Alberta NDP government’s climate change plan hailed by Big Oil

Janet Browning, Roger Jordan
18 December 2015

The Alberta New Democratic Party (NDP) government’s new climate change policy, the Alberta Climate Leadership Plan, has been strongly endorsed by many of the province’s biggest oil tar-sands producers.

Under the plan, oil industry related carbon emissions will be allowed to rise dramatically between now and 2030 and the government will provide large subsidies to the oil giants to help them develop emissions-reducing technology.

The 100-million-tonne annual cap outlined in the Climate Leadership Plan means that oil industry emissions can legally increase by a staggering 42 percent, or 30 million tonnes, over the next 15 years. The Alberta oil industry currently emits approximately 70 million tonnes of emissions annually. Largely because of the exploitation of the oil sands, Alberta, which is home to about 10 percent of Canada’s population, accounted for 37 percent of all greenhouse gas emissions nationally in 2013, more even than Ontario, which has three-and-a-half times the population.

To meet the needs of Big Oil, the plan imposes strict controls on coal power plants. Industry analysts anticipate this will lead to the rapid decline of the province’s coal sector.

The plan also includes a regressive $20 a tonne tax on carbon emissions to be implemented by 2017, increasing to $30 a tonne in 2018. This tax will apply to essentials such as gasoline and home heating fuel and will hit all working class Alberta residents hard in their wallets. It amounts to a cash grab by the NDP government that when fully implemented is expected to raise $3 billion annually. The NDP claims that through tax rebates the poorest 60 percent of Albertans will be effectively compensated for their loss of revenue and that the remainder of the money will be used to fund private sector clean-energy projects.

When Premier Rachel Notley made her announcement of the climate change plan on November 22 she shared the stage with Murray Edwards, billionaire founder and president of Canadian Natural Resources Limited, Suncor Chief Executive Officer Steve Williams, and other oil company bosses. The NDP plan has also been applauded by Cenovus Energy, Shell Canada and the Canadian Association of Petroleum Producers.

Even the leader of the extreme right-wing Wildrose Party, Brian Jean, praised the NDP plan, while various right-wing pundits joked that they could not come up with any reason to criticize it other than Greenpeace’s endorsement.

The embrace of the NDP’s climate change plan by big business and the political right reflects the fact that they dictated its key provisions.

According to comments made by Cenovus spokesman Brett Harris on November 26, the plan was largely designed by the previous Alberta Conservative government, under the leadership of Jim Prentice, the then premier and a former federal Conservative cabinet minister and Canadian Imperial Bank of Commerce vice chairman.

The Conservatives, who governed Alberta for 44 years ending only last May, were notorious for their close ties to Calgary’s oil barons.

Prentice’s role was corroborated by Chris Severson-Baker of the Pembina Institute, an ostensibly progressive “clean energy think tank” that is also backing the NDP climate plan. The former premier, said Severson-Baker, “actually started talking about climate change in a different way” and had “opened a space” for environmentalist groups to dialogue with industry and government. This process, added Severson-Baker, led the environmental groups to recognize “it’s going to be very, very hard for the government of Alberta to put in place policies that would actually result in projects that are under construction today never going into production.”

Influential “progressive” groups, including Greenpeace, the Canadian Association of Physicians for the Environment, the Broadbent Institute, the Pembina Institute, and the Parkland Institute, which has close links to the province's unions, have joined hands with Big Oil in either praising or outright endorsing the NDP plan. According to the Financial Post, as a show of good faith a number of them have committed to toning down their criticism of tar-sands oil companies that support the NDP plan and of at least some of the Alberta oil pipeline projects.

In 1997, the federal Liberal Government under Jean Chretien signed the Kyoto Protocol and pledged to cut Canada's carbon emissions by 6 percent over 1990 levels. These goals were not met due in large measure to rapid expansion of production from the Alberta oil sands.

Stephen Harper's Conservative government withdrew Canada from the Kyoto Accord in 2011 and subsequently established a new emissions reduction target, committing Canada to reduce its emissions by 30 percent from the 2005 level by 2030. Climate scientists and other experts say that even in the unlikely event all the existing provincial emission reduction targets were met, Canada would miss the 2030 federal target by 100 million tonnes.

Notley has declared her enthusiasm to work with Liberal Prime Minister Justin Trudeau, who has vowed to meet with all premiers within 90 days of the recently concluded COP21 climate summit in Paris to work out a national strategy. The final agreement at COP21 on which these talks will be based contains no enforcement mechanism to compel states to cut emissions, and effectively commits the world's major powers to nothing other than publishing their greenhouse gas targets.

Before last spring's provincial election, the NDP's rhetoric was all about the need for change and rolling back corporate power. However, since taking up the reins of power, the NDP has predictably bowed to the interests of big business, especially Big Oil.

Having promised an oil royalty review during the election campaign, Notley appointed the chief executive of ATB Financial, a state-funded bank with close ties to the energy sector, to chair the panel. The government has committed not to raise royalties before 2017, and may never do so.

In its recent budget, the NDP made available $1.5 billion to ATB so it can offer loans to oil companies in financial difficulty due to the plummet in oil prices. The budget also contained a multi-million dollar subsidy package for businesses to hire new workers. By contrast, the budgets for health and education saw a miserly 2 percent increase, a figure which barely keeps pace with inflation and falls well short of the rate of population growth.

On Wednesday, Notley indicated the NDP government is considering abandoning its election pledge to increase the minimum wage to the modest level of $15 an hour by 2018. Notley described the move, which the party's pseudo-left supporters have repeatedly pointed to as proof of the NDP's "progressive" character, as a "notional" target, adding that its implementation could be delayed. "The pace," said Notley, "is something that needs to be sensitive to the current economic situation—the depth and breadth of which we are still, all of us, coming to understand."

Notley has also quietly shelved her election promise to review the dual mandate of the Alberta Energy Regulator (AER), which has primary responsibility for both promoting energy development and protecting the environment.

The AER was established in 2013 by Alison Redford's Conservative government as a way of shielding itself from NDP complaints that the Ministry of Environment and Sustainable Resource Development had a conflict of interest, since it was responsible for both environmental protection and facilitating the commercial exploitation of those same natural resources. The AER was made responsible for all energy development in Alberta and has about 1,200 employees who regulate more than 415,000 kilometers of pipeline, almost 600 gas plants, about 160,000 active wells and over 20,000 oil and gas batteries.

Last year, when the NDP only had four members in the Alberta Legislative Assembly, they were very critical of the AER's compliance failures, including a failed pipeline at Nexen Energy's Long Lake operations that leaked 5 million liters of bitumen emulsion.

AER's President, Jim Ellis, commented in an interview with the *Edmonton Journal* on December 5 that the fact that the review of AER's mandate is off the table will "certainly make our lives easier. We are in a very high-stress environment right now with low commodity prices and lots of friction in the system. This added friction would have been a challenge to deal with, so from my perspective it was welcome news."