

Surrey Board of Trade- CAPP Climate Presentation

Canadian Association of Petroleum Producers

Overview

- Represents large and small producer member companies
- Members explore for, develop and produce natural gas, natural gas liquids, crude oil, and oil sands throughout Canada
- Produce about 80 per cent of Canada's natural gas and crude oil
- Part of a national industry with revenues of about \$109 billion per year
- Associate members provide a wide range of services that support the upstream crude oil and natural gas industry

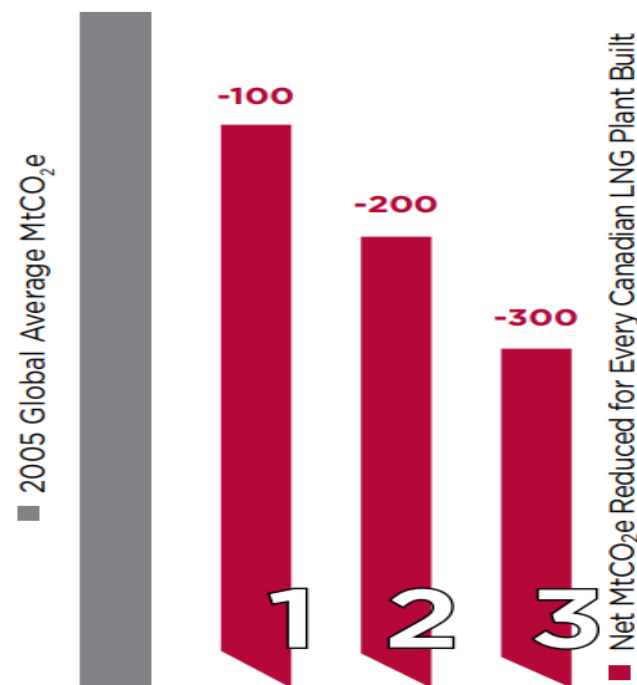
Vision Statement

- CAPP's Vision is to enhance Canada's prosperity by enabling responsible growth of Canada's upstream oil and gas industry.

Industry Can Help Reduce Global Emissions

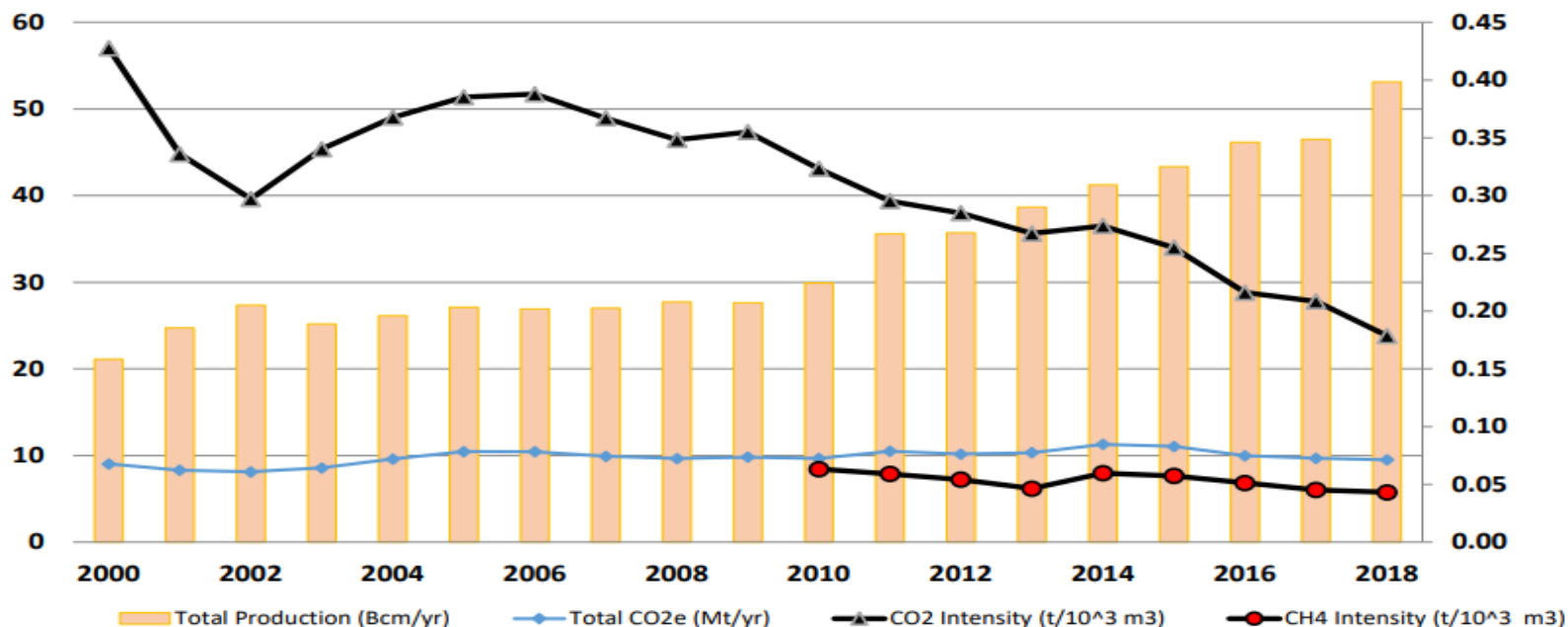
- The Canadian natural gas sector is amongst the best in the world for GHG performance.
- Industry can help reduce global emissions by providing low emission natural gas to the world.
- Canada can help displace coal generation in other parts of the world with lower emitting natural gas.

FOR EVERY LNG FACILITY BUILT IN CANADA, GLOBAL EMISSIONS ARE REDUCED BY **100 MtCO₂e** PER YEAR.

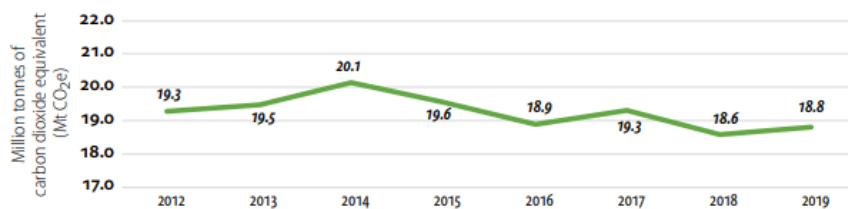


BC Natural Gas Performance

Natural Gas Production, GHG Emissions and Emissions Intensity

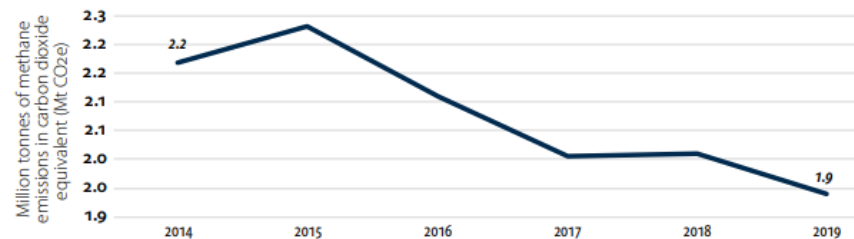


GHG Emissions from Large Industrial Facilities in B.C.



Graph is populated with data collected under the Greenhouse Gas Industrial Reporting and Control Act (GGICA), which uses 2019 information. Reporting methods have been in place since 2012.

Fugitive and vented methane emissions reported from the upstream oil and gas sector



Graph is populated with data collected under the Greenhouse Gas Industrial Reporting and Control Act (GGICA), which uses 2019 information. 2014 is used as the reference year for B.C.'s methane reduction regulations.

Current GHG Policies

- **Methane Reduction in Oil and Natural Gas Industry**

- 45% reduction by 2025 from 2012 levels
- Federal regulations in place
- Provincial regulations in place in BC, AB, SK

- **Clean Fuel Standards**

- BC currently has the low carbon fuel standard which companies will still be expected to comply with in addition to the CFS.
- There will be an impact on liquid fuels it is expected to increase the cost of a liter of gasoline by up to 11 cents over the next decade.
- Concerns remain on feasibility of regulations due to lack of credits and potential biofuel constraints.

Current GHG Policies

- **Net Zero**

- To meet net-zero, considerable investment in technology and innovation at scale will be needed, including negative emissions technologies such as carbon capture, use and storage
- Any pathway to net-zero includes the efficient use of natural gas and oil, which remains one of Canada's largest industries, and a major source of investment and tax revenues.

- **Carbon Pricing**

- The federal Government has recently announced that the carbon tax will increase to 170\$ per tonne by 2030.
- They stated they will review provincial carbon programs to ensure equivalency in scope, stringency and price.
- The BC government is currently working on implementing the new clean BC plan which is further examine the provincial carbon policy plan.

Creating Effective Climate Policies











- CAPP and member companies support climate policies that efficiently and effectively manage GHG emissions while protecting our competitiveness to maintain a vibrant oil and natural gas sector.
- CAPP will continue to work with government to accelerate the adoption and deployment of technology to lower emissions.
- In order for our industry to continue to lower emissions and help reduce global GHGs by providing lower carbon intense energy to the world, Canada must ensure that they protect our industry's competitiveness and remove any barriers to innovation in current climate policies.

Emission Intensive Trade Exposed Industries and Carbon Leakage

- **Canada is currently one of the world leaders in terms of climate action and one of the few oil exporting jurisdictions in the world to have a carbon tax.**
- **If the Canadian industry is not able to remain competitive with global competitors than there is a risk that production will go to these lower cost jurisdictions.**
 - This is known as carbon leakage where new barrels of oil will go to jurisdictions with lesser environmental regulations.
- **Government must support Canadian industry in its goals to reduce emissions by providing proper competitiveness protection to EITE industries such as the oil and gas sector.**

World Exporters and Implemented Carbon Pricing Initiatives

- As Canada enacts stringent GHG emissions-reduction policies, many competing jurisdictions are not following similar emissions-reduction programs.

Country	Exporter Rank*	Carbon Pricing Initiatives
Saudi Arabia	1	
Russia	2	
Iraq	3	
Canada	4	 Yes
United Arab Emirates	5	
Kuwait	6	
Iran	7	
Venezuela	8	
Nigeria	9	
Angola	10	

* Rank by volume exported, based on information from the OPEC Annual Statistical Bulletin, and climate policy from the World Bank Carbon Pricing Dashboard. The U.S. is absent from this list because while it is a large producer, the U.S. is not yet within the world's top 10 net exporters. CAPP notes the states of California and Washington do have cap-and-trade carbon pricing and of these two, California is the only producing jurisdiction.

Enabling innovation

- **It is key that any strong climate policies should enable innovation.**
- **Good climate policies must encourage emission reductions by:**
 - Enabling offsets both domestic and international
 - Creating policies that are streamlined and administratively simple
 - Remove barriers to uptake in regulations such as additionality rules and penetration rates