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A conversation between MP Dzerowicz and Energy and Natural Resources Minister Wilkinson at Davenport town hall, with questions from Davenport citizens (Mar 7, 2024)

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Minister Wilkinson's opening remarks: Canada's status update

We now have the first climate plan that Canada has ever had that shows a clear pathway to actually achieving a target...and it's hard. It is perhaps the most detailed plan which exists anywhere on the planet. It goes through sector by sector, on every type of initiative that is required to drive down emissions. And, it finds a pathway through which you actually are able to take action.

If you look at where Canada was in 2015, the projections, at that time, showed we would have been about 15% above 2005 levels in 2020. And right now, we are projected to be 36 % below. There is a ways to go still but it is an amazing turn around in the context of the kinds of changes that we're talking about in a very short period of time.

We also do an enormous amount of work on the international stage, with like-minded countries around the world, on climate change, on energy issues. And while Canadians often don't recognize it at home, the work we do on climate change, on energy issues, is recognized as being one of the leading models for that. When I go to the International Energy Agency and talk about climate change and energy, Canada is perceived as being at the forefront for what we should be doing.

The opportunities that will be enabled by the transition are going to be different from coast to coast and it's very important for Canada to work closely with provinces and territories on the areas of opportunity that each of them uniquely has. In Ontario, probably the biggest opportunity is in the critical minerals value chain—not just in extraction but in processing, which is right now done mostly by China. And, then in creating further value in Ontario's manufacturing sector like electric vehicles, including all the technologies and materials that make them lighter, more efficient and more effective, and other products. It is the whole supply chain associated with this that will create hundreds of thousands of jobs here in Ontario.

We need to make sure that we are thinking about what the workforce is going to be required to do. We need to make sure that we are equipping people to move into the jobs that are going to be demanded.

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Topic 1: Emissions cap

Question: Davenport residents very much want to know: when is the emissions cap going to be implemented? How can we make sure it's a strong emissions cap without gaps for companies to get exceptions?

Answer: Canada is the only country in the world that has done an emissions cap. In fact I don't think there's any other country actually indicating that they're thinking about doing an emissions cap. In Canada, where oil and gas emissions are the largest single source of carbon emissions (almost 28%) we can't hit our targets if oil and gas are not part of the equation.

The federal government cannot put in place a production cap—that would be unconstitutional — but we can put in place a cap on emissions. It has to be designed in such a way that it is technically achievable...and consultation with a range of stakeholders is ongoing now. But it has to go through a regulatory process and I would expect that we will have it in place within the next 18 months or so.

Topic 2: Sustainable jobs

Question: There are a number of sectors and a number of provinces that rely on oil and gas jobs, or rely on high emissions jobs, so Davenport residents want to know: where is the sustainable jobs plan?

Answer: This is about building the economy in the future and then ensuring that there are supports for workers to be able to actually make a transition if that is required. We released an action plan on sustainable jobs six months ago but it has been a struggle to get it through Parliament because the Conservative Party has filibustered the bill. It was very odd. I've never seen anything like it before, but basically nothing got done in the committee for probably 12 weeks. We will continue to work on that and eventually it will come through Parliament.

There's a requirement every number of years for a new version of the action plan on sustainable jobs, which means that it's transparent and governments actually have to report on what they're doing or what they're not doing.

People think that somehow there's going to be this enormous change in terms of the skill sets that are actually required. And I think sometimes people are overestimating that. If you go to Alberta, they have a company called Air Products building a new hydrogen facility. The skill sets are the same as what you need in an oil refinery. They're building a biofuels refinery. It's exactly the same thing. Dow just announced the world's first net-zero petrochemical facility (in Alberta). \$12 billion

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investment. Same skill set. At the end of the day, you need a plan that actually looks to create jobs and then you need to look and assess what is required – but in many cases, the skill sets are the same skill sets as workers have today, and where they're not, of course, the government has a role to play.

Topic 3: Trans Mountain (TMX) pipeline

Question: When we bought the TMX pipeline, it was not a popular decision in Davenport. Can you give us an update, and address the questions surrounding it – do we really need it, should we just sell it, should we not build it?

Answer: I certainly understand the controversy around the Trans Mountain pipeline. My riding of North Vancouver is just adjacent to where the pipeline actually comes into Burrard Inlet. So there were lots of folks in my riding who had questions.

The pipeline is almost complete...and it will fill up quickly. Oil by rail has been going up in terms of volume and we would like to get oil off of rail cars. Also, it lets us get rid of the price differential for Canadian oil because we were constrained to shipping only to the US.

At the end of the day, within the next number of years, the volume of oil and gas demanded around the world is going to peak and will start to decline. But the pipeline will be completed and at least for the first 20 years will be fully utilized. The hope is that Canada will extract full value for its resources during a period where oil and gas is still being consumed around the world. At the end of the day, the government has no interest in owning the pipeline and there are several groups, most or all Indigenous, that are interested in purchasing the pipeline.

Topic 4: Subsidies for fossil fuel companies

Question: Many Davenport residents believe that oil and gas companies, which are making a lot of money, don't need any funding from the government – if anything, they need as much encouragement as possible to use their profits to be able to transition to more sustainable practices. So, how do we end all subsidies to fossil fuel companies, both efficient and inefficient?

Answer: The elimination of fossil fuel subsidies has been an ongoing discussion for a long time. G20 countries have committed to the elimination of what are called “inefficient fossil fuel subsidies” by 2025. Inefficient fuel subsidies are ones that incentivize developing additional

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production, and are not allowed. Efficient fuel subsidies are really about investments that the government may make to reduce emissions from existing production.

For example, we are helping the sector with respect to reducing emissions from the oil sands, but we are not investing in creating new oil sands projects. We were [all] supposed to do it by 2025 but Canada is the only country in the world that has done it thus far—that was done about six months ago.

It is now in place. It is a restraint on what the government is allowed to do in terms of the investments it makes; and we are hoping that our friends and allies around the world who also are on the hook to do this will do it within the next year or so.

Topic 5: A clean electricity grid

Question: How are we looking to expand clean electricity, and what do you think the energy mix will look like?

Answer: The electricity grid is a sleeping giant. It is a huge challenge—an opportunity too—but a challenge. Less so in places like Ontario, BC and Newfoundland where the grid is relatively clean. Ontario still has to clean the use of gas from the grid, but it's relatively clean.

The provinces that have to get to a non-emitting grid are Alberta, Saskatchewan, Nova Scotia and New Brunswick—who all use coal at the present time, although Alberta is just about out of using coal. So they have to eliminate the use of those things to start the process of building a much bigger grid.

The grids probably have to double or more in size by 2050. And that's in a universe where most of the hydroelectric capacity in the country has already been built. So that means an enormous amount of building of electricity capacity. But it has to be done in a way that is affordable for consumers and for businesses.

And it has to be reliable. The electricity grids are the purview of the provinces and territories and each have their own plans as to how they're going to get there. We would like to see them do that more quickly in many cases, so we are working with each of them to provide supports, to enable them to clean their grids and to build the more abundant grids that they are going to need if you're going to electrify transportation and home heating, if you're going to attract industry — like Volkswagen came to St. Thomas because of the clean grid, but every time you bring a big user of electricity, you need more power. Economic development requires more power.

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Question: There's a lot of concern around how we can work with Ontario to keep Ontario's electricity grid clean? Is there something we can do at the federal level to help encourage that?

Answer: The electricity grids are the purview of the provinces – the federal government doesn't tell them what to do, but we can work with them to help ensure that they succeed in building a non-emitting grid. Different provinces make different choices. In the case of BC, Newfoundland and Quebec, it's a little easier because they have a huge hydroelectric battery [capacity] and basically a non-emitting grid. They can bring on far more renewables because they can balance it with the hydroelectric battery.

In Saskatchewan or Alberta, where there's almost no hydro, you are going to need some form of baseload power, and renewables that come on stream will still need to be balanced. And, in those cases it would be something like nuclear energy or natural gas with carbon capture, but they don't have any other form of base load power. Here in Ontario, the choice that's been made by successive governments is the backbone of the electricity system is nuclear energy.

But they certainly can and will bring on far more renewables and far more battery storage to enable them to build a grid that will be a mixed grid. That plan is the plan of the Government of Ontario. Our interest is in helping them to meet the Clean Electricity Regulation which we are putting in place which requires them to move to a non-emitting grid.

We would prefer that Ontario not build new gas generation and to minimize the amount of gas that is in the existing network. That's one of the reasons we're working with Ontario to provide supports to enable them to think about how quickly they can get to a point where they don't need gas; and we have put a lot of money into renewables development here in Ontario. Just yesterday [March 6] we announced [\$16.7 million] for IESO (Independent Electricity Systems Operator) which will allow Ontario to use much smaller scale renewables, which they cannot do right now.

Topic 6: Nuclear energy

Question: Many people are nervous about nuclear energy being a part of the electricity grid moving forward. Can you speak about why nuclear energy is even a consideration, and why it has to be an option as part of the mix?

Answer: I recognize that there are different perspectives on nuclear energy. I grew up in Saskatchewan—the home of uranium. And I worked for the government in Saskatchewan—a New Democrat government. Peter Prebble, the environment minister at the time, was the leader of the

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anti-nuclear movement in Saskatchewan. But Peter's view today is that the threat of climate change is so significant that it overwhelms the concerns he had about nuclear energy.

I fully acknowledge that nuclear waste is an issue. It's not going away. So you have to be able to give people comfort that you are managing that issue in a thoughtful way and you have to be very transparent about it. The Nuclear Waste Management Organization reports to me, so that's a conversation that I have often.

At the end of the day, for provinces that do not have large-scale hydro, they need to have some form of baseload power. And in many countries around the world, the choice of baseload power is nuclear. It's not just Canada. It's the case for the US, France, Sweden and Romania; and more countries like Poland and Czechia are looking at nuclear. There are a suite of technologies and they all have a place in different jurisdictions.

British Columbia doesn't need or want nuclear power. They can manage a pathway without it. But at this stage, where battery storage is now, there is almost no way you can use wind and solar with no form of baseload power in an affordable, effective, and reliable grid.

Topic 7: Moving towards electric vehicles

Question: What can you tell us about the government's plan to move away from fully gas-powered cars and toward electric vehicles? How can we develop the natural resources needed for the batteries, and how can we do it in a sustainable way?

Answer: There are times in developing a climate plan where you try to use carrots in terms of incentivizing behavior, whether it's on the part of individuals or it's on the part of provincial governments. And, there are other times where you use sticks, regulatory sticks, to try to motivate behavior because in the absence of some kind of stick, industries may not move at the pace that they need to move.

In the case of the oil and gas sector, I get that a lot of people don't like the oil and gas cap, but at the end of the day I say to them: you recognize the reality of climate change and you say you can do these things – and then the stick is a backstop to make sure you do what you say you're going to do.

The automotive companies were the same, where they said that they could make the transition in working towards addressing the climate issue. But the pace was slower than we would like and more than science tells us that we need. So, one of the things that we have done is put in place a

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requirement that as of 2035 you will no longer be able to buy a gasoline or diesel power car in this country.

Again, the automotive manufacturers think that's too fast. But it's a forcing function, and it's not only us. Europe has the same rules, the United States effectively has the same rules. At the end of the day, we need to make that transition in order to reduce emissions from the automotive sector.

Even with the 2035 date, we're still going to have gasoline powered cars on the road until 2050.

Topic 8: Price on pollution

Question: Life is tough for Canadians from an affordability perspective. April 1st, our price on pollution is going up. The leader of the opposition is spinning a very convincing argument that the carbon price is a tax that hurts regular Canadians and hampers the economy. What are we doing to convince people that the price on pollution is needed?

Answer: There are the facts and then there's perception. I think the facts are on our side, but perhaps the communication has not been very good.

Putting a price on pollution is the most economically efficient way to reduce carbon emissions. And if you ask 100 economists, 99 and a half will tell you that is true. And the way in which we structured it was to do it in a way that makes it an affordability. 8 out of 10 Canadian families get more money back than they pay. And it works directly disproportionate to income. So those that live on the most modest means get much more money back than they actually pay.

The people who get less money back than they pay are people who live in 6,000 square foot houses, have a Hummer in their driveway, and a boat in the backyard. And at the end of the day, the fact that they pay more is because they are polluting more.

Premier Moe in Saskatchewan decided that he was going to stop remitting the price on pollution for home heating. And the direct result of that is that the rebate goes down for people in Saskatchewan, and the people that suffer most are the people who live on the most modest incomes. Scott Moe is making poor people poorer because of the choices that he has made.

I agree that the catchy slogan of "Axe the tax" seems to have caught the eye of a number of folks across the country.

People are grumpy not just in Canada, but in the United States, in Britain and in France and in Germany. They came through two and a half years of COVID and then rampant inflation. Every

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country around the world went through that. And, on a relative basis, Canada came through far better than most countries. But people, people are stressed. And, they're feeling the affordability challenges. And what Mr. Poilievre has been very good at doing is riling up anger.

And he has pointed at things like the carbon tax as a reason to be angry. But I would say that A) the carbon tax is an effective mechanism and we need to do a better job of speaking to it and B) for folks who care about the climate issue, Pierre Poilievre would be a disaster.

I've sat across the hall from that guy for almost nine years. And after nine years I honestly don't even know if he believes climate change is real. And if he does, he certainly doesn't think it's very important.

His answer to fighting climate change is "technology not taxes". I don't mean to be entirely disrespectful, but this comes from a guy that graduated from university and has sat in the House of Commons ever since. He's never had a job outside of Parliament whereas I worked in technology for 20 years. Technology doesn't get developed and deployed on its own. It is part of a broad plan that includes investments in early-stage research. It includes working with companies to actually demonstrate technology. It includes regulations and investments to ensure the deployment of early technology like what Germany did with wind power. [We wouldn't have wind in a competitive position if Germany hadn't been willing to put in place a rate structure that allowed it to get deployed when it was more expensive than other things.]

Question: The price on pollution is going up on April 1st. Is the Canada Carbon Rebate (the amount of money that goes back to Canadians) going up as well, so that 8 out of 10 Canadians will still get more money back than they're actually paying as the price of pollution goes up?

Answer: Yes, all the money that gets collected within a province or a territory gets returned. Ontario is not paying to have money go back in Alberta, and Albertans are not paying to have money go back in Ontario. All of the money goes back. But it goes back in a way that makes sense in terms of addressing affordability. But you still have a price on pollution that incentivizes people to make lower carbon choices.

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Topic 9: Canada Greener Homes Grant

Question: The Canada Greener Homes Grant was a very popular program, and now a lot of Davenport residents are wondering if there will be a part three to it?

Answer: Yeah, it was very popular. So popular, in fact, that we ran out of money early. The Greener Homes program was set up to allow people to improve the efficiency of their homes—be it installing a heat pump, putting in insulation, or better doors and windows to improve your building envelope, to help reduce energy costs and to reduce greenhouse gas emissions.

We had over 500,000 applications for the program, which is great. But we got to the point where all of the money that had been allocated for it had been utilized and we had to close the program.

But at that time, we said there would be a follow-on program. But the follow-on program will be a bit different. What we found was that most of the folks that got the original grant were in upper-middle-class situations. And so the new program will actually be more generous with larger grants but it will be targeted at people in lower and middle income categories. And there will no longer be a need for a pre-audit, which was a real problem in rural and northern areas where there weren't enough auditors.

We still want to incentivize people above that income threshold to do retrofits. We have another program which I think is very important that we continue, which is a \$40,000 zero interest loan program for people who can afford to pay for it themselves, but the government can give them that loan that is zero interest and the energy savings that they incur can help them pay back the loan.

Topic 10: Emissions targets

Question: Over the last eight years we've put in over \$100 billion, over a hundred actions. You mentioned that based on the trajectory we're on right now, we're on target to reduce our emissions by 36%. Can you talk a bit more about our progress and whether you're optimistic about whether or not we're going to be able to achieve our targets?

Answer: We have put into place a number of different measures and some of them are still coming into place like the clean electricity regulation. Each of those takes time, like retrofitting buildings doesn't happen overnight. Getting to the point where you have enough electric cars on the road that you're actually making a difference in terms of emissions takes time. And true in industrial applications—putting in place an electric arc furnace to make steel with electricity instead of with coal takes time.

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We have been doing this long enough that we've seen “the slow” and now “the peak” and now the beginning of “the decline”. Over the last few years, we've seen an absolute decline from 2005 levels of about 9%. Based on the work that was done in terms of projecting by both Environment Canada and the Parliamentary Budget Officer, we're on track for 36%. That's not 40—but it's an enormous improvement, and we will continue to look for every megaton that we can find across every sector to ensure that we actually are going to achieve the 40%.

Question: Davenport residents want to see a detailed plan for how we are going to achieve our 2030 targets. How do we make that publicly available to everyone, and in terms of the progress we're making?

You can find Canada's [2030 Emissions Reduction Plan](#) on the Environment Canada site. It gives a very specific outline by sector of the various initiatives we are doing, and the progress we are making.

I think everybody wishes we could go faster and we are always looking for opportunities to go faster. The person who pushes me the hardest is my 20-year-old daughter who sometimes protests me because she thinks I'm not going fast enough. We all want to go as fast as possible but it has to be within the realm of what's doable.

People just tell you we can be at zero tomorrow. They can say that, but it's not true. It has to be something that can be done. You have to push the limits. You have to push industry in order to actually go as fast as you possibly can. But at the end of the day, it has to be doable. If it's not doable, then it's not worth talking about.

Minister Wilkinson's closing remarks

As a last point, I would say that one of the people who pushes me very hard in Ottawa is Julie. I don't know that there's many MPs that come to talk to me as often as she does, about issues that are of concern to her residents. And I think she's a phenomenal spokesperson for this riding.

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