

# ENERGY POLICY BRIEFING

OPINION ENERGY CHOICES

## Trudeau Liberals face defining choices on energy: but they might not be the ones you think

The government must first and foremost address policy gaps on climate, indigenous issues and cumulative effects.



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Seasoned energy observers are watching the federal government closely this fall. The Trudeau Liberals have some mandate-defining choices to make on energy, not the least of which is whether they will give the green light to the Trans Mountain Pipeline expansion to carry crude oil from Alberta's oilsands to Burnaby and whether they will approve the Pacific North West liquefied natural gas (LNG) export project in northwestern British Columbia.

Some say these decisions will send a loud and clear signal to industry about whether the government supports hydrocarbon development in Canada—or, perhaps more importantly, whether it doesn't. While there's no question these decisions are pivotal and will likely have a material impact on Canada's future attractiveness for capital investment, in reality, it's more complicated than that.

The key choices the government faces on energy aren't *project* choices, they're *policy* choices. The fact that individual projects like Trans Mountain or Pacific North West LNG have become the litmus test for the government's stance on fossil fuel development, climate change, indigenous issues, and more, is proof positive that Canada is missing a clearly articulated policy framework for energy decision-making.

Policy gaps on climate, relationships with indigenous peoples, and cumulative effects, are the real defining choices the government needs to wrap its head around.

And it's not going to be easy.

It's no secret that fossil fuel development has become increasingly contentious in Canada. Whether it's hydraulic fracturing ("fracking") for

shale gas in New Brunswick and Quebec, LNG projects in British Columbia, gas plants in Ontario, or pipelines—those poster children for anti-oilsands sentiment—opposition to fossil fuel development has become increasingly vocal, organized, polarized and strident.

Much opposition has been played out during or following the regulatory decision-making process for individual projects—think 'mob the mic' during the Northern Gateway Pipeline hearings, the City of Burnaby launching a legal challenge over the National Energy Board's jurisdiction or Indigenous communities blockading seismic testing for shale gas in New Brunswick.

The federal government will be launching reviews of the National Energy Board and the environmental assessment process this fall. But to think this is a problem in search of a regulatory solution isn't casting the net nearly wide enough.

There's no question regulatory processes can be improved, but strengthening the regulatory system is a *necessary but insufficient condition* when it comes to Canada's energy future.

Research undertaken by the University of Ottawa's Positive Energy

project underscores that opposition to energy development has many moving parts, only some of which are located at the regulatory and individual project levels. Many of them—arguably the most fundamental—are at the policy level. And they can't be addressed by regulators, decisions over individual projects or project proponents.

Take climate change. Canada made ambitious commitments in Paris last fall, but has yet to develop a credible plan for how it will reach those targets. Until Canada has a climate change plan, it's not clear how the Liberal government will incorporate upstream greenhouse gas emissions into its decision-making on pipelines—including TransMountain. Can the government really make climate change policy one pipeline at a time?

Now take indigenous communities. Many of the issues raised by indigenous people over energy development extend well beyond the remit of a single energy project or energy regulator. Clean drinking water, affordable housing, negotiation and implementation of modern treaties, education: these are crucial and important issues that Canada must attend to in the process of reconciliation, but

they cannot readily—if at all—be addressed in a decision-making process for an individual project.

Finally, take cumulative effects. Concerns over energy projects are often less about the project per se, and more about the collective impact of successive developments on the land, air and water. In the absence of policy mechanisms to address cumulative or regional effects, opposition understandably centres on holding the line on an individual project.

None of these issues will be resolved when the government releases its decisions on TransMountain, Pacific North West or any other project. They also won't be resolved by focusing on reforming regulatory processes alone.

The government must first and foremost address policy gaps on climate, indigenous issues and cumulative effects.

It is true the Trudeau government faces defining choices on energy—let's hope they focus on the right ones.

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