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Chair

Mr. James Maloney

Standing Committee on Natural Resources

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• (1105)

[English]

The Chair (Mr. James Maloney (Etobicoke—Lakeshore, Lib.)): Good morning, everybody. Welcome to today's meeting.

We have one set of witnesses. Two individuals are joining us today. From Ecovert Corporation in Toronto, we have Jim Lord, who is the founder and principal, and Mr. Barsoum.

Welcome, gentlemen. Thank you for joining us. No pressure, but you are our very last witnesses on this study. You have to tie up all of the loose ends for us.

The format is that you will be given up to 10 minutes to make a presentation, following which you will be asked questions from around the table.

I will remind everybody that we have to stop at 11:45. We have some committee business to take care of before the second hour. We'll try to be efficient.

The floor is yours, Mr. Lord. I assume you're going to start us off.

Mr. Jim Lord (Founding Principal, Ecovert Corporation): Yes.

Good morning, and thank you for inviting us to appear before you. My name is Jim Lord, and with me is Ragui Barsoum. We are from Ecovert and Ecovert CX, and are the founders of those companies.

We started in 2007. We are, I think, an environmental success story. We've grown to 22 employees in three offices—Toronto, Kitchener-Waterloo and Ottawa. Our main lines of business are green building certification, with things like the LEED certification; building commissioning; and building energy audits and building energy models.

Just to give you an idea of our clients, we have both public sector and private sector clients. We have done everything from a small bank branch to a prison to hospitals to such things as nursing homes and long-term care facilities. Probably about two-thirds of our work is with new buildings, new construction, where we're able to make a significant difference in the way they operate from an energy standpoint. The other third is in existing buildings. We've so far worked on about 150 million or so square feet, which is quite a good bit of space.

We've seen a real change since 2007 in terms of going in and talking to clients building a building. I remember there was one client who said, "We have to do this green stuff, but we're not really

sure if our heart is in it." A year or so later, when we went to see the same client, they said, "Can we do rainwater harvesting? Can we put solar on our roofs?" I asked the client what had changed in the last year that made them want to do all these things. It was interesting, because in that client's case, they'd been to a couple of functions where all their fellow developers were talking about all the great things they were doing. It would go around the table, and when it got to them they would say nothing. In order to be part of that group, they were motivated to do what the others were doing. Peer pressure can be a big motivator when it comes to getting on board with things like sustainability and green buildings. Certainly, when they see the financial savings later on with operating costs and maintenance of the building, that helps.

That being said, we got a call a few months ago from a guy in Ottawa. He was like, "What is a green building? What is energy efficiency? I have no idea where you even start." We have the big players, with the big buildings and the big portfolios, who really understand it. They have their energy people as part of their teams. Then we have the smaller and medium guys, who make up the huge percentage of the market, who have no idea what to do and how to get started. I think that's probably one of the biggest opportunities when it comes to energy savings.

There are some things that are helping us right now. We have mandatory energy benchmarking in Ontario. That is certainly getting people to look at their existing buildings and ask what's happening and how they can be better. We have also seen changes in the building code across the country and in municipalities that have helped to spur energy-efficient design of new construction. Programs like high-performance new construction and savings by design have also helped organizations get on board with the green building call to action.

Earlier you had Thomas Mueller, president of the Canada Green Building Council, present to you. He presented on the CaGBC and their report entitled "Building Solutions to Climate Change" and their road map for retrofits. Really, in that study they looked at existing buildings in Canada and how they can help towards meeting our climate change goals. They came up with four main recommendations out of there.

The first one looked at recommissioning 60% of the very large buildings and 40% of the smaller buildings. That's 25,000 to 200,000 square feet. Recommissioning helps to optimize the use of their equipment and systems. That can create significant savings in energy.

The second thing they looked at was deep retrofits in 40% of buildings over 35 years old and buildings with electric resistance heat systems, particularly in areas where the grid is less clean. They also looked at switching to low-carbon fuel sources, particularly in buildings that are over 35 years old, and at on-site renewable energy solutions.

• (1110)

Their challenge, as they looked at that, was building owners having the confidence that when they implemented these items they actually would get those savings. In their report, which you would have received I think a month or so ago, they put a whole bunch of recommendations as to how that could happen. With this they're talking about, in their view, about \$30 billion in economic opportunity through this retrofit economy on existing buildings.

I'm going to pass it over to my colleague, Reg. He'll tell you a little bit about himself and some of the work that they're doing on commissioning.

Mr. Ragui Barsoum (Principal, Ecovert Cx Corporation, Ecovert Corporation): Hello. I'm Ragui Barsoum, Reg for short. I have some 30-plus years' experience in the building automation industry. I worked on computerized control systems first introduced to Canada in the 1980s. Back then computers were mainframe computer systems with punch cards.

I wanted to give you a short rundown on my opinion of things that, from my experience, are key to effective building retrofits on existing buildings. Number one, I think we need a holistic approach to equipment replacement versus the present-day habit of replacing equipment one to one, even if it's more efficient equipment. I've seen a lot of 50-year-old boilers. They're built to last, obviously, but one should not replace a 50-year-old boiler with a newer, higher efficiency one, without having a wider look at how the other components in this 50-year-old building would behave.

Particularly for buildings with 50,000 square feet plus, it's my opinion that the extra cost to have this more in-depth look would result in significant gains and I think that it's part of what the CaGBC report was talking about when it's talking about deeper retrofits.

Number two, I think we need to focus on utilizing the people who work on site. I think many people already do that. They obviously have day-to-day knowledge and can ID the weak points. They may not know the solutions, but that's an excellent starting point.

Number three, there are all sorts of products that can save energy, but many are quite complex to operate and don't lend themselves well to a harmonized building. Lack of harmonization, in my opinion, is the most common problem. That's the one I see the most.

The fourth item that I have is more of a complaint rather than a recommendation. It's that the current standard for energy benchmarking is to compare building performance based on type of occupancy, size, location and a couple of other things, but there is

not a way to compare types of building systems or operating strategies. I think that's a weakness in the benchmarking system and I think it's an opportunity for future improvement.

Thank you.

Mr. Jim Lord: That's our presentation. We look forward to answering your questions.

The Chair: Perfect. Thank you very much, gentlemen.

Mr. Serré, you're going to start us off.

[*Translation*]

Mr. Marc Serré (Nickel Belt, Lib.): Thank you, Mr. Chair.

[*English*]

Thank you to the witnesses for your testimony today for our study. My first question would be relating to—you talked about it and we've had other witnesses here on this—the energy audits and some of the challenges. As you indicated, large businesses like Loblaw's have a manager of energy efficiency and they've done quite a bit of work. They've presented here at the committee.

The CFIB was here indicating their members were struggling with getting more information. I wanted to get some specific recommendations from you on what the federal government can do to support this? Do we support a small business with incentives or do we look at more education? What are your ideas around that for the audits?

• (1115)

Mr. Jim Lord: I would say it's twofold. I think it's both of those things. It's the education piece and giving them the confidence. It might be working with organizations like the CFIB to let them know that these programs actually work. There was a municipal program where they would do a thousand dollars' worth of lighting retrofits for small users of energy and there was very low uptake in that program. People just didn't believe that the utility would come and give them a thousand dollars of free stuff. They were like "What's the hook?", which is sort of funny. You make it free and people won't do it. Maybe if there was a bit of a cost to it, maybe they would have done it.

It's finding that balance. I think that's more at the municipal level than at a utility level, but I think supporting the utilities and coming up with these programs is probably the best way.

Mr. Marc Serré: You said earlier that some of the municipalities have spurred a lot of the energy efficiency. Can you give us some examples of best practices that municipalities have done? You just indicated the thousand dollars here, but are there other examples of what municipalities have done to support small businesses and the sector in general?

Mr. Jim Lord: I think if municipalities through their energy providers have been able to.... They've had a number of incentives. Whether lighting retrofits, chiller retrofits, pump retrofits, there is a whole bunch of different retrofits that help the small, medium and even large companies to reduce the payback on the retrofits that they're doing within their facilities. I think that has certainly helped. It has spurred suppliers to go out and sell the program on behalf of the municipalities, rather than the municipality having to put a whole bunch of money into marketing it.

Mr. Marc Serré: We've had Efficiency Canada present to us. One of their recommendations was building codes. In your presentation you talked about building codes and new buildings. You stated that two-thirds of your business is new buildings. I just wanted to see... because we've heard from the construction association, for example. They're very concerned that any changes to the building codes will add costs to businesses. We understand the concern.

I just wanted to get a sense from you. Should we be changing or are there recommendations to change building codes? Would that help? What are your thoughts around building codes?

Mr. Jim Lord: I think building codes need to continue to be the drivers of change for the people who don't want to follow the move that everybody's doing. People complain about them. When we were doing green buildings in 2007, contractors were like, "No way we can do this. No way we can divert our waste. There's no way we can have low-VOC paints. There's no way we can hit these efficiencies." You have the same people today and they're meeting all those things, no problem. They don't need any pushing. That's just how they do business.

In a 10-year period, we've seen dramatic change as it's been adopted. There is a lot of whining at the beginning, but it's a matter of figuring out how to change and how to actually meet what the code requires. I think some training and education.... I think that money in that area might be money well spent.

Mr. Marc Serré: On the training and education piece, we've heard from other witnesses that there's a shortage and a need for more skilled labour in energy efficiency. Has that been your experience? Do you have any recommendations along those lines?

Mr. Jim Lord: Yes, it's very true. There is a shortage of skilled labour in the energy efficiency technical pieces. There's a change in the people required to run buildings and facilities. Where anybody could sort of run a building before, now they have all these different technologies there. You don't necessarily need to be a computer programmer, but you need to be very computer literate to operate these buildings.

At the same time, there's a challenge because you have new people. The young people who are coming out, they're very computer literate, but they don't understand the systems that well. For example, in a presentation we attended a couple of days ago, they were saying the cooling tower was consuming tons of water.

The building operator goes, "See? On the computer screen everything's fine. We don't know what's happening". He didn't actually go up and look at the valve or look at the cooling tower and see that the valve was actually stuck open and the computer sensor was broken.

We need a bit of the old and the new together in a training program. Maybe that's the construction association. There are groups out there who would be attuned to doing that. There may be colleges, as well.

• (1120)

Mr. Marc Serré: We've heard from.... Go ahead.

Mr. Ragui Barsoum: I was just going to add that from an engineering standpoint, we've seen a change required there as well, from energy modelling to being aware of new technologies. That's been a challenge as well.

Mr. Marc Serré: We've heard from another witness, Pierre Langlois, for example, about the clean energy side and the huge potential for us in Canada and here in Ontario for export. Do you have any experience on the export side with other countries related to clean tech?

Mr. Jim Lord: No, that's not really an area that we focus on.

Mr. Marc Serré: Obviously, today, for example, this week, the first ministers are meeting. Do you have experience with some of the barriers between provinces? Is there any recommendation that you have here in Ontario, such as some barriers to expand or to grow the industry with Quebec or other provinces? Do you have any recommendations?

Mr. Jim Lord: We only really have an income from the construction side and construction techniques and products. We haven't really come across any barriers ourselves in what we do.

The Chair: All right. Thanks, Mr. Serré.

Mr. Falk, I understand you're going to pick it up from there.

Mr. Ted Falk (Provencher, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for your presentation. It was very interesting.

I want to start off by just talking a little bit about what some of the challenges or obstacles are that you face from your clients or customers when presenting them with energy-efficient solutions.

Mr. Jim Lord: I think for the challenges, we sort of brought this up earlier. We've been building buildings the same way for the last 150 years and now we're asking people to change the way they think, to look at it differently and to look at not oversizing equipment. We are letting them have the confidence that it will actually work and the building will function as it is.

Reg, do you have something more on the technical...?

Mr. Ragui Barsoum: It's also getting specialists working together to a common goal and understanding each other's points of view. When you're talking about re-cladding a building versus changing the boilers—Jim touched on it—if you're going to re-clad it or you're going to re-insulate it, you don't need to have the same size boiler. You need to go to a bit more trouble to figure out exactly what you do need and how it would work.

Mr. Jim Lord: It's having that confidence to put in the smaller boiler so you won't be cold in the winter.

Mr. Ted Falk: Right.

Ragui, you talked about more of a holistic approach, instead of just one-off replacements of different components. Can you expand on that a little more? How important do you think that is?

Mr. Ragui Barsoum: I think it's tremendously important. As I mentioned, I've seen many boiler or chiller replacements where they're focusing on increasing the efficiency of that specific component, but if you don't take a wider view, you're not going to get systems harmonized. You need to have a wider view. Even if you're considering replacing that piece of equipment, how does that affect the rest of the systems and what other opportunities are available so that you could make a change even to that replacement, to that strategy?

Mr. Ted Falk: Are you finding that in older commercial-style buildings—I presume you're mostly dealing with commercial or industrial-style buildings—it's still economically feasible to upgrade their systems to more energy-efficient, newer technology energy-use systems, or is there more of an advantage in new construction?

Mr. Jim Lord: It's always easier in new construction, but new construction will not get us to where we need to be, because it's such a small percentage of the market. It's harder in existing buildings, and....

Mr. Ted Falk: Is the construction of older buildings compatible with some of the newer technology when you're looking at headers and wall construction and things like that? Does it make sense to upgrade, or is it more costly to do it and less cost-effective?

• (1125)

Mr. Ragui Barsoum: It depends on the building. From my experience, it's a situation on a one-by-one basis. I've been involved in many older buildings that were compatible with variable refrigerant flow systems, just because of the way they were constructed, and others not.

Mr. Jim Lord: We've seen existing buildings dramatically increase their energy efficiency as well. It can happen. It can work.

Mr. Ted Falk: You talked a bit about tradespeople and construction people who are required to build, maintain and operate these systems, and your challenges of getting a balance of the right

kind of people. Mr. Serré was asking questions about the workforce that's available to work with these new systems.

Earlier in the week we had the Prime Minister running around, saying how horrible construction workers are. What impact do you think that will have on people considering getting into the trades and into the construction industry?

Mr. Jim Lord: I have no comment on that. I think as people are looking at what they want to do career-wise, we will need good construction workers and more technological construction workers than before.

Mr. Ted Falk: I spoke in my riding on Monday about some of those comments with some of the constituents who work in construction and the trades industry and do you know what? They don't find they're in a position that's being honoured and recognized for the expertise, the skill and the professionalism that they build, when you have a Prime Minister who talks about how terrible they are for our community.

The Chair: Mr. Falk, I am going to have to raise the issue of relevance. I don't know what this has to do with energy efficiency, or if it has anything to do with this. If you can tie it into what these gentlemen are here to talk about, I will appreciate that.

Mr. Ted Falk: My comments are out of a concern for employment in your industry, for people who are looking to get into construction and the trades. When you have the Prime Minister telling them they're bad for a community, I'm wondering if you think that's going to have a negative impact. We need people in the trades industry. We've heard from previous witnesses at committee that attracting people into the business and getting qualified tradespeople who can do the installation or construct the buildings is a real challenge in the energy efficiency industry.

Mr. Jim Lord: Certainly, we need qualified tradespeople and we need to encourage courses at community colleges and other institutions that will help us bring forward our next round of tradespeople so we can keep building.

Mr. Ted Falk: Would it be an honourable trade that people should still consider?

Mr. Jim Lord: Definitely.

Mr. Ted Falk: Good, okay. I would think so, too.

When you're installing or designing systems and you're looking at the cost of the system, what kind of return on investment are you typically looking for or trying to benchmark?

Mr. Jim Lord: It depends on the system.

Mr. Ragui Barsoum: We see a wide variety. When we go through a building and make recommendations, there's a wide range. It's not uncommon to see a significant number that are two- to five-year simple payback.

Mr. Ted Falk: When you present that prospect to potential customers, is that something that's attractive enough for them that they're willing to make the investment?

Mr. Jim Lord: Sometimes yes and sometimes no. It depends on their capital situation and what they want to do with the asset in the long term. Somebody might want to make it energy efficient so that they can sell it, or they might want to make it energy efficient so that they can reduce operating costs over the long term to get higher net rents. It really depends on the motivation.

We're there to take that raw number and help them to use that in the business case for what they need done or if they need financing for it. There are different options for them to—

Mr. Ted Falk: Right, but—

The Chair: We're going to have to stop there, Mr. Falk. We're a bit over time.

Mr. Ted Falk: Thank you very much. I appreciate that.

The Chair: Mr. Cannings.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you for being here today.

I'm going to bring it back initially to talk about the training aspect. I'm wondering if you have any examples of good programs across Canada in colleges. I have one in my own college in Penticton where I live. Okanagan College has a sustainable construction management technology diploma. They have one of Canada's most environmentally friendly buildings, you might call it, very high-tech, as you say, with a lot of computer monitoring going on.

Are there any colleges that you find are doing a good job that could be models for this across Canada?

• (1130)

Mr. Jim Lord: We're not deep into the educational standpoint, but we do see graduates from a variety of programs who are well qualified to move into the industry. It's great that those courses are being developed.

I know Humber College is working on a new program that we're helping them with, giving them a little bit of advice there. It's good that they're reaching out to industry, and I think that's probably common across all colleges to figure out what skills are needed so that they can produce graduates who will be able to find jobs.

Mr. Richard Cannings: You mentioned that you mainly deal with new builds. What's the price differential of, say, building just a normal, run-of-the-mill building versus something that—I'm not talking about passive levels—you would consider an energy-efficient building? What's the price differential, give or take?

Mr. Jim Lord: It's always hard, because every building's very different. If you were to go back 10 or 15 years, the price difference would have been very large. Now, with building codes and modern construction techniques, the price differential is not that large from a construction standpoint.

Mr. Richard Cannings: You talked—

Mr. Jim Lord: It's not like 2.8% or something like that, but what we're finding is that regular builders can build high-efficiency buildings in their budgets, so that means it is attainable.

Mr. Richard Cannings: You talked about how people have changed their minds over the last 10 years. They didn't think you could do this, and now they want to do more.

We had a hotel built in my hometown, and the architect wanted the hotel owner to build this really energy-efficient building all out of mass timber construction and wood that was very tight. The owner wasn't very keen on it, but after it was built, the price difference wasn't that much, and then the owner asked, "Can you build me another one just like that only twice as big?"

Are you getting into structural materials as well? I'm thinking of mass timber construction with its tighter builds and all the storing of carbon in the actual materials themselves. Is that part of your view?

Mr. Jim Lord: Certainly, I think that's part of the future. As you said, getting clients on board takes a bit of time, and we'll need probably a few more examples like the one you mentioned for people to say, "Yes, I'm only going to build that out of mass timber."

But we are seeing people who are going to zero carbon. They have clients who want to do that. They are looking at embodied carbon in the products that are put into the building, using things like LCAs. Those things are happening. We weren't talking about this three years ago or four years ago, so when we're sitting here in 2022, you'll be saying, "Yeah, yeah, that's old news. Everybody's doing that", hopefully, if we can continue in this direction.

Mr. Richard Cannings: You mentioned that it's the retrofits that will get us the gains in the near term.

In a broad sense, what do you think the best incentives are that this government could provide the industry for getting building owners to tackle those retrofits?

Mr. Ragui Barsoum: From my point of view, I think the idea of publicizing building performance—making sure it is transparent to the tenants and to the people who pay for the energy in the long run—is one of the first keys. If we can expand on that idea, where it puts pressure on landlords to be transparent to their tenants on how the building performs and what sorts of materials are in there, I think that is primary.

Mr. Richard Cannings: It's just more of that transparency for tenants, but is there something that the government could do directly with building owners?

• (1135)

Mr. Jim Lord: I think the number one thing is building commissioning for existing buildings. Commissioning is really going in and optimizing all the systems, relooking at how they work together.

You build a building and it comes with a manual showing how it all works, but 35 years later, the tenants are configured differently, the number of occupants in the building is different, some of the systems have been changed and quite often you're still running it the way you were running it on day one. There's no right or wrong way to run a building, but there are ways that use more energy and ways that will use less energy.

There is a whole bunch of studies around different successes with building commissioning, where you might save 20% of your energy, in a good case, without changing any equipment, just changing the way that you actually run the building. I think things like that are low-hanging fruit. If we could do that across all of the buildings in Canada, there would be tremendous savings.

Mr. Richard Cannings: You just talked about codes. I'm just wondering if you could comment on, or if you are familiar with the step codes in British Columbia and how those sorts of programs could drive the way for new builds.

Mr. Jim Lord: Yes, certainly, the step codes in B.C. and now the Toronto green standard and the way it's future-looking, I think, give builders an idea of what's to come, so that they can continuously change their process. Their horizon is that, if you buy a piece of land, you're not necessarily going to build on it for two or three years. Having an idea of what's going to come in the code does help. I think that is certainly the way of the future.

Mr. Richard Cannings: Thank you.

The Chair: Thanks.

Mr. Tan.

Mr. Geng Tan (Don Valley North, Lib.): Thank you, Chair.

You talked about green energy and green technology. When you try to convince your clients to incorporate new technology or green technology to increase their energy efficiency or reduce the pollution from their buildings, how do you make sure that the companies, or your clients, are not affected in terms of their ability to meet their operational needs?

Perhaps they have to shut down their building for you to do a renovation, or.... How do you convince them and what kind of assessment do you give to them?

Mr. Jim Lord: Doing an energy model of the building is one of the key parts to any of these new construction building measures and figuring out what you need in the building—looking at the amount of energy the different systems will use and the potential systems they might put in and sizing them accordingly. That allows you to know how much energy you need in the way of solar or other renewables.

We are able to model geothermal systems, and we model renewable energy systems like solar as well. We use those models to predict and make sure. Usually these buildings are also connected

to the grid, so if things change too much they can always use the grid power as well.

Mr. Geng Tan: We heard from witnesses that they found it quite a challenge to achieve the energy efficiency in a very cost-effective manner. When you try to convince your customers, I guess the big resistance is from senior management. What strategy or what experience do you have when you talk to those people and try to convince those people? You just answered Mr. Falk's question that touched on that. I wanted you to tell us more.

Mr. Jim Lord: I think it's being able to provide examples of buildings that have done that in a cost-effective way, and being able to basically provide a business case. Sometimes senior management are the ones who are very keen on that, as part of their corporate mandates—that happens quite often—but really it's being able to point to projects that have been successful using the strategies that we're recommending, and showing them that they can do it without too much cost. That's why people like the Canada Green Building Council offer tours of these buildings, so that other developers can come out and see what people have done. You can talk to the building operations staff, and you can get a degree of confidence. You look at the risk of doing this and of it not working, and you try to minimize that risk. That's what our clients are generally looking for.

Mr. Geng Tan: In your presentation, you talked about some examples of buildings. Can you give us one specific, successful example where you helped your clients to reduce their power consumption or identified optimization for their equipment or relevant to their equipment? With these new capabilities or new changes, how much money can your client save in five years, 10 years or even in the long run?

In your opinion, or from the feedback from your customers, how will these changes improve the reputation of their company around their sustainability, their social image or whatever? What is the benefit, not just in terms of cost but also in terms of social image?

• (1140)

Mr. Jim Lord: We have a client for whom we've done LEED, which included energy efficiency and those sorts of things, and they use that as a tool to recruit new employees. You'll find that a lot of large companies are insisting that they be in buildings that have the LEED certification. We've seen people like the Googles, the Apples and those guys. They all want to be in socially responsible buildings.

It's not just about saving energy. It's about your reputation, and your reputation among your employees that you are a good company and this is part of your culture. It's more than just the dollars and cents. The dollars and cents are there, and we've seen it.

If you look at the number of buildings that have converted to LED lights, for example, pretty much all the major buildings have done it. There are a few left to do, but not that many, which is excellent. It just shows that these sorts of things have the payback. It's been proven that the payback is there, so everybody else just jumps on board and does it.

Mr. Geng Tan: How possible is it that your customers recommend your solution to their partners, their customers or their peers?

Mr. Jim Lord: It happens all the time. Our number one way of getting new customers is through recommendations from existing customers. The energy efficiency industry is a bit different from other industries, in the sense that when people have a success, they like to talk about it. They like to bring it up at conferences. They like to share it with other people.

Once someone comes up with something, it's not like a trade secret where I'm only going to use it in my buildings. It's very much, "Here's what we did. We were the first—yay!—but now you guys can all jump on board," and the suppliers and vendors who helped them with it are also out there promoting it. Unlike other industries that might be a bit more secretive, it's sort of a more fun, open, collaborative industry.

Mr. Geng Tan: Do you do more small-scale or large-scale projects? What's the big difference between these two scales?

Mr. Jim Lord: We do both.

Mr. Geng Tan: Technically or moneywise...?

Mr. Jim Lord: The small-scale projects are much harder, just because the budgets are much smaller. We did a 2,000 square foot facility. You can't have \$100,000 in consulting fees on a 2,000 square foot facility. There's only so much analysis that you can do in that type of a facility, whereas for a larger one, you can take advantage of different things, such as moving heat from one part of the building to another part of the building. There are more opportunities in the larger scale facilities for coming up with comprehensive strategies, but for the smaller ones, you keep to the simple stuff—lots of insulation and high-efficiency equipment. You tackle them differently, but they can all be successful.

Mr. Geng Tan: Okay, thanks.

The Chair: We're going to have to stop there.

Gentlemen, thank you very much for joining us today. Unfortunately, we've run out of time. We have to move on to the next phase of our meeting.

We're very grateful for your contributing to the study and finishing it off for us.

We're going to suspend now for a couple minutes. This is a reminder that everyone is allowed to have one staff member only during committee business when we're in camera. Everybody else is invited to return at noon sharp.

[Proceedings continue in camera]

•(1140) _____ (Pause) _____

•(1200)

[Public proceedings resume]

The Chair: Good afternoon, everybody. Thank you for joining us today.

I'd like to welcome our Minister of Natural Resources. Thank you, sir, for joining us today. I know this is the first opportunity you've had to come and speak to us since you've assumed this position. We are very grateful for that. I know you've expressed an interest since the summer in coming to talk to us. Our schedule and your schedule make it difficult sometimes to make that happen. On behalf of the committee, I'd like to express our gratitude.

One thing about this committee is that we are very proud of the fact that we are collegial. We get along well. We work well together. We identify issues that we have in common and solutions that we like to work towards together. That is going to be the prevailing theme today, I believe, on both sides of the table, which I would like to emphasize.

You know the process. We certainly don't need to explain that to you, sir.

I'm going to open the floor to you now and then we will get to questions after that.

Thank you.

Hon. Amarjeet Sohi (Minister of Natural Resources): Thank you, Mr. Chair. Thank you so much for having me.

Good afternoon to all the committee members and everyone else who is present in the room. Thank you for inviting me to make this presentation. As you said, this is my first appearance at the committee as Canada's Minister of Natural Resources.

I would like to begin by making two important acknowledgements. The first is to acknowledge that we are gathered here on the traditional territory of Algonquin people. The second is to acknowledge Minister Carr and the extraordinary work that he did as my predecessor in this portfolio.

As we all know, Canada's natural resources—oil and gas, wind, solar, forestry and mining—have been a source of well-paying middle-class jobs. It is our government's goal to ensure that this growth continues for decades to come. In Canada, we also have an advantage that goes well beyond the abundance of natural resources. It is the expertise and the experience we have in developing them sustainably and competitively.

It was Canadian resourcefulness that unlocked the secret of getting oil out of sand. It is the same innovation that is reducing the industry's environmental footprint. I saw that innovation first-hand at Goldcorp gold mine in Chapleau, Ontario, where all vehicles are run on electric battery, reducing the environmental footprint as well as creating clean jobs. This innovation has occurred in part because of the investments we are making in the adoption of clean technologies, helping not only to lower emissions but to reduce long-term operating costs.

Canada's advantage will continue to grow with the increasing global demand for raw materials that are produced sustainably and responsibly, the raw materials that we have in abundance in Canada: wood and wood products that will help us combat a changing climate; metals and minerals such as lithium, graphite, cobalt, nickel, copper and rare earth elements that are used in everything from solar cells and wind turbines to the batteries for electric cars.

Canada has one of the world's cleanest electricity mixes to power our low-carbon future. Our government is building on all of this by investing \$26.9 billion in clean infrastructure, which includes investments in renewable energy, energy efficiency, smart grids and more.

Canada's natural resources are not just the historical backbone of our economy, they are the key to our clean growth future and creating good, well-paying jobs, the kinds of jobs that expand our middle class, that raise our standard of living and improve our quality of life in every province and territory.

That is why our government also supported LNG Canada's \$40-billion project on the west coast of British Columbia, paving the way for the single-largest private sector investment in Canadian history. It's a project that will create 10,000 jobs at the height of its construction and millions of dollars in new contracts for indigenous businesses. This project will open new global markets for Canadian natural gas, displacing other fuels that emit higher levels of greenhouse gas emissions, offering greater global energy security and a greener future.

Our fall economic statement will support more of these opportunities with the new tax incentives and investments to enhance the competitiveness of the resource sectors, making Canadian companies better able to invest in their own growth and making Canada a more attractive place to do business.

A number of these new measures directly target emerging challenges in the natural resources sector, such as softwood lumber prices that have certainly fallen off recent peak highs, and a dwindling timber supply in areas ravaged by the mountain pine beetle and wildfires. That is why we announced an additional \$100 million in the strategic innovation fund to support Canada's forestry sector.

• (1205)

We have also renewed the mineral exploration tax credit for a full five years, to maintain Canada's position as one of the world's most competitive jurisdictions for investing in exploration.

We have responded to recommendations from leaders in the oil and gas industry, including new tax incentives to permit the full writeoff of machinery and equipment used in the refining and processing of oil and gas, allowing for the creation of even more value-added products.

Now, let me turn to the price differential on Canadian oil. This price differential is the direct result of previous governments' failure to build pipelines, expand to non-U.S. markets and reduce our dependency on a single customer: the United States. This problem was further compounded by the scheduled seasonal maintenance at four refineries in the U.S. Midwest that caused a temporary drop in demand. This, combined with increasing production from the oil

sands, created an extraordinary price discount on Canadian resources.

I want to reassure you that our government has made the price differential—and the issue of market access in general—an urgent priority. That is why we established a working group of senior officials from the federal government and western provinces to lead our efforts.

While we welcome the news that all four U.S. refineries, and the million barrels per day they process, are back online, we know that additional pipeline capacity is required to address increased production. This is why our government approved the Line 3 replacement project. Construction of this project is under way, and will come into operation in the fourth quarter of 2019. That is why we have always supported Keystone XL. I spoke with Secretary Perry to offer our ongoing support last week.

It is also why we purchased the Trans Mountain pipeline and related infrastructure when it faced political headwinds, because we know market access to customers other than the United States is the long-term solution to the price differential.

We know we need to get our oil resources moving, and all solutions are on the table to accomplish that, from increasing rail capacity to rethinking how access to existing pipelines is allocated. In fact, I have written to the National Energy Board, asking it to report on options for optimizing pipeline use in western Canada. Earlier today, I met with Minister Garneau and rail shippers to discuss rail solutions.

I am a proud Albertan. I am seeing first-hand the pain this price differential is causing for hard-working men and women in my home province. It is affecting families, neighbours and friends. The status quo cannot and will not continue. The good news is that when Canadians work together, as we are on the price differential, there is nothing we cannot overcome.

Mr. Chair, this might be a good place to stop and welcome any questions that committee members may have. Thank you once again for having me here today.

• (1210)

The Chair: It's our pleasure, Minister, and thank you for your remarks.

First up, we have the honourable Kent Hehr.

Hon. Kent Hehr (Calgary Centre, Lib.): Mr. Chair, I would like to thank the minister for coming to committee today. I know he understands the Canadian energy sector and that it is very important to him. It's very close to his heart. He and I have discussed this in great detail, and we understand that neighbours of ours, friends of ours and people we've worked with are deeply affected by the downturn in the Alberta economy. I know he gives a great deal of thought to this. I'm just pleased he's here today.

The price differential—the money we receive—for Western Canadian Select is about 15% of its real value. What has caused this? Well, it's been decades in the making. The private industry always thought the United States would need our oil, and they built pipelines to fill that market. We understand now that we need to open and access new markets. Further, we understand that to get pipelines built in the 21st century, we need to treat the environment as a serious concern, as well as getting indigenous consultation right.

On this point, the Conservatives failed for 10 years to get our oil to non-U.S. markets. In 2006, when they came to power, 99% of our oil went to the United States. Ten years later, 99% of our oil was still going to that singular market. As any economist will tell you, if you have only one customer, you have to accept the price they're willing to give. Today, and every day, we see the consequences of this decade of inaction.

Minister, I know you've given great thought to this. What are we doing to end the decade of failure by the former Conservative government to get our energy products to new markets, and a second thing I think it's important to know, to correct the failed approach to regulatory approvals instituted by that government?

• (1215)

Hon. Amarjeet Sohi: Thank you so much for that question. As I said earlier, I know many people in Alberta who have been struggling for the last number of years, starting with the downturn in oil prices that started in 2014 and has led to thousands of layoffs, families struggling and people worrying about their future and the future of their kids.

We started taking action immediately upon coming into office. We extended stabilization funding of \$250 million to the Province of Alberta. We extended EI benefits, beyond regular EI benefits that Canadians qualify for, to 22 weeks, which has led to additional support of \$1.3 billion for struggling families during those difficult times.

Now we are taking action on pipeline capacity. Also, Alberta is a province that exports many commodities, including oil and gas, to other countries, so the conclusion of NAFTA is absolutely a benefit to the oil and gas sector. Through those negotiations, we were able to eliminate unnecessary tariffs and fees, resulting in a saving of \$60 million per year for the oil and gas sector, particularly the oil sands sector.

We will continue to work to improve our regulatory process. What we have in place has led to failure—a lack of pipeline capacity that we're seeing today, which is causing so much pain and grief and costing billions of dollars that we are losing. That's why Bill C-69 is a very important piece of legislation that will fix the broken system we currently have. It creates a balance between the environment and

the obligation to consult with indigenous peoples, at the same time allowing us to grow our economy.

This is a good example of how economic growth and environmental sustainability can go hand in hand. That's exactly what we are focused on, moving forward: to fix the flaws of a regulatory process that we inherited.

Hon. Kent Hehr: I think it is important that you pointed out that the 2012 approach they put in place for regulatory matters managed to lead to the stalled approach in which we are today. We're unable to move projects forward to move the nation forward.

Bill C-69 has “one project, one review”. I think this will simplify things and make things clearer. Is that the goal of the legislation, to try to make things smoother, quicker and more efficient?

Hon. Amarjeet Sohi: The goal of Bill C-69 is to ensure that we have a process in place that improves the transparency of decision-making, allows good projects to move forward in the quickest way possible and allows for the “one project, one review” philosophy. It also gives flexibility to provinces, such that if they want to substitute their own review process for the federal review process, the bill allows them to do so.

This is legislation that is fixing the changes that were made in 2012, which gutted the environmental protection of water and of fish and took away the ability of Canadians to participate in the regulatory process. We saw thousands and thousands of Canadians marching in the streets in 2012, opposing that 2012 legislation. It has really polarized the political atmosphere in Canada, which is not helping our energy sector in any shape or way.

We are trying to fix all those flaws in the process.

• (1220)

The Chair: Mr. Falk or Mr. Schmale, are you going to start us off?

It is Ms. Stubbs. All right. Thank you.

Mrs. Shannon Stubbs (Lakeland, CPC): Thank you, Chair.

Thank you, Minister and officials, for being here today.

Minister, I just want to clarify the record on the northern gateway.

You've said multiple times this fall that the court quashed the northern gateway pipeline. In fact, recently in an interview, you said that “any intelligent person” would know that the court quashed the northern gateway.

Let me just read from that court ruling. The court said, “remit the matter back to the Governor in Council for a prompt redetermination”. The Governor in Council, of course, being the Prime Minister and the cabinet. The court did not kill this pipeline. It gave your government the chance to redo consultations.

On November 29, 2016, the Prime Minister personally said the Government of Canada “has directed the National Energy Board to dismiss” the application of the northern gateway pipeline.

The Liberal cabinet order says, “the Governor General in Council”—that being the cabinet, including you—“on the recommendation of the Minister of Natural Resources...directs the Board to dismiss Northern Gateway Pipelines Limited Partnership's application”.

Your own personal website says you “are fulfilling our environmental responsibilities by rejecting the Northern Gateway proposal and imposing a moratorium on crude oil tanker traffic along British Columbia's north coast”.

Will you tell Albertans why you vetoed the northern gateway pipeline, which would have allowed access to the Asia-Pacific?

Hon. Amarjeet Sohi: The ruling from the Federal Court of Appeal was very clear that the previous government failed to get the review process for the northern gateway right, so the court quashed that decision. That is a fact. We can't change the facts.

We were also clear during the campaign that building a pipeline through that part of British Columbia was not the right decision to start with.

Mrs. Shannon Stubbs: Correct. That's what you said in the campaign, which was a political intervention and a political decision.

When you were elected, that's why you chose.... Instead of taking the option the court offered to you to redo consultation with indigenous communities, you, as a cabinet member and the Prime Minister outright vetoed the northern gateway pipeline.

Thank you for clarifying that fact, that it was your political intention, even back in the campaign.

Hon. Amarjeet Sohi: I think it's....

Mrs. Shannon Stubbs: My second question is on the—

The Chair: Ms. Stubbs, he was in the middle of his answer.

Mrs. Shannon Stubbs: Yes, but I have the floor.

The Chair: You do have the floor, but he was in the middle of answering—

Mrs. Shannon Stubbs: I wasn't asking a—

The Chair: He was in the midst of answering the question. I think it's a matter of courtesy to allow him to finish.

Mrs. Shannon Stubbs: I got the answer, thank you. I'd like to move on to the Trans Mountain—

The Chair: He wasn't finished with his answer and I'm going to let him finish.

Mrs. Shannon Stubbs: He was.

I'd like to move on to questions about the Trans Mountain expansion.

The Chair: Minister, were you finished with your answer?

Hon. Amarjeet Sohi: I don't want to—

Mrs. Shannon Stubbs: It's my time, and I have the floor, so I'm going to move on to questions for you about the Trans Mountain expansion.

The Chair: We're here to ask questions and hear answers.

Mrs. Shannon Stubbs: I know as an Albertan, like I am, he'll want to answer these questions.

The Prime Minister promised legislation on the Trans Mountain expansion to assert federal authority this past spring.

Has that legislation been put before the House, yes or no?

Hon. Amarjeet Sohi: Our goal is to make sure that we are moving forward on the Trans Mountain pipeline expansion in the right way by responding to the issues that the court has identified.

The court has identified two issues, that the review that was undertaken by the previous administration—

Mrs. Shannon Stubbs: I asked about the Prime Minister's promise to put—

Hon. Amarjeet Sohi: Will you please allow me to finish?

Mrs. Shannon Stubbs: No. I'm actually asking you specific questions.

The Chair: Ms. Stubbs, I am going to rule that you have to let the witness answer the questions.

Mrs. Shannon Stubbs: But I asked specifically about—

The Chair: No. Ms. Stubbs, this is twice now. Allow him to finish the answer, and maybe you will hear what you ask.

Mrs. Shannon Stubbs: He's not answering the question. I asked about the—

The Chair: You haven't let him finish, and I'm going to let him finish.

Mrs. Shannon Stubbs: I asked about the Prime Minister's promise to put forward legislation.

The Chair: Minister, please proceed with the answer.

Mrs. Shannon Stubbs: The answer is no, your government did not put forward that legislation.

Hon. Amarjeet Sohi: We feel—

The Chair: Ms. Stubbs, I'm going to stop things if you don't allow the witness to answer.

Hon. Amarjeet Sohi: Mr. Chair, we feel that the best way to move forward—

Mrs. Shannon Stubbs: Really...? You're going to block the Minister of Natural Resources from answering questions.

The Chair: No, I'm not, please proceed, Minister.

Mrs. Shannon Stubbs: How about I just proceed with my question?

Hon. Amarjeet Sohi: We feel that the best way to move forward on the Trans Mountain pipeline expansion is to respond to the issues that the court has identified.

It is not a focused and efficient way to bring in legislation. It's not a focused and efficient way to appeal the decision. The focused and efficient way to move forward is to respond to those concerns. We have instructed the National Energy Board—

• (1225)

Mrs. Shannon Stubbs: So you made the promise and then you didn't bring forward the legislation.

Hon. Amarjeet Sohi: —to undertake this view of the—

Mrs. Shannon Stubbs: In April, when the finance minister announced that you were spending \$4.5 billion in tax dollars to purchase the existing pipeline, he said specifically on May 29 that shovels would be in the ground and construction would start immediately. That was his quote.

How many kilometres of pipeline were built on the Trans Mountain expansion this past summer?

Hon. Amarjeet Sohi: Oil is to Alberta what art is to Ontario and aerospace is to Quebec.

It is so disappointing to see that, when we made the decision to invest \$4.5 billion to move this project forward so we can support the oil sector in Alberta the proper way, every single Conservative member of the federal Conservative Party did not support that decision—

Mrs. Shannon Stubbs: Your promise was that construction would start this past summer.

Hon. Amarjeet Sohi: —and it's so disappointing to see that they're willing to invest \$12 billion and write off \$3 billion to support an industry. But when it comes to the Alberta oil and gas sector, they back off. That is the record of the Conservatives—

Mrs. Shannon Stubbs: The answer is that zero kilometres of the Trans Mountain expansion has been built—

Hon. Amarjeet Sohi: We're very proud that we have invested \$4.5 billion—

The Chair: Ms. Stubbs, allow the witness to finish answering the question.

Mrs. Shannon Stubbs: Will you commit to when this consultation will be complete?

Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC): I have a point of order, Chair. If the minister is just going to drag on the clock, it's not fair that Mrs. Stubbs stands there and lets him drag it on. She has a number of questions to get to, and if he wants to talk and waste time, that's not on Mrs. Stubbs'....

I don't agree. You know how much I respect you, but I do not agree that you keep cutting her off and challenging her like that. I do not agree with that and I'd like to bring that to your attention, Mr. Chair.

The Chair: That is duly noted, Mr. Schmale.

Mr. Jamie Schmale: You know I like you and you know I respect you, but....

The Chair: I appreciate that, and the respect is mutual around this table. You know that as well, and I agree. I'm simply trying to allow the witness to answer the question. On two occasions, Ms. Stubbs—

Mrs. Shannon Stubbs: He's not answering question, so I'll go to my next question.

The Chair: I'm addressing Mr. Schmale's point of order right now. Thank you, Mrs. Stubbs.

On two occasions, Mrs. Stubbs interrupted the minister early on in his answers and didn't give him an opportunity to answer, which I didn't think was appropriate. That's why I intervened, and I'll do it again if I feel it's necessary.

Thank you.

Ms. Stubbs, please continue.

Mrs. Shannon Stubbs: In the court ruling that your indigenous consultation on the Trans Mountain expansion failed, the judge said that the concerns are “specific and focussed” and that this may “make the corrected consultation process brief and efficient while ensuring it is meaningful. The end result may be a short delay” in the project. That's what the judge said.

Will you commit to the end date for your timeline on consultation with indigenous communities and commit to when construction will start on the Trans Mountain expansion?

Hon. Amarjeet Sohi: We have instructed the National Energy Board to undertake a review of the main shipping, its impact on the marine environment—

Mrs. Shannon Stubbs: That's tanker traffic. I asked about indigenous consultation.

Hon. Amarjeet Sohi: The second part of the court challenge was the issues around phase three consultation with indigenous communities. We are undertaking that consultation. We will make sure we don't repeat the mistakes of the past and that we have a meaningful, two-way consultation to understand the concerns of communities and offer them accommodation where accommodation is possible.

It's very important for the interests of the oil and gas sector and for the interests of workers and job creation in the oil and gas sector that we get this right. That's my focus. That's why I'm reaching out to indigenous leaders. I have personally met with 40 indigenous communities to hear their concerns directly. We're going to do this right, because not doing this right will put this project in the same position we have seen it in the past. It is in the best interests of Alberta's oil sector and of families in Alberta that we get this —

Mrs. Shannon Stubbs: Will you commit to construction starting in 2019?

The Chair: We're going to have to move on. That's all the time you have, Mrs. Stubbs.

Mr. Cannings.

Mr. Richard Cannings: Thank you, Minister, for being here today.

You mentioned you're from Alberta. I'm from British Columbia, so I'm glad you touched on forestry. We hear precious little about forestry in the news and from this government, so I'm glad you mentioned it.

We've heard a lot about the low price of oil over the past few months, but as you mentioned, the price of lumber has been almost cut in half in the last six months. I don't hear anything about it from this government. We have mills closing everywhere across the country. We have mills cutting back on their hours. As you touched on, this isn't just the low prices, but they're paying illegal tariffs that weren't fixed under the new USMCA agreement. Fires and pine beetles are now attacking Alberta and threatening the rest of the boreal forest.

I'm going to try to offer some practical solutions here and see what your government is prepared to do.

One practical way the federal government could help these forest communities across the country is by providing funds for thinning of forests at the urban-forest interface. We had a film and report in British Columbia 14 years ago that basically told British Columbia they had to do all this work around communities to make them fire safe. Only 10% of that work has been done because the provincial government felt they didn't have the funds to do it. We've seen the results. We're talking about billions of dollars here. It is not cheap work, but it would put thousands of forest workers back to work and it would make our communities safer.

You mentioned the strategic innovation fund. How much money is allocated in that fund—as I say, we need billions—to do this sort of work? It would be something the federal government could do today to help forestry workers across Canada.

• (1230)

Hon. Amarjeet Sohi: Thank you so much for that question. I was in Williams Lake last week and met with some forestry sector leaders to talk about the challenges facing the forestry sector. We were there to make a funding announcement to encourage more indigenous businesses to actually participate. This is a very important sector for our economy, particularly in rural and isolated communities as a source of employment.

As part of the fall economic statement, \$100 million has been allocated through the strategic investment fund, particularly focused on forestry. I met with the forestry ministers in September in Halifax and my ministry and the ministry in British Columbia are co-chairing a working group of all ministries throughout the country on how we can better respond to and manage fires. We are waiting for the conclusion of that discussion. They will be reporting back to us at the end of December.

As you also may know, through the softwood lumber action plan we are investing \$867 million to support workers and communities to focus on diversifying to other markets under Minister Carr. Obviously this is part of his new portfolio and he is focused on it. We really want to help producers get access to new markets.

Mr. Richard Cannings: Okay, I'll move on to another practical suggestion on how to get Canadian resource workers back to work. We have heard a lot in the news lately, especially in *The Globe and Mail* and on CBC, about abandoned and orphaned oil and gas wells,

particularly in Alberta, obviously, but also in B.C. and Saskatchewan. The C.D. Howe Institute estimates more than 155,000 oil and gas wells have no economic potential and will require reclamation. The estimated cost of that reclamation is about \$300,000 per well. If you do the math, it comes out to \$47 billion. Some people put the estimate overall at over \$100 billion.

As you know, a lot of these are orphaned wells where the companies have vanished and the government is left to clean up. Since your government talks continually about making polluters pay, these are toxic messes that need to be cleaned up. I'm all behind making polluters pay. It's something the NDP really has championed in this country. I'm just wondering if you have a plan to help the provinces clean up this mess. Again, this would put thousands of oil sector support workers back to work.

Is there anything you could do in the future to make sure that it's the industry that cleans up its own mess and not the people of Canada?

Hon. Amarjeet Sohi: Thank you for that question. I will definitely take that back and have discussions with my officials. I have met with industry folks this week to talk about abandoned oil wells or the liabilities they have to clean up the wells they own. Absolutely, industry should be paying that cost, but for those wells that are abandoned, in 2017 we made \$30 million available to the Province of Alberta, which has unlocked close to \$300 million of cleanup that they are undertaking to—

• (1235)

Mr. Richard Cannings: We need about 10 times that, 1,000 times more.

Hon. Amarjeet Sohi: Absolutely, I don't disagree with that. We will definitely take it up with my officials to see how we can work with you on this and to see what options are available to the federal government for support in that area. You're absolutely right that we need to clean up those wells. They also create jobs in the area that are necessary,

Mr. Richard Cannings: It looks like I'm out of time. I was going to just ask why we can't put \$4.5 billion into energy efficiency instead of pipelines.

Hon. Amarjeet Sohi: We are. We are investing \$26 billion in green infrastructure. Out of that, \$9 billion is going to the provinces and territories. There are also monies available for them to invest in renewable energy as well as in reducing greenhouse gas emissions. We are doing quite a bit in every aspect.

The Chair: Thank you, Minister. Thank you, Mr. Cannings.

Mr. Serré.

Mr. Marc Serré: Thank you, Minister, and your staff, for being here today. Thank you for leading a department that is really committed, in a government that is committed to natural resources and the mining industry.

Last year, many of our colleagues here attended PDAC in Toronto, the largest mining conference in the world. There was a lot of optimism last year, and this year, with the direction of our government. I also attended round tables on Bill C-69, which was strongly supported by the Canadian Mining Association. Also, I attended last year the launch of the Canadian minerals and metals plan, which was overwhelmingly supportive and very positive.

Also last year at PDAC we heard from the mining industry, which is really looking for certainty on the exploration side. The Conservative government for the last 10 years only extended the mineral tax credit for one year. I want to give you the opportunity to explain what we've done to expand the mineral exploration tax credit.

Also, can you tell us where we are with the minerals and metals plan? When can we expect the final report?

Hon. Amarjeet Sohi: One thing I really take pride in is the collaborative partnership approach we have taken with industries, including the mining industry. One issue they identified to us was that they need long-term predictability around the mineral exploration tax credit. We have listened to them and have delivered that in the fall economic statement, giving that certainty over the next five years.

We're working very closely with industry on the Canadian minerals and metals plan. There was extensive engagement on it with them, as well as with provinces and territories. This plan will definitely allow industry to understand how critical this industry is, as we move toward cleaner and greener communities as well as investment in new technologies. Metals and minerals are so important for wind power, for solar, and they're part and parcel of our efforts to not only diversify the energy sector but also to move towards reducing the impact of greenhouse gas emissions. We see this.

In the next year, early 2019, we will be finalizing and completing that plan. It will help us grow, creating more jobs, but it will also allow us to move towards cleaner communities and options for energy generation.

Mr. Marc Serré: Thank you, Minister.

Thomas Edison came to Sudbury to prospect in 1901. I'm sure he would be proud of the five-year mineral tax exploration credit. Industry, I know, is very supportive and very pleased with it.

Talking about Sudbury, which I represent with my colleague Paul Lefebvre, Greater Sudbury is as you know the largest municipality in Ontario and the fifth-largest municipality in Canada. We also have the largest city-contained lake in North America, Lake Wanapitei. We have 330 lakes, great for fishing and hunting, that have been restored. We have a really rich history with our first nations communities.

The mining companies in Greater Sudbury and northern Ontario have been leaders on environmental stewardship, even when leading the fight against acid rain, with Inco at the time and the PC Mulroney government. Sometimes I think the "P" has been removed today from the Conservative Party, but Mulroney really understood the need to work with...and the government at that time.

In Sudbury we prioritized the greening of the land, the partnership with the city. We looked at the community and the mining to create a green and cleaner footprint. I have today here on my lapel pin "40 years". That's not my age. It's the 40 years of regreening in Greater Sudbury.

Minister, can you explain to us what Natural Resources Canada had done to incentivize, to promote the mining industry to continually be more sustainable in the future?

• (1240)

Hon. Amarjeet Sohi: Both Paul and I were actually in the greater Sudbury area last month.

I talked about the example of innovation and creativity in the mining sector by highlighting the Goldcorp Borden mine. It's a good example of the environment and the economy going hand in hand. Sudbury is a good example as well as to how you can turn a community around and focus on revitalization. It's a great story to be told.

While we were there we launched a challenge for the energy sector to participate in. The challenge is how to reduce the impact of crushing and to come up with innovative ways. We will reward industry with the support. I encourage everybody to look at that challenge because it really allows us to create more innovation and creativity in the sector.

Mr. Marc Serré: Thank you, Minister.

I have one minute left.

Mr. Cannings alluded earlier to how the government is not supportive of the clean energy, renewable sector. I would like you to expand on the dollars and the commitment we've made for clean energy and renewables.

Hon. Amarjeet Sohi: We take a very balanced approach.

We understand the significance of a traditional source of energy, oil and gas, and we support new investments in wind, solar, geothermal and tidal power. I made reference to the close to \$27 billion that we're investing in green infrastructure. I was in my hometown of Edmonton announcing \$10 million for a solar farm. I was also in Halifax announcing \$29 million for tidal power. We were in Calgary announcing support for their utility company where they are building a district energy system to connect buildings to renewable energy sources. We are doing a lot for every sector because we understand that energy diversification and having different sources of energy are important from a security perspective but also for creating more jobs.

Mr. Marc Serré: Thank you.

The Chair: Thank you, Minister.

Thank you, Mr. Serré.

Ms. Stubbs, you have five minutes for questions and answers.

Mrs. Shannon Stubbs: Thanks, Mr. Chair.

Minister, will you commit that construction will start on the Trans Mountain expansion in 2019, yes or no?

Hon. Amarjeet Sohi: What I commit to is that we are moving forward on this project in a more responsible way. We made changes to the regulatory process that we inherited from the Harper government and those interim principles have led us to the approval of Enbridge Line 3, which is under way and will be in operation next year. We are responding to the Federal Court of Appeal decision. Our goal is to move forward in the right way.

• (1245)

Mrs. Shannon Stubbs: So there's no commitment for Canadians on when the construction of the Trans Mountain expansion will be built. The truth is that you've picked the longest and the most indefinite option. You could have passed emergency retroactive legislation affirming that Transport Canada's tanker assessment was sufficient. You could have applied for an appeal to the Supreme Court while requesting a stay of the Federal Court decision. You could have announced a timeline on your indigenous consultation and you could have voted for S-245, which would have asserted federal authority over all construction operations and ongoing maintenance of the pipeline and the terminal in order to ensure that it goes ahead.

But today you won't answer about when construction will start on

Hon. Amarjeet Sohi: Through you, Mr. Chair—

Mrs. Shannon Stubbs: Minister, will upstream emissions be included as a condition for pipeline approval under Bill C-69, yes or no?

Hon. Amarjeet Sohi: The goal of Bill C-69 as I mentioned earlier, is to improve the failed process of the Harper government that led to not a single pipeline being built.

Mrs. Shannon Stubbs: Will upstream emissions, which is provincial jurisdiction—

The Chair: Ms. Stubbs, I'm going to interrupt you again.

Mrs. Shannon Stubbs: —and production be included as a condition for the approval of pipelines—

The Chair: Ms. Stubbs, I'm going to ask you to stop and let the witness answer the question.

Mrs. Shannon Stubbs: I asked a very clear question.

The Chair: Okay.

We're not in a courtroom here. We're here to ask questions and get answers.

If you ask the questions and don't allow the witness to provide an answer—

Mrs. Shannon Stubbs: I asked yes or no.

The Chair: —it's a really futile exercise. I'm going to ask you to kindly stop interrupting the witness, allow him to finish his answer and let him move on.

Hon. Amarjeet Sohi: Our goal here, as a government, is that... Ignoring the environment or the needs of indigenous peoples is not going to get you anywhere. It's not going to get your pipeline built. Stephen Harper tried to do that for a decade, and it failed for a decade—

Mrs. Shannon Stubbs: Will downstream initiatives be included as a condition for pipeline approval under Bill C-69?

Hon. Amarjeet Sohi: We will—

The Chair: We can't have two people speaking at the same time, Ms. Stubbs. He was speaking at the time. He had the floor.

Mrs. Shannon Stubbs: Mr. Chair, could you ask if I could get an answer to my question?

The Chair: If you'd let him finish....

Mrs. Shannon Stubbs: My question is very clear. Will downstream emissions be included as a condition for pipeline approvals under Bill C-69?

The Chair: Ms. Stubbs, we can continue to go back and forth like this if you want, or you can let the witness answer.

Mrs. Shannon Stubbs: It's yes or no.

Hon. Amarjeet Sohi: If you allow me, Mr. Chair, we have been very clear. Premier Notley has raised the issue of downstream emissions with other governments. I have met with the environment minister from Alberta, Minister Phillips. We have been absolutely clear that downstream emissions will not be part of Bill C-69 or any new environmental process that we are putting in place.

Mrs. Shannon Stubbs: Thank you, Minister.

This is why I raise this. I just returned from New Brunswick. New Brunswickers want a west-to-east pipeline, as do Canadians right across the country, and certainly the provinces of Alberta, Saskatchewan, Manitoba and Ontario. The energy east application was submitted in October of 2014. In January, 2016, your government froze all those applications, including the energy east application. Then a year and a half later, in August, 2017, it was announced that both upstream and downstream emissions would be applied as a condition to the energy east application.

It was at that point shortly after that TransCanada said specifically that the significant changes to the regulatory process might make the application for the energy east pipeline untenable.

A month later, they were forced to abandon the application for energy east. The reality is that downstream emissions have only ever been applied to the energy east pipeline application by your government, in order to kill it. If it was needed in that case, why would it not be included in Bill C-69? If a proponent comes back to the table for a west-to-east pipeline, will you ensure that downstream emissions do not apply as a condition for its approval and review?

Hon. Amarjeet Sohi: We have always been very clear, and we were clear with the proponent of Energy East that our government will not consider downstream emissions as part of the approval process.

Mrs. Shannon Stubbs: In August, 2017, your panel announced that upstream and downstream emissions would be applied.

The Chair: Ms. Stubbs, you're out of time. Thank you.

Mr. Whalen, the floor is yours.

Mr. Nick Whalen (St. John's East, Lib.): Thank you very much, Mr. Chair.

It's wonderful to have the minister here. It was great to have Mr. Carr in the role, but because the oil differential is, in my opinion, probably the single biggest economic issue facing the country right now, it's great to have somebody from Alberta who understands this issue and who is on the file—not discounting, of course, the oil and gas industry in my hometown, which I will raise in a moment.

You were asked a question earlier about how the courts killed off the northern gateway pipeline. Could you just briefly finish your answer to that question, so we could have it on the record? Thank you.

• (1250)

Hon. Amarjeet Sohi: As I said earlier, the Federal Court of Appeal overturned the previous government's approval—the cabinet decision—because the court felt that northern gateway pipeline, or the review of that pipeline, did not meet the standard of meaningful consultation, and you know, facts are facts. It was the Federal Court of Appeal that quashed that decision related to that pipeline.

Mr. Nick Whalen: Thank you very much.

Nobody wants to see courts issue injunctions against our regulators. Not only does that mean that the economic activity has made it that far and is then approved or not approved, but it also sends a chill through industry, in having this uncertainty hang over all the present, past and future decisions that might be issued by the body. Indeed, that was one of the primary topics of discussion at the doors in the 2015 election, around CEAA 2012.

Can you describe a little bit why people shouldn't really be talking about whether or not the government will or will not start construction at a particular time, what that means from the court decision and why it's important for Canadians to allow this process to play out in accordance with the court's decision?

Hon. Amarjeet Sohi: One thing we are trying to change is that the previous government tried to cut every corner possible to get pipelines built, but they got none built to other, non-U.S. global markets. It's my role and my responsibility in this portfolio to make serious efforts to fix the flaws in the process to allow us to move forward on building pipelines in the right way and getting our resources to non-U.S. global markets. It is completely unacceptable that we're losing billions of dollars in potential revenue that we could have had to build better roads and bridges, improve services and build stronger communities. It serves no one's interests to have this price differential.

Mr. Nick Whalen: Certainly nobody wants to prejudge the outcome of a process, because that would influence it.

Hon. Amarjeet Sohi: We should not. I think that's how we failed in the past.

Mr. Nick Whalen: Out east, the C-NLOPB is the primary joint regulatory body between the federal government and the provincial government of Newfoundland. It helps make sure that our offshore resources develop responsibly and that producers act accordingly.

A major disappointment for many people in our province a couple of weeks ago was an oil spill at Husky as they were starting up production following a crazy storm, a storm that actually caused seismic measurements within our province. People were quite concerned that a producer would start up production, as is their right

to do, when conditions would not even allow ROVs to go in the water to monitor the situation. Conditions were too rough for them to deploy the very safety mechanisms to prevent and capture spills that would have been necessary.

I'm wondering whether you have considered whether the C-NLOPB should have additional authority to stop production and start it again. I'm told in the media and by others that this is one of the things that have prevented the C-NLOPB from having the bite it needs to back up its bark.

Hon. Amarjeet Sohi: I have spoken with Minister Coady on this matter, as well as with Husky, and also with the offshore petroleum board. We find it completely unacceptable that... If there is a disconnect of information and communication, we need to fix it. Any spill is a bad spill, whether a small spill or a big spill. We need to make sure that there are mechanisms and responses in place that allow spills to be avoided. In this case, once they found out about the spill, it was contained, so the impact of it was not as severe as we thought it would be.

Having said that, we are having conversations with the offshore petroleum board, as well as with Husky and the Province of Newfoundland and Labrador, to improve this situation as a high priority for us, and we will continue to work with them on it.

• (1255)

Mr. Nick Whalen: Do I have time for another quick question?

The Chair: No, I'm going to have to stop you there. Thank you, Mr. Whalen.

The floor is yours. We have two minutes. We have to vacate, because there's another committee meeting here at one o'clock. You have time for about one question, probably.

Mr. Jamie Schmale: Okay. Thank you, Chair.

Thank you, Minister, for appearing today. We appreciate it.

Minister, I noticed in your comments that much of what you referred to seems to be a common theme that we have here, in question period and otherwise, whereby it's always the Conservatives' fault and always Harper's fault.

You're three years into your mandate. Before, in the previous government, we had four pipelines approved, we had three in the queue, and now we have two that were cancelled and one that was nationalized. How do you keep saying that your plan is working and keep blaming the previous government? You have to fix this for me here.

Hon. Amarjeet Sohi: Let me say thank you for asking that question, because what you're touching on is that when you had legislation put in place in 2012 that eroded the confidence of Canadians in the regulatory process, you faced consequences.

Mr. Jamie Schmale: Energy East and Northern Gateway were political decisions. You could have continued consultations for gateway. You didn't have to change the rules on Energy East and you did not have to nationalize it.

Hon. Amarjeet Sohi: We did not—

Mr. Jamie Schmale: In your term, Alberta has dropped from 14th to 43rd in recent global investment rankings. Hundreds of billions of dollars are leaving your province and this country.

Hon. Amarjeet Sohi: First of all, I think it is absolutely necessary for this committee to understand that it was the proponent that withdrew the application for energy east. We were very clear that downstream emissions will not be part of the assessment. There is close to 175 billion dollars' worth of new investment planned in the oil and gas sector in Alberta. We will continue to support that and we will continue to repair the damage that has been done by the previous government to the regulatory process so that we can move forward.

Mr. Jamie Schmale: Again, you had three in the queue—

The Chair: Thank you, Mr. Schmale. We've finished.

Minister, thank you very much for attending today, for your patience—

Hon. Amarjeet Sohi: No problem.

The Chair: —and for listening to the questions and answering them. We're very grateful.

We will see everybody in the new year. Enjoy the interim.

The meeting is adjourned.

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