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• (1100)

[*English*]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.)): Welcome, colleagues. Let me call this meeting to order.

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

Welcome to meeting number 33 of the House of Commons Standing Committee on Natural Resources. Today's meeting is taking place in hybrid format.

Let me make 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, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen, you can select the appropriate channel for interpretation—floor, English or French. For those in the room, you can use the earpiece and select the desired channel. I remind you that all comments should be addressed through the chair.

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

On your behalf, I'd like to welcome our witnesses.

From Export Development Canada, we have Alison Nankivell, president and chief executive officer, and Guillermo Freire, senior vice-president, mid-market group. From LNG Canada, we have Chris Cooper, president and chief executive officer. He is here virtually.

All virtual witnesses today—we have some on the next panel—have been given their mandatory onboarding test, and they have passed with flying colours.

Our presenters will now have five minutes each for their opening remarks, after which we will open the floor to questions and comments from members of Parliament.

Ms. Nankivell, you have the floor for five minutes.

Alison Nankivell (President and Chief Executive Officer, Export Development Canada): Thank you, Mr. Chair.

[*Translation*]

Mr. Chair, members of the committee, thank you for inviting me to appear before you today.

I am accompanied by Guillermo Freire, senior vice president of the Mid Market Group. We are pleased to contribute to your study on Canadian energy exports and to discuss Export Development Canada's support for this sector.

For those who are less familiar with us, I will explain our mandate.

We are part of Canada's international trade ecosystem. We support and develop Canadian exports. We do this through simple solutions, such as insurance, direct loans or working capital. These solutions help companies mitigate risks associated with, for example, a new buyer, holding more international contracts or operating a foreign subsidiary.

[*English*]

We have one of the largest structured project finance teams in the country, which enables us to support domestic and international projects, and we offer that share of our trade knowledge and connections to companies we work with. We help to grow that knowledge through the presence we have in markets, both across the country and around the globe. We operate on commercial terms, which ensures that our work complements that of the private commercial banks and private insurers. Consistent with this model, EDC does not provide grants or subsidies.

Since our inception more than 80 years ago, we've supported resource-based sectors that have long underpinned the Canadian economy. We recognize that energy, in particular, is a critical driver of our nation's wealth and prosperity, and that our support for the sector filters down to a robust ecosystem, which includes R and D, engineering services, advanced manufacturing and clean technologies.

In this moment of global uncertainty and shifting trade dynamics, we'll need to draw on the sector's strength to help build Canadian resilience, competitiveness and economic security. In 2025 alone, EDC facilitated \$18 billion of exports, foreign investment and trade development activity in the energy and energy transition sectors. Over the last five years, we've facilitated \$77 billion in business. These numbers encompass support for both conventional and clean energy sources and the value chains that bolster them.

Given the strong global imperative for energy security that exists today and the opportunity this has created, we are focused on supporting Canada's industry in its entirety. On the conventional energy side, we provided \$2 billion in financing to the oil and gas sector in 2025, which represents a 73% increase over our 2024 levels. Support for this sector accounted for 7% of our overall business portfolio, with the recent increase supporting and reflecting some higher value transactions and a rise in global risk conditions for Canadian companies.

Looking forward, we expect that our engagement with the oil and gas sector will continue to increase as EDC is called upon to support energy security around the globe. We're working with the Major Projects Office, for example, on some of the nation-building infrastructure projects that it has chosen to advance.

On the clean energy side, in 2025 we provided \$1.4 billion in financing to the renewables sector as part of our focus on supporting the global energy transition. In recent years, we've expanded our support in this space to include industries of strategic importance, like nuclear technologies and carbon capture, utilization and storage. While the pathway to a low-carbon economy continues to evolve, we remain committed to strengthening the competitiveness of Canadian exporters and the technologies that will enable this shift.

• (1105)

[*Translation*]

Thank you for giving me the time to provide you with some information on Export Development Canada, or EDC.

I would be happy to provide more information to the committee on what EDC is doing in the energy sector. This work helps Canada be more resilient, competitive and secure.

[*English*]

The Chair: Thank you, Ms. Nankivell.

We're now going to Mr. Cooper for five minutes.

Chris Cooper (President and Chief Executive Officer, LNG Canada): Thank you. Good morning.

Mr. Chair and honourable members of the committee, on behalf of LNG Canada, thank you for the opportunity to provide input to your study on Canadian energy exports.

LNG Canada phase one provides a practical example for the issues you're considering, so please allow me to summarize across five areas.

The first point is that Canadian energy exports matter at home.

Canada has world-scale resources, a skilled workforce and communities that can benefit from responsible resource development and long-term prosperity, including through hundreds of thousands of direct and indirect jobs, durable careers in resource-dependent regions, indigenous economic participation and revenue sharing, and public revenues that fund essential services at all levels of government.

Natural gas, and LNG in particular, can expand Canada's reach beyond existing markets to global customers and increase the value

of our resources while, critically, diversifying trade. Phase one shows that Canadian energy exports can be competitive, responsible and aligned with public expectations.

The second area is Canada's role in global energy supply and what it takes to build export capacity.

The global energy system is transitioning, but demand for reliable, responsible and affordable energy will remain. Canadian LNG can help meet that demand by supporting stable energy markets, helping customers to diversify away from higher-risk or higher-emitting sources and providing energy governed by Canada's environmental, labour and indigenous rights frameworks. LNG projects do depend on long-term planning, regulatory certainty and major investment across the value chain. Phase one shows that Canada can permit, finance and build this complex export infrastructure when conditions allow.

The third area is energy security in a more volatile world, and this is the case for phase two.

This discussion is happening amid heightened geopolitical risk, supply chain disruption and growing competition for secure and reliable energy. Countries that import LNG are prioritizing reliability of supply, political stability of suppliers and clear environmental and governance standards. As a democratic, rules-based country with vast resources, Canada can support global energy security in ways that align with partners' values. Our exports are governed by predictable regulation, enforceable contracts, strong labour protections and respect for indigenous rights. LNG helps manage volatility by providing flexibility and diversification, especially in the Indo-Pacific, where demand is growing and energy security concerns are acute. Canadian LNG can help reduce dependence on less secure suppliers, and in many cases can enable a shift away from higher-emitting fuels.

For Canada, contributing to energy security abroad supports economic security at home—jobs, investment, public revenues and stronger trade relationships. That context underscores the strategic significance of expanding export capacity, including LNG Canada phase two, which is currently under consideration by LNG Canada's joint venture participants. Phase two would increase Canada's LNG export capacity, using proven designs and established supply chains, while minimizing incremental impacts by building on what is already in place.

For Canada, this is not only commercial. It's a strategic choice about whether global demand is met by Canadian energy or by others, whether Canada captures the jobs and investment benefits of its resources and whether Canada remains relevant in an increasingly competitive global energy landscape.

The fourth area is the barriers that could hold Canada back.

Despite our advantages, Canada does have barriers to developing and exporting energy, including regulatory complexity and unpredictability; approval timelines that are long, relative to global competitors; infrastructure constraints; and policy uncertainty that deters long-term investment.

Major projects are planned over decades. Policy stability, regulatory efficiency and clarity on national energy objectives are critical to competitiveness. Phase one succeeded because governments, regulators, indigenous partners and investors aligned on both the importance of the project and the process to deliver it.

The fifth point is on how we do this. It is through indigenous partnerships and responsible development. How development proceeds matters as much as whether it proceeds.

LNG Canada's model includes indigenous nations as partners from the outset, including benefits agreements and equity participation, long-term revenue sharing, employment and skills development, and ongoing collaboration across the value chain. These partnerships represent durable economic participation and a meaningful contribution to reconciliation. Phase two would build on these relationships, expand benefits and maintain the same commitment to consultation and collaboration.

• (1110)

In closing, Canadian energy exports matter to workers, communities, indigenous nations and Canada's place in the world—now more than ever. Phase one demonstrates what is possible when responsible development, indigenous partnership and global market access align. The question raised by our proposed phase two expansion is whether Canada will fully realize its resource value in a rapidly evolving global energy system.

Thank you for the opportunity to appear today. I welcome your questions.

The Chair: Thank you to our witnesses for those presentations.

We're now going to go to questions and comments. We will start with Ms. Stubbs for six minutes.

Shannon Stubbs (Lakeland, CPC): Thank you, Chair.

Thank you to all the witnesses for being here.

Mr. Cooper, I wonder if you could make some comments on the fact that since 2015, when the Liberals came to power, they have approved only four of the 18 LNG projects proposed in Canada. Of course, only the one for which Conservatives enabled the federal-provincial joint review, which was LNG Canada phase one, is being constructed. In that same time frame, the U.S. approved 26. Sixteen are built and operating, and the U.S. is now the world's lead LNG exporter, while Mexico is now poised to pass Canada, all in that same timeline.

In general, as a proponent that is almost there, could you comment on why Canada is so far behind in exporting the LNG that the world wants and needs, particularly after your comments on timely approvals, clarity and certainty in policy, and regulatory conditions for investors and proponents?

Chris Cooper: First of all, I think LNG Canada phase one, as I've said, is a good example of how to get it right. It's taken time and effort—that's for sure.

Indeed, what we see in places like the U.S. is a massive growth in LNG compared to other jurisdictions. We end up now in a position where about 60% of the LNG in the world comes from three locations—Australia, Qatar and the U.S.—and I believe that Canada could actually play a part.

With phase two, we could actually add the Cedar and Woodfibre volumes and become a top five exporting nation. I think Canada can put itself on the map in terms of scale and be one of the top five contributors.

In terms of what we need from government and what helps progress those projects, I think the most important factors are policy certainty, regulatory predictability and then competitive fiscal frameworks. They're recognized at scale in global competitiveness of LNG. It's about positioning yourself on the cost curve. I think that's what's needed in terms of making these big investments go forward and attracting international foreign investment to make these big investments work. It's really about the alignment of those interests, and then perhaps some streamlining in the consultation and the processes. It's probably a simplification of the processes, rather than a removal of the processes.

Everybody else has processes. Ours just seem to be a little bit more complex. I think what happened on phase one is that people aligned on the objective, and then they worked through the process.

• (1115)

Shannon Stubbs: Thank you.

It seems clear that the federal government should move urgently to repeal or reform all the anti-development laws, policies and regulations that they list on the back of Bill C-5, which they clearly indicate block building and stall proponents from getting major nation-building projects done. Otherwise, they wouldn't have needed to pass Bill C-5 and the MPO. They should actually just fix the regulatory processes and make the permitting processes competitive with the world, and especially with our biggest competitors and hostile regimes.

You mentioned that you're waiting to make that final investment decision for phase two. To the extent that you can, could you advise what is holding LNG Canada back from making that final investment decision?

Chris Cooper: Sure, and indeed it's to the extent that I can.

I would say that it is just more process. While we might point to processes in Canada, the investors also have processes. I would say that the support we've had through LNG Canada phase two being named as a nation-building project and the support that we've had from the MPO in helping us coordinate and drive forward specific things that we needed assistance and alignment on are all falling into place. Now we start to move into a phase where we need the joint venture participants—the investors—to actually do their internal processes. We're going through that at the moment. Obviously, there are a million questions from five different JVPs. That's the process we're going through now.

It's a nation-building project with MPO support. Now it's about investor alignment and going through those final steps of approvals, which also takes time.

Shannon Stubbs: Thank you, Mr. Cooper.

Since Conservatives have consistently supported the idea of Canada aggressively pursuing the expansion of natural gas development at home and the exporting of LNG, we want to see the government create the conditions for LNG Canada to get quickly to a final investment decision.

Since you mentioned the assistance and coordination of the MPO, maybe you could enlighten committee members about that. Also, can you confirm whether a national security review has been done by the MPO since the referral, given that PetroChina has a 15% interest in LNG Canada?

Conservatives support accelerating the development and exporting of LNG, but we also support Canadian manufacturing and Canadian job creation. Can you let us know the status of that review?

Chris Cooper: In terms of the MPO's role, obviously it's the primary vehicle in terms of enabling the nation-building project objectives. It's very supportive in that regard. It's been, I would say, very accessible and very aligned in terms of understanding the needs of industry. It's been a bit of a translator in terms of government and country need, and trying to balance that with investor need. It's been very good at that.

Shannon Stubbs: Mr. Cooper, how about that national security review that the MPO is apparently responsible for?

Again, we understand the cost pressures and challenges for Canadian manufacturers, but Conservatives would prefer manufacturing supplies, components and jobs to come from Canadian supply, from Canadians for Canadians.

Given that during phase one of LNG Canada, the company outsourced the fabrication of 35 modules to China and that after LNG phase two was referred to the MPO, the lead contractor was already proposing fabrication yards in China, can you give Canadians any assurance about the national security review that the MPO is tasked

with performing on everything needed to accelerate the final investment decision on LNG Canada?

• (1120)

The Chair: Thank you.

That's the time for this round, Mr. Cooper. Perhaps you could come back to that question with another speaker.

We're going on to Mr. Guay for six minutes.

[*Translation*]

Claude Guay (LaSalle—Émard—Verdun, Lib.): Thank you very much to the witnesses for being with us this morning. I appreciate it.

Ms. Nankivell, what kind of signals are you getting from different regions of the world regarding Canadian energy or demand for Canadian energy?

Can you shed some light on the interest of various regions internationally in Canadian energy?

[*English*]

Alison Nankivell: I think it's quite remarkable. I don't think Canada has seen a moment like we see now in terms of the interest in what Canada has to offer across a number of sectors, particularly in natural resources and the oil and gas sector.

In our own dealings as an export credit agency, we have 26 offices abroad. We're in constant dialogue, both with our colleagues and with international corporates out of Asia and Europe. In fact, I just came off a panel talking with the German ambassador, and I would say that I see an extraordinary range of interest in Canada's natural gas.

I know from my recent discussion with the German ambassador that there is a lot of interest from German corporates in engaging as more of a coalition to think about the options for moving natural gas up through Churchill and potentially having an option that way too. I believe there are discussions going on with the Manitoba government on that opportunity, although they don't include EDC.

As I said, we have a fairly significant presence in Asia in the discussions with Japan and Korea. Obviously, there have also been others outside of our realm with other countries as well, but those are the main ones where we've seen significant interest.

I would say that this is important to us, because those are countries where we want to see collaboration on a much deeper level, not just about purchase offtake. Often their export credit agencies come in and invest alongside EDC in financing the build-out of those projects. As well, often some of those international corporates are co-investors in the project, alongside Canadian investors.

That is a discussion we have under way in some of the discussions we have more broadly with international groups with whom we're working on a number of files. Of course, the main negotiations aren't done with us—they are done with Natural Resources Canada—but from the point of view of how the financing can come together, we are very much involved in working with those respective nations' credit agencies.

Claude Guay: Speaking of how the financing comes together, Mr. Cooper talked about the private sector. He talked about his project and how the next step for LNG Canada is that private investors also need to follow their own processes, but I'm also interested in the role of EDC.

You talked about some foreign countries having similar organizations. How do you work jointly with the private sector, and how is EDC's role helping the private sector coalesce or participate in these energy export projects?

Alison Nankivell: First of all, we have a 30-year history of financing these types of projects. As I said, we have the largest project finance team in the country. Anything with respect to these types of greenfield projects in general is done with export credit agencies, often working alongside the private sector. When a sponsor or a group of sponsors gets to the point where they have sufficient equity and they're looking to how to make sure they can execute and go forward, generally they come to Export Development Canada to explore what the financing package could look like.

As part of that discussion, we start to take on our initial due diligence, with our project finance team leading. We look at whether there is sufficient balance between equity and debt. Is there the off-take that we're looking for? There's a whole feasibility due diligence that's undertaken for market feasibility and offtake.

I might let my colleague Guillermo speak a little bit to this, because he has had extensive experience in project financing, both before and mid-market.

That is a dialogue that often starts about a year in advance, before we even get to the point of having financing, to say what needs to be there in terms of offtake and whether there are sufficient investors around the table. Who is interested in coming and partnering alongside us?

Generally speaking, when it is in our country, there's an expectation that EDC would lead that financing. Because we're so well respected globally for our ability to lead and co-lead syndications of project finance like this, there's a lot of willingness to partner with us.

I might turn to Guillermo in case he would want to add something here.

• (1125)

The Chair: Unfortunately, our time is up for this round. You can hold that thought and come back to it, perhaps, with another speaker.

[*Translation*]

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

Mario Simard (Jonquière, BQ): Thank you very much.

Ms. Nankivell, can you provide the committee with a breakdown, by province and by energy sector, of EDC's investments? This could take the form of a list of what you are investing in Quebec, Alberta, British Columbia and so on.

I would like to better understand what clean energy means to you.

I am saying this because, when I look at documents from your organization, I see figures that reinforce the impression many people have that, since the changes made by the Harper government, EDC has been used to finance the oil and gas sector. In one of your reports, I see that, in 2023, \$7.3 billion was provided to support the oil and gas industry and, in 2022, it was \$9.3 billion.

Earlier, you talked about the investments you made in 2025. I heard the figure of \$2 billion, and you said it was an increase. So perhaps it was an increase compared to the reference year—namely, 2024—but, in the past, some truly astronomical sums have been invested in the oil and gas sector.

[*English*]

Alison Nankivell: Maybe I'll start by explaining. When I referenced the \$2 billion, that was for financing. When we referenced \$9.3 billion, that was our support across a number of products, and a significant part of that is insurance. When we have Canadian oil and gas companies looking for protection against non-payment, we would include in that business contract bonding.

The other thing that I think is really important to understand is that our support is for the whole value chain. When you look at EDC's business, most of its support outside of large projects it might be participating in is in the midstream—companies that are in oil and gas services, equipment companies, engineering companies and technology companies.

[*Translation*]

Mario Simard: That is still a significant advantage given to the industry. I'm telling you this because I'm curious to know what your investments in the energy sector in Quebec are.

Last week, representatives from Hydro-Québec, who may never have made any requests to you, came to say that the two major energy export projects they have in the United States, the one to New York and the one to Massachusetts, haven't received a single penny from the federal government.

However, when I look at the major energy projects in the west, which are oil-related, I see many forms of financial support—you've broken them down—coming from EDC. I find this quite contradictory, and I'll explain why.

The four biggest players in the oil and gas sector are 60% owned by U.S. investors. During the reference period, from 2021 to 2024, they raked in \$131 billion in profits. From this \$131 billion in profits, record dividends of nearly \$80 billion were sent to American investors.

I find it hard to understand why these people aren't reinvesting in their facilities and supporting the oil and gas sector supply chain, and why EDC needs to do that, when these investors are making record profits. I find this dynamic hard to understand, which is why I'm interested in seeing a breakdown of your investments by province—to see if there is glaring inequity—and, above all, by energy sector.

I also see in some of your reports that you've supported clean technologies for the oil and gas sector to the tune of \$102 million in 2023 and \$464 million in 2022.

When you provide a breakdown, do you include that in clean energy investments or investments in the oil and gas sector?

I think it would be important for the committee to have that type of information to understand the situation.

• (1130)

[*English*]

Alison Nankivell: We can certainly come back to you with the distribution. Actually, I would tell you that our distribution of support across the country is relatively even. I would certainly point to the fact that we're actually one of the largest financiers of clean tech in Canada. That will continue to grow alongside any support we do.

[*Translation*]

Mario Simard: What do you mean by “clean technologies”?

Are these carbon capture and storage technologies for the oil and gas sector?

Or are they rather technologies related to clean energy, such as wind, solar and hydroelectric power?

[*English*]

Alison Nankivell: It includes all of those areas of renewables related to alternatives to traditional energy on the energy management side of technology. It also relates to areas to do with clean technology related to water. It goes across. Our definition is quite broad.

[*Translation*]

Mario Simard: I'll ask you a question that may seem trivial.

In your opinion, are gas and oil extracted using carbon capture and storage technology considered clean energy?

[*English*]

The Chair: Give a quick answer.

Alison Nankivell: We consider technology, CCUS, to be part of clean technology initiatives but not necessarily the traditional part of that. It's connected to it.

[*Translation*]

Mario Simard: Thank you very much.

[*English*]

The Chair: That's your time.

Go ahead, Mr. Tochor, for five minutes.

Corey Tochor (Saskatoon—University, CPC): Thank you very much.

Thinking about liquefied natural gas, Mr. Cooper, you won't confirm or deny through your testimony that the MPO is doing a national security review, but what does the MPO do for you?

Chris Cooper: As I said earlier, just getting clarity through the naming of LNG Canada phase two as a nation-building project sends a strong signal to investors in the international community in terms of the MPO. Then they start to become what I've described as brokers or translators in trying to help with the interfaces with government.

If I talk to my investors on what they actually need to go forward, they can come up with a list of things, and they're all about affordability and competitiveness.

Corey Tochor: To paraphrase a little bit, the MPO set up an office so that this office would interact with other bureaucrats in Ottawa. It sounds like it's another layer of bureaucrats trying to make it work for private industry.

On the national security review, we know a large percentage of phase one was Chinese-built. I would assume—and I'll get your comment—that if the national security review is done on phase two, we would exclude large components from China so that it's built Canada strong.

Chris Cooper: I would say that the MPO brings a focus in terms of a place where we can focus on the many departments. You're right that there are, as I said, many departments and many parts of government to talk to, and many stakeholders—

Corey Tochor: It is a layering of regulations. I agree.

I have limited time.

Shifting to the EDC, Canada has a long history of exporting nuclear technology, and EDC has played a central role in that. For the most part, up to today, it has been the CANDU reactor.

Is EDC working to ensure Canada is part of the global AP1000 supply chain, yes or no?

A voice: Yes.

Corey Tochor: Great.

How does one help ensure that this supply chain is in Canada, versus our current model with the CANDU?

• (1135)

Alison Nankivell: We are very focused. One of the big things we're doing at EDC is mapping out the value chains that are in Canada and making sure that they can continue to scale through financing their growth as the OEMs they're working with grow. The biggest problem in losing Canadian participation in supply chains is that the supply chain doesn't grow as the opportunity grows. Financing that growth is really critical in a number of supply chains, not just nuclear, so we're spending time on that.

We're also trying to make sure growth capital is available to them. Otherwise, U.S. groups will sometimes come up and acquire them because that technology is so strong. That is something we're very concerned about, which is why we're so focused on ensuring that alternative sources of growth capital are available to them.

Corey Tochor: To clarify, you're concerned that American companies would come up and take over some of those companies that have the technology in the nuclear industry.

Alison Nankivell: Yes. Our concern is that they don't have the opportunity to continue to scale in Canada, as opposed to having the company grow further in the United States.

We will work, and obviously have worked, with a lot of companies that are foreign-owned. That's not our issue. Our issue is making sure the capital is there and available to allow the plant or the operations in Canada to grow.

Corey Tochor: You're not financing growth in the American companies that work in the nuclear sphere—are you? Are you proposing that?

Alison Nankivell: No. What we're proposing is that we work with Canadian companies so that they don't have to go to the U.S. to find capital.

Corey Tochor: Along the same lines, are you aware of what the government is doing at the Canadian Nuclear Laboratories in outsourcing to an all-American consortium of companies—with Canadian employees, for sure, but owned by American companies—to take over our Canadian nuclear labs?

Alison Nankivell: I am not aware of that. It's sort of outside the realm of EDC. I'm afraid I don't have much to comment on that.

Corey Tochor: If EDC were concerned about the theft of our intellectual property in current Canadian operations that you would finance, would that be one of the things you would flag if it were a foreign-owned company?

Alison Nankivell: I think what we recognize is that supply chains have a lot of different ownership in them. Our goal, when companies show that they want to scale and remain Canadian, is that we provide the financing to enable that to happen.

Corey Tochor: I have just one question to go back to on the different reactors you're working with. Would you have met with Westinghouse in the last 12 months to discuss how EDC could help?

The Chair: We'll have a quick answer, please.

Alison Nankivell: I am not aware that we have. I'd have to get back to you on that.

Corey Tochor: Can you also table if you met with Brookfield during the same time period?

The Chair: All right. That's time.

Alison Nankivell: Yes. We have fairly broad activity with Brookfield that has nothing necessarily to do with specific.... I'd have to get back to you on that.

The Chair: Thank you.

Mr. Hogan, you have five minutes.

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

Thank you to our witnesses. It's great to have all of you here today. This is an important conversation, and you bring an expertise that will inform a report that I think we're all very excited about, because we do see the opportunities—

The Chair: Hang on, Mr. Hogan.

Folks, there's a lot of noise coming from this side of the table—occasionally from that side of the table. If you do speak with one another, whisper, please, or go away from the table. Thank you.

We stopped your time.

Corey Hogan: Thank you, Chair.

I'll just jump right into the question.

Ms. Nankivell, EDC provides support on commercial terms. You regularly interact with capital, both domestic and international, and your insights are very important to this committee because you see opportunities that are both present and evolving in the market, and you have a great sense of the market.

Can you expand on your views of trends in energy exports—short, middle and longer term—of which this committee should be mindful?

Alison Nankivell: I think one of the things we're seeing in terms of energy exports is a need for us to think of Canada's positioning not just as an exporter of commodities but an exporter of energy solutions, and the full value chain around that. That is something we're very concerned about, because we believe that competitiveness in exports of energy does not come without having the rest of that value chain associated with it. As I've said before, you cannot scale up an industry if you don't have the requisite equipment, technologies and engineering know-how to go with it. That is something we're very focused on.

The other thing that I think is important to understand is...and this is something that when I first joined EDC, I spent a lot of time on out west and having this discussion directly. I've had it with the energy and related technology companies and with the energy value stream elsewhere. It's the mid-market, where the gap is, which is why we're so focused on financing that gap, because there are fewer choices.

The upstream is relatively well serviced by the commercial industry of all large sectors. Actually, Hydro-Québec is one of those areas that's been so well financed that they haven't needed us, which is why it has been harder, necessarily, for us to always balance in terms of the large. We spend a lot of time working with the medium and the small.

The third thing I would say is that there's a huge transition going on where many companies involved in the energy value chains are not involved just in conventional energy. They're involved in transition and renewable energies. They're moving quite quickly to having adjacencies in their businesses. For example, if you're an expert in drilling in oil and gas, you're probably also an expert in drilling for geothermal, and you're now building new businesses in that area. There is starting to be great demand for Canadian services in places like Indonesia or in Europe, where geothermal is replacing district heating.

We're seeing that in other sectors in energy: traditional energy to hydrogen and to renewable fuels. The monitoring and the know-how we have when we are drilling in holes, that monitoring know-how is being used across a number of value chains now, and those are the companies that we say are important for creating the energy systems and energy solutions that we're looking to export globally.

• (1140)

Corey Hogan: Thank you.

Of course, globally, two out of every three dollars are going to green energy. It's certainly a market that Canada wants to be on top of, and it's great to hear that our conventional expertise is so portable.

Mr. Cooper, one of the things the MPO is charged with is taking the learnings from its work into the broader regulatory framework. You talked about simplifying rather than lowering the standard. I think that's something this whole committee can get excited about. Those are zero-cost wins, and you've emphasized the importance of long-term partnerships with indigenous nations.

I'm just wondering if you could expand on where you think there are opportunities for reforms or rationalizations and just for ensuring that we are walking a stronger path of reconciliation while still meeting this nation-building moment. I say, "while still", but that's not even fair, because these things are not at odds but about how they can unlock nation-building moments.

Chris Cooper: I'll use phase one versus phase two as one simple example. When we came into phase one, we put in place the usual impact and benefit agreements with the various first nations, both on the pipeline and on the plant. Our agreements cover both phase one and phase two, so it would have been quite easy to stop there and say it's done. However, since phase one was taken as an investment decision in 2018, we have had things like UNDRIP, with

much more development and, let's say, maturing of our understanding under truth and reconciliation.

On phase two, we've taken those impact and benefit agreements and have put billions of dollars into phase one, in local and indigenous contracts, apprenticeships, training people, etc. We've doubled down on that in phase two, not only by meeting the IBA commitment we made in 2018, but also by exploring equity opportunities to bring the first nations into phase two in a meaningful way that goes beyond phase one, which we didn't really need to do. I think that's the kind of thing we need to do, whether that's facilitated through government or through industry. That's the Canadian way, and that's what we're doing.

Corey Hogan: Thank you.

The Chair: Thank you, both.

[*Translation*]

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

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

Currently, one of the sectors most subject to tariffs in the context of the trade crisis with the United States is the softwood lumber sector. The combination of the anti-dumping and countervailing duties and tariffs brings the total duties to around 45%.

Does EDC have an action plan regarding this?

Has EDC taken action to support the forestry sector in this context?

[*English*]

Alison Nankivell: Thanks for the question.

Softwood was one of the sectors covered through our trade impact program launched in March last year. It is a \$5-billion program of support over two years to help those sectors most impacted. We see that as softwood, aluminum and some areas of manufacturing.

In softwood, we've been instrumental in continuing to support, through that impact program, longer buyer terms and actually put bonding in place for support. For Canadian softwood producers who have to pay tariffs, we will fund the posting of those tariff bonds, which would otherwise be a draw on their working capital and would make them unable to afford to continue to transact business.

We provide a guarantee to the bank, and the bank frees up capital. Therefore, we're effectively guaranteeing those tariff bonds that have to be put up. That has helped significantly.

• (1145)

[*Translation*]

Mario Simard: I followed this very closely, and I can tell you that it wasn't always received positively in the industry, as it was very complex and didn't live up to expectations. I get the impression—perhaps the documents you'll be able to submit will dispel this impression—that the support you are providing to the oil and gas sector is disproportionate to the assistance provided to a sector like the forestry sector. That is why I am interested in seeing a breakdown of the structural investments you are making, as I still get the impression that EDC is making structural investments in the energy sector, but not in Quebec.

As you pointed out earlier, you don't receive many requests from Hydro-Québec, so you're making structural investments in sectors outside Quebec. However, in economic sectors specific to Quebec, when there are one-time needs, such as during the softwood lumber crisis, EDC's response is still lacklustre, I would say, and timid.

That's what I've observed since the beginning of this crisis, which gives me the impression that your mandate applies more to the oil and gas sector than to other economic sectors.

The Chair: Thank you.

Mario Simard: I would accept a brief answer.

[*English*]

The Chair: We'll go to Mr. Rowe for five minutes.

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

My first question is for Mr. Cooper with LNG Canada.

LNG is a big topic in Atlantic Canada and all through Canada. We have imports of LNG into Atlantic Canada, which is very strange, considering the abundance of natural gas right across this country—in Alberta, in northern Canada. There's even natural gas in people's water supply. We have an abundance there.

I was in Alberta, where we're selling our natural gas for less than five cents a unit. It goes to the States in a pipeline, where it's liquefied and sold for over \$12 as LNG. Germany came to Newfoundland a few years back. The Liberal government met with the Germans and said there's no business case for offshore liquid natural gas. I find it hard to believe that there's no case for offshore.

Would you expand on that and try to make some sense out of that argument, as quickly as you can? I have a few more questions.

Chris Cooper: A very simple version of that.... I've done these investments in Nigeria, Oman and Australia. I've done onshore and offshore, so I understand this stuff.

The big challenges with LNG investments are competitiveness, affordability and placing them in the right place on the cost curve. Onshore facilities come with their own challenges, and they're hard enough. Making the economics of offshore facilities work with these very large vessels can be a challenge.

I think it's doable. I agree with you that there's an absolute abundance of gas here. There's a massive opportunity here, but it's about streamlining policy and aligning the different stakeholders around that investment, and then working together to make it competitive or it will not go ahead. Capital will go overseas.

Jonathan Rowe: You mentioned policy certainty, and you mentioned it previously with Shannon. Do you think the barriers that are killing competitiveness are our own barriers, whether that's over-regulation in Bill C-69, the major investment risks of Bill C-49 or Canadian over-regulation in general?

This current Liberal government has proven that our economy is over-regulated, because it said we needed to bring in Bill C-5 so that it could mow over those regulations. Do you agree with the Liberal stance now? Do you agree that we are over-regulated and that's why there hasn't been a business case for LNG in this country?

Chris Cooper: I can see it both ways.

To be fair, the regulations you have in Canada are among the most stringent in the world. That leads to really good outcomes on carbon and methane emissions. That's a very good place. That's actually seen as a differentiator and a positive to investors overseas as they look to decarbonize. The flip side of that is that it can really slow things down. That erodes your competitiveness, and by the time you've aligned, the investment's gone elsewhere.

It's about asking whether you want to put all the layers of regulation and policy in place and then ask what an investment looks like, by which time it's gone, or you want to say, "This is the investment we want. How do we streamline policy and interests around that to make that investment work?" I think the latter is probably the pathway for us to take.

Jonathan Rowe: I understand what you're saying about seeing it both ways. There is a lot of thought that goes into that.

I think if the world really wanted to have very highly regulated, carbon-neutral facilities, it would make it even more the case and we would see trillions of dollars flooding into Canada's economy. We'd see these projects going up, but we're not seeing that. What the world says it wants and what it really wants are different things, because we're seeing investment in the United States and other countries, except for Canada.

Going forward, should we pipeline our natural gas from Alberta into Atlantic Canada, where we can take our importing facility and modify it to be an exporting facility, or should we continue with the status quo of where we're going?

• (1150)

Chris Cooper: That's a fair point. You don't see the market giving a premium for low-carbon LNG at this point in time. Who knows whether that will come in the future? It's about future resilience as well.

I agree that if you look at the amount of gas Canada has, not having a pretty meaningful LNG industry is questionable. I think we missed it the first time around. We have the opportunity the second time around. The question is, can we align our policies and simplification to make it happen?

I think we are on phase two. That's a start. There's a significantly bigger opportunity. The revenues and benefits that brings to the country are immense, and they can be redistributed into other things quite well, including investments in offshore infrastructure and clean tech.

Jonathan Rowe: I appreciate your wisdom on this.

The Conservatives are going to fight for the LNG sector, especially for the offshore of Newfoundland and Labrador, where there's big potential. We look forward to getting your insight at another committee date.

Thank you for your wisdom.

The Chair: Thank you, both.

Wrapping up this panel is Mr. Clark for five minutes.

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

Thank you to the witnesses for being here this morning and for this very interesting conversation.

Mr. Cooper, I wanted to ask you a couple of questions about LNG in general. There are many values, but one of the great values of LNG is that we can see it in some ways as a transitional or mid-tier fuel source between traditional, higher-emitting fossil fuels and the point when massive, large-scale renewables come online across the country.

What is your perspective on LNG's role and potential in Canada as an export in general, and that transition or phase for our country?

Chris Cooper: If you go to some of the studies that you see from various companies, there's no disputing now that LNG is a growth sector. In round numbers, we're currently at about 400 million tonnes per annum. Growth of 30% in that through to the end of the decade and another 25% on that to the end of 2040 take you to around about 700 million tonnes, so that's a debate people are no longer having. There is a clear demand for LNG.

In terms of how that fits in as a transition fuel, we're all working out that the energy transition is not linear. I think we wish it was, but it's not. That's where LNG can play a part in being a good cousin, if you like, or a partner to solar and wind. When the sun doesn't shine and the wind doesn't blow, gas will always be there. I think that's what our international partners are seeing.

If you look at Canada's place in that, as I said, it has one of the most stringent regulatory regimes that exist around carbon. That could potentially be a benefit later, but it positions Canada among

the lowest emitters. Carbon intensity is typically 0.14 to 0.4 in LNG. LNG Canada is at the bottom end of that, at 0.145. We are displacing coal and oil. LNG emits something like 20% to 30% less carbon than oil and something like 40% to 50% less carbon than coal. Your international trade partners see that, and that builds international trade, which then has broader spinoff benefits.

LNG is a fuel. It's an opportunity for Canada with the abundance of gas, but it's also an access pathway in the energy transition to help trading partners, which then leads to broader global trade. It enables significantly more for Canada than just a fuel.

Braedon Clark: That's very well said. I'm an MP from Nova Scotia. It's the only province in this country that is still reliant, to a significant degree, on coal as a fuel source, so your points are well taken on the advantages of LNG compared to coal.

I want to ask a question about a provision in the budget that was introduced last fall. It's about the capital cost allowance for LNG facilities, ranging from 10% to 50%, depending on the facility, the use and the carbon intensity of the LNG.

Mr. Cooper, could you give us your thoughts on the capital cost allowance and where we can continue to incentivize the right type of LNG opportunities in Canada?

• (1155)

Chris Cooper: This comes back to some of the first points that were made around the MPO, etc. It's really about just getting together and asking how these investors, internationally, look at these LNG investments. They are huge outlays of capital. They are a huge risk. These investors have choices elsewhere. There are plenty of places where you can build LNG. Qatar, Australia and the U.S. gulf coast are seen as safe havens. Let's call them that. They're established.

It's really about establishing the competitiveness and the risk profile, which then go into those investors' economic decks. Of course, the accelerated capital cost allowance is something that then plays into how they run their numbers and their internal rate of return, which is how they look at these investments.

Things like the accelerated capital cost allowance are some of the discussions we've had through the MPO, where the government can help create the right conditions for an investment climate. That is the kind of dialogue that has perhaps been missing in the past. We got some of that in phase one. We're not looking for special favours in phase two or in LNG in general. We're looking for mechanisms that enable competitiveness and affordability, and the accelerated capital cost allowance is a good example of that.

Braedon Clark: Mr. Cooper, I know you can't divulge anything about your final investment decision beyond what you mentioned earlier, but is it fair to say that the accelerated CCAs we were just talking about make things clearer, at least, from an FID decision-making process when you're dealing with a massive, complicated project like phase two—

The Chair: Thank you, colleagues.

That was a very informative panel. I think you'll agree that there were good exchanges.

Let me thank our witnesses on your behalf.

I think Monsieur Simard asked for a document. I believe you noted that. Any other information you want to share with the committee would be most welcome, so feel free to pass anything along, whether it's any points you might have missed or things you want to re-emphasize.

With that, colleagues, we are going to recess for five minutes and change up our panels.

• (1155) _____ (Pause) _____

• (1200)

The Chair: I call the meeting back to order.

Colleagues, let me welcome our witnesses.

With us, we have Advanced Biofuels Canada, represented by Fred Ghatala, president. From the Canadian Renewable Energy Association, we have Imran Noorani. From FPInnovations, we have Stéphane Renou, president and chief executive officer. Mr. Ghatala is here virtually. I believe all of the other witnesses are here in person.

As a note about our virtual witness, as I said previously, he has undergone the mandatory witness onboarding test.

Let me make a few comments for the benefit of the new witnesses.

Please wait until I recognize you by name before speaking. As a reminder, all comments should be addressed through the chair. You will each have five minutes for your opening remarks, after which we will open the floor to questions.

Mr. Ghatala, we are going to start with you. You have the floor. Welcome.

• (1205)

Fred Ghatala (President, Advanced Biofuels Canada): Thank you.

Mr. Chair and members of the committee, my name is Fred Ghatala. I am the president of Advanced Biofuels Canada.

Our association is the national industry voice for producers, distributors and technology providers of low-carbon and sustainable fuel replacements for gasoline, diesel, marine and jet fuels. Our members operate over 45 billion litres of low-carbon fuel production capacity globally and are leading suppliers of renewable and low-carbon fuels in our domestic marketplace.

[*Translation*]

Please forgive me for making these remarks in English only.

[*English*]

Biofuels connect Canada. Rural ridings grow the crops and materials that are processed into the biofuels that are used in ridings of all political stripes and that enhance energy security, improve fuel affordability and reduce pollution.

Canada is endowed with significant resource gifts of oil and gas and critical minerals. We also have the agricultural and biomass feedstocks, infrastructure and expertise to lead in low-carbon liquid fuels. Biofuels directly integrate into the liquid petroleum fuels that we use and will increasingly export to our trading partners around the world as we seek to create \$1 trillion in new trade and investment deals. This makes Canada uniquely positioned to be both a clean energy superpower and a traditional energy superpower.

At its full capacity, our clean fuel sector contributes \$17.8 billion annually to the economy, and we have room to grow. The biofuels sector supports over 66,000 jobs across agricultural, rural, indigenous and industrial communities. Biofuels make up more than 7% of our diesel and 10% of our gasoline.

In today's complex and unstable world, there has never been a more important time to have a thriving biofuels sector. In fact, biofuels are essential in the current geopolitical context. Surging crude oil and fuel prices are impacting Canadian drivers and our economy. At the same time, concerns about the reliability and security of fuel supplies mean that availability, not just affordability, is increasingly at stake.

To the question of whether biofuels in our fuel supply are helping or hurting Canadians in the midst of this current environment, the results are clear: Biofuels are dampening both price increases and price volatility resulting from an unstable geopolitical situation.

Canada has already identified biofuels as a strategic industry. The opportunity in front of us is evident. With the right alignment, Canada can build a globally competitive low-carbon fuels industry, strengthen domestic energy and economic security, expand value-added markets for Canadian agriculture—especially Canadian canola—attract investment, anchor it here at home and become a reliable supplier of all forms of energy.

To conclude, biofuels are already a connecting thread across Canada. They must also connect our parliamentarians. As political risk is the leading cause of turbulence in our sector, what is needed and appreciated is clear alignment among all political parties to provide longer-term certainty. Having a durable and secure domestic market helps our members grow to increasingly export clean fuels to our trading partners. With your help, we can capture this opportunity. The world needs more Canadian energy.

On behalf of the board of directors and members of Advanced Biofuels Canada association, I thank you for the opportunity to appear before this committee. I look forward to the discussion.

The Chair: Thank you, Mr. Ghatala.

We will now hear from Mr. Noorani.

You have the floor for five minutes.

Imran Noorani (Vice President of Policy, Canadian Renewable Energy Association): Thank you, Mr. Chair.

Thank you to the members of the committee for the invitation to appear today.

My name is Imran Noorani. I'm the vice-president of policy at the Canadian Renewable Energy Association, CanREA. We appreciate the opportunity to contribute to the committee's study on Canadian energy exports, their role in the global energy system and the barriers facing Canada as we look to grow that role.

I'll start with who we are. CanREA is the national industry association representing wind, solar and storage energy across Canada. Our membership includes more than 300 organizations across the country—developers, utilities, indigenous partners, institutional investors, lenders, manufacturers and service providers—working together to build and finance the clean electricity infrastructure Canada needs to power its economy. We work very closely with provincial governments, system operators, indigenous communities and the federal government to ensure that clean electricity projects are bankable, financeable and actually built, not just announced.

I'll give a little bit of insight into what we do and the scale of the opportunity that we have for Canada in front of us.

Canada is entering what the financial markets are calling an electricity investment supercycle, and clean power is at the centre of it. Canada currently has about 25 gigawatts of wind, solar and storage in operation today, and we're looking at another 24 gigawatts already in active provincial procurement processes across the country. That's about 44 billion dollars' worth of investment.

By the mid-2030s, Canada will need up to 90 gigawatts of additional clean electricity capacity to meet the growing demand, and that represents an approximately \$200-billion to \$300-billion investment opportunity in wind, solar and storage alone for the next decade. It's part of a broader clean electricity opportunity that exceeds \$300 billion to half a trillion dollars when you include transmission and other assets.

What makes Canada unique globally is how we're doing this. Canada has quietly built one of the most investable clean electricity frameworks in the world today. It's made up of two components. The first is the federal investment tax credit, which reduces capital costs through the tax base rather than the rate base, and then we also have long-term provincial power purchase agreements. These are typically 20 to 35 years, and they provide revenue certainty to lenders who need to finance these projects at scale. The combination of the federal tax credits paired with the provincial power purchase agreements is largely unmatched internationally, so we've created the exact environment that creates investment stability. It's already mobilizing tens of billions of dollars across the country today.

According to major financial institutions, clean electricity is now one of the fastest-growing infrastructure asset classes in the G7 countries, with an annual investment growth rate projected at about 15% to 18% per year for the next decade. That's comparable to, let's say, 4% to 6% in traditional energy, so it's something to pay attention to.

Just as importantly, Canada has an unrivalled set of global brands in this space. Canadian pension funds are now active here, and our financial institutions are leaders in renewable energy, not just in Canada but across the world as well. Canadian developers are now operating projects in every continent, and Canadian engineering, construction and service firms are exporting their expertise now, not just electrons. This is not just an export story; it's a story of both power and capability.

Let's talk about the role of clean electricity in energy exports. From a CanREA perspective, we really have three viewpoints as it pertains to this. Number one is that clean electricity can increasingly be treated as an exportable economic asset in and of itself through cross-border, provincial and cross-country sales and integrated North American grids, especially as neighbouring jurisdictions seek low-carbon power to meet their own climate and industrial goals.

Second, and more importantly, clean electricity is the enabling infrastructure. It's the backbone for Canada's broader energy and resource exports. Renewable energy is now consistently the lowest-cost form of new electricity in Canada. The cost advantage matters because it's affordable, reliable, clean power, and it enables all of the other sectors: critical minerals, energy-intensive manufacturing, clean fuels and hydrogen, data centres and advanced industries. In practical terms, Canadian clean power is really what allows Canada to export low-carbon barrels, low-carbon tonnes and low-carbon manufactured goods into increasingly carbon-constrained global markets.

Third and final on this topic is that clean electricity is central to Canada's competitiveness narrative. Global capital is actively looking for stable, predictable jurisdictions to deploy energy investment at scale. Canada is well positioned, but only if we maintain policy clarity and deliver certainty.

● (1210)

Finally, I'd like to talk about the opportunity to build a local domestic capability for Canada. I want to emphasize that at CanREA, we strongly support growing a domestic clean energy manufacturing base here. The opportunity is real, but it depends on sequencing. We don't get manufacturing without scale, and we don't get scale without investment certainty.

The priority in the near term must be on keeping capital flowing into the country, with projects built and procurement pipelines intact. This creates the stable market signals that manufacturers need to invest in Canadian facilities, workforces, supply chains and factory builds. Done right, Canada can grow manufacturing capacity without undermining the very investment pipeline that makes it possible.

Thank you.

The Chair: Thank you, Mr. Noorani.

Mr. Renou, you're up now for five minutes.

● (1215)

Stéphane Renou (President and Chief Executive Officer, FPInnovations): Thank you, Mr. Chair.

Good morning.

[*Translation*]

Thank you all for inviting me to participate in this study. My testimony will be in English, but I will be pleased to answer any questions you may have in the language of your choice.

[*English*]

You're probably wondering why a forest sector innovation company came to this committee today—I do sometimes—but we care about energy.

Let me give you some facts to illustrate this.

Look at all the residue coming from sawmills today. Using that residue to produce energy would be equivalent to 5% of the electricity produced in Canada. If you take the residue in forests and do the same—you generate electricity—you would generate another 5% of the total consumption in Canada. We have the potential there

for 10% of our energy. On top of that, if we were to convert the TMP mills, which are not competitive in the market today, to kraft mills, we'd have the potential to go from using 1.3 terawatt hours per mill to generating 1.9 terawatt hours per mill. We could make that shift towards electricity across the system.

If we did that, it would increase our robustness as an industry. We could export more electricity. More importantly, we could stabilize the future of hundreds of forestry communities, which are in a difficult position today. They depend on it. To secure sawmills from an extinction like that of pulp mills, which is currently happening, energy is our path forward.

Let me first say a few words about FPInnovations.

We are a not-for-profit independent research and technology organization. We work across Canada with the mission of supporting the industry so it can be more competitive, diversify and transform. Our goal is not to promote our technology to make profits, to develop science to publish or even to promote each idea from the industry. We simply serve across industry and government by using the tools of science to make sense of technology in a world filled, now, with misinformation, pots of gold and leprechauns at the end of long rainbows.

I'll go back to the forestry industry now, after leprechauns. Wood residue is generated in many ways and forms across the value chain. That's the challenge—30% to 40% of a log is transformed into residue and we need to monetize that. It's important. Today, pulp mills play that role. They transform the chips—the residue—into fibre that creates value. If they disappear...and actually we have seen so many examples of that happening. What constantly happens is that when a pulp mill disappears, four sawmills disappear. We lose the production of pulp and lumber at the same time.

We have looked at many options for that residue. There are a bunch of ideas out there—*anecdotal, funny, non-market* with no money to be made, or interesting. Energy is probably the most interesting approach because it's the only one that can be developed at the scale at which we're producing lumber.

Energy can take multiple forms. I'm not getting into a debate about which is best. We could do pellets, electricity, biofuel or bio-oil. We could do multiple things. In the end, we need an option that is compatible with the regions, the transport, the electricity transport and the markets. Our fibre costs, though, put us at a disadvantage. If I were to generate jet fuel, would I do it from Canadian fibre or Brazilian fibre? The cost of Brazilian fibre is much lower. Thus, if I had to invest a billion dollars to put in a mill, I would put it in Brazil unless we change the game—unless we look at putting the forestry industry and energy together in order to save both at the same time. There's a joint venture there that we need to do.

Think about the markets. All the witnesses here will tell you the same story: Energy keeps rising, over and over. Our electricity demand keeps rising, and extremely fast. Energy efficiency improvements will not get us there. All the booming technologies, as you said—whether or not it be AI data centres—require more and more energy and electricity. If global warming happens—should you believe in it or not, and you should believe in it—we'll need more cooling. That cooling will be provided by electricity, mainly, so electricity is key.

Of course, there are plenty of policy, social and technical challenges to consider, but we need, and should get, all the electricity we can for the future. It's an economical development tool, but it's also a matter of national security. In front of us, we have a growing need for electricity and energy, and we have a forestry industry that can generate the equivalent of 5% to 10% of current electricity production in Canada. We should move. Renewable will grow. Biofuel will grow. Pushing forward, we need to fulfill that need for electrification.

• (1220)

Biomass offers a carbon-neutral energy source and can be a bridge while other sources come online. We will need nuclear energy some day. We will need other forms of energy. We need to bridge there, because by the time we get nuclear plants, we'll be in trouble.

Understanding where we can go and reducing policy are the challenges we face as Canadians.

The Chair: Thank you, Mr. Renou.

We're now going to go to questions and comments from members of Parliament.

[*Translation*]

Mr. Martel, go ahead for six minutes.

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

I thank the witnesses for being with us today.

Mr. Noorani, natural gas is often presented as a transitional energy.

Do you agree with that statement?

[*English*]

Imran Noorani: At CanREA, we take the view that there is a holistic landscape for all forms of energy. As Mr. Renou said, the demand far exceeds what we can currently produce. How we treat the electricity transition involves the entire mix. Natural gas is a part of that mix, as are other generation sources as well.

[*Translation*]

Richard Martel: Do you see your sector as a substitute or as a complement to hydrocarbons?

[*English*]

Imran Noorani: We don't see our sector as a substitute for hydrocarbons. Again, it's part of the mix needed to get to the transition that we need. There are various generation sources, all with

different carbon intensities and all contributing to an agenda of electrification. I think this is what's most important currently. We need to be thinking about electrification and economic development in tandem.

The question is one that can be answered with “all of the above”. We need all of the generation sources and in different carbon intensities as well.

[*Translation*]

Richard Martel: You know that, when it comes to renewable energies, such as wind and solar power, there are challenges related to intermittency.

Do you have any strategies for energy storage during periods of high production or low consumption?

[*English*]

Imran Noorani: As it pertains to storage, we're seeing growth, so yes, renewable energy has faced the issue of intermittency. However, generally speaking, grids face the issue of reliability as well.

Again, different sources provide different reliability solutions. When you think about demand, the question leads one to conclude that there must be a balance to this, which is the role of the grids. There are different technology mixes with each grid, the supply mix, so to say. We're implementing a larger strategy on storage to look at the whole grid benefit that it can provide to offset intermittency issues and reliability issues that are common to all grids and that are caused by all generation sources.

The addition of the investment tax credit or the extension of the investment tax credit to energy storage technology is wonderful, because it's creating solutions for grids and it's creating a domestic manufacturing capability as well.

[*Translation*]

Richard Martel: Thank you, Mr. Noorani.

Mr. Ghatala, in Canada, what is the actual availability of raw materials to support large-scale biofuel production?

[*English*]

Fred Ghatala: We are very blessed with agricultural and forestry feedstocks to support a domestic biofuel sector.

[*Translation*]

Richard Martel: Biomass production requires fertilizers.

How important is access to a sovereign supply of phosphate fertilizers to ensuring your members' production?

[*English*]

Fred Ghatala: That is a very good question. Nitrogen fertilizer is essential to canola production. Modern agriculture requires inputs. Modern Canadian agriculture also builds soil organic carbon.

The Canadian biofuel supply chain is such a strong story in Canada for both domestic fuel availability and, of course, for exports. Being able to have that supply chain in place domestically—fertilized domestically for domestic markets—is part of what will give us a durable clean fuel supply chain.

• (1225)

[*Translation*]

Richard Martel: To what extent does the biosourced product sector depend on the availability of nutrients, particularly phosphate, to ensure biomass production?

[*English*]

Fred Ghatala: That's a very good question. I do not know the exact trade flows north and south for phosphate. Our understanding is that, given our natural gas availability and given our oil and gas resources, we are in one of the stronger international positions when it comes to crop inputs for our own biofuel production and the feedstocks that support it.

[*Translation*]

Richard Martel: What agricultural or forestry inputs are needed to support sustainable large-scale biomass production?

What role could phosphate fertilizers play in this production?

[*English*]

The Chair: We'll have a quick answer, please.

Fred Ghatala: Crop inputs are extremely important, as I've said before. The ability to recognize the efficient use of crop inputs is one of the things that is a hallmark of modern renewable fuel policies like those Canada has in place at the federal and provincial levels.

Because these are inputs, and because these inputs have a cost and these costs are high and have a significant impact on a farm's financial viability, policies that reflect a more efficient use of these resources have led to a more efficient use of these resources, which means that the renewable fuels created in Canada have lower carbon intensity. With lower carbon intensity, often comes greater cost-efficiency.

The Chair: Thank you both.

Mr. Danko, you have six minutes.

[*Translation*]

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

[*English*]

It's so good this afternoon to get some good news about Canada's affordable, renewable clean energy sector and the growth potential for clean energy exports being growth industries in Canada.

There are two federal regulations that really come to mind when we're talking about biofuels and clean energy exports: the industrial carbon pricing and also Canada's clean fuel regulations, which really ensure a healthy market and ecosystem for the production and export of biofuels.

My first question is going to be mainly for Mr. Ghatala, because these regulations really focus in on reducing the carbon intensity of gasoline and diesel and increasing the demand for Canadian biofuels—ethanol, biodiesel, renewable diesel, sustainable aviation fuel, as was mentioned, biogas, etc.—and they also ensure access to export markets.

You mentioned in your opening statement the importance to canola farmers and agriculture. I think you mentioned 66,000 jobs in farming. We heard about the importance to the forestry industry as well. In Hamilton, we have an example of this, the Biox diesel plant, which is very supportive of the clean fuel regulations as part of their business plan.

I have three questions for you, Mr. Ghatala, and you can answer them in whatever order you wish: the importance of the Canadian clean fuel regulations to support the biofuels industry; the importance to Canadian agriculture and Canadian forestry; and also, the importance of industrial carbon pricing in terms of access to export markets.

Thank you.

Fred Ghatala: Thank you for those questions.

The biofuel policy in Canada has gone beyond the clean fuel regulations from the beginning, when former prime minister Stephen Harper put the renewable fuel requirements in place. Those still exist within the clean fuel regulations, so really, the CFR is built upon the strong start that former prime minister Stephen Harper put in place.

Its importance cannot be understated. Having a federal signal that requires fuel suppliers to reduce carbon intensity, that has land use and biodiversity criteria, that has the plumbing to include aviation fuel in the next update.... There's a reason why the clean fuel regulations are internationally recognized as very good policy. They are extremely important for the agricultural sector. They have a very agricultural sector-friendly approach in a world where policies are generally, in some cases, turning away from the solidity that agriculture-based biofuels provide.

To your second question, its importance is fundamental to the agricultural, canola and forestry sectors. We saw the impact of foreign markets and the impact they had on Canadian production. The 5.9 megatonnes of seed that used to go to foreign export markets—our largest one for seed is China—is essentially 2.3 billion litres of renewable diesel that could be used at home, produced at home, to lower emissions at home and also be exported. It's extremely important in that sense. It would also provide the opportunity for forestry-based residuals and products to be processed in Canadian refineries. It's very useful in its role to encourage the development of these resource-based sectors.

Industrial carbon pricing is also a useful framework. Of course, we would like to see the shape it takes, but we view industrial carbon pricing, in a world with trading relationships, as a way to link jurisdictions that have similar focuses on reducing emissions. Therefore, we're very supportive of smartly applied industrial carbon pricing.

• (1230)

John-Paul Danko: Thank you. That at was an excellent, very fulsome answer.

Mr. Renou, do you have anything to add, specific to the forestry sector?

Stéphane Renou: It's difficult. As a scientist, I tend to look at facts without policies and see how they compare. It's a sadder story for the forest industry in Canada because it will cost more to produce SAF here than it would cost elsewhere.

If you look at ethanol and agriculture, it's a completely different story. It's much cheaper to produce ethanol out of corn or canola, and other things. With forestry, you need to take our superb fibre—and I say that with pride—which is different from the other, and decompose it to the simple chemical expression, therefore removing all of the advantages we had, bringing it to a simple thing and then rebuilding it. If I were an oil company, I may go elsewhere to do it. If you look at Europe currently, the SAF quota is fulfilled by China because it's cheaper to do it in China than in Europe, more and more, every day.

There's a story to be told. There's something to be looked at. I'm not saying it's yea or nay; it's a choice of policy. That's your job, not mine. From a cost perspective, we have to do the right thing. From a competitive advantage, we have great fibre. Let's focus on making the best we can.

However, on the residue side, it's different.

The Chair: Thank you.

[*Translation*]

Mr. Simard, the floor is yours for six minutes.

Mario Simard: Thank you, Mr. Chair.

I'll return to the discussion Mr. Danko had with the previous witness.

Mr. Renou, in your presentation, you clearly demonstrated that the forestry sector is in transition, that the pulp and paper sector will inevitably decline and that the energy sector could be a good alternative sector for residues.

We've had these discussions many times here in the committee as part of our studies on the forestry sector. One thing keeps coming up from many witnesses when it comes to fuels produced from biomass.

I would like to make this very clear. It's important to develop a standard for clean fuels and for carbon pricing. Without these two tools, it becomes difficult to reduce the risk associated with the initial phase of the industrial-scale implementation of biofuels or clean fuels produced using biomass.

I'd like to hear your comments on that, as it strikes me as an important point. Often, here in the House of Commons, we hear people telling us that we need to eliminate the standards for clean fuels and carbon pricing.

What do you think?

• (1235)

Stéphane Renou: It all depends on what we're looking at and the goal we want to achieve. If we're aiming for decarbonization, we clearly need regulations to set a price on carbon. Fundamentally, technology and engineering alone won't lead us to a competitive price, whether we take the traditional path of oil and gas or that of forestry to get there. It's clear: We need policies to get there.

As for the other aspect of your question about whether we can support the forestry industry by generating energy, the answer is a resounding yes. However, we have to look at what we are doing and where we're doing it. Where are the power transmission lines? Where are the oil transmission lines? Where is the accessible biomass?

Someone in this committee asked whether there was enough biomass. Again, it's a big "it depends". If I go into the forest to collect residues, it's very expensive. If I'm already harvesting trees for construction lumber, it costs less. So there is a deep integration that needs to be considered. We have to think about the locations. In the current context, I'll go a step further. We really have to look at which areas—which Canadian ecosystems—we can protect or help survive to ensure that we have an industry going forward. A one-size-fits-all policy won't work for the industry. We really have to proceed on a case-by-case basis.

Mario Simard: I fully agree with you, but to reduce the risks associated with that, incentives will still be needed. Back home, yesterday or the day before, it was announced that Elkem Metal was selling its biocarbon pilot plant, which makes it possible to replace coal in its industrial process. So we know that there are significant costs associated with that. The reason this company decided to get involved in this is that there is a significant benefit in terms of reducing emissions. The same goes for Arbec, which produces biofuels.

In that regard, do you think government action—the assistance provided to the industry for the deployment of these technologies—is sufficient?

If you have any ideas on what could be done in the short term, since the forestry sector needs this in the very short term, we would like to hear them.

Stéphane Renou: Once again, I'll answer in a more technical way. Indeed, when we talk about metallurgical carbon, which is used to reduce iron to cut emissions, we can use anthracite, a traditional product, or products derived through a thermochemical process to produce metallurgical-grade biochar. The cost is higher.

So we need a carbon policy, an incentive or regulations, which can take various forms. Again, I'm not a lawyer. It could be a carbon tax, a specific requirement regarding the use of biochar in a metallurgical process or in something else. It is possible and feasible, but we need regulations to support it. If we rely purely on the economy, it won't work.

However, in my opinion, every policy must be part of a long-term vision. We have to think about the day when we won't need the policy anymore. Otherwise, we'll just create widespread inflation. So how do we balance the two? It's your job to answer that question. All I can do is provide you with data, unfortunately.

Mario Simard: No, I'm in the opposition. My job is to criticize the government!

Stéphane Renou: Ha, ha!

Mario Simard: Do I have any time left?

The Chair: You have one more minute.

Mario Simard: Okay.

Mr. Noorani, I paid a very interesting visit yesterday to a company called IDEA Contrôle. It provides advanced management services to companies in Quebec that want to obtain an energy block. In Quebec, for projects under 5 megawatts, companies don't need to ask Hydro-Québec for an energy block. It's given to them de facto. Using a battery system, IDEA Contrôle manages to reduce companies' energy demand to below 5 megawatts.

There's the well-known 30% tax credit for clean electricity, but do you, as someone who represents many members, believe that this is sufficient to deploy new technologies that will ultimately help us improve our storage capabilities, but above all make businesses more competitive—businesses that wouldn't have stepped forward if this type of technology hadn't existed?

Are there other things the government could do?

[English]

The Chair: Please provide a quick answer.

Imran Noorani: Thank you for the question, Mr. Simard.

As it pertains to this sector and this size, we call it behind the meter. There's a lot of opportunity for Canada to be a leader within this space. Ontario is showing a lot of leadership already. Alberta will be next as well in terms of the storage capability that is likely to be unleashed, and I think Quebec will be too.

The federal government has set the right framework for large investments. As we talk about smaller investments, we're working with local provincial authorities. We're basically working with the ecosystems within to create a funding mechanism that will allow for more longer-term investments into these smaller storage facilities, or even solar for that matter.

• (1240)

The Chair: Thank you both.

Mrs. Stubbs, you're up for five minutes.

Shannon Stubbs: Thank you, Mr. Chair.

Thank you to all the witnesses for being here. I have questions for all of you, so we'll see how far we can get. Maybe you'll have to submit afterwards if we run into the clock.

Thank you, Monsieur Renou, for just saying the non-partisan fact, which is that if we do impose federal taxes and policies on Canadian producers that other countries and competitors, especially the U.S., don't have, then we do, by nature, make it more expensive for Canadian producers to do business here.

Unfortunately, there isn't a proposition of a federal industrial carbon tax model that is offset by the equivalent cut in corporate taxes or other regulatory costs to ensure that funding then goes into innovation. That would be the kind of model that industrial carbon tax advocates propose, but it is not, of course, what has been imposed on Canada over the last 10 years. Instead, it has been a pancaking and layering of legislation, regulations, policies and taxes that add costs.

You previously wrote to this committee that "Canada's forest industry, once profitable and competitive internationally, is in a deep crisis." Conservatives say part of that is a failure to get a softwood lumber deal done with the U.S., which the former Conservative government did in 80 days but these guys haven't gotten done in 11 years.

Of course, a lot of this is provincial jurisdiction, but I just wonder if you might tell us what the top priorities are that the federal government could do to ensure that forestry becomes globally competitive again and to save all the valuable pulp mills, sawmills and jobs in Canadian communities.

Stéphane Renou: That is a large question; a big purse is needed.

Every time we want to save a pulp mill, we need to modernize it. We are talking about \$1 billion to \$2 billion of investment. That's the reality of where we are, so enabling that with the right conditions is useful.

A few other things the federal government can work on are helping provinces harmonize a transport policy and helping provinces harmonize fibre costs and access to fibre. There's a large leadership role the federal government can play in different forms. Of course, there is the trade file, and depending on who you have on the other side when you're elected, you have a different problem. Let's acknowledge that first.

There's also this constant leadership role across all the provinces and trying to break down the barrier between the federal and provincial governments. Forestry is a provincial jurisdiction. Commerce trade is a federal one. What's killing all of us in the forestry sector is that we're constantly stuck between the two. We don't have time for a match. We have time to work together.

On the rest, listen: Economics is economics. Whoever is elected will face the same economics. The rest is choice of policy, based on their opinions and choices.

Shannon Stubbs: Thank you.

It seems clear that if a government is serious about Canadian sovereignty, self-reliance and affordability, it will do everything it can as fast as possible to break down and to harmonize those jurisdictional challenges. The Liberals have been in power for 11 years, so they could get on at any time, especially given their specific promises about it.

This is for CanREA and the biofuels association. CanREA was here before. Talking about permitting for energy sites, the organization said, “I've been out to many a project site where you ask, 'How many permits are you filing?' and the answer comes 'Oh, five or ten'...And I go, 'one field.'”

As you know, Conservatives support the expansion of private sector traditional and new energy development. Like all of you, we believe this is a spectrum and that the answer is both and all for Canada—not either-or, some or the politically favoured ones.

Given that, what regulations should be either repealed or revised, or what other federal policy changes can be made so that energy development and supply chains of all kinds can be built in Canada? You mentioned the requirements for clarity and certainty.

Imran Noorani: I can respond to that first.

Maybe I'll start with the provincial level. We're seeing a lot of streamlining across the country. We definitely endorse that, and we work closely with provincial governments to help do that. I can say that B.C. is a leader and that Ontario is really emerging as well, and we're seeing this across the country.

From a federal perspective, I think that where we stand to gain a domestic—

Shannon Stubbs: Also, it does happen to be the case that Alberta, as a jurisdiction, of course, has the most planned investment in renewable and alternative energy development of any of the provinces in the country, although there was a pause in the regulatory process to give confidence.

• (1245)

Imran Noorani: Yes, absolutely, and I think the storage potential in particular in Alberta is something the world should be watching. I do think that, from a federal perspective, there's a lot of opportunity to fine-tune under domestic content considerations with the ITC. Once we start to see a different model that balances all of the needs of the sectors—steel, renewables and different associations—I think we'll be able to find a good solution, and that will be where we unlock domestic capability for the country.

The Chair: Thank you. That's your time, Mrs. Stubbs.

Shannon Stubbs: Chair, can the witnesses provide a written submission to follow up?

The Chair: Yes. I always do that at the end, but we welcome comments and additional information that you didn't get around to saying.

Thank you, Mrs. Stubbs. That's a great suggestion.

[Translation]

Mr. Guay, go ahead for five minutes.

[English]

Claude Guay: Thank you very much to the witnesses for being with us today. It's much appreciated.

Mr. Ghatala, greener-made products—an example that comes to my mind is low-carbon steel—often command a higher price on the international market as many companies consider ESG concerns when purchasing. What role do biofuels play in decarbonizing and making other Canadian exports more sustainably produced? That is my first question.

My second question is this. With canola being a great input for SAF, sustainable aviation fuel, what is stopping us from developing it? I hear there's a global shortage of it. How can Canada play a bigger role?

Fred Ghatala: Thank you very much for those questions.

The Reuters headline today was something like “Biofuels back in vogue”. The current geopolitical crisis is showing us how biofuels are showing up to help with fuel supply availability concerns for gasoline, diesel, jet fuel and marine fuels. Biofuels are part of the energy mix, not just a green solution—which of course they are, but they are a fundamental aspect of energy security.

You asked about how biofuels and low-carbon fuels made in Canada can help our exports. One of the benefits of low-carbon liquid biofuels is that they mix seamlessly with our petroleum fuels. They can use the same supply and distribution infrastructure. SAF, sustainable aviation fuel, is jet fuel. It can be certified as jet fuel. There are no additional handling concerns. In the same way that we can export crude, we also export refined petroleum products. Integrating biofuels in those exports is part of how we can make those attractive to international buyers that do not just have energy availability concerns but want to reduce emissions in the process.

Your second question was regarding SAF and what we need to do. Sustainable aviation fuel is a massive opportunity for Canada. It's one where we can have much of our sustainable canola go into. Canola is a very good SAF feedstock for many reasons—low cloud point, cold weather operability, etc. The most important thing that could be done for SAF is to simply move it under a regulation like was done in British Columbia. There is over 1% SAF being used in that province.

The clean fuel regulations, being a federal policy that followed on the renewable fuel regulations put in place by Prime Minister Harper, have the plumbing to include SAF. We think that's a key thing that will help supply low-carbon jet fuel, while also making it cost-competitive due to the compliance credit market the clean fuel regulations have.

Claude Guay: My next question is for Mr. Noorani.

In order to export more electricity with the demand that is coming in the next 10 or 15 years.... You mentioned that we need an increase in renewables. Can you talk to us about the role of energy storage, and how that can help us produce or export more while addressing our domestic needs?

Imran Noorani: What is the advantage of renewables today? They are fast and easy to deploy. We do need other things in the grid that provide stability and a backbone, but when we're talking about quick ramp-ups, you pair intermittent renewables with storage. Storage creates the stability that you need to run any type of real facility, right down to medical. What we're starting to see is that renewable energy, when it comes to storage, acts like our lovely endowment of hydroelectric energy throughout the country. We've hit our capacity there. Storage provides the same benefit for us. It provides the backbone for manufacturing.

When we start to talk about the export of low-carbon fuels, green hydrogen, etc., this is where opportunities are further unlocked.

• (1250)

[Translation]

Claude Guay: Mr. Renou, I invite you to tell us a bit about your LignoForce system, which I find interesting. Maybe you can present your elevator pitch to us.

Stéphane Renou: In a kraft process, the LignoForce process extracts lignin, which can then be used as a by-product. Normally, black liquor is burned directly at the mill. The LignoForce process makes it possible to extract the lignin and use it as a stand-alone by-product. This allows us to enter the bioeconomy more broadly going forward.

Unfortunately, in Canada, lignin production is in free fall, because it requires investment and a mill whose long-term viability is assured in order to incorporate these systems. Some production exists in Germany and Sweden, and even there, things are beginning to show signs of strain.

That said, these processes allow us to make progress and diversify our activities, which is very important.

[English]

The Chair: Thank you both.

Colleagues, we're going to go to Mr. Simard for two and a half minutes.

The bells are going to start ringing at 1:03 p.m., so Mr. Rowe and Mr. Clark, I'm going to cut back your time a little bit so we can make our way up to the House.

[Translation]

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

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

Mr. Renou, I encourage you to submit documents that will help us complete our study, particularly regarding what you just mentioned. I'm also thinking about cellulose fibre and all those elements. If you have any information to share with the committee, I invite you to do so, because I'm going to have to do something I

don't usually like to do, which is to introduce a motion while witnesses are present. However, Mr. Renou, you won't be upset by this motion. It may be a little less relevant for the others.

Mr. Chair, last week I tabled a notice of motion, and I would now like to move it.

The report of the working group on the forestry industry has been tabled, and we've had informal discussions with Mr. Hodgson. He told us that members of Parliament would be able to receive a briefing on the contents of this report. We have conducted a study on the forestry industry, but I would find it quite interesting to hear from the two co-chairs of this working group. We could do this quickly, perhaps after we get the briefing. If we have any questions to ask, it would be a good thing to do.

I'll quickly read the motion to you:

That further to its study on the forestry industry, the committee hold an additional meeting and invite the co-chairs of the Canadian Forest Sector Transformation Task Force, Ken Kalesnikoff of Kalesnikoff Mass Timber and Frédéric Verreault of Chantiers Chibougamau, to appear for one hour, and that the meeting take place as soon as possible.

Perhaps I would still wait until we've received the briefing. Afterwards, we could hold the meeting. I think there's broad agreement on this, Mr. Chair.

[English]

The Chair: Thank you, Mr. Simard. That motion is in order.

Colleagues, is there any discussion?

The forestry study is still under way, so seeing no objection, we will have one more meeting.

(Motion agreed to)

[Translation]

Mario Simard: That's fantastic. What a beautiful day!

Mr. Renou, you had a discussion with my colleague Mr. Guay, and I immediately thought of cellulosic fibre, which we've been trying to produce back home in Kénogami for many years. Unfortunately, however, there's no market for this product.

It's a somewhat intractable problem. How can these new technologies find markets?

I'd like to hear your thoughts on that.

• (1255)

Stéphane Renou: Many products, such as nanocellulose and cellulose fibre, as you call it, or CF, as we commonly refer to it here, are a bit like salt and pepper, the magic ingredient you add to a recipe to enhance a product's properties.

When the paper and packaging industries are doing well and technology is advancing, we incorporate these products to enhance their strength, durability, and so on.

When the industry is struggling, and we aren't creating many new products, we use less of them, and volumes remain relatively low. We won't save the industry with CF. However, with CF and nanocellulose, we can create products that will generate new value.

So, we're creating a blend, in a way. We focus on the little magic ingredient, but we don't see that it enables the creation of new products. The real problem facing the industry right now is volume. We have a chip volume problem and an issue with international competitiveness. So, these things are great, but they won't save a paper mill, unfortunately.

Mario Simard: Right now, what should we be focusing on?

Stéphane Renou: The focus needs to be on the efficient use of wood chips to save the sawmill industry and on the modernization of kraft pulp mills, which is the most significant issue at the federal level.

Priority should be given to these two technological areas to find solutions. Energy is part of it, but it's also necessary to look at the industry and identify the areas and industrial groups we can rely on to ensure that our homes will still be built with Canadian wood in 20 years. It's starting to get a little stressful.

The Chair: Thank you.

[English]

Mr. Rowe and Mr. Clark, I'm going to give you three minutes each.

It's over to you, Mr. Rowe.

Jonathan Rowe: Thank you.

My first question is for the president of Advanced Biofuels Canada. I have a biofuel refinery in the district. It's one of the biggest employers in the district. We're very happy that it's running. A lot of people in my riding, including me, are just curious about who's buying biofuel right now and why they are buying it.

Building on that, how do we make sure the demand is always there? What kinds of policies does government need to make that sustainable? What kinds of tax credits, perhaps, does that need in order to keep going forward?

Fred Ghatala: Thank you for that question.

There are multiple buyers of biofuel. The policy is designed provincially and federally such that the obligated parties under the regulations are the suppliers: the producers and importers of gasoline and diesel. Those parties buy biofuels.

Also, because the modern biofuels such as biodiesel, renewable diesel and bioethanol can be used in a wide range of industries, the industries themselves oftentimes will buy fuels directly through their fuel supplier. That's helped by the compliance credit market that's in place in many federal and provincial policies.

They buy them because they can be cost-competitive. Bioethanol is cheaper than gasoline. Biodiesel and renewable diesel are very competitive. They reduce emissions, they have operational benefits,

and they also help in terms of local air pollution and global air pollution. There are so many reasons why biofuels are a useful thing for Canadians to produce, to sell, to buy and, of course, to use.

Jonathan Rowe: Thank you for that. It seems that a lot of what you're saying is that because of these policies, the use of it was enforced. That's good to know. Our refinery uses cooking oil from Asian markets. It recycles the cooking oil and uses animal fats, which I think is a great way to recycle those products.

What I find interesting is that there are a lot of biofuels across the country—and you brought it up in your statement—that are using canola straight from the farms. We're farming the canola, then processing it and then it becomes fuel.

With the global population expanding rapidly, a lot of experts are saying that in the next few years we're going to have a hard time feeding the global population. Do you think that may transition farmers, and rather than producing food, they'll go to producing canola to make more money and we'll have a food crisis on our hands? Could we be solving the climate problem and creating another problem of world hunger, perhaps, on the other side of that?

The Chair: We'll have a quick answer.

Fred Ghatala: I appreciate this question. The food and fuel debate will always be something that we need to talk about, but biofuels reinforce our food and fuel supplies. As we're currently seeing in the market right now, the canola that is grown can go into engines, the meal can go into animal feed and the oil can be used. Also, then, after it's used and fried in certain applications, it can be used again as recycled cooking oil.

• (1300)

The Chair: Thank you.

Mr. Clark, you're going to be wrapping up for three minutes.

Braedon Clark: Thank you very much, Mr. Chair.

Thank you to all our witnesses for being here today.

Mr. Noorani, I wanted to ask you a couple of questions about renewable energy. Like my friend Mr. Rowe, I'm an Atlantic Canadian MP from Nova Scotia. Wind energy in particular has gotten a tremendous amount of interest in Nova Scotia over the last year or so. There are also significant projects around green hydrogen, which we heard about in our meeting last week.

Also, wind west is one of the projects of interest of the Major Projects Office. In your opening statement, you said that there are about 25 gigawatts of wind, solar and storage currently in Canada. Wind west, on a full build-out, is for 60 gigawatts. Obviously, the scale is massive. Of course, as we know, the wind doesn't always blow, but if you've been on the water off Nova Scotia, it often does, and to great effect, which is why it's one of the best places in the world to have offshore wind.

Could you give me your sense of the wind industry in general and of that project and how we can take it from a fantastic idea that everybody thinks is great to actual operation? What barriers or opportunities are there that we should be aware of to make sure it happens?

Imran Noorani: Thank you for the question.

That's one of my favourite files in the country. The reason I like it the most is that the Atlantic region, paired with Quebec, is going to show us what collaboration can unlock in terms of economic development. All the gigawatts we're talking about.... You could argue that they're different ranges, but what you need are moving pieces. You need interprovincial agreements around transmission build-out. That's the backbone. You need the demand side of the equation, and the generation side. The demand side means talking about who's going to use it. Is it something we export to the U.S., etc.? There are MOUs being signed with the northeastern corridors. This is why it's exciting.

What we really need to focus on, first and foremost, is "if you build it, they will come". Transmission infrastructure needs to be the first place we start to have the conversation. The federal government can come in to help—not to tell us what to do but rather to balance the equation regarding how costs and benefits are shared across all the different provinces and players in the equation.

This is why it's very exciting to me. I think we will be showing the world what collaboration and economic development can do, hand in hand.

Braedon Clark: That's a great way to end. Thank you very much.

The Chair: Thank you, Mr. Clark. Indeed, it's a great way to end.

This has been an excellent panel, and I want to thank the witnesses. Again, as Mrs. Stubbs suggested, we're open to briefs and further information you may want to share in order to enlighten our study.

Colleagues, we had two great panels today. This brings our meeting to an end, except for a few pieces of information.

Next meeting, on April 23—this Thursday—we will receive Minister Hodgson on the main estimates, the supplementary estimates and Canadian Nuclear Laboratories. We'll have various officials for the main estimates in the second hour.

On Tuesday next week, there is the spring economic statement. As you know, traditionally, there is a lock-up in the morning for all MPs—opposition members as well as the government side—that conflicts with our committee.

Colleagues, it is my prerogative as chair—though I hope I have your concurrence—to suggest that we won't be meeting.

With that, I have Mr. Tochor.

Corey Tochor: It's just for clarification.

I'm very grateful that the minister is going to be here. Is it for two hours? I believe the nuclear study is one hour. Then we have the estimates. Is he coming back for the nuclear half-hour, or are we splitting that time? It seems as if he's shorting his responsibility. The committee asked for an hour to review the Canadian Nuclear Laboratories. I think Canadians are getting shortchanged if he isn't here for a full hour to talk nuclear.

The Chair: Okay. I know we have him for an hour this Thursday, Mr. Tochor. I think that matter could be raised with him. His parliamentary secretaries are here, and his staff. They will raise that with him.

As you know, we can ask the minister, but we can't compel him.

• (1305)

Corey Tochor: Chair, not to go over the point again, but he is supposed to be here for an hour. Now he's shortchanging this committee on finding answers about why we're giving our Canadian nuclear labs to an all-American group of companies.

I will be vigorously exploring that with him for as much time as I'm allowed, but if the study is for one hour, he is—once again—not being accountable to this committee.

The Chair: Thank you, Mr. Tochor. You've made your point. I will leave it to the folks in the room who heard that request. I know it'll be passed on to the minister.

We are adjourned.

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