

MAXIMIZING CANADA'S ENERGY POTENTIAL FOR ECONOMIC GROWTH AND GLOBAL COMPETITIVENESS (2025)

Issue

Canada's energy sector is a key driver of economic prosperity, providing jobs, investment, and revenue for governments. However, regulatory uncertainty, including the Impact Assessment Act¹ (administered by the Impact Assessment Agency of Canada) and processes under the Canadian Energy Regulator, infrastructure constraints, and policy barriers have hindered the sector's ability to compete globally. Without decisive action, Canada risks losing its competitive advantage in oil and natural gas production. To ensure sustainable economic growth and energy security, the government must implement policies that facilitate investment, expedite project approvals, and promote responsible resource development.

Background

The Canadian oil and natural gas industry generates over \$94.5 billion in government revenues and supports nearly 900,000 jobs. Canada is a leading producer of oil (5.7 million barrels per day) and natural gas (18.4 billion cubic feet per day), yet investment in major energy projects has declined due to regulatory and policy barriers. Canadian Oil and Gas investment peaked at \$81 billion in 2014 and starting 2015 approximately \$280 billion worth of energy projects have been canceled, including LNG terminals, pipelines, and refineries, leading to only \$32 billion investment in 2021-2022.² These projects included:

- Energy East Pipeline (2017) - \$15.7 Billion: TransCanada (now TC Energy) terminated the Energy East Pipeline Project citing changing regulatory circumstances.³
- Pacific NorthWest LNG (2017) - \$36 Billion: The Pacific NorthWest LNG Project was canceled due to market conditions and Regulatory Delays.⁴
- Grassy Point LNG (2018) - Undisclosed Investment: Woodside Petroleum withdrew from the Grassy Point LNG project, marking the fifth LNG project cancellation in British Columbia within a year. Reasons cited include market shifts and regulatory delays.⁵
- Teck Frontier Oil Sands Project (2020) - \$20.6 Billion: Teck Resources withdrew its application for the Teck Frontier Oil Sands Project, expressing concerns about the broader policy context and Regulatory Delays.⁶

¹ <https://laws.justice.gc.ca/eng/acts/i-2.75/page-1.html#h-1160170>

² <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2022/market-snapshot-historical-trends-canadian-oil-gas-investment.html>

³ <https://www.tcenergy.com/announcements/2017/2017-10-05-transcanada-announces-termination-of-energy-east-pipeline-and-eastern-mainline-projects>

⁴ <https://globalnews.ca/news/3623401/36-billion-pacific-northwest-lng-project-dead>

⁵ <https://www.oji.com/pipelines-transportation/lng/article/17295692/woodside-exits-grassy-point-lng-project-in-canada>

⁶ <https://www.teck.com/news/news-releases/2020/teck-withdraws-regulatory-application-for-frontier-project>

- TotalEnergies & Other Foreign Divestments (2023) - Multi-Billion Exits: TotalEnergies completed its exit from Canadian oil sands projects, selling its interests to ConocoPhillips and Suncor Energy, citing Regulatory Burdens and Higher Costs in Canada,⁷ and many more.

While multiple projects have been cancelled, it is important to note that Canada still has significant ongoing energy investments. In British Columbia alone, multiple LNG projects (LNG Canada, Woodfibre LNG, Ksi Limis LNG, Cedar LNG, Tilbury LNG-Before BCUC for approval, and more⁸) are in various stages of development and investment, amounting to billions of dollars. The \$22 billion Trans Mountain Pipeline (TMP) expansion is a critical oil export infrastructure project that is nearing completion that will bring increased market access and export capacity, but we also need to consider their lowered forecast due to the unwillingness by oil companies to pay higher tolls that the government-owned Trans Mountain has been charging customers.⁹

Canada's regulatory environment, particularly the Impact Assessment Act and the Canadian Energy Regulator review process and application approval timeline¹⁰ is considered unpredictable, deterring investors and slowing the development of energy infrastructure. The uncertainty in federal assessments and delays in project approvals have constrained energy investment, which has allowed competing nations, such as the United States, to surpass Canada in LNG exports and other energy-related investments. As global energy demand continues to grow, Canada must act swiftly to capitalize on its resource potential and strengthen its position as a reliable energy supplier to international markets.

Furthermore, global energy demand is expected to rise significantly, driven by population growth and industrialization in emerging economies. Canada must act swiftly to strengthen its position as a reliable energy supplier to international markets. However, Considering U.S. Energy Information Administration (EIA), Demand for Oil and Natural gas is projected to peak in 2030-2033¹¹ and with the growing global population, Canada must consider the transition in global energy requirement. British Columbia plays a crucial role through its LNG exports and more than 44,000 KM pipeline infrastructure,¹² which are essential to connect with the international markets. Canada's vast energy reserves, coupled with its strong environmental and safety standards, position it as a key player in meeting this demand. However, failure to expand market access and invest in infrastructure could result in lost opportunities for economic growth and job creation. Additionally, energy security has become a critical

⁷ <https://jpt.spe.org/totalenergies-exit-of-canadian-oil-sands-business-complete>

⁸ <https://www.bc-er.ca/what-we-regulate/major-projects/>

⁹ <https://www.reuters.com/business/energy/canadas-trans-mountain-pipeline-lowers-forecasts-amount-oil-it-ships-2025-04-02/>

¹⁰ <https://www.energylawfoundation.ca/timelines-completion-risk-and-federal-project-reviews/>

¹¹ <https://www.eia.gov/outlooks/aeo/>

¹² <https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/lng>

geopolitical concern, with countries seeking stable and responsible suppliers to reduce dependence on unreliable or hostile regimes. By expanding its energy exports, Canada can play a vital role in ensuring global energy stability while strengthening its economic and diplomatic standing.

Despite efforts to transition to renewable energy, a balanced approach is needed. Oil and natural gas will remain essential components of the global energy mix for the foreseeable future. However, Canada must also support the growth of renewable energy and supply diversification to ensure long-term sustainability even under unpredictable threats. Currently, over 80% of country's electricity generation is non-GHG emitting,¹³ and renewable accounts for over 50% of all new electricity generation.¹⁴ British Columbia alone has over \$6 billion in wind power investment¹⁵ and is also seeing increasing private sector investment in solar and geothermal projects, making Canada not only a fossil fuel supplier but also an innovative leader in clean energy. The industry has also made significant strides in reducing greenhouse gas emissions (GHG) through advancements in technology and efficiency. Supporting these innovations while ensuring a competitive business environment will enable Canada to balance economic growth with environmental responsibility.

Moreover, Indigenous communities have taken leadership roles in Canada's energy sector. In British Columbia and other provinces, Indigenous nations have equity partnerships (Coastal GasLink Pipeline¹⁶), co-management agreements (Indigenous Impact Assessment Co-Administration Agreement Regulations¹⁷). And full ownership in LNG terminals, pipelines and renewable energy projects (Cedar LNG Project, Ksi Lisims LNG¹⁸). Their efforts must be acknowledged and supported to ensure long-term economic benefits for Canada's energy industry and for reconciliation agenda.

Enabling Actions

- Amend the Impact Assessment Act to create a predictable and efficient “one project, one assessment” approach, ensuring that infrastructure projects can proceed without unnecessary delays and with respect for provincial jurisdiction.
- Expedite the federal review process for key infrastructure projects, particularly LNG terminals and pipelines, to attract investment and strengthen energy security, and position Canada as a reliable supplier.

¹³ <https://www.climatecard.org/2024/09/82-of-canadas-electricity-came-from-non-greenhouse-gas-emissions-emitting-sources-in-2022/>

¹⁴ <https://apnews.com/article/climate-renewable-energy-electricity-european-union-us-china-5a681606856e7b23f669a519fdc70ee2>

¹⁵ <https://news.gov.bc.ca/releases/2024ECS0048-001643>

¹⁶ <https://www.coastalgaslink.com/whats-new/news-stories/2022/2022-03-10-indigenous-groups-sign-historic-equity-option-agreements-with-tc-energy-on-coastal-gaslink>

¹⁷ <https://www.canada.ca/en/impact-assessment-agency/programs/participation-indigenous-peoples/indigenous-cooperation-agreement-regulations.html>

¹⁸ <https://www.canadaaction.ca/ksi-lisims-lng-indigenous-involvement>

- Encourage innovation in carbon capture, methane abatement, and other emissions reduction initiatives by providing incentives and ensuring provinces retain control over their own emissions policies.
- Lift the West Coast tanker ban (Bill C-48) and remove restrictions that hinder Canada's ability to energy exports such as oil and gas to international markets. Strengthen trade relationships and develop new international markets for Canadian energy.
- Introduce policies that attract private-sector investment in energy projects, focusing on economic competitiveness as reliable energy supplier, avoiding emissions caps and restrictive trade measures that discourage investment and shift support toward sectors where Canada can lead in a changing global energy market.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Undertakes all enabling actions to ensure the responsible development of Canada's energy resources by the private sector, positioning Canada strategically in global markets and ensuring strong economic contributions that benefit all Canadians.