

# Time to Put the Pieces of the Puzzle in Place

Elizabeth May

You cannot solve a puzzle without seeing the big picture. And in Canada's current energy debate, sadly, the family cat got on the table, knocking most of the pieces to the floor, while toddlers argue over the three remaining pieces shouting "Mine!" Those pieces are the oil sands and while we maintain an obsessive focus on them, other elements crucial to our energy security, economic prosperity and our future as a planet are being neglected at Canada's cost and peril.

If all the key pieces of Canada's energy future – the climate crisis, a prosperous economy, labour issues, east-west connectivity, energy efficiency, technological innovation, federal-provincial relations – were jigsaw pieces on our collective family table, it would be worthwhile to find the picture on the box the pieces came in.

The cover of the box, a glorious sustainable energy roadmap, would depict where we want to be, with: a meaningful carbon reduction plan; phasing out coal across the land; bringing in energy conservation and efficiency standards; producing far more energy from renewable sources; applying cleantech solutions broadly; paying attention to energy security; and shifting from a strategy of rapid export of unprocessed product to managed production at a steady rate of upgraded and refined product, with value-added creating far more employment in oil production while energy efficiency targets create jobs everywhere in overhauling our built infrastructure.

You cannot solve a puzzle when you do not see how the pieces fit together.

In the case of the current energy debate, the dialogue is so devoid of content that one cannot dignify the noise by calling it debate. Back to that Canadian family table with all the jigsaw pieces we need to fit together, sadly, the family cat got on the table knocking most of the pieces to the floor,

while toddlers argue over the three remaining pieces shouting "Mine!"

A grown-up discussion starts with acknowledging that Canada needs an energy strategy. Federal and provincial jurisdictions respected, we need to think like a country. Rather than pit one region against another, we should start the conversation by setting out some over-arching goals.

Energy touches everything. A discussion about an energy strategy is not fundamentally about the oil sands. The oil sands are part of the conversation, but, back to our puzzle metaphor, those toddlers are fighting over the oil sands pieces of the puzzle. Nothing gets solved that way.

National goals should include:

- 1) Energy security
- 2) Energy pricing
- 3) An effective greenhouse gas (GHG) reduction plan for the needed transition to a post-carbon economy
- 4) Full employment goals
- 5) The promotion of innovation and competitiveness in Canada
- 6) Social justice; ending energy poverty
- 7) Energy strategies for a resourceful and resilient Canada

Taken separately, we could be fighting over these individual elements without resolution. Taken together in a grown-up conversation, they all fit together.

Starting with energy security. Right

now, if there were a disruption of supply from OPEC nations, most Canadians would have no home heating oil, no gas, and eastern refineries would be in crisis. While debating how best to export as quickly as possible, as much as possible, raw, virtually unprocessed bitumen, more than half of Canada is dependent on imports of foreign oil from Saudi Arabia, Nigeria, Kazakhstan, Venezuela, and Norway. As Gordon Laxer of the Parkland Institute identified, Canada has no energy security. Unlike the US, we have no Strategic Petroleum Reserves. If there was a blockade of foreign oil or economic embargo, those in Eastern Canada would have to wait for tankers to bring them bitumen for processing through the Panama Canal and up the eastern seaboard. As bizarre as that sounds, it was the solution offered by a Suncor executive when asked in Natural Resources Committee about the vulnerability of Eastern Canada to embargos.

**While debating how best to export as quickly as possible, as much as possible, raw, virtually unprocessed bitumen, more than half of Canada is dependent on imports of foreign oil from Saudi Arabia, Nigeria, Kazakhstan, Venezuela, and Norway.**

The irony is that the dividing line of foreign oil to the east and Alberta oil for the west was the result of deliberate government policy – aimed at helping the Alberta oil and gas sector. Back in 1961, the National Oil Policy decreed that eastern Canadians (east of the Ottawa River) would only receive imported oil while those in the West had to purchase Alberta product. By deliberate policy, Eastern Canadians became dependent on foreign oil, while Alberta oil was consumed by those in western provinces and exported to the US. Now it is time to think like a country.

The current proposal to link us east-west also makes no sense. Former New Brunswick Premier Frank McKenna has proposed shipping unprocessed bitumen to Saint John, NB, to put it in tankers and export it from there.

Energy security would start by establishing the principle that we only export once domestic needs are met.

That brings us to the importance of maximizing employment opportunities. It makes much more sense for Canada to upgrade the bitumen, before trying to make it sufficiently fluid to flow in pipelines. Bitumen is not crude oil. And it isn't even oil at all. It is thick and solid, described as being the consistency of peanut butter. (Before mining, bitumen is 10 percent of the volume of soils, then described as being the consistency of molasses. Oil-like analogies seem to run to food.)

To make it flow, a naphtha-like fossil fuel substance, called a diluent, is added. All the controversial pipelines now under debate (Keystone XL, Enbridge's Line 9 and Northern Gateway), are intended to carry a 70-30 mixture of bitumen and diluents – brilliantly described as “dilbit.” According to Enbridge's evidence in the NEB hearings, its twinned pipeline will carry imported diluents from Kitimat to Alberta to be mixed with the bitumen. And the diluents will be purchased from the Middle East, and put in tankers to Canada. So much for being a domestic source of oil.

Back to energy security, jobs and minimizing environmental risks, if the bitumen was upgraded to synthetic crude in Alberta we wouldn't be talking about moving the most hazardous of all spillable fossil fuels. Check out the US government reports on the findings about the Enbridge spill in the Kalamazoo River to understand how much more damaging dilbit is in the natural environment than any other pre-crude, as well as how much more challenging and expensive it is to clean up a spill. The summer 2010 Kalamazoo spill is still not completely cleaned up.

Prior to the 2008 recession, several upgraders were planned for northern Alberta. Once the recession ended, the multinationals with under-capacity refineries for unconventional oil looked south to the refineries already built and sitting on the coast of the Gulf of Mexico. The Alberta upgraders were cancelled and replaced with a pipeline proposal to move dilbit to US refineries. No wonder the Communications, Energy, and Paperwork-

## The carbon reduction plan would have the benefit of diversifying our energy sector with the commercialization of renewable energy – from wind, sun, geo-thermal, tidal. We also need to improve our east-west electricity grid to allow renewable-rich provinces to export to provinces with less.

ers Union, representing most of the energy patch workforce, is against the Keystone XL pipeline. It's taking jobs previously slated for Alberta.

One reason the upgraders were cancelled is that what the late Peter Lougheed used to call “the traffic jam.” The hyper-inflationary bubble over northern Alberta is created by the push for constantly expanding production targets. Labour and capital are both scarce and pricey. (This is the explanation for Stephen Harper's remarkable transformation regarding China. From his holier than thou treatment of the People's Republic of China over the Beijing Olympics to the compliant, “Where do I sign?” greeting to President Hu in Vladivostok last September, when he penned the Canada-China Investment Treaty. There just isn't enough capital from profit-oriented private sector oil multinationals to keep building new, and potentially unprofitable, oil sands mines without China.)

We could with a bit of the planned approach, once advocated by Peter Lougheed, produce a steady amount of oil, upgraded and refined in Canada. Without the “traffic jam,” the industry could afford to build the ancillary infrastructure of upgrading and refining. We could do so within a plan for dramatically reduced GHG from Canada, by shutting down all coal-fired power plants, following the lead of another former premier, Dalton McGuinty. The carbon reduction plan would have the benefit of diversifying our energy sector with the commercialization of renewable energy – from wind, sun, geo-thermal, tidal. We also need to improve our east-west electricity grid to allow renewable-rich provinces to export to provinces with less.

It would create jobs in all parts of Canada through the retrofitting of buildings – commercial, institutional, residential – from energy wasters to energy misers, as well as through investments in modern, convenient mass transit.

The cleantech sector has the potential of becoming a \$60 billion contributor to the Canadian economy within only seven years, according to a study

by the Pembina Institute. Our myopic focus on the oil sands, as if it were the only part of Canadian economy that mattered, is blinding us to other and better opportunities. As the World Energy Outlook, reproduced by the International Energy Agency, pointed out, the world is coming to the realization that we must keep at least two-thirds of all known reserves of fossil fuels in the ground if we are to avoid such catastrophic levels of climate change that we put our very survival as organized societies and successful economies at risk.

A major new report from the UK, “Unburnable Carbon 2013: Wasted capital and stranded assets,” engaged the talents and expertise of Sir Nicholas Stern through a collaborative research project involving Carbon Tracker and the Grantham Research Institute for Climate Change and Environment at the London School of Economics and Political Science. The result is a new concept – the “carbon bubble.” The essence of their work is this – a great deal of the stated value of stock exchanges around the world is in unburnable fossil fuels. The level of capital expenditure in developing those reserves over the next decade would amount to \$6.74 trillion in wasted capital – developing reserves that simply cannot be burned.

This new realization of the “carbon bubble” means that fossil fuel investments could very rapidly become stranded investments leading to financial ruin.

No harm can ever come from diversifying an economy. And that diversification and embrace of clean tech will help address our growing productivity gap with the US through innovation and R&D.

Sustainable energy is attainable. Stopping the waste of energy, noting that more than one half of all the energy Canada uses is lost as waste, is essential. There is no excuse for not getting it done. **P**

*Elizabeth May is the MP for Saanich-Gulf Islands and the leader of the Green Party of Canada. She is a former executive director of the Sierra Club of Canada. [elizabeth.may@parl.gc.ca](mailto:elizabeth.may@parl.gc.ca)*