

Canada unveils 'best in class' guidelines for oil and gas projects, but industry ranks 'worst in class,' critics say

By [Cloe Logan](#) | News | October 7th 2022



This week, the federal government released new guidance for fossil fuel projects undergoing federal environmental assessment. File photo by Josie Desmarais

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This week, the federal government released [draft guidelines](#) for approving future oil and gas projects, which include regulations on “best in class” greenhouse gas emissions performance and a rule that all projects must be net-zero emissions by 2050.

All fossil fuel projects must undergo a federal environmental assessment that analyzes the environmental, social, health, economic and cultural impacts of potential projects. The “best in class” designation means that to be approved, a project will have to show it’s meeting the standards of similar projects around the world that produce the fewest emissions. This will ensure new projects are held to the most current environmental standards, Environment and Climate Change Canada (ECCC) said.

However, the draft notes a convenient loophole for projects that can’t fulfil that requirement. “Alternatively,” the guidelines read, proposals must “explain why it will not be possible to achieve best-in-class emissions performance.”

Environmentalists scoff at applying the term “best in class” to greenhouse gas emissions from oil and gas projects and insist any new approvals contradict our climate goals. They point to the International Institute for Sustainable Development’s March finding that high-income countries like Canada should not approve any new fossil fuel projects and should [stop all production](#) by 2034 to keep global warming within 1.5 C.

The industry is causing the climate emergency and doing everything it can to stop climate action, said Gretchen Fitzgerald of Sierra Club Canada.

“It’s essentially the worst in class, not best in class.”

In April, Environment and Climate Change Minister Steven Guilbeault [approved](#) the deepwater oil project [Bay du Nord](#) with 137 conditions, including a requirement the project achieves net-zero greenhouse gas emissions by 2050. That same day, ECCC said that requirement would also apply to all future oil and gas developments.

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The draft, which is open for comment until December, notes the oil and gas industry in Canada continues to be the country's "fastest-growing and top-emitting sector" while making up 27 per cent of the country's greenhouse gas emissions in 2020. However, ECCC wrote the new rules will help cut those emissions back "while supporting the competitiveness of Canada's oil and gas industry, positioning it as a reliable energy producer in a low-carbon world."

"By ensuring that Canadian projects are 'best in class,' meaning they lead global standards on being as clean as possible, we can build a strong future for Canadian industry and workers across the country [as] the world transitions away from fossil fuels," read part of a statement from ECCC to *Canada's National Observer*.

When the federal government talks about emissions from oil and gas, it is considering the pollution that comes from production. Greenhouse gas emissions that happen when oil and gas are burned – to power a car or heat someone's home, for example – are not accounted for in the government's calculations but are the lion's share of the total output.

The rule for new projects to reach net-zero emissions by 2050 doesn't convince Julia Levin, national climate program manager at Environmental Defence. The guidelines don't specify how companies should aim to reach net zero, nor do they give any guidance on what emissions or emissions-intensity thresholds projects should aim for. More details will be released with the final version of the guidelines, and ECCC said the "best in class" designation is still a work in progress.

Levin said there have been repeated calls for the government to release emission numbers, rather than leaving it up to the industry to decide what is "best in class."

In one part of the draft, ECCC says companies should outline "supportive government actions" that would help companies reach net-zero and best-in-class emissions, such as providing access to "Canada's low-carbon electricity grid" or "small modular reactor deployment."

However, Levin points out it's currently impossible to extract fossil fuels without releasing emissions, and relying on controversial and unproven technology like carbon capture or small modular reactors — a next-generation nuclear technology — isn't how the government should be aiming to curb climate change.

Further financial support for the fossil fuel industry is also a red flag to Levin, who notes there was at least **\$18 billion** in federal funding for fossil fuel companies in 2020, and that there have been promises for over a decade that the government will end “inefficient” subsidies to the industry. Also notable is the Liberals' \$2.6 billion over five years, included in their 2022 budget, towards carbon capture projects, she said.

“Canada is taking a leadership role by being the first major oil and gas producer that is putting in place a cap on oil and gas sector emissions,” reads more of ECCC's statement.

When Guilbeault approved Bay du Nord, he also warned **Alberta energy company Suncor** that its proposed Base Mine expansion likely wouldn't align with the government's climate standards. During production, Bay du Nord will emit greenhouse gases at about one-eighth the rate of Suncor's project.

Levin, who said she was glad to see all fossil fuels — including liquefied natural gas, or LNG — in the government document, said Ottawa's promise to cap oil and gas emissions doesn't align with allowing new fossil fuel development.

“So here you have federal decision-making on potential projects, but we also have a cap on emissions from the oil and gas sector. So it's unclear how this policy will interact with the need to drive down emissions from the sector,” she said.

Fitzgerald notes Bay du Nord's approval, the first under the new guidelines, is being **challenged** in Federal Court by Ecojustice on behalf of Équiterre, Sierra Club Canada and Mi'gmawe'l Tplu'taqnn Inc., an organization that represents eight Mi'gmaq communities in New Brunswick. The case states the project could harm the environment, was unlawfully approved and should be overturned. She said using it as a benchmark for what other projects should be reaching for is a dangerous precedent.

“We just got hammered by a hurricane. The same people who are supposedly out there touring disaster sites and giving a helping hand to people, which is so needed right now, are literally the same ones who are writing and approving documents like this,” said Fitzgerald.

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