

CANADIAN ENERGY INNOVATION & SUSTAINABLE FINANCE

Opening Statement

Canada is a leader in environmental, social, and governance (ESG) performance and needs to play a larger role as a leader in providing decarbonized and innovative resources and energy to the world. British Columbia has abundant natural resources and the ability to export those resources to a world that needs them. There are large geopolitical forces at play in global markets and countries are making challenging choices.

These include the Russian invasion of the Ukraine, China's growing demand for all sources of energy and Japan shifting back to coal as a reliable and cheaper option.¹² A real energy transition must move forward and requires lower emission bridge fuels like Canadian natural gas.

Background

The government of Canada and provincial governments are developing a "Transition Finance Taxonomy" as part of a National Standard of Canada for Transition Finance. This work was initiated based on the recommendations put forward in the Government of Canada's Expert Panel on Sustainable Finance Final Report dated June 2019.³ It is vital that these definitions reflect the importance of bridge fuels and Canada's low emissions advantage.

Canada will play a global leadership role in providing low emissions energy to the world. The BC Chamber of Commerce has already supported policy to export LNG as part of the policy *Supporting a Globally Competitive LNG Industry in BC 2021*.⁴ This is further evidence that the world needs clean, affordable energy that can be provided by Canada. Canada is already building projects like the LNG Canada in Kitimat, which when built, will provide the lowest emissions LNG in the world.⁵ Renewable LNG sourced from landfills also provides a low emissions option.⁶

The need for affordable and available energy has become clear in 2022. With the invasion of the Ukraine by Russia and the introduction of sanctions energy and commodity prices have risen drastically. European nations have realized that energy security is vital and have begun developing LNG import terminals and work on plans to import from allies.⁷ Along with being a low emissions energy producer Canada can provide energy security for our NATO allies.

In 2022 the governing body of the European Union, the European Commission, put forward a piece of legislation called the Taxonomy Complementary Climate Delegated Act on climate change mitigation and adaptation, covering certain natural gas and nuclear activities.⁸ The legislation which was adopted by the EU on February 9th provides criteria for the specific gas and nuclear activities are in line with EU

¹ <https://www.bnnbloomberg.ca/europe-faces-harsh-reality-of-finding-russian-gas-irreplaceable-1.1717080>

² <https://www.nytimes.com/2020/02/03/climate/japan-coal-fukushima.html>

³ <https://www.csagroup.org/news/defining-transition-finance-in-canada/>

⁴ <https://bcchamber.org/policy/supporting-a-globally-competitive-lng-industry-in-bc-2021/>

⁵ <https://www.lngcanada.ca/news/living-up-to-climate-promises/#:~:text=GHG%20emissions%20from%20LNG%20Canada's,than%20the%20global%20weighted%20average.>

⁶ <https://www.fortisbc.com/services/sustainable-energy-options/renewable-natural-gas>

⁷ <https://www.reuters.com/business/energy/germany-joins-lng-import-race-long-crowded-track-awaits-2022-04-19/>

⁸ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_711

climate and environmental objectives and will help accelerating the shift from fuels like coal, by utilizing natural gas and nuclear energy. The legislation is an example of government prioritizing low emissions fossil fuels as a bridge fuel that can provide energy security against growing geopolitical insecurity and commodity price increases.

B.C. also has a large technology sector that is leading the way on technologies to reduce emissions. With the right supports this sector can continue to boom while creating well-paying green jobs. Any taxonomy should seek to grow sustainable financing for carbon capture, storage, and storage, and other investments in emissions reductions technologies.

The Chamber Recommends:

That the provincial and federal governments:

1. Ensure that new oil and gas projects with world class carbon intensities are not omitted from sustainable finance taxonomies currently being developed and contemplated in Canada, recognizing that sustainable finance is a strong incentive for emissions reductions across industries in Canada.

Submitted by the Surrey Board of Trade