been met. A whole part of this problem affects hydroelectric facilities in Quebec. It's up to the Government of Quebec to resolve this, but I just want to make it clear to my colleagues that the stakes are quite high.

Many employees are currently in a precarious situation because of this. The motion was moved in September. We have given the company ample time to share its intentions with us. Today, six months later, I feel that we haven't made any progress.

A number of political stakeholders, particularly from Saguenay—Lac-Saint-Jean, would really like to hear what Mr. Wijaya has to say.

I'm ready to listen to what my colleagues have to say about this.

[*English*]

The Chair: Colleagues, as you know, this motion was put on notice some time ago. It is in order.

I will go to Mr. Hogan.

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

Thank you to Mr. Simard for his motion. It's an important discussion for this committee, and it's timely because of the drafting of our report. It's a very serious issue. I'm always grateful for his advocacy for the forestry sector. It's a very important sector. We need to be here for affected communities and workers.

I would like to propose an amendment that would change two clauses.

First, I would like to change “summon” to “invite”. It's my understanding that you would invite before you summon, so that seems to be the more neighbourly way to begin this conversation with Domtar, if nothing else.

With regard to the final clause, because we have a forestry report under way, I propose that we replace the last paragraph with “That this testimony be included in the committee’s report on the forestry sector study.”

That's the amendment I move, Chair.

● (1135)

The Chair: You've heard the amendment.

Mr. Martel.

[*Translation*]

Richard Martel (Chicoutimi—Le Fjord, CPC): I'd like to know one thing. If Mr. Wijaya sends a staff member, if he doesn't show up himself, what happens?

[*English*]

The Chair: Monsieur Simard.

[*Translation*]

Mario Simard: We know very well that, according to our rules, it doesn't work that way. If we send someone an invitation to testify before the committee, they can't get out of it by sending someone else. It would be unacceptable for a minister who is invited to a committee to ultimately say that they're going to send a parliamentary secretary. No one here would accept that. With all due respect to Mr. Guay, who is an excellent parliamentary secretary, no one here would accept that. That goes without saying.

The reason Mr. Wijaya has been asked to testify before this committee in the past is that Mr. Wijaya owns a number of companies in the forestry sector. It's simply out of respect for Canadians and Quebeckers that he should be able to come and tell us what his intentions are regarding the forestry sector, to express them clearly and to not shy away from doing so.

I have a fairly simple memory: We invited Mr. Pécresse here during his first week as the CEO of Rio Tinto. He may not have liked it, but he came here to defend his decisions and explain his plan for the aluminum sector in Quebec. He didn't run away. He took responsibility for the public and appeared before the committee.

There's one amendment to the motion that I won't be accepting, and that's the one that would seek to replace Mr. Wijaya with someone else. That's for sure.

[*English*]

The Chair: Monsieur Martel.

[*Translation*]

Richard Martel: That's what I wanted to know. Mr. Simard spoke at length, but I just wanted to know if we agreed to let another person appear.

Thank you, Mr. Simard.

[*English*]

The Chair: Colleagues, you've heard the amendment and you've heard the motion, so we will vote on the amendment.

Mr. Clerk.

The Clerk of the Committee (Jean-Luc Plourde): Do I need to read the amendment of Mr. Hogan, or is everybody—

[*Translation*]

Mario Simard: Personally, I would prefer that we reread it for greater clarity.

The Clerk: Given that the request was made in French, I'll do it in French.

The amendment is to replace the word “summons”, in the main paragraph, with the word “invite”, and to remove the last paragraph, that is, “That a report on this study be prepared and presented to the House and that, pursuant to Standing Order 109, the government table a complete response to the report”, and replace it with “That this testimony be included in the committee’s report on the forestry sector study.”

Mario Simard: I would like to clarify something before we go to the vote.

We want to replace “summons” with “invite” because we haven't invited Mr. Wijaya. We'll give Mr. Wijaya a chance to accept our invitation. If he were to refuse, the committee could then summon him.

I just wanted to make that clear to everyone.

(Amendment agreed to: yeas 9; nays 0)

[*English*]

The Chair: Now we'll go to the amended motion.

Mr. Danko.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): I have a quick question on the jurisdiction of this committee to summon or invite witnesses.

I'm not sure where this individual lives. I think he's overseas. Just so I'm clear on what I'm voting on, while it's the jurisdiction of this committee to invite and summon witnesses, can it be anyone in the world? How does that work?

The Chair: That sounds like a question for the clerk.

Go ahead, Mr. Clerk.

The Clerk: The witness needs to be on Canadian soil to be summoned, but he can be invited from anywhere around the world.

● (1140)

John-Paul Danko: As a follow-up to that, what are the repercussions if they choose not to attend?

The Chair: That's a rule issue.

We'll have Mr. Clerk, and then we'll go to Monsieur Simard.

Go ahead.

The Clerk: If the witness is summoned, refuses to attend and is on Canadian soil, then the committee can raise a question of privilege and table a report to the House. Then the House can be seized with the question.

The Chair: Monsieur Simard.

[*Translation*]

Mario Simard: I just want to let Mr. Danko know that we did that in 2024. We didn't go the whole way because Domtar gave us explanations that we were satisfied with at the time. However, Mr. Wijaya declined our invitation. If he had set foot on Canadian soil, we could have compelled him to testify before the committee.

It's not unusual to invite people who live outside of Canada. The Standing Committee on Foreign Affairs and International Development does that all the time.

[*English*]

The Chair: I welcome Monsieur Brunelle-Duceppe as an observer today.

Mr. Clerk, I think we're ready for the vote on the amended motion.

The Clerk: Does the committee want me to read the motion as amended?

Some hon. members: No.

(Motion as amended agreed to: yeas 9; nays 0 [*See Minutes of Proceedings*])

The Chair: Thank you, colleagues. We will now go back to our delegation.

Monsieur Simard, you have three minutes and 20 seconds left in your time.

Colleagues, we may have to condense the time a bit at the end, because we've taken up some time.

[*Translation*]

Mr. Simard, you have the floor.

Mario Simard: I'm sorry for the delay. It's not out of disrespect for the witnesses; their expertise is very important to us.

Mr. Thiele, you spoke with my colleague Mr. Guay about the tax benefits provided for clean electricity. My understanding was that storage technologies were ineligible for the tax credit. Is that what you said to Mr. Guay?

[*English*]

Andrew Thiele: Some storage technologies are included. Specifically, thermal energy storage, which is the same principle but just a different application, primarily for industrial heat and power, is not included in the current suite of tax credits. I could get into all of the digging we've done for how we got there, but it seems that at the time when the tax credits were initially designed, the technology was maybe not at the readiness level to be included and therefore was excluded.

Although we've worked through the process to get these passed and implemented into legislation, it hasn't yet gotten to the point where they're now included. We've been advocating and doing our due diligence with ministries for the past number of years to hopefully push that change forward.

My colleague Robert can speak to specifically how the technology is utilized. It has a strong business case in Alberta, so I'll turn it over to him.

Robert Tremblay: Thank you, Andrew.

Thermal energy storage is very similar to batteries or the kind of electrical energy storage you would think of, except that it takes in electricity and then outputs the energy back onto the grid as useful heat instead of electricity.

The gap we're seeing in the clean economy ITC is that, in the explanatory notes to the Income Tax Act, the definition of energy storage specifically categorizes energy storage as electricity in, electricity out. This is in contrast to other technologies, such as biomass, nuclear, concentrated solar thermal, and carbon capture and storage, which all allow for electricity or heat out.

The change we're seeking is for energy storage to be given the same treatment, allowing it to be electricity or heat out. Thermal energy storage is predominantly used to provide electricity based as heat in industrial systems or district heating systems.

[*Translation*]

Mario Simard: If you're able to send the committee additional information, that could be very interesting to us when we draft our report on the subject.

In closing, if you have any information on the elements needed for developing the critical minerals sector and for storage—we're dependent on China, among others, in that regard—I would like you to send us the information in document form, since I believe that would be relevant and interesting for us. The information would perhaps be used to develop a specific component on the value chain and, above all, on the short-term reality of the world of storage, which you talked about.

Thank you.

● (1145)

[*English*]

The Chair: Give a very quick answer, please, because we're over time.

Robert Tremblay: Absolutely.

Voices: Oh, oh!

The Chair: Colleagues, we're going to our second round now.

We are going to begin with Monsieur Malette for five minutes.

[*Translation*]

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

[*English*]

I have a question for Mr. Thiele.

As you know, northern Ontario's mining sector is expanding, which is increasing the demand for electrification. How can energy storage support large industrial loads while maintaining stable costs?

Andrew Thiele: Robert, do you want to jump in?

Robert Tremblay: Absolutely. Thanks, Andrew.

One of the main drivers of costs on the electrical system is peak demand, so you'll need more wires to serve more peak demand, and as we're electrifying, that's placing more demand on the grid. Presumably, the mines and the mining sector, all else being equal, would like to be on during peak periods as well.

Energy storage, whether it's electrical or thermal behind the meter, which is already quite common in Ontario through the industrial conservation initiative program, helps with this by allowing those facilities during peak times to be powered by their energy storage instead of the grid, which reduces peak demand and reduces costs for ratepayers by reducing the need for more wires.

Gaétan Malette: Can you talk a bit more about that? Do current regulations and utility rate structures reward mines for deploying storage, or do they create barriers?

Robert Tremblay: It varies by province.

Ontario has a fairly mature program—called the ICI, or the industrial conservation initiative—that rewards demand responsiveness during peak times.

In my home province of Alberta, we're currently reforming our electricity rate structure, and that's certainly something we're advocating for in the form of demand charges.

It really does vary province by province. In many Crown provinces, the electricity rates traditionally have been a lot simpler, for the sake of their electricity systems being simpler, in the form of regulation.

There's definitely work to do, but there is a good example here in Ontario.

Gaétan Malette: Which province would be the leader and which province would be the laggard?

Robert Tremblay: It's a good question.

As I've said, I think Ontario is a leader here through the industrial conservation initiative. In Alberta—I don't want to throw the word “laggard” around without reason—there is work being done to reform our rates and make more efficient use of the transmission system.

Energy storage is still a relatively new technology, and although it's being deployed at very heavy scales globally, we're still catching up with some regulations and rate structures. That's a lot of our work here at Energy Storage Canada.

Gaétan Malette: Mr. Thiele, during your presentation, you mentioned tax credits, and then you mentioned, as your second point, deployment programs. Could you expand on that and give examples that would help some of those areas that need more help?

Andrew Thiele: Yes, absolutely.

The one program that has been particularly relevant to our members in the deployment of projects and assisting in trying to move things along has been the SREPs program, as well as programs through the Canada Infrastructure Bank. Those fundamentally have served as an incredible means to get storage projects deployed.

I'll highlight specifically the Canada Infrastructure Bank and its project involvement in one of the largest battery deployments that has happened here in the last number of years, which is the Oneida energy storage project. It was connected to the grid last June or July and has been serving Ontario's grid, and it did so quite importantly during some of the peak demand cycles we saw in the summer.

Without those programs through the CIB and funding opportunities through SREPs, those types of projects would never have been developed. They are the types of examples at the federal level that are really contributing to provincial dynamics and energy system planning.

● (1150)

Gaétan Malette: Thank you.

If we were to scale up our energy storage capabilities, what parts of the value chain could realistically be in northern Ontario and northeastern Ontario?

The Chair: Give a quick answer, please.

Andrew Thiele: Right now, in real time, we are seeing a pivot from EV auto transition manufacturing to grid-scale battery development. NextStar, an LG project here in Ontario with Stellantis, was an example of that. Many of our member companies, like EVLO, which Robert mentioned, are leaders in battery management systems manufacturing.

There are some elements where we are already leading, and we should capitalize on those examples while seeking further opportunities for the rest of the supply chain.

The Chair: Thank you.

Mr. Danko, you have five minutes.

John-Paul Danko: Thank you, Chair.

It's always good to see a representative from McMaster University at committee. As a proud McMaster engineering graduate myself, I've known Dr. Stephenson for about 30 years now, which is kind of crazy.

Dr. Novog, my first set of questions is for you.

In your opening statement, you talked about international refurbishment of CANDU reactors as an export opportunity for Canadian talent. You talked about small modular reactor design and export opportunities for Canada. When I think about Hamilton, I think about the opportunities for SMRs locally, the industrial centre in Hamilton, electric arc furnace production, data centres and district energy. People don't really know that Hamilton has a very robust district energy system.

How do you see the future of nuclear, both domestically in Canada and abroad, globally? What are the trends we're seeing?

David Novog: Thank you for the question. I'm always happy to support parliamentary committees as I can.

Globally, this is an immense build-out time for nuclear, where there's a confluence of energy needs, energy expansion, EVs, data centres and heavy industry decarbonization. These things are all coming together in multiple jurisdictions when you look across the world. Even at the COP summit several years ago, there was a pledge to triple nuclear capacity globally, which would move us from around 400 reactors globally to over 1,000.

Globally, there will be a large amount of construction, predominantly in the existing nuclear countries like France, the U.K., Canada, the United States and those in Asia.

I'm really excited about what the future holds in Canada. I've been a professor in the nuclear industry for a long time, and I've been in several valleys and hills, but now I see an alignment, with the federal government, provincial governments and municipal governments being really on board with nuclear.

While I haven't seen any discussions centred on Hamilton, it has a large industrial base and the requirements for large heat sources in the hundreds of megawatts for steel production and arc furnaces. I can look to examples. In Texas, there's a Dow project to couple a nuclear reactor with a Dow chemical plant. This would be the first time we see the intimate marriage of combined heat and power in an industrial facility. That would be a tremendous example to build upon when we look at what's possible in regions like Hamilton and elsewhere in terms of getting both reliable electricity and the heat required for some of those processes. That's really where nuclear's future lies—the combined heat and power application to support both the grid and industry.

John-Paul Danko: You said something really interesting about the confluence globally of having more focus on electricity for an electric future, and about federal, provincial and municipal governments becoming more in alignment and seeing nuclear as a priority. As part of that transition, there are a couple of federal initiatives. We talked about the clean energy tax credits, but another one is industrial carbon pricing.

I want to open this up to either of you to respond to. Where do you see industrial carbon pricing fitting in to encourage the transition to a low-carbon, net-zero carbon future?

● (1155)

David Novog: Maybe I'll take that first.

I think it was said earlier that in our experience globally when we look at deep decarbonization targets through taxes alone in places like France, where there's large public discord as a result of increasing energy prices, the carrot will be the route to success and less the stick. Looking at incentivizing decarbonization, as opposed to taxation, will help the public to keep its eyes on the prize rather than getting discouraged by another form of inflation in terms of energy pricing.

When I look globally at examples like that, it seems to be the best chance of success, both for growing the economy and for achieving carbon reductions in industry and in the grid.

The Chair: That's all the time we have for you, Mr. Danko.

Mr. Thiele, you can work something into one of your future answers, if you wish.

Colleagues, we have three more slots to go: Monsieur Simard, Mr. Malette and Mr. Hogan.

I'll have to reduce Mr. Malette and Mr. Hogan to three minutes each, because we don't want to keep our other witnesses waiting.

We'll start with Monsieur Simard for two and a half minutes.

[*Translation*]

Mr. Simard, you have the floor.

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

I won't get into the rhetoric of whether Canada can be an energy superpower. Some witnesses answered that last week. However, what I'd like to know, particularly from you, Mr. Thiele, is where Canada stands in terms of energy storage. Personally, I see it as an advantage that a major player like Hydro-Québec has developed expertise in hydroelectricity and is still developing technologies around that today.

I don't know if you have any models, but I'd like to know how Canada compares to its American neighbours in terms of supply chain opportunities.

I talked to you about critical minerals earlier. I'll let you answer, and I'm not going to ask you to do our work for us, but if you could provide the committee with a kind of table that explains Canada's current position in terms of its opportunities, advantages and, perhaps, disadvantages related to the value chain, that might give us some food for thought when we draft the report. I'll let you answer in the short time that's left.

[*English*]

Andrew Thiele: I'm happy to follow up with some of that information.

As we've dug into provincial-level policy, across Canada some governments have already been tackling the issue of supply chain management and what opportunities exist. I have some detailed infographics, which, as you guys prepare your report, we can certainly provide.

I want to also take this opportunity, if I may, to hand this over to my colleague Robert for his comment on the OBPS question that was raised previously.

Robert Tremblay: Industrial carbon pricing, from our perspective, is a really important aspect in correctly incentivizing energy storage deployment. Especially in market-based electricity systems like Ontario's and Alberta's, the OBPS correctly prices different kinds of generations—natural gas, energy storage or nuclear—and properly values the cleanliness that some of those technologies bring.

When you compare that to jurisdictions that don't have carbon pricing, like, for example, the U.S., what we see is that there will be deeper tax credits and more subsidies used instead—almost a reverse carbon price—that will require more spending on the part of the government.

The Chair: Thank you.

● (1200)

[*Translation*]

Mr. Malette, you have the floor for three minutes.

[*English*]

Gaétan Malette: Thank you.

I have a question for Mr. Novog.

With renewables and nuclear set to supply 50% of the world's electricity demands by 2030, how can Canada leverage its nuclear energy capabilities to attract global markets?

David Novog: I look at the energy picture as a whole—energy demand across multiple sectors in terms of thermal energy and electricity energy—and one thing I tell my students and people when I talk to them is that no single technology will be able to meet the coming demands in a clean and reliable manner. It's going to take a mixture of large baseload generation, like hydro in Quebec and nuclear in Ontario, combined with battery storage and renewables. As renewables grow and battery storage grows to complement that, and as baseload continues to rise, I see opportunities across all of the energy sectors.

My expertise lies in nuclear. I'd say regarding export opportunities in nuclear that there's not only the big flashy sale of selling a reactor. We also have hundreds of companies in Canada in the nuclear supply chain that are globally integrated into builds and refurbishments around the world. The support for those companies is going to be key for ensuring their success as nuclear doubles or triples over the coming decades.

Gaétan Malette: Along that same line, do you think we should focus on our mining and exporting of uranium, or building and renovating existing nuclear reactors, which you started talking about?

David Novog: I think chemical and uranium mining across Canada has been a huge success story. We supply some of the best-grade uranium in the world to multiple countries. That export opportunity will continue to grow.

In terms of nuclear reactors, we've done an excellent job in Ontario at refurbishing and making the best use of the construction we already have. Over the next decade, growth will certainly.... The market operator in Ontario has said that we will be short 17 gigawatts of electricity, so hundreds of thousands of homes' worth of new electricity capacity will need to be built in Ontario. That will certainly require the construction of new reactors, not just in Ontario but also in other provinces as their growth catches up.

Gaétan Malette: Thank you.

The Chair: You have 20 seconds.

Gaétan Malette: I'm good, Mr. Chair.

The Chair: Wrapping up, we have Mr. Hogan for three minutes.

Corey Hogan: Thank you, Chair.

Thank you to all of our witnesses. I've always learned something when I have talked to you in the past.

Mr. Novog, we haven't met, but I want to dig into some of the things you've said, particularly around workforce challenges.

I think people don't always appreciate how many people can be employed by projects in the nuclear space. As you noted, we have multiple projects being considered domestically, and we want to support and grow our ability to export that expertise and the products—the sales and technical services, as you put it in your opening remarks. We need 17 gigawatts, or hundreds of thousands of homes' worth of new electricity. That's also tens of thousands of employees and workers who will need to be trained up.

Can you give the committee a sense of the mix and the scale? What per cent will have to have university degrees versus trade school training versus training on site plus some other combination of skills? What are your thoughts on where we should be putting our focus as a federal government?

David Novog: The details would be in our workforce study, done here at McMaster, and in a comparable study done by the Canadian Nuclear Association. In general, today's nuclear sector employs about 50,000 to 80,000 people, depending on which parts of the supply chain you credit. Doubling nuclear capacity will almost double those numbers. We're looking at growth of about 50,000 to 100,000 new workers across Canada.

Many are in the skilled trades. If you wanted a rough number, approximately 70% are in trades and skilled trades. That area gets a lot of attention because it amounts to a very large number of new people, and you can couple that with growth in mining, oil and gas and so on. Also, it's really the same skill sets. The pipefitters and welders.... These kinds of hard-core skilled trades are really going to be an area where Canada needs to pay attention.

However, 30% will be the engineers, scientists and subject matter experts who require a university degree or even advanced degrees, Ph.D. degrees. In these areas, the training time frame is much longer. It takes longer to generate a Ph.D. or a subject matter expert. It's important to start that skill-up today to be ready for five or 10 years from now, because generating new experts takes a long time.

● (1205)

Corey Hogan: The chair tells me I'm on my last 30 seconds.

In terms of interoperability on the advanced degree side, is this a thing where we can take somebody who is a mechanical engineer, for example, with a focus on oil and gas and re-skill and retrain them for nuclear? What does that look like?

David Novog: It's a great question.

For a long time, the nuclear sector thought that would be a pathway for gaining new employees and experienced people—the sector-to-sector transitions you mentioned—but what we've seen over the last several years is potential growth in the oil and gas sector, export markets and so on. Holistically, when you look at spending and growth in defence, oil and gas and nuclear, you're looking for the same people in multiple sectors. An integrated federal perspective on that would really help ensure that universities are set to meet the demand.

The Chair: Thank you, Mr. Hogan.

I'll give a big thank you to our witnesses today. I think you saw that my colleagues were indeed very engaged in the very stimulating dialogue.

As was suggested earlier, we invite you to submit briefs if there were some points you think weren't covered or if you want to re-emphasize some of the points you made. We would welcome that.

Thank you, colleagues. We're going to suspend for about five minutes while we get ready for our second panel.

● (1205)

_____(Pause)_____

● (1210)

The Chair: Welcome back. We'll resume the meeting as we start our second panel.

I would like to welcome our witnesses. We have Adam Legge, president of the Business Council of Alberta, and Eric Nuttall, partner and senior portfolio manager at Ninepoint Partners.

I have just a few comments for the benefit of our new witnesses. Please wait until I recognize you by name before speaking. I would remind you that all comments should be addressed through the chair.

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

Mr. Legge, we're going to start with you. You have the floor.

Adam Legge (President, Business Council of Alberta): Thank you, Mr. Chair, for the opportunity to speak with the committee today.

I'll focus on the largest barrier to Canada supplying the world with energy: the Impact Assessment Act, a.k.a Bill C-69, and major permitting systems that stand in the way of billions of dollars of investment and, ultimately, improved prosperity for Canadians. Simply put, the process, timeline and political uncertainties inherent in this act and federal permitting systems are such that few companies will risk the time and cost to apply for approval.

There are six key barriers embedded within the act and systems.

One, late-stage politicized decision-making creates unpredictability for a years-long, high-cost process.

Two, there are duplicative reviews and regulators because of departmental and jurisdictional overlap.

Three, excessive timelines are unpredictable and prone to delays that impact construction timelines.

Four, regulators' low risk tolerance causes reviews to stray from focusing on mitigating only the largest, unique and material impacts.

Five, uncoordinated post-impact assessment permitting by multiple regulators can delay construction.

Six, there is a lack of consultation clarity. Unpredictable indigenous consultations weaken reconciliation efforts, indigenous participation and investor confidence.

I applaud the current efforts of the Impact Assessment Agency of Canada to improve upon the existing regime. The Bill C-5 approach, however, creates a dual-track system of project winners and losers, without fixing Canada's broader approval challenges. What's needed is a comprehensive legislative overhaul of the act to enable all major projects in Canada to get reviewed and approved quickly and efficiently, with predictability and without political interference.

What does an ideal system look like? Well, in the next two months, the Business Council of Alberta will release a major report on project approval reform, and we'll provide that report to this committee.

The following six key changes will create an optimal impact assessment and major project process.

One, ensure that projects are reviewed by the right level of government and regulator by requiring that projects built in a province be reviewed by that province as of right, moving approvals for all federal pipeline projects to the Canada Energy Regulator under the CER Act and ensuring that we have “one project, one review, one decision”.

Two, remove late-stage political decisions by adopting a two-stage project authorization process wherein stage one is an early political decision on whether a project is in the national public interest and stage two is an independent, apolitical determination of how a project can proceed by the regulator.

Three, reduce timelines and stop their extension by creating an absolute maximum timeline of two years under the IAA, with efforts to shorten that to be competitive with the United States; shortening the CER timelines to a maximum of 250 days, with even shorter timelines for lower-risk projects; and eliminating opportunities for political interference to extend timelines.

Four, rightsize the scope of reviews by reintroducing the concept of standing, focusing only on the unique risks associated with a project.

Five, streamline permitting and conditions by making the designated regulator responsible for coordinating all federal permit reviews and decision-making, and by aligning permit decisions with the final decision of the impact assessment.

Six, clarify indigenous consultation by ensuring that Crown consultation properly considers and utilizes businesses' engagement as fulfilling aspects of the Crown's duty; ensuring that consultation aligns with the maximum review timeline; and building capacity for indigenous communities to participate in and benefit from projects and, if desired, to own an equity stake.

We also ask the government not to forget about cultural change. The system was designed to ensure that bad things don't happen when major projects are built. Thousands of public servants were hired to carry out that mandate, but they viewed and continue to view their role as one limited to their own zone of expertise or responsibility. This has created challenges that have kept us, and risk keeping us still, from achieving the goals of prosperity and more meaningful economic reconciliation.

We need the process and public servants to view project approvals through an economic and prosperity lens. Canada and the public service require a culture that ensures that we build big and ambitious things, and that we build them quickly and safely for the sake of Canadians' well-being and prosperity.

These changes, both real and cultural, will enable project proponents and investors to have confidence in Canada as a place to invest, while still protecting environmental, social, economic and indigenous rights and domains. If we wish to enable Canada to grow its economy, diversify its global trading network and make Canadians better off, these actions and changes must be made urgently.

Thank you.

● (1215)

The Chair: Thank you, Mr. Legge.

We'll—

[*Translation*]

Mario Simard: Excuse me, Mr. Chair. I didn't speak up earlier, but I think my friends in the interpretation service were finding the pace a little fast. We want to keep them healthy, and I think they need to catch their breath. We should be careful about how fast we speak.

The Chair: Thank you, Mr. Simard.

[*English*]

I'm sorry. I should have noted that.

Mr. Legge, you finished in plenty of time. In the Q and A, we can have a more measured pace.

We'll go to you, Mr. Nuttall, for five minutes.

Eric Nuttall (Partner and Senior Portfolio Manager, Ninepoint Partners): Thank you very much for the invitation to give testimony on the critical need for Canada to increase its energy exports, an absolute imperative for both our energy sector and Canada at large.

I'm going to apologize in advance if some of my remarks seem overly blunt. I am no politician, but it's time for someone to finally speak the unvarnished truth on this topic.

I come before you with an urgent call to action. We live in a world where the demand for oil continues to set record highs. Late last year, the International Energy Agency stated that under its base scenario, the demand for oil will grow until at least 2050.

Despite decades of future demand growth, the world is hurtling towards a supply crisis. In 2012, oil production from U.S. shale began its ascent. Since then, U.S. shale has accounted for 117% of total non-OPEC production due to production falling in other countries, making it by far the single-largest source of incremental barrels of the past decade plus. Importantly, it's estimated that due to geologic maturity and investor demands, U.S. shale production has now peaked.

What does this mean? The rise of U.S. shale was extremely destructive to the oil market, resulting in several price crashes, an exodus of investor interest and ultimately a meaningful drop in spending on exploration and long-lead development projects. As a result, not only is the United States' oil production forecast to peak this year, but so too is total non-OPEC production, with 75 of the 79 non-OPEC countries now in permanent decline.

Why does this matter? It's because non-OPEC production accounts for a staggering 68% of the global oil supply. Normally, this would not have been the profound challenge it is, as OPEC has historically had meaningful excess spare capacity, offering a form of insurance against declines elsewhere. This is no longer the case.

Since April of last year, OPEC has unwound most of its curtailed production that was shut in during the demand shock of COVID. Similar to non-OPEC countries, it has not been investing in meaningful incremental capacity. We estimate that OPEC only has 1.5 million barrels per day of excess spare capacity, which amounts to a meagre 18 months of demand growth.

The world has never before faced the energy challenge it faces now. Given an incremental 19 million barrels of demand growth by 2050, accelerating decline rates from existing fields, peaking U.S. shale, peaking non-OPEC production and imminent exhaustion of OPEC spare capacity, I pose this simple question: Where will the necessary future production come from?

This is where Canada comes in. Canada is gifted with the fourth-largest oil reserves in the world, and it produces 5.5 million barrels per day to the highest environmental standards anywhere on the planet. We have nothing, and I repeat nothing, to apologize for. This production benefits all Canadians, from coast to coast, through royalties and taxes. Canadian Natural Resources, Suncor and Cenovus—Canada's three largest oil companies—collectively paid $16.9 billion in royalties and taxes in 2025. This compares to $16.2 billion in taxes paid in 2025 by Canada's six largest banks.

Despite this windfall, we have for the past 10-plus years purposefully and intentionally practised economic self-flagellation, inhibiting our oil and gas sector with penalizing legislation and excess costs, all rooted in energy ignorance and a misguided notion that Canada can play a pivotal role in lowering global emissions. No other country in the world would do this to itself, and all we have accomplished is to willingly cede market share to other countries—many of which have far lower environmental standards—at a profound economic cost to us. This insanity must end.

What should we do? Canada today has modest excess pipeline capacity and, through several expansion projects, will increase pipeline capacity by up to 770,000 barrels per day by 2030. This is not enough. It is crucial to maintain excess pipeline capacity, as the price of all 5.5 million barrels per day of production is set off the one marginal barrel: one barrel of production more than pipeline capacity and the price of all 5.5 million barrels per day falls.

We are now up against the clock, as it is estimated that it will take at least eight years to build a new major pipeline, taking us beyond the 2030 time frame and risking a repeat of widening price differentials that would significantly impact revenue, royalties and taxes. We estimate that a single pipeline of one million barrels per day would generate an additional $5 billion in new royalties every year. This would be enough to hire 13,000 new doctors and provide health care to almost 17 million Canadians.

Eight-hour wait times with our children in an emergency room is a choice. Failing and inadequate infrastructure is a choice. Neighbourhoods—such as mine in Toronto—getting burglarized on a weekly basis due to insufficient police budgets is a choice. We do not have to live like this.

● (1220)

We have an enormous opportunity in front of us. To seize it, all we need to do is recognize one inalienable truth: The world needs more Canadian energy. With the looming supply crisis in the years ahead, we are one of only four countries that can rise to meet the call in a world where, despite what we are told, not a single purchaser of oil cares about a barrel's carbon footprint, but rather its affordability, availability and reliability.

More Canadian oil production means a higher quality of living for all of us. To not recognize this generational opportunity and to continue to impair our industry by not making new pipelines an urgent national priority backed with action versus more talk would be the equivalent of economic treason.

Thank you.

● (1225)

The Chair: Thank you, Mr. Nuttall. I gave you a little extra time.

We are now going to questions. We are going to start with Mr. Tochor for six minutes.

Corey Tochor: Thank you, Chair, and thank you to our witnesses.

Mr. Nuttall, at the last meeting of this committee, Lisa Baiton from CAPP highlighted that the changes to the methane regulations in the MOU with Alberta will cost the industry over $14 billion. This is the same government that lost $670 billion in major natural resource projects, including the west-to-east pipeline and the pipeline to the northern Pacific.

Do you have faith that this grand bargain gives certainty to investors, when over the last decade this government has continued to keep projects in the ground?

Eric Nuttall: I've renamed the grand bargain the “grand ransom”. It appears obvious, I think, that the current government is tying a new pipeline to initiatives such as Pathways, which is, by most recent cost estimates, roughly a $24-billion project.

You point out that additional costs for this industry are a negative for several reasons, the largest of which is that capital is very mobile. I run the largest energy fund in Canada, so we have a choice every single day: Where do we invest our clients' dollars? Is it in the United States or Canada?

It should seem obvious that there are two jurisdictions taking two very different approaches. I worry that adding incremental costs onto this sector, especially at a time of volatile oil prices, will disincentivize the flow of funds back to Canada and harm our sector's ability to grow production at a time when there's a global call for incremental supply.

Corey Tochor: Have you read Mark Carney's book?

Eric Nuttall: I admit that I bought it on Kindle and skimmed it with a keyword search.

Corey Tochor: It is difficult for investors and Canadians to square that seven years ago, he was professing that we had to keep it all in the ground and now, to get votes, he's saying something different. It seems like investors are not believing either version of Mark Carney.

My colleague, MP Stubbs, put forward a motion to pass the Canadian sovereignty act, which would repeal Bill C-69; Bill C-48; the federal industrial carbon tax, which the U.S. does not impose on its country federally; and the oil and gas cap, which will kill 54,000 jobs and cost the Canadian GDP $21 billion by 2032.

What signal does it send to investors like you when Liberals claim they want to build a pipeline, but they vote against the motion to repeal antidevelopment laws like the “no new pipelines” bill, Bill C-69, and the tanker ban, which is Bill C-48?

Eric Nuttall: Let me address the bad, and then I'll finish with the good.

The past 10 years have been devastating for global interest in investing not only in Canada but in the Canadian oil and gas sector. I think every major economic statistic validates that view.

I think there is growing optimism on the part of the oil and gas industry—my source for that would be speaking directly to many oil and gas executives—that the tone has meaningfully improved. We have gone from a country that seems to want to shoot itself in both the foot and the head simultaneously to one that is recognizing the impact that oil and gas have on our economy. At least through words, it is signalling a growing championing of that.

I think there remains a lot of skepticism about whether much talk—a year of it—will actually translate into action. We're very hopeful for that. This sector is on the cusp of a major bull market, and all that's needed is for government to get out of the way and eliminate.... You mentioned several pieces of legislation.

I can quote several CEOs of major Canadian midstream and pipeline companies who have said—going back to my earlier theme that investment capital is highly mobile—that they still prefer, even with all the talk of the past year, to allocate investment dollars to the United States versus Canada.

Corey Tochor: There's an old saying that “money talks and bullshit walks”, and we saw this with Canadians incorporating more companies in the States last year than in Canada, which has never happened in the history of our country. Entrepreneurs are starting companies in the States, not in Canada, which is a travesty, and it obviously weakens our country.

TC Energy's CEO said, “the US will continue to be where we'll invest” because “The returns we can earn in the United States are significantly more attractive than they are in Canada.” Canada has seen $54 billion in capital leave for the United States since the Prime Minister came to office.

The United States administration has shortened permitting times to 28 days, while the Liberal government continues to keep antidevelopment legislation in place. What kind of signal does it send to investors if these regulations are kept in place?

● (1230)

Eric Nuttall: For at least 10 years, Canada has been the place where good projects go to die. Again, we're optimistic that under the new leadership, those dark days are behind us.

The surest signal that can be sent to the market is eliminating legislation that's very clearly antiquated or was erroneous in the first place. Bill C-69 very clearly and absolutely needs to be repealed. We have such things as a gender-based analysis on the construction of a pipeline. In speaking with CEOs of pipeline companies, I can say they do not understand exactly what that is. We have a ban on tankers and believe the private sector will step up to build a $35-billion or $40-billion pipeline that is, as some have labelled it, a pipeline to nowhere.

There are very easy steps that I hope, for the benefit of all Canadians in Ontario, Quebec and Alberta and from coast to coast, very simple decisions can be made on, and I hope they will be made on an expedited basis. This still impairs the desire of investors to invest in this country and it sends a negative signal.

Corey Tochor: I have one last question.

The Chair: That's your time, Mr. Tochor.

We're going to Mr. Hogan for six minutes.

Corey Hogan: Thank you, Chair.

Thank you to our witnesses for being here.

Mr. Legge, I have some questions that I want to direct your way.

You were discussing the challenges, and the opportunities we had to fix some of the challenges. I want to say off the top that I totally agree. The oil and gas sector has been an incredible driver of prosperity. The Prime Minister has said the regulatory framework needs to improve. One of the things the Major Projects Office has to do is identify ways to improve regulatory processes.

I was struck by your list. On five of the six items, we could at least make meaningful progress even without legislative change. Cultural change and regulatory change could get to some of them, and certainly we could look at legislative changes too. I feel that incremental improvement is improvement. We don't want to wait and let perfect be the enemy of good.

I'm wondering if you could expand on some of the things you think we could be doing right now, even from a process and cultural point of view, to be more efficient and meet the Prime Minister's goal of having faster approvals and faster action.

Adam Legge: Culture eats strategy for breakfast. I've led and transformed a number of organizations where that rings true. We can have all the regulatory change and ambition in the world, but if it isn't being driven down into the public service that these projects are in the national interest, are going to lift Canadians up in their ability to afford daily things like groceries, housing, etc., and will increase Canada's ability to compete for capital, as my fellow witness has identified, we won't make meaningful progress.

The cultural shift needs to happen first and foremost, and it's going to take time and repeated efforts. Frankly, those who can't get on the bus of expedited and competitive regulatory environments and investment climates should be shown the door.

In terms of some of the other pieces, frankly, the move to allow provinces to adjudicate and regulate the projects within their provinces is a step that's happening but should be happening as of right. That requires a change in the legislation, but in practice, it should be happening today. In many provinces, it actually is.

The shift to having all of the pipelines in Canada approved by the Canada Energy Regulator is also a needed legislative change, but I believe that should be happening immediately. Frankly, there is a purview within the Impact Assessment Act for the agency and other regulators to limit the scope of reviews. In the past, they have often taken the maximum amount of time and added interesting academic queries to the regulatory approval process when they have really no material bearing on the actual development of a major project.

Those are a few things that could be done immediately.

For a wholesale change for Canada to ultimately be competitive with our primary competitor, the United States, which, as it has been pointed out, is moving to some timelines as quick as 28 days, we will need to see a combination of both procedural and legislative change.

● (1235)

Corey Hogan: By the way, around the ever-expanding consultations, you're so right. That is the space I worked in before I worked for the government. It was not even a “yes” or a “no”, it was a “maybe” and “let's go back”, and somebody felt not engaged. That clearly needs to be tightened up.

You made a comment about using business engagement to fulfill aspects of the Crown's duty. I'm intrigued by that for two reasons. One is that I'm concerned about whether that would be durable in a court, so I'm wondering if there's any analysis your organization has done on that. Second, is there any precedent for that in energy projects that I'm just not aware of?

Adam Legge: In terms of the first question about durability, as long as the consultation process that has been embarked upon by business, which is very important because they have a lot of the relationships in the communities that a project will be either operating in or impacting through development.... Business can be a very important function and functionary in that activity. As long as some of those engagements are properly documented, noted and recorded, they can be considered part of the duty to consult.

In terms of examples of projects, the work that Trans Mountain and Ian Anderson did, through a lot of his engagement with the indigenous communities along the route, was a substantive part of the consultation. In fact, there have been some instances where the Crown has, in effect, discharged its duty to the business community given the engagements they've had with indigenous communities.

It is possible, and it's an important part for all parties, but particularly the Crown in fulfilling its duty to consult.

Corey Hogan: The last question I have I'll open up to both of you.

When we talk about the overall global context, first of all, I completely believe that demand for Canadian oil can continue to grow regardless of the scenario, whether demand goes up, down or sideways. Demand is always shifting. People want variety. They don't want to be beholden to one particular market. There is lots of opportunity for Canada long term.

Canadian oil and gas production has grown 34% in the last 10 years—globally, that increase was 6%—but if I understand well, there was an opportunity for more. What do you envision as potentially the upside that's available to us?

The Chair: Mr. Hogan, we're out of time, but I will allow a quick answer from both of our witnesses.

Eric Nuttall: It's fair. The Canadian growth rate has exceeded the global average. The largest reason for this is that the quantum of growth is much larger here than in other countries, many of which are in permanent decline. Also, people such as me have been inhibiting that growth rate as well, because there's been a call for companies to prioritize the return of capital over production growth at a time of enormous volatility in the oil price.

The Chair: We'll have a quick one from you, Mr. Legge.

Adam Legge: If I interpret the question correctly, MP Hogan, it's about whether there is global demand for Canadian energy product.

Corey Hogan: No, I believe there will be global demand.

It's okay, Chair, we can pick it up in other rounds.

The Chair: We will now go to Mr. Simard, but before we do, I just want to welcome Mr. Gasparro and Mr. Lloyd to the committee.

I believe you're an observer, Mr. Lloyd.

Mr. Gasparro, you will be an active member, I understand, of the committee for this round.

[*Translation*]

Mr. Simard, you have the floor for six minutes.

Mario Simard: Thank you, Mr. Chair.

Before we begin, I want to make sure that our guests have access to interpretation. Is it working for you gentlemen?

It doesn't seem to be working, as usual. At some point, instead of hearing my voice, you're going to hear the lovely, harmonious voice of the interpreters, who are always friendly and fantastic. Here, it's always important to get along well with the interpreters when you're francophone, otherwise you won't be heard.

It seems to be working now.

Mr. Legge, I was a little puzzled by your opening remarks, and I'll explain why. You spoke about the politicization of decisions, about risk tolerance, in terms of environmental risks, and about apolitical decisions. I find that strange, because as you're probably aware, your presence here is itself political. It's a bit counterintuitive to ask politicians to make apolitical decisions.

The question we are asking ourselves in the context of our committee work is whether the construction of oil and gas infrastructure is in the public interest. What you're doing is political, since you're defending the interests of your members. Do the interests of your members align with the public interest? That's the question we have to ask ourselves. I'm not convinced that building oil and gas infrastructure is in the public interest. I'll explain why, and you can give me your opinion on that afterwards.

The last oil and gas infrastructure that was built in Canada was the Trans Mountain pipeline. It cost us collectively $34 billion, which comes out to a little more than $800 per person in Canada, including children. Earlier, your colleague said that if we wanted shorter wait times in hospitals and less crime, we might need to invest in oil and gas infrastructure. I think the opposite, that we shouldn't do that. That $800 per person might have allowed people to have shorter wait times in hospitals. I don't think that, in the long term, the companies you represent have any interest in investing their own money in infrastructure. If they did, they would have done so in the case of Trans Mountain. In fact, I would remind you that we are still subsidizing the oil companies that use this pipeline at a rate of $7 per barrel.

Not only that, there is something that bothers me even more. I would like to know who your members are, because when we look at the ownership structure of the major oil and gas companies, we quickly realize that about 60% of them are American companies. In a context where we're trying to wean ourselves off the American market, there are large American companies lobbying to ensure that infrastructure projects go ahead.

In short, I'm not convinced that building oil and gas infrastructure is in the public interest, and I'm leaving the environmental aspect aside.

I'd like to hear your opinion. How is building this oil and gas infrastructure in the public interest?

● (1240)

[*English*]

Adam Legge: I think to the extent that my fellow witness here came armed with the actual economic impacts of taxes and royalties that have been paid by large oil sands companies.... Oil and gas is the largest export sector of this country. It is the largest taxpaying sector of this country. It is the most productive, as an economic multiplier sector, in this country.

The economic benefits of growing the sector, growing production and getting more production to other non-U.S. markets, in addition to continuing to supply the U.S., are relatively clear given the economic impact of the industry to this country. The wages that are earned in Alberta contribute to everything from pensions to equalization payments. It is a vital and imperative industry. It is in the public interest to continue to grow production and support that through new transportation infrastructure to new markets.

The Trans Mountain pipeline returned $1 billion to the federal government in its first year of operation because of the expanded capacity and export take-away capacity through its operations. Imagine if we had multiple opportunities to expand production and grow exports through other pipelines. We would have incremental returns, and taxes and royalties that are earned. I would argue that the economic impacts of the oil and gas sector and of growing our trade capacity with other markets are strong and compelling.

With the cancellations of everything from northern gateway to energy east, we have lost out on 1.6 million barrels a day of production and therefore the taxation and royalties on that production. We have a huge opportunity lost, and hopefully we can find ways to grow that into the future.

Eric Nuttall: If I may, and with respect, Monsieur Simard, where do you think your province's $17 billion per year of transfer payments come from? They're funded from—

● (1245)

[*Translation*]

Mario Simard: I'm going to stop you there. We have to look at the full picture of what equalization does. If we look at Quebec's trade balance, we see that the value of what it sends to Alberta is higher than the value of what it receives. You also have to factor in the tax credits that the oil and gas sector receives. I mentioned the purchase of the pipeline. I've been here since 2019, and I've seen the emissions reduction fund come and go—it was supposed to reduce the sector's carbon intensity, which never happened. The environment commissioner came and said that it was, quite simply, a subsidy given to the oil and gas sector.

I would go even further and say that the main beneficiaries of the oil and gas sector are the shareholders. The oil and gas sector, from 2021 to 2024—

[*English*]

The Chair: That's your time, Mr. Simard.

[*Translation*]

Mario Simard: I'll come back to that, I'll be pleased to do so. I'm pleased with your comment today.

[*English*]

The Chair: Perhaps you can work a response into one of the other responses to another member.

Colleagues, we're a bit behind. I've been probably too permissive today in allowing folks to go over their time, including some of our witnesses. We have Monsieur Martel, Mr. Clark and then Monsieur Simard.

I'm going to reduce the time, Mr. Tochor and Mr. Gasparro, to three minutes at the end, so prepare your questions accordingly. You're devastated, I know, but that's what we do in this committee. We devastate folks.

Vince Gasparro (Eglinton—Lawrence, Lib.): I'm going to write a very strongly worded letter.

Some hon. members: Oh, oh!

The Chair: It will be to the Speaker, I hope.

Mr. Martel, you have five minutes.

[*Translation*]

Richard Martel: Thank you very much, Mr. Chair.

Mr. Nuttall, I'd like to give you a chance to respond to Mr. Simard's last question, if you have an answer to offer him.

[*English*]

Eric Nuttall: Thank you. I'd be happy to.

I commend the prior government for stepping up and seeing TMX through. It was a major insurance policy to protect the largest industry in Canada, worth $100 billion pure and 25% of our net exports. The only reason that action took place was the years of disastrous legislation that made private companies leave this country, as they continue to leave—not just in oil and gas, but others.

It's very simplistic to look at that insurance policy solely through the terms of toll rates per year. If you look at the decrease in the differential—the discount for Canadian heavy oil—you'll see that it's reduced that by at least $10 per barrel. By the rough math that I just did, that's at least roughly $1.8 billion per year in additional value. Directly from that are the royalties and taxes that go to building incremental hospitals, schools, roads, etc., every single year, so it's an ongoing annuity.

Honestly, I'm staggered that as a citizen I need to explain why it's important to champion the most important sector of the Canadian economy. The reasons for that should be abundantly obvious.

[*Translation*]

Richard Martel: Mr. Nuttall, do you believe that the government is serious about Bill C-5 when it is unable to remove the legislative provisions stemming from the former Bill C-69?

What would make us believe today that Bill C-5 will speed up development projects?

[*English*]

Eric Nuttall: I remain hopeful. Rather than taking the course of strategic exemptions from existing legislation, we should admit our mistakes. I have three young children, and I teach them that bad choices lead to bad outcomes. If we can learn from our mistakes, as we should, and can recognize that certain bills are not serving us and are making this country unbelievably uncompetitive, just get rid of them.

I'm incredibly hopeful that our current Prime Minister is going to follow through on much of the positive talk. Industry is very much behind him. I hope for a team Canada approach.

I'm extremely worried about the path that this country is on, and it's oil and gas that can get us off that path. I'm hopeful that we'll see action in the coming months. I'm hopeful that the grand ransom or the grand bargain with the Alberta government yields fruit. I remain optimistic on that.

[*Translation*]

Richard Martel: Right now, every country seems to be chasing after black gold. Given all the regulations that have been put in place over the years, how is it that we're so far behind when it comes to exports? Did we lack predictability? We know that there are already pipelines that run under the St. Lawrence River, but no one talks about them. I can't believe that we still don't have an outlet to Asia and that we're this limited today. I think we're 30 or 40 years behind.

● (1250)

[*English*]

Eric Nuttall: I would agree. When you look at us as having the fourth-largest oil reserves in the world, our production should be meaningfully higher.

I said in my written commentary that we have willingly ceded market share to other countries, to our demise and to their benefit. Why is that? I think it has been a result of extraordinarily poor leadership over the past 10 years. It's this mistaken belief that this is a sunset industry and we need to transition poor oil field workers and find them jobs, apparently at a battery plant.

This is not a sunset industry. I'm hopeful that under the new leadership, with a much more optimistic tone, there will be a realization that the world needs more Canadian oil and needs more Canadian natural gas. By embracing that and providing an environment that is much more conducive to investment, we can reclaim a lot of the market share we have willingly ceded to other countries.

The Chair: That's your time, Mr. Martel.

We will go to Mr. Clark for five minutes.

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

Thank you, gentlemen, for being here today. I really appreciate your testimony on this subject.

Mr. Legge, you talked about regulatory certainty and the duplication and overlap between provinces and the federal government, and I certainly think you're on the right track there. That's obviously a pain point for a lot of industries and not just in energy.

As we speak, the federal government is working on “one project, one review” agreements with various provinces and territories: Ontario, B.C. and New Brunswick so far, Manitoba and P.E.I. imminently, it appears, and hopefully all 13 jurisdictions sooner rather than later.

Is that the kind of approach you think we should be taking, or is there something we're not doing there that in your view would make it an even better approach?

Adam Legge: The Impact Assessment Act requires substitution agreements with other provinces. What we propose is that the act be changed such that it is as of right: that it is legally embedded that if a project is happening in a province, it is the provincial government or regulator that approves it; it does not have to go through a substitution agreement.

The substitution agreements require the federal government to be comfortable with the provincial government's regulatory approval process. It should be deemed that for a province, given its powers under the Constitution to oversee its resource development, it is acceptable as of right. We would like to see that it does not have to go through the path of individual substitution agreements by province, and that the act be amended such that a project is as of right the province's responsibility if it is happening in that province.

Braedon Clark: If we did get substitution agreements with all jurisdictions, which certainly is the intention, it's not everything you would hope for, but would that be a reasonable substitute, in your view?

Adam Legge: It's progress. Again, we don't want any of the projects to come into the federal regime first and then deem that they to go into the provincial regime, with a substitution agreement or not. They should just automatically default to provincial.

There are a couple of steps. It's better than the existing structure. It's better than the existing regime under Bill C-69. However, improvements can be made that will make the whole process flow faster with more certainty, allowing each province to determine as of right its regulatory domains.

Braedon Clark: That's understood.

Mr. Nuttall, I want to ask you about the MOU between Alberta and the federal government. You mentioned it in your opening statement, and you just mentioned it at the end when talking to Mr. Martel.

Could you summarize your views on that agreement as it stands right now? How do you think it can impact the sector?

Eric Nuttall: As investors, we're still waiting for a little more clarity on the actual details. I think the broad understanding, as it stands now, is that the government is supportive of a new pipeline, which is terrific. We've spoken to the economic merits to that. Our understanding is that it is being tied to the construction of the Pathways project, which is a roughly $24-billion project intended to make incremental production net zero, at least on a scope 1 basis.

Broadly speaking, I would say we're opposed to the Pathways project. The oil sands are 0.1% of global CO2 emissions. The notion that we can solve the global climate crisis—if I'm going to use those words—by impairing such a massively important part of our economy is extremely simplistic.

It's interesting that, when we look at new coal plant construction in China, just over the next three years, it will totally overwhelm all of the CO2 emissions from Canada. We're placing additional burdens on a sector that is the engine of growth and that can lift literally millions of Canadians at a time out of poverty, when other oil-producing jurisdictions are swinging against the fallacies of net zero by 2050. Essentially, only Europe and Canada are now embracing that. Europe is not an economic model that I think we want to embrace.

● (1255)

Braedon Clark: I would also note that China is doing a massive amount of solar and wind and lots of other renewables as well, but we don't need to litigate everything all at once.

The Chair: You have 20 seconds.

Braedon Clark: Can you touch really quickly on LNG exports? The study is about exports. We shipped our first LNG to Asia last year. What are your views on that? I'm sure you have seven seconds now.

The Chair: If you could, give a quick response please.

Eric Nuttall: We embrace more LNG from Canada. We're hopeful that we'll be exporting six billion cubic feet a day by 2031-32.

The Chair: Thank you.

[*Translation*]

Mr. Simard, you have the floor for two and a half minutes.

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

Mr. Nuttall, I want to come back to your comment suggesting that Quebec is a welfare case for Alberta. I like that, because that kind of statement perhaps shows the right interpretation of the oil and gas sector.

Not so long ago, when I arrived here in 2019, my Conservative colleagues spent their time saying that Quebec didn't consume oil from Alberta. When they saw the charts showing that the majority of petroleum products consumed in Quebec came from Alberta, they had to change their tune. So I'm going to try to get you to change yours as well.

From 1970 to 2015, according to federal government figures, we collectively had to spend $70 billion to make oil sands technologies efficient. If we take 20% of that, that's $14 billion coming from Quebec. Do you know how much the federal government and Alberta invested in Quebec's hydro dam infrastructure? They didn't invest a penny. It's shocking, isn't it? They didn't invest a single cent, so much so that Jean Chrétien, in a moment of brilliance, told the Edmonton Journal that if he had offered Quebec what he had given Alberta in government assistance, he would have won every seat in Quebec. I offer that as an example.

In addition, there's something that's been extensively documented called Dutch disease. From 2002 to 2007, Quebec lost 55,000 jobs in the manufacturing sector because the energy sector was driving up the value of the U.S. dollar, making us uncompetitive.

Every year, Quebec buys $3 billion in petroleum products from Alberta, and you have the nerve to say that you are the ones paying for our public services, through equalization, and to portray Quebec as a welfare case.

Well, I would humbly submit to you, dear friend, that this is why we have serious doubts when you come here and ask the government to roll out the red carpet for oil and gas infrastructure. Your comments serve the interests of the oil and gas companies. The role of the elected officials here is to serve the public, even if you don't like it, and among those citizens are people from Quebec who have no interest in a portion of their tax dollars being used to defend the interests of the oil and gas companies—

[*English*]

The Chair: Thank you.

[*Translation*]

Mario Simard: —that have made record profits in recent years.

[*English*]

The Chair: Thank you.

[*Translation*]

Mario Simard: You can respond in writing.

[*English*]

The Chair: For our witnesses, the time given is a member's to use how they wish to use it. Perhaps in another question you might respond, but we are running out of time.

I will go to Mr. Rowe for three minutes, but I understand he may want to share some of his time with Mr. Lloyd.

● (1300)

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

My first question is for Mr. Nuttall.

You mentioned transfer payments. It's been an interesting topic. Newfoundland and Labrador was a have-not province for a long time, perhaps since Confederation, but under Conservative governments, we leaned into our oil revenues and offshore oil, and 25% of our GDP now comes from oil and gas. We are slightly a have-not province now. Recently, under the new Liberal government, and because of the anti-oil regulations that have dried up investment in the offshore, we've now had to rely on transfer payments once again.

Would you like to expand on the statement you made earlier about transfer payments and their connection to oil and gas? More specifically, is there a business case for Newfoundland and Labrador's offshore natural gas, and perhaps an opportunity for us to come off transfer payments once again and be self-sustaining?

Eric Nuttall: Maybe I can refocus the conversation.

I think we all need to agree on a few basic facts. The Canadian oil and gas sector is the heartbeat of the Canadian economy. It generates $100 billion of GDP per year and is roughly 25% of our net exports. That's the basis.

It is true that your province is an excellent example of how economic benefits can generate and flow through to their citizens. When I think of other provinces that are not adopting this and have significant onshore natural gas shale deposits north of one of the largest export markets on the planet, perhaps they could be doing better.

In the world that I envision in the next several years, Canadian companies are not going onshore. Again, we have the luxury of having a lot of different, good projects to go after, specifically in the oil sands and some conventional oil projects. I can envision a world in the next couple of years where the future of this sector is offshore. It will be the oil sands and will be offshore. I see a very optimistic future for us.

Jonathan Rowe: I don't mean to cut you off, but I am going to give the rest of my time to Mr. Lloyd.

The Chair: Mr. Lloyd, you have about one minute.

Dane Lloyd (Parkland, CPC): Thank you.

Mr. Nuttall, I know a lot of investors were concerned about Venezuela with the recent stuff going on there. How do we make Canada more competitive in light of the fact that more Venezuelan heavy oil barrels will be coming onto the market?

It may not be for a very long time, but certainly it doesn't appear that President Trump and the Venezuelan government will be investing in massive carbon capture projects in Venezuela. How do we make Canada more competitive in the face of that?

Eric Nuttall: It is exceptionally important that we diversify our customer base. No business would want a customer concentration risk of 90% to 97%. That is what we have right now for our largest net export. It's insanity.

An additional strategic benefit, which maybe can't be measured in dollars, would be a pipeline to the west coast. I've given up hope on energy east running through a particular province, but a new pipeline to the west coast, where we can access Asian thirst for our oil, would go a great way toward diversifying our customer concentration risk.

The Chair: Thank you both.

Wrapping up, we'll go to Mr. Gasparro for three precious minutes.

Vince Gasparro: Thank you both for attending.

Mr. Nuttall, as a recovering investment banker, I recall watching you on BNN. You were very forthright in some of the interviews I saw of you. It's great to see you here and that nothing has changed.

The International Energy Agency produced a report, “Oil 2025”, a long-term forecast. The report says that global oil demand could grow by about 2.5 million barrels per day from 2024 to 2030, with annual growth fading over time, plateauing at about 105.5 million barrels per day and hitting peak demand around 2030, with the growth rate slowing after that.

I want to get a line of sight on this. With that mid-term outlook from the International Energy Agency, what type of offtake agreements do we need to see for Canadian oil and gas? In terms of duration, price and credit quality, what do we need to see to have the long-term sustainability of Canadian oil getting to market?

Eric Nuttall: You've referenced the International Energy Agency. They've typically been on the lower end of demand forecasts. Traditionally, they haven't been terrific forecasters.

There's a wide base of opinions on whether 2030 is peak demand or 2050. In the end, what we have is growth in demand plus the need to offset something called “production decline”. From the 15,000 fields the IEA studied late last year, they found that decline rates are increasing. That means that for Canada, our role is not just satisfying demand growth, but helping offset the declines in production.

I think in the not-too-distant future, there will be a heavy call on every single barrel that we can possibly produce. That's why with the time frame for a new million-barrel-per-day pipeline to the west coast—if it is in fact eight to 10 years—we're now up against the clock.

However, I'm not concerned about thirst for our oil. The minister who was in India referenced that India would buy every barrel that we would have. They want our natural gas. I think there's a global thirst for incremental Canadian barrels.

● (1305)

Vince Gasparro: I'm going off of what the IEA is saying. I don't necessarily disagree with your previous point, but would it lead to a suggestion that there are some market forces that will hinder long-term oil production? That's question one or point one.

Point two, does it make sense for us to continue to diversify our energy mix, to diversify into renewables, conservation, etc., with these long-term market forces, according to the IEA?

The Chair: Give a quick response, please.

Eric Nuttall: I would be worried about Canada diversifying into other areas with virtually low- to no-margin industries with zero barriers of entry, because as we've seen in recent actions by Stellantis and General Motors, there are challenges to doing that.

We really need an all-of-the-above solution. I'm the biggest proponent of championing oil and gas, and also perhaps investing in other areas, because the demand for all forms of energy continues to set new highs year after year.

The Chair: Thank you, Mr. Gasparro.

Thank you to our witnesses. I think you'll agree there was a very robust exchange on this panel, with diverse opinions expressed, which is, of course, the nature of democracy. We really appreciate you being with us. If there's additional information you want to forward to the committee through a brief, we welcome it. Again, we thank you for your participation this afternoon.

Colleagues, we are now adjourned.