

Canada's Energy Future: The Path to Transition

***Parkland Events:
University of Calgary
University of Alberta***

March 4th and 5th, 2019

**J. David Hughes
Global Sustainability Research Inc.**

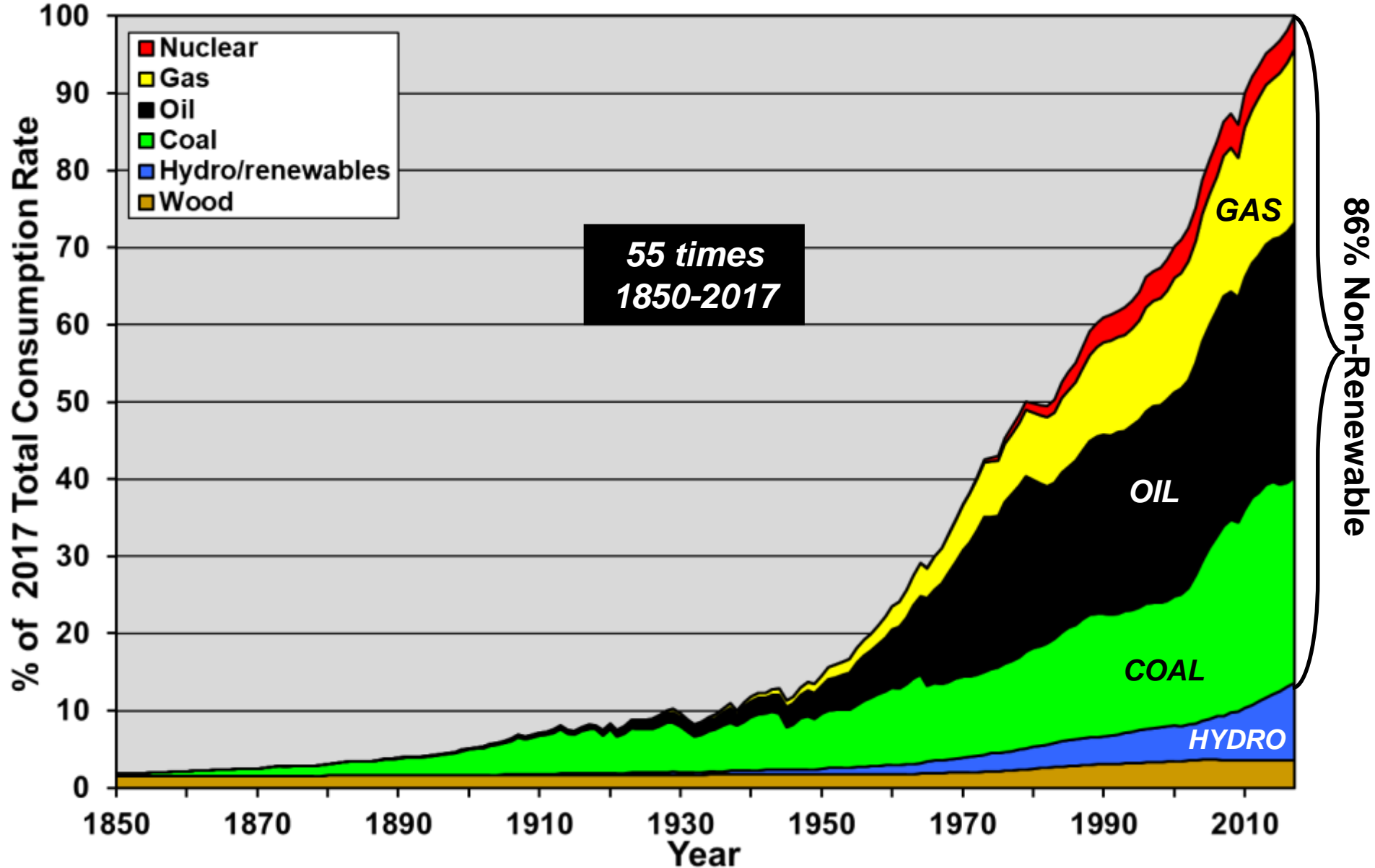
The Ideal Transition:

- ***Business-as-usual economic growth***
- ***Energy based on 100% renewable sources,
not finite fossil fuels***
- ***Displaced workers re-employed in a new
economic paradigm***
- ***Climate problem solved***

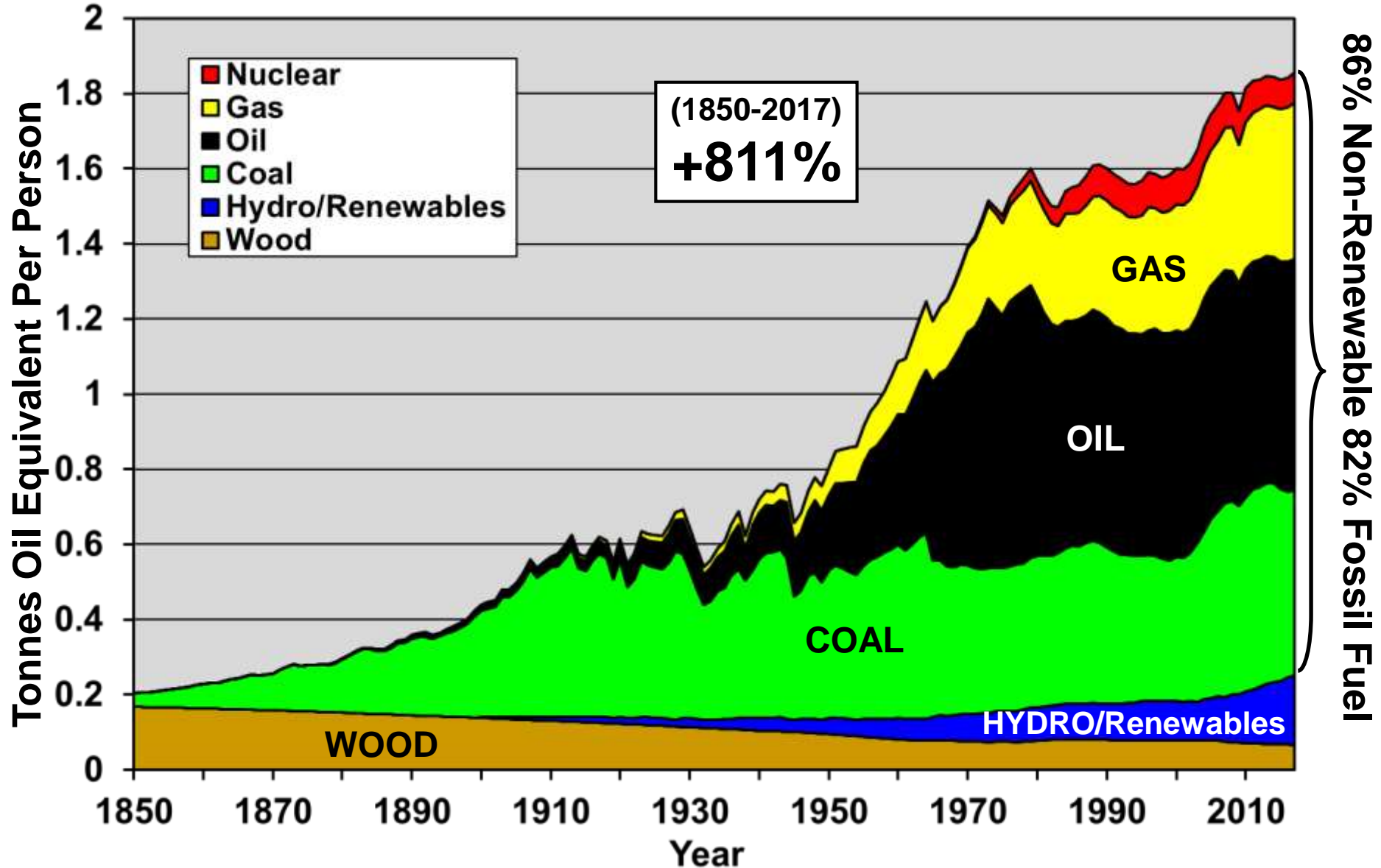
To understand how difficult this might be these key points will be covered:

- *Energy sources and consumption trends*
- *The link between energy, emissions and economic growth*
 - *The scale of the climate problem*
- *Forecasts of energy production and consumption*
- *Canada's energy sources and consumption trends*
- *Emissions trends - Canada's and the world's progress so far*
 - *Implications for the path forward*

Total World Energy Consumption Rate, 1850-2017, as a Percentage of 2017 Levels



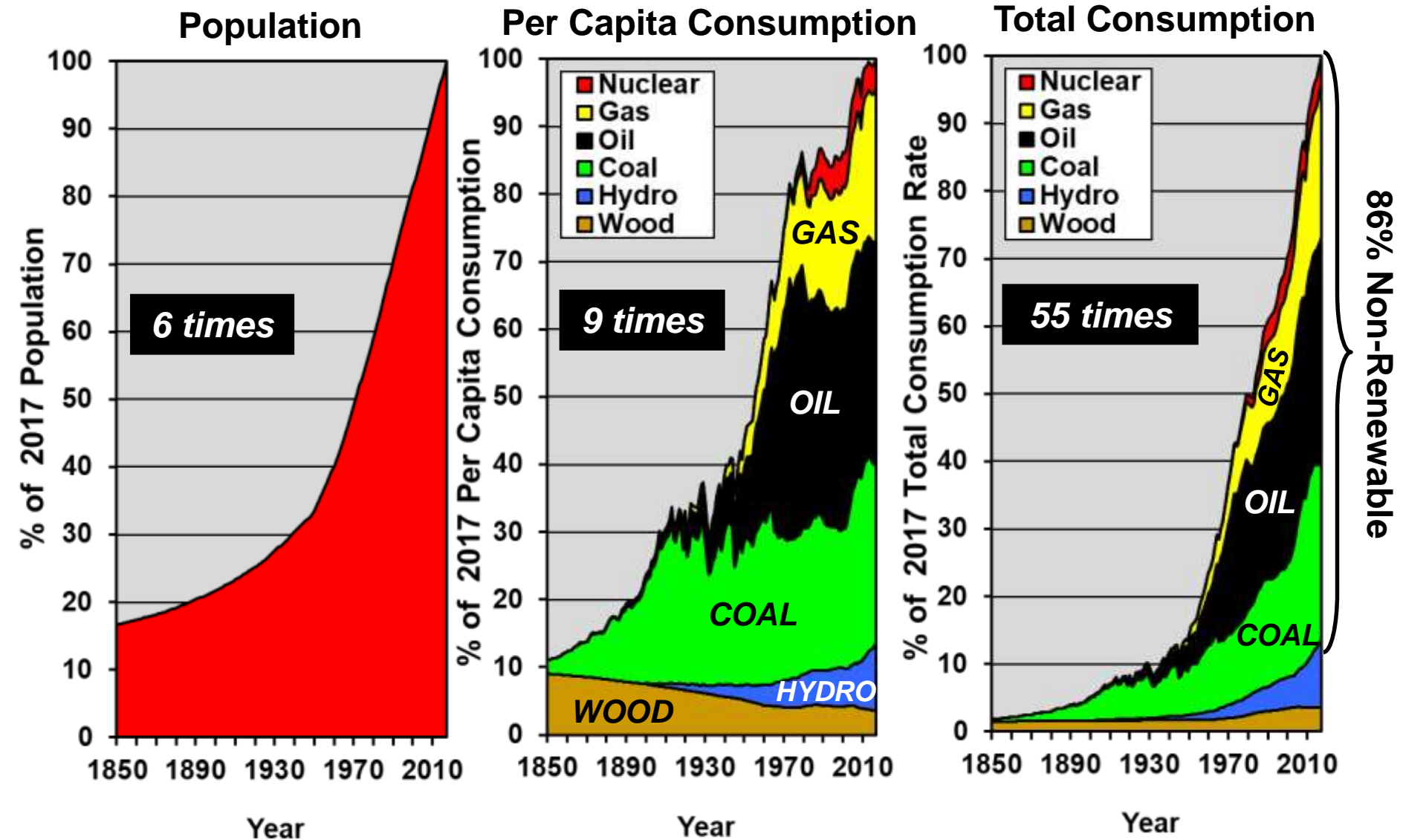
World Per Capita Annual Primary Energy Consumption by Fuel 1850-2017



(data from Arnulf Grubler, 1998;

BP Statistical Review of World Energy, 2018; UN and historical population data)

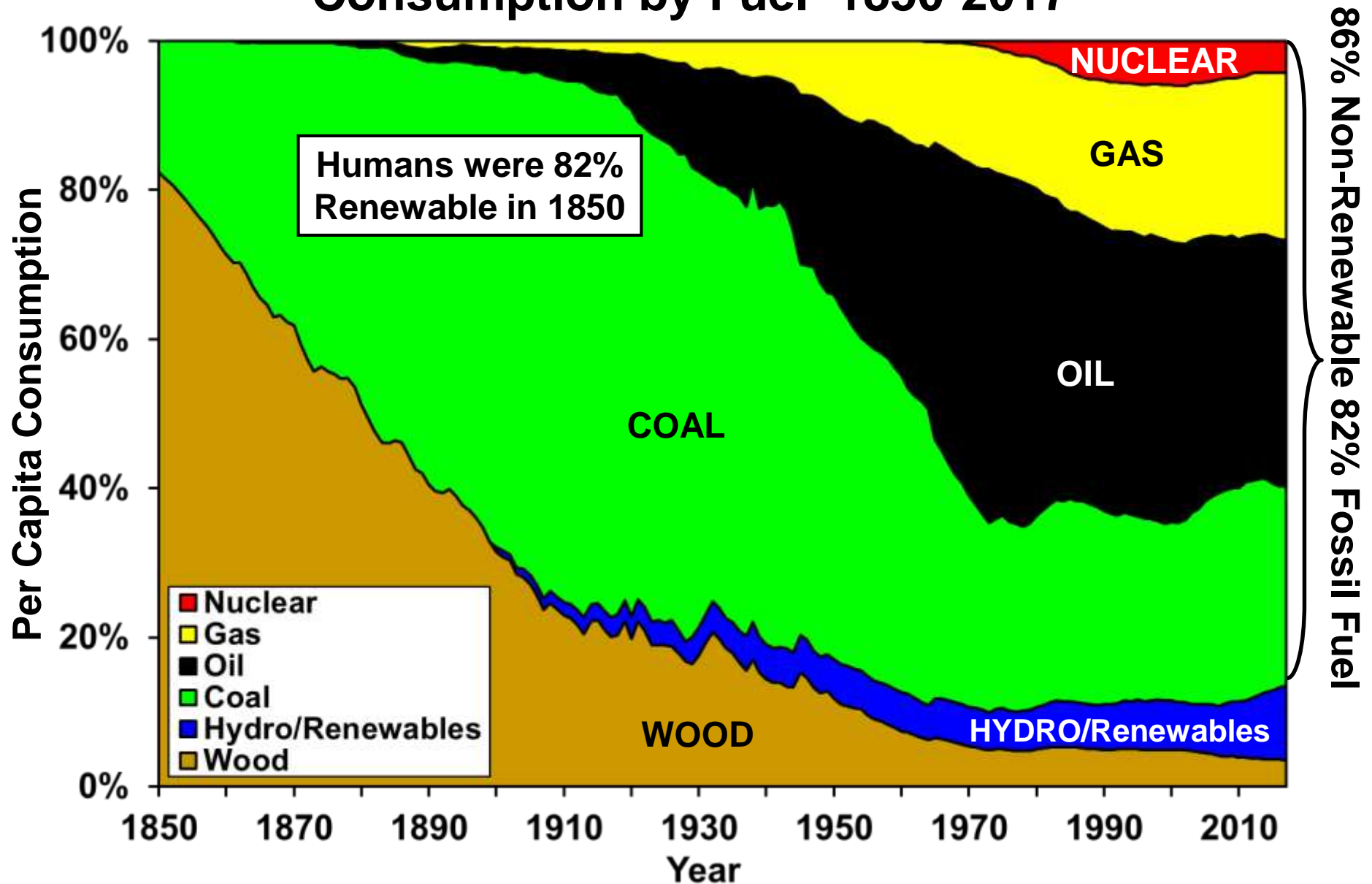
World Population, Per Capita and Total Energy Consumption, 1850-2017, as a Percentage of 2017 Levels



(data from Arnulf Grubler, 1998;

BP Statistical Review of World Energy, 2018; UN Population Bureau, 2019)

World Per Capita Annual Primary Energy Consumption by Fuel 1850-2017

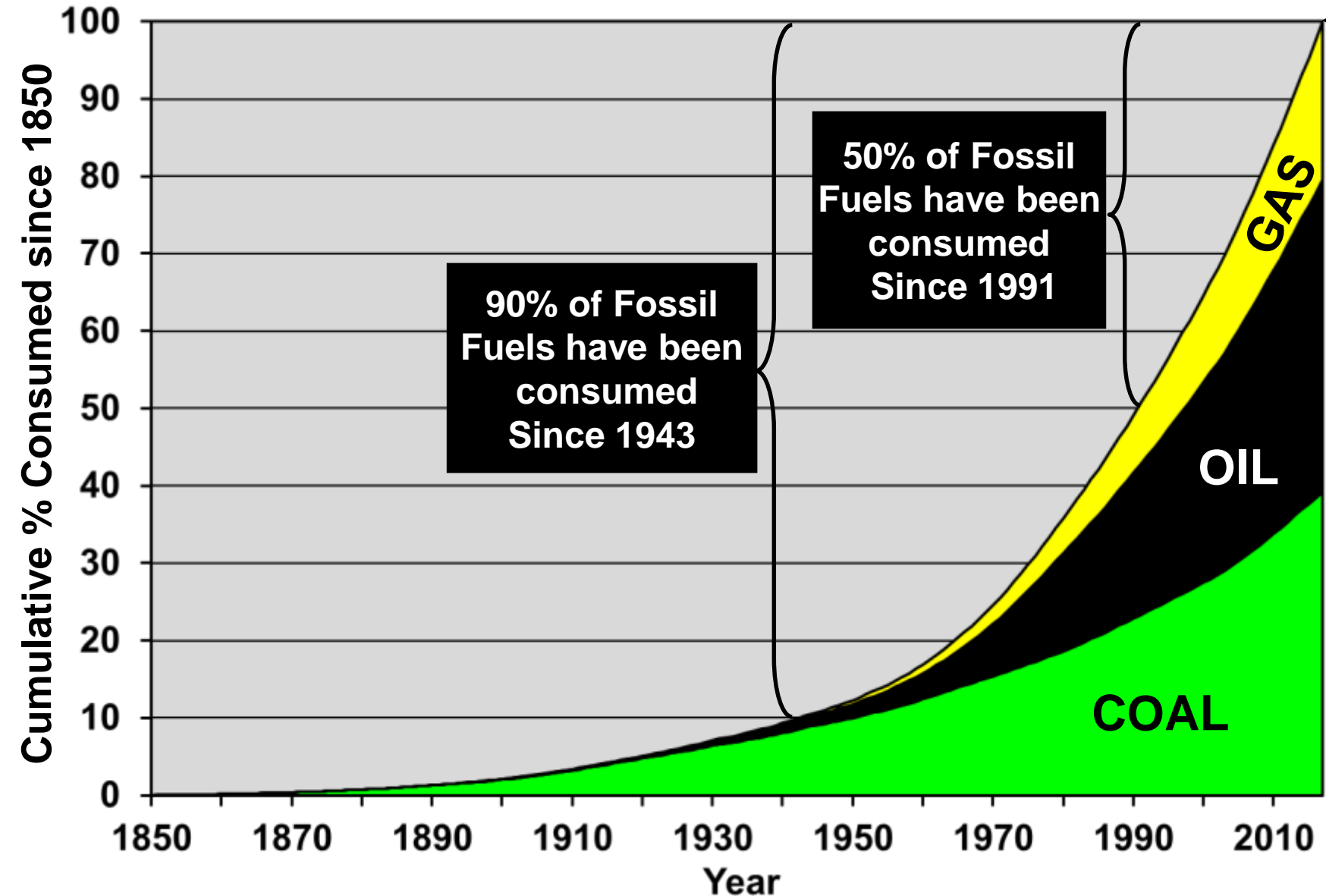


(data from Arnulf Grubler, 1998;

BP Statistical Review of World Energy, 2018; UN and historical populations data)

Cumulative Consumption of Fossil Fuels Since 1850 through Yearend 2017

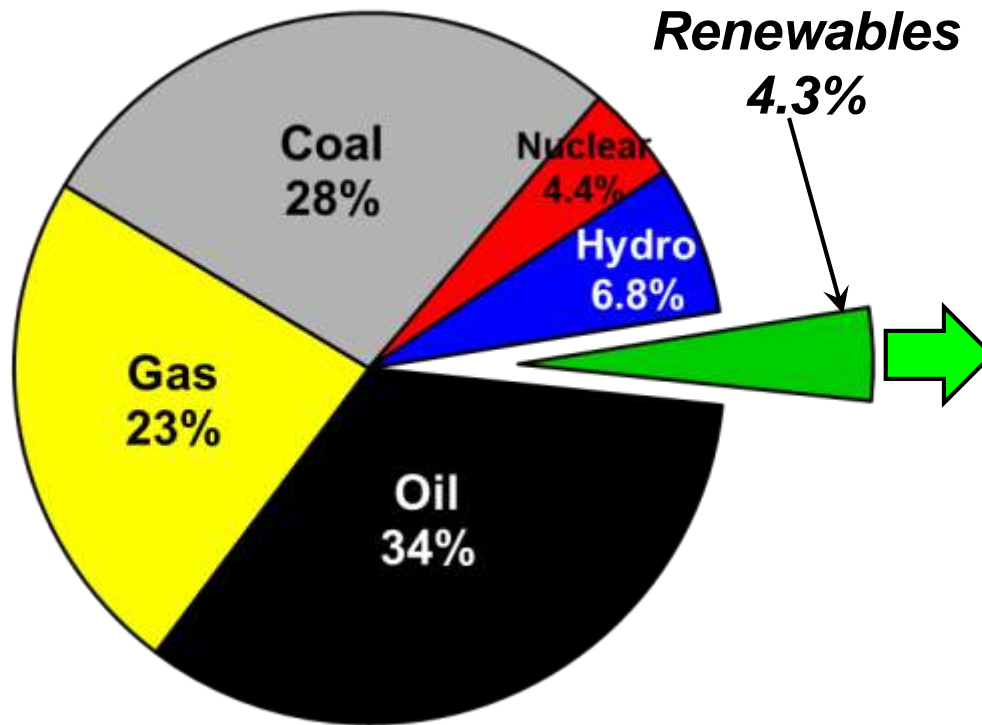
3583 Billion barrels
Oil Equivalent



Global Primary Energy Consumption by Source in 2017

A Comparison to Total Non-Hydro Renewable* Energy

Total Energy by Source
13512 MTOE

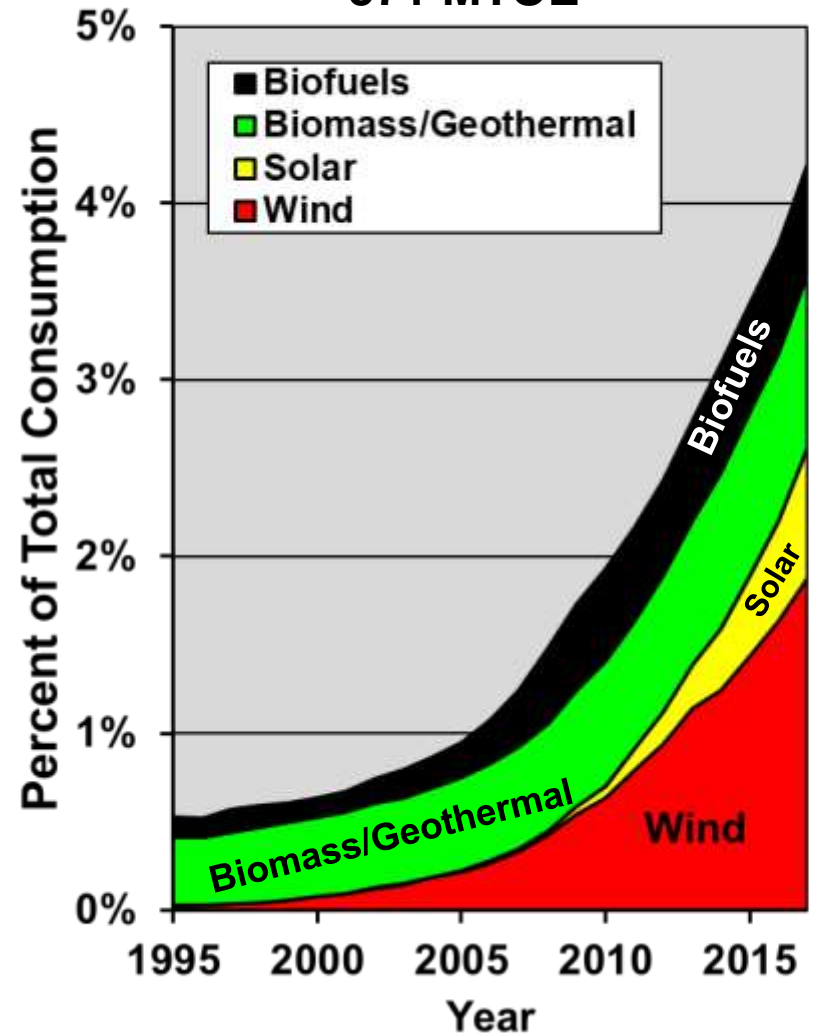


Large Hydro plus Renewables = 11.1%

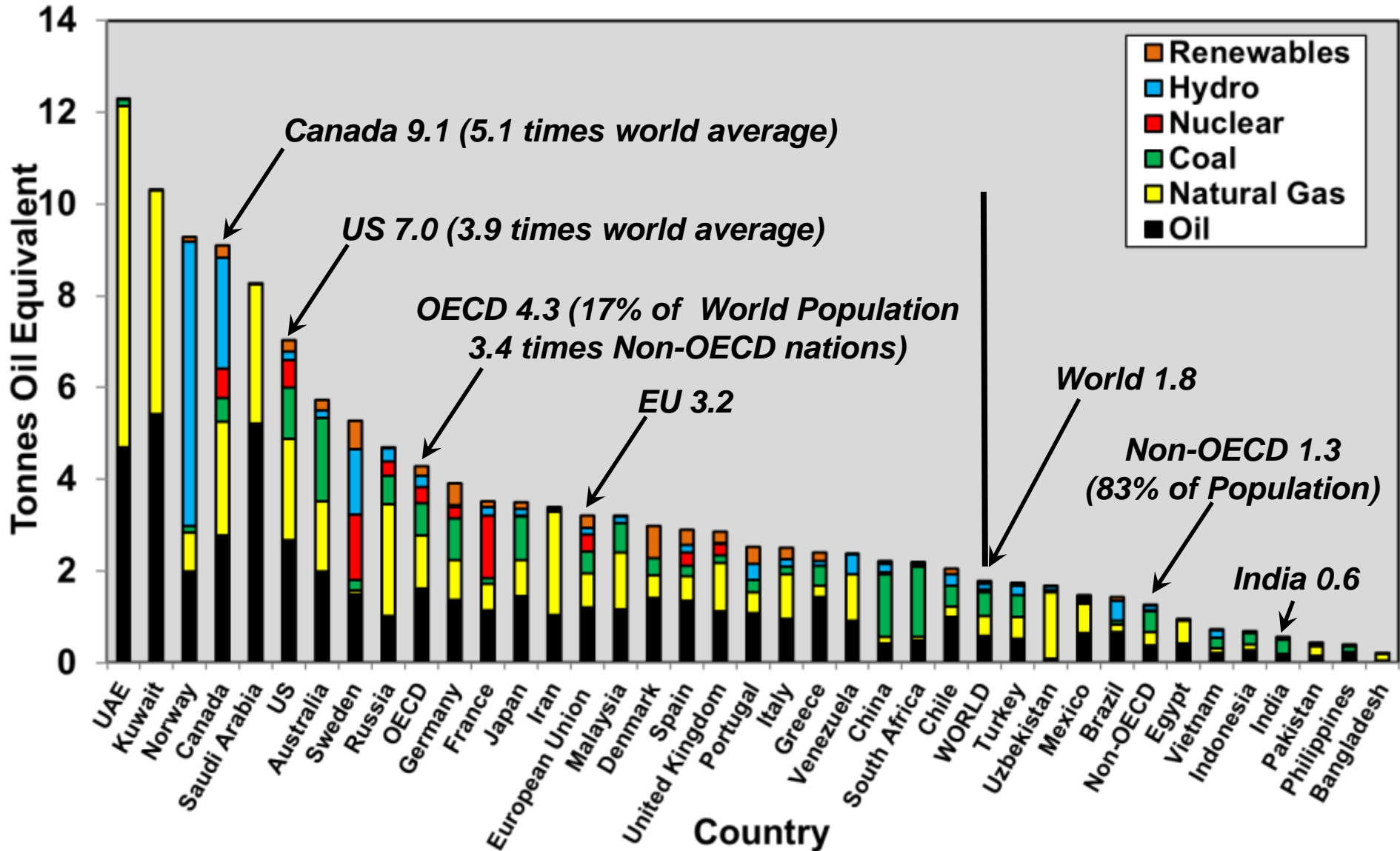
Total consumption has increased by 59% more than all 2017 non-hydro renewables since 2010

**excluding traditional biomass estimated at 7.8% in 2017*

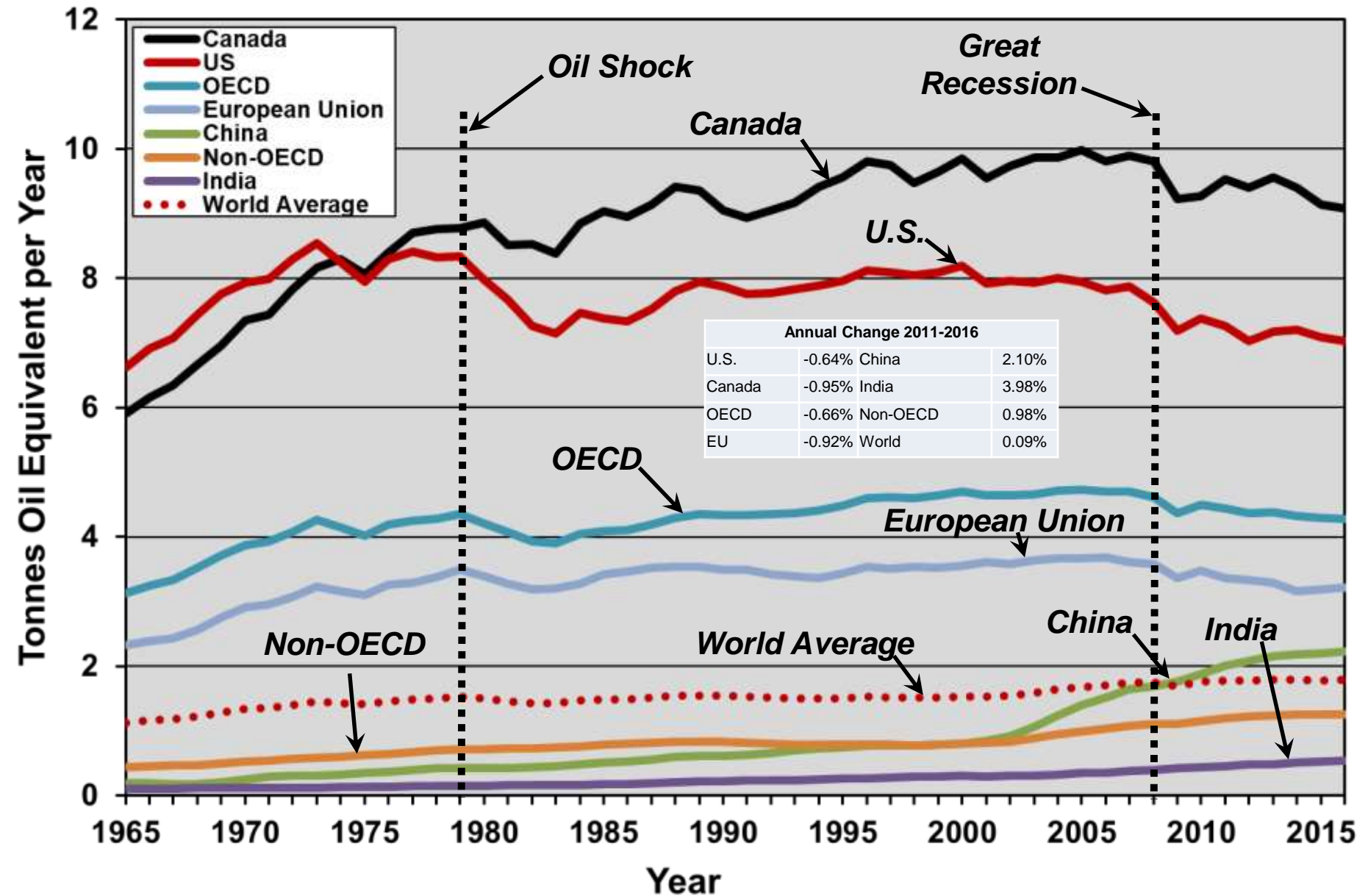
Renewable Energy by Source
571 MTOE



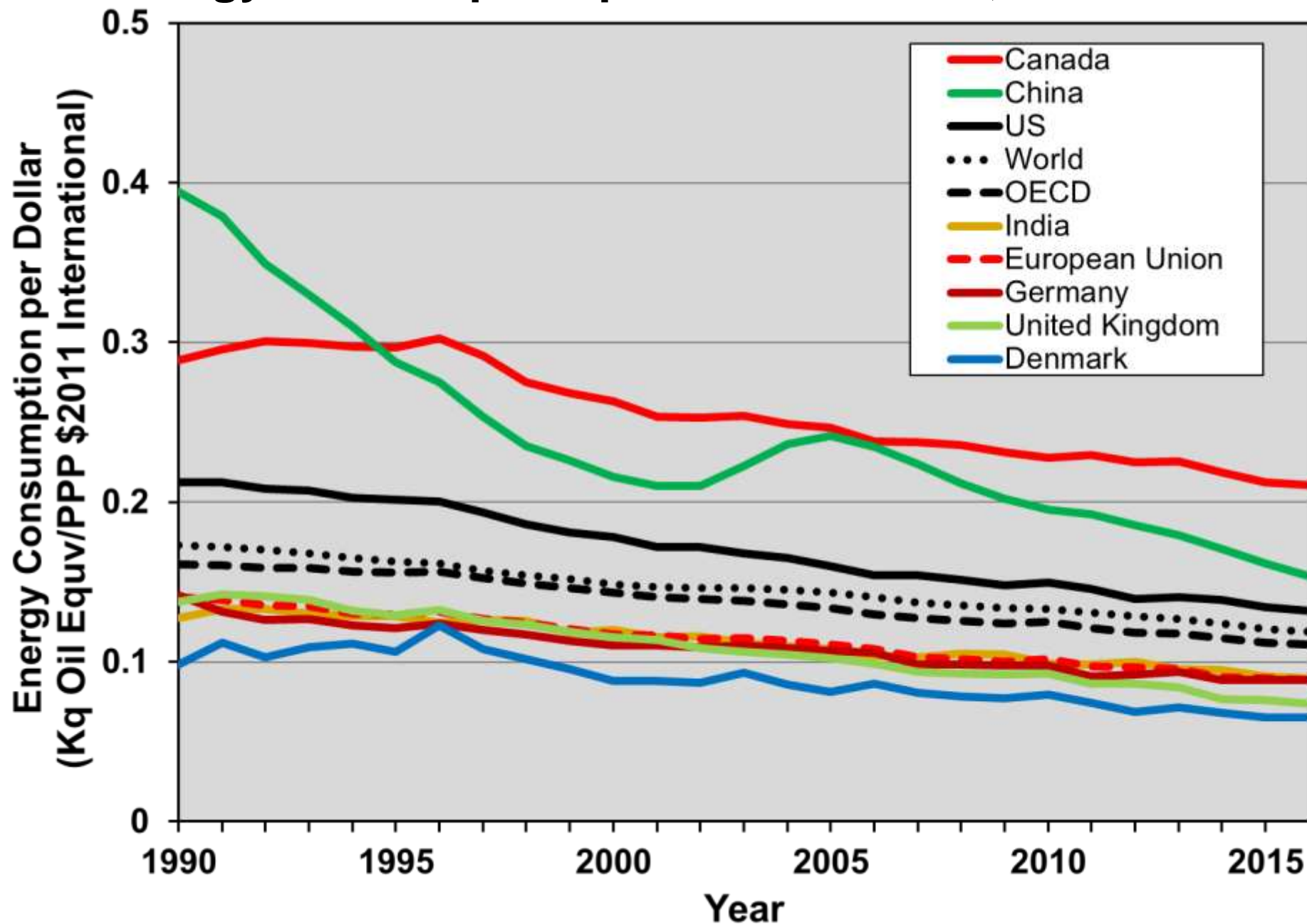
Per Capita Consumption of Primary Energy by Fuel and Country in 2016



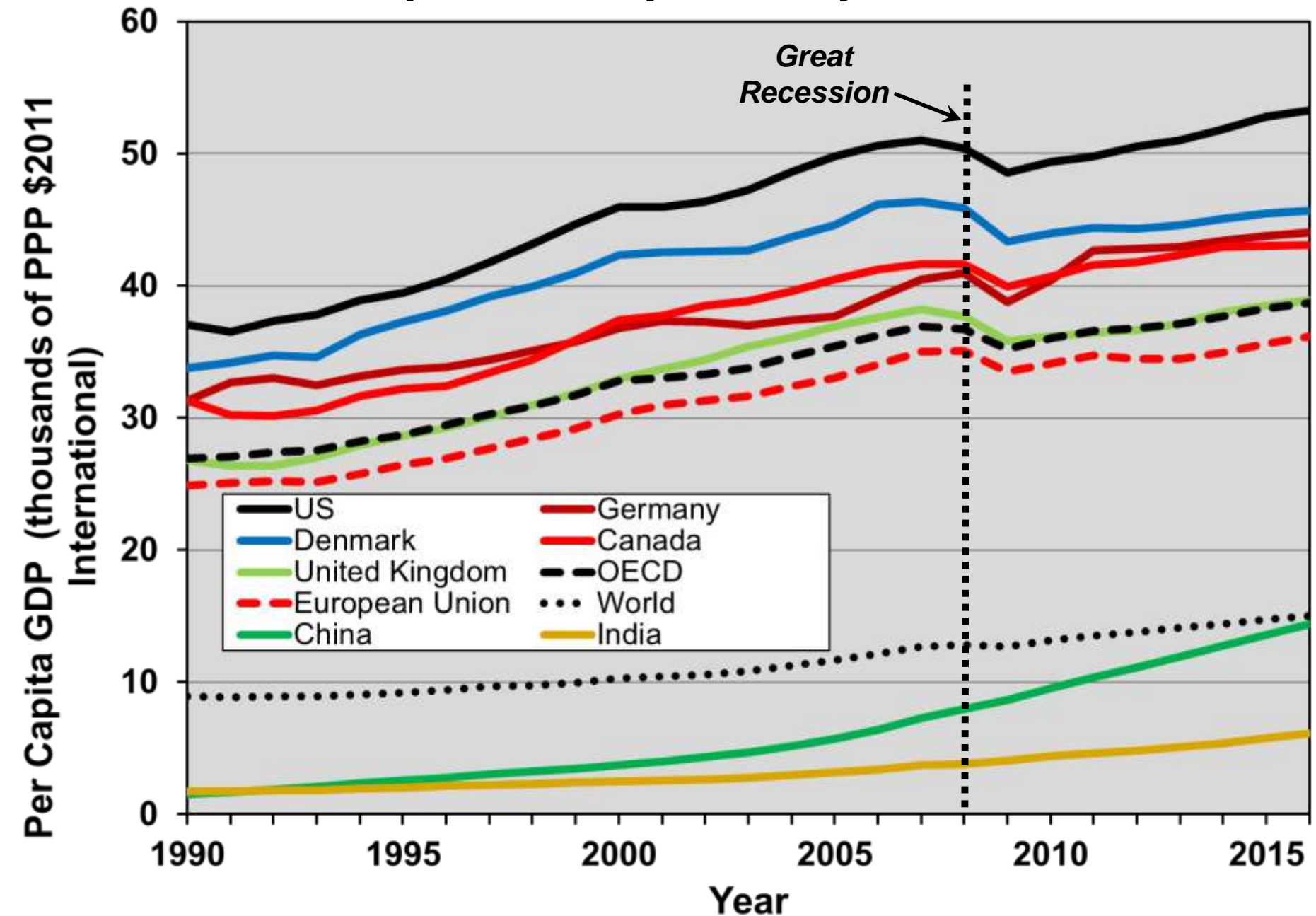
Per Capita Energy Consumption by Country, 1965-2016



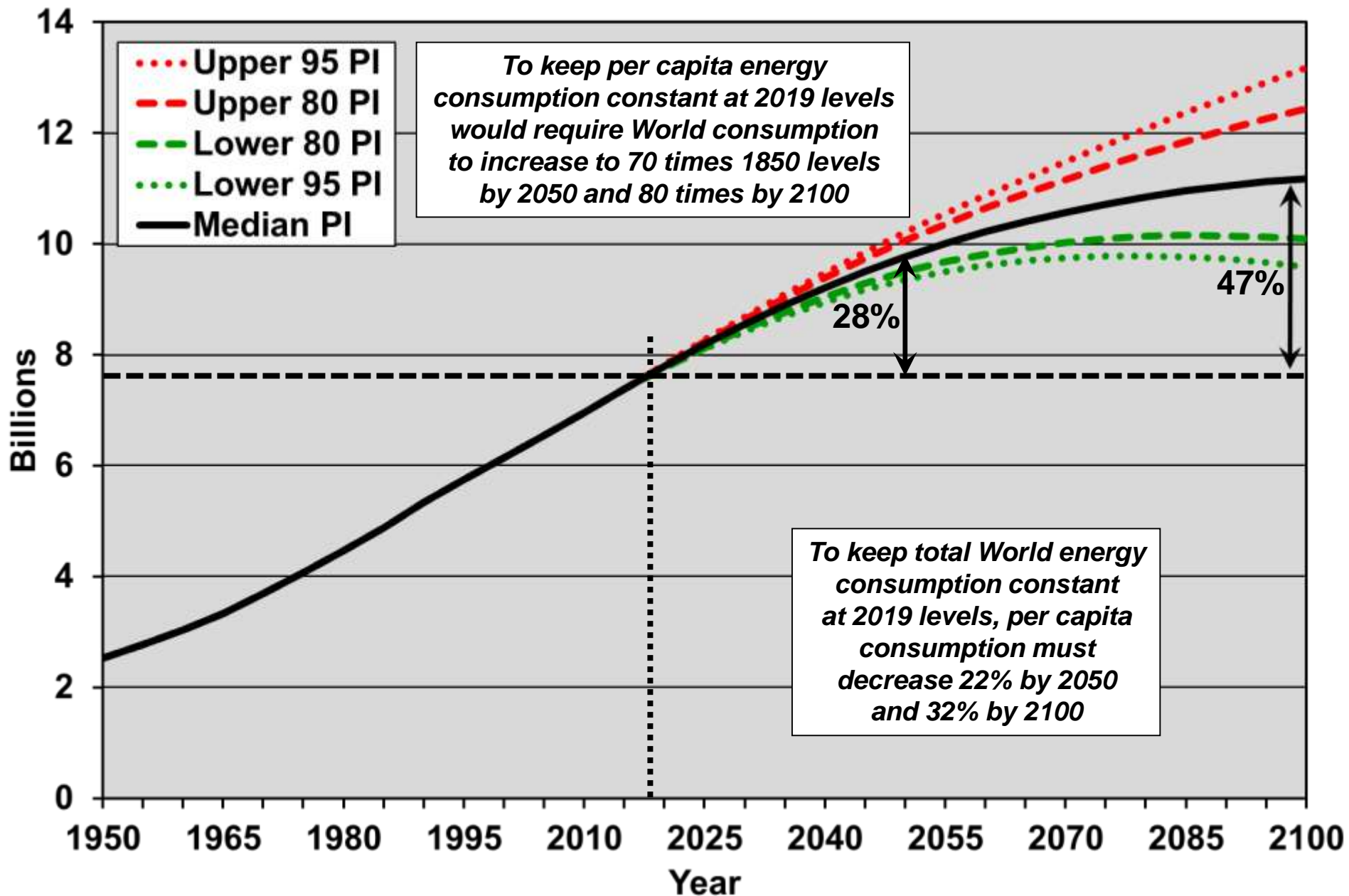
Energy Consumption per Dollar of GDP, 1990-2016



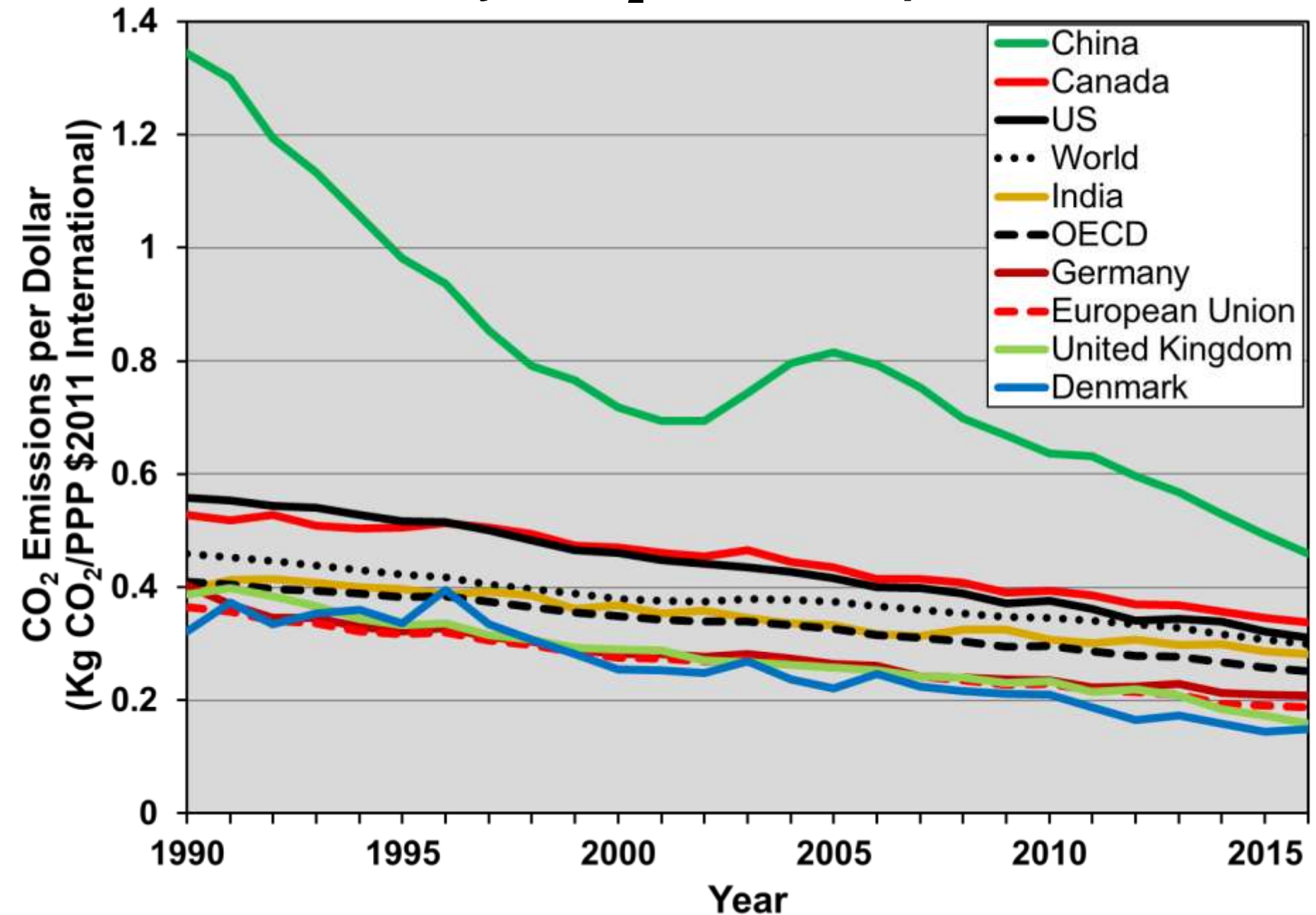
Per Capita GDP by Country 1990-2016



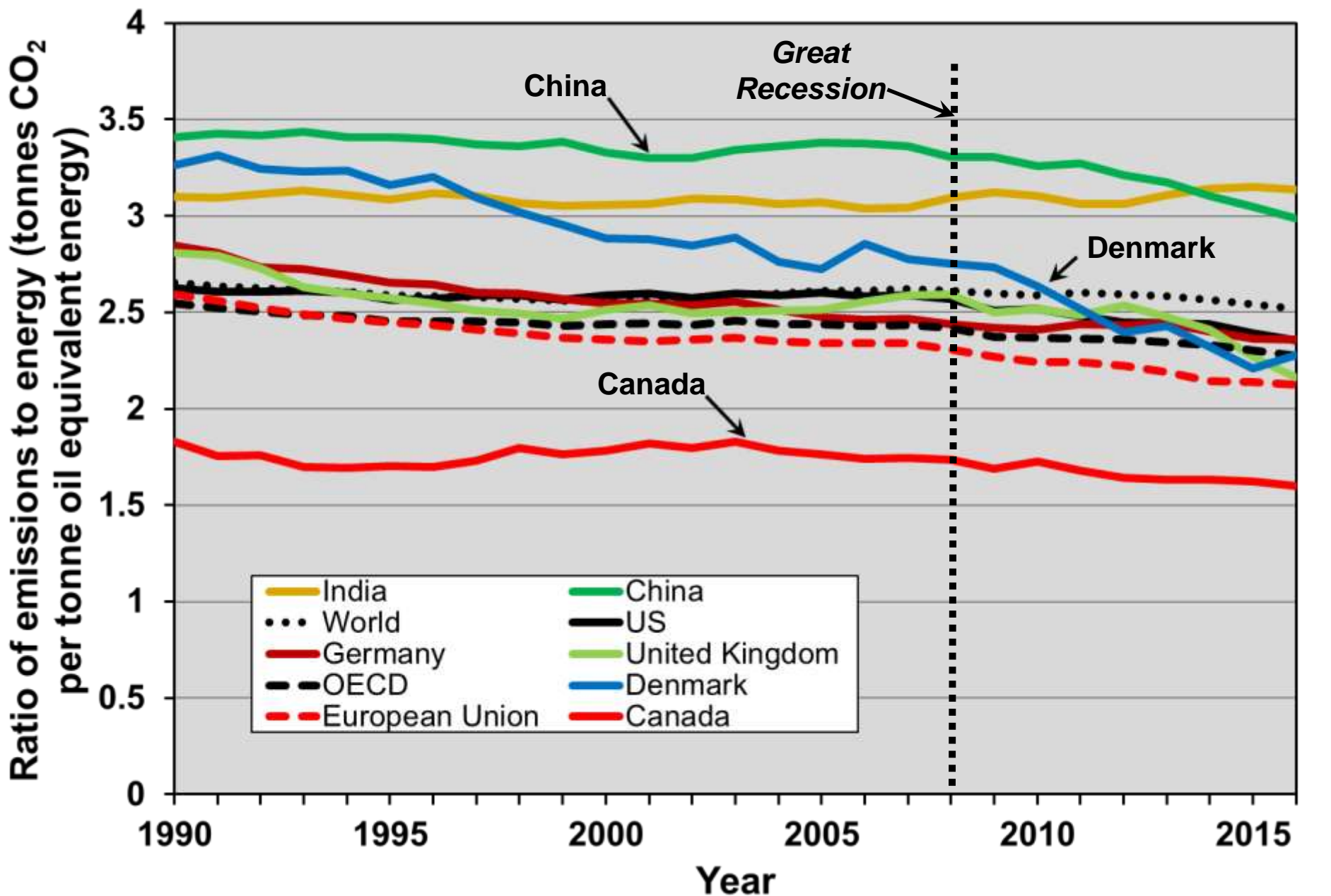
United Nations World Population Projections through 2100



Emissions Intensity – CO₂ emissions per Dollar of GDP



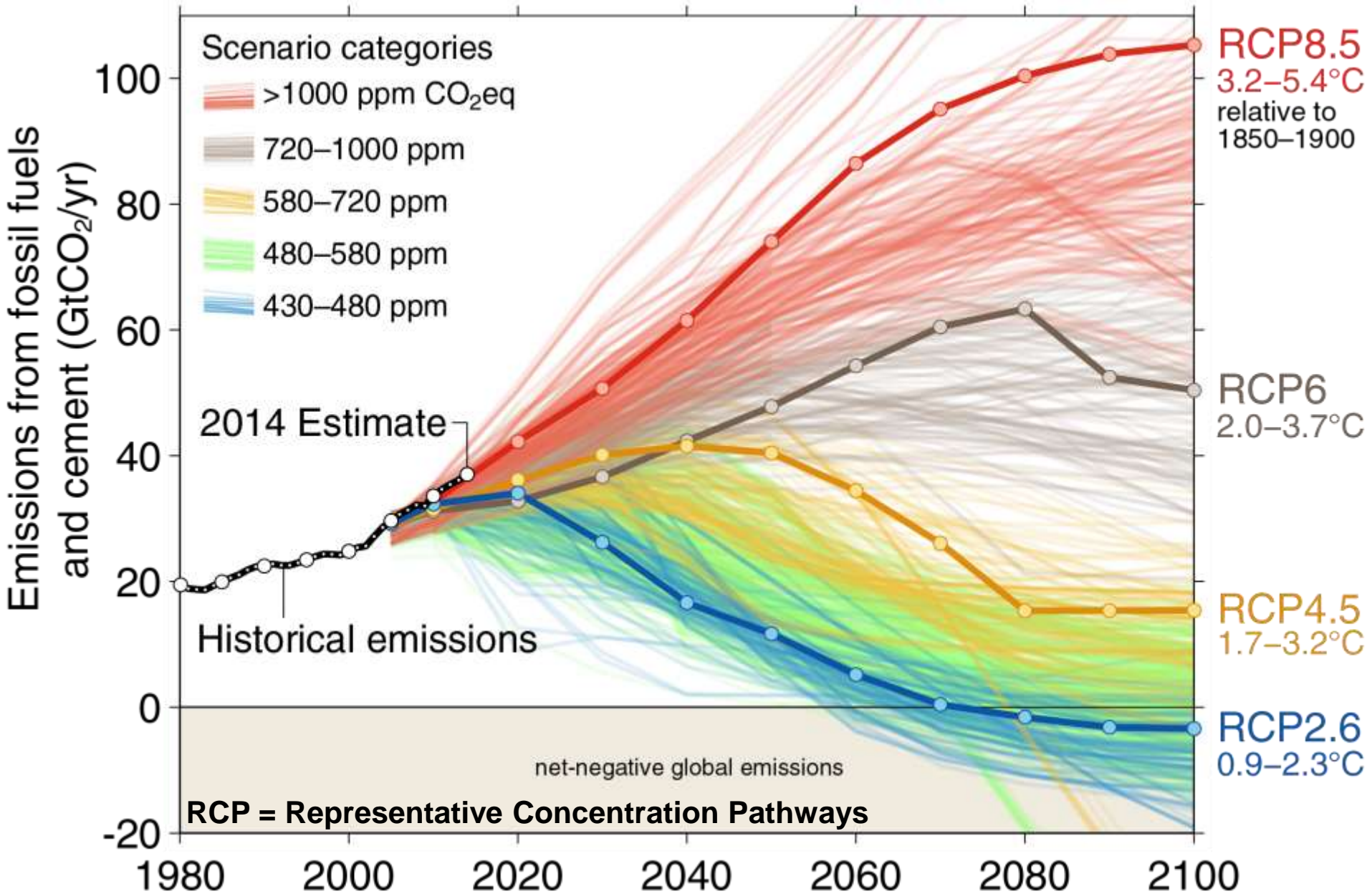
Ratio of CO₂ Emissions to Energy Consumption, 1990-2016



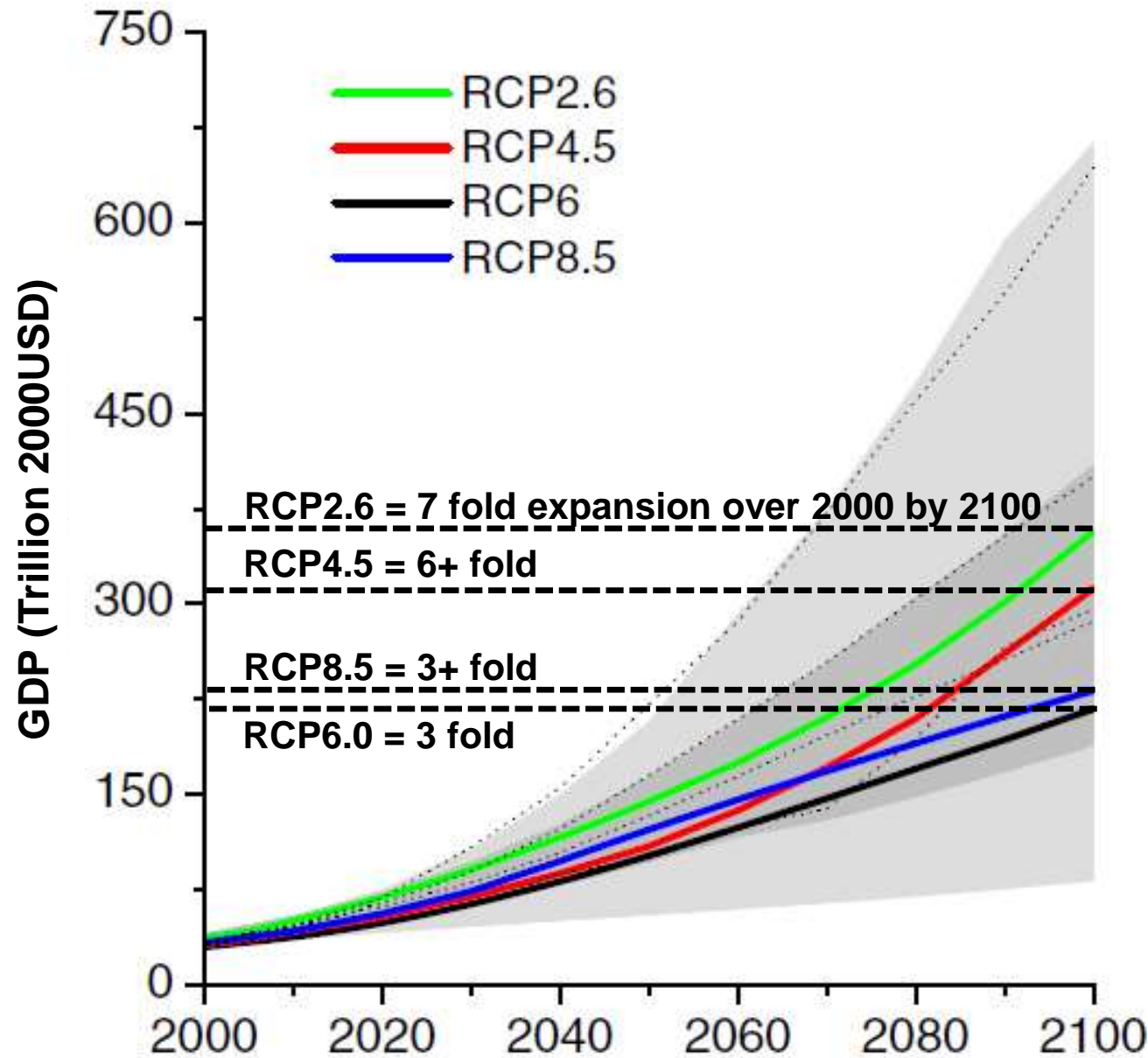
2018:

- *4th hottest year on record***
- *record consumption of fossil fuels***
- *record level of emissions***
- *24th COP UN conference on climate change on doing something about it***

IPCC RCP Scenario Carbon Dioxide Emissions



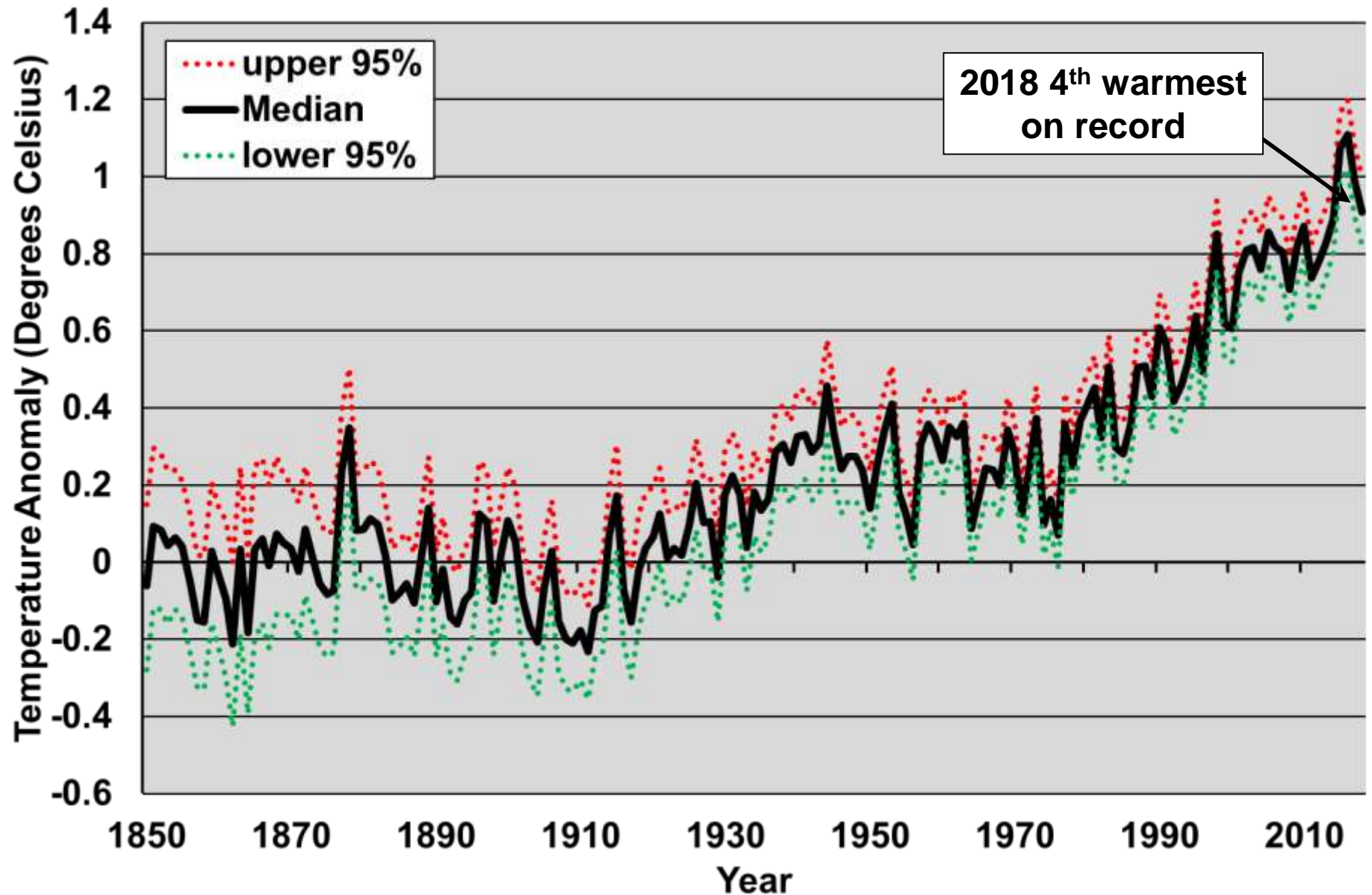
IPCC GDP Growth Assumptions by RCP Scenario



Given the correlation of energy and growth:



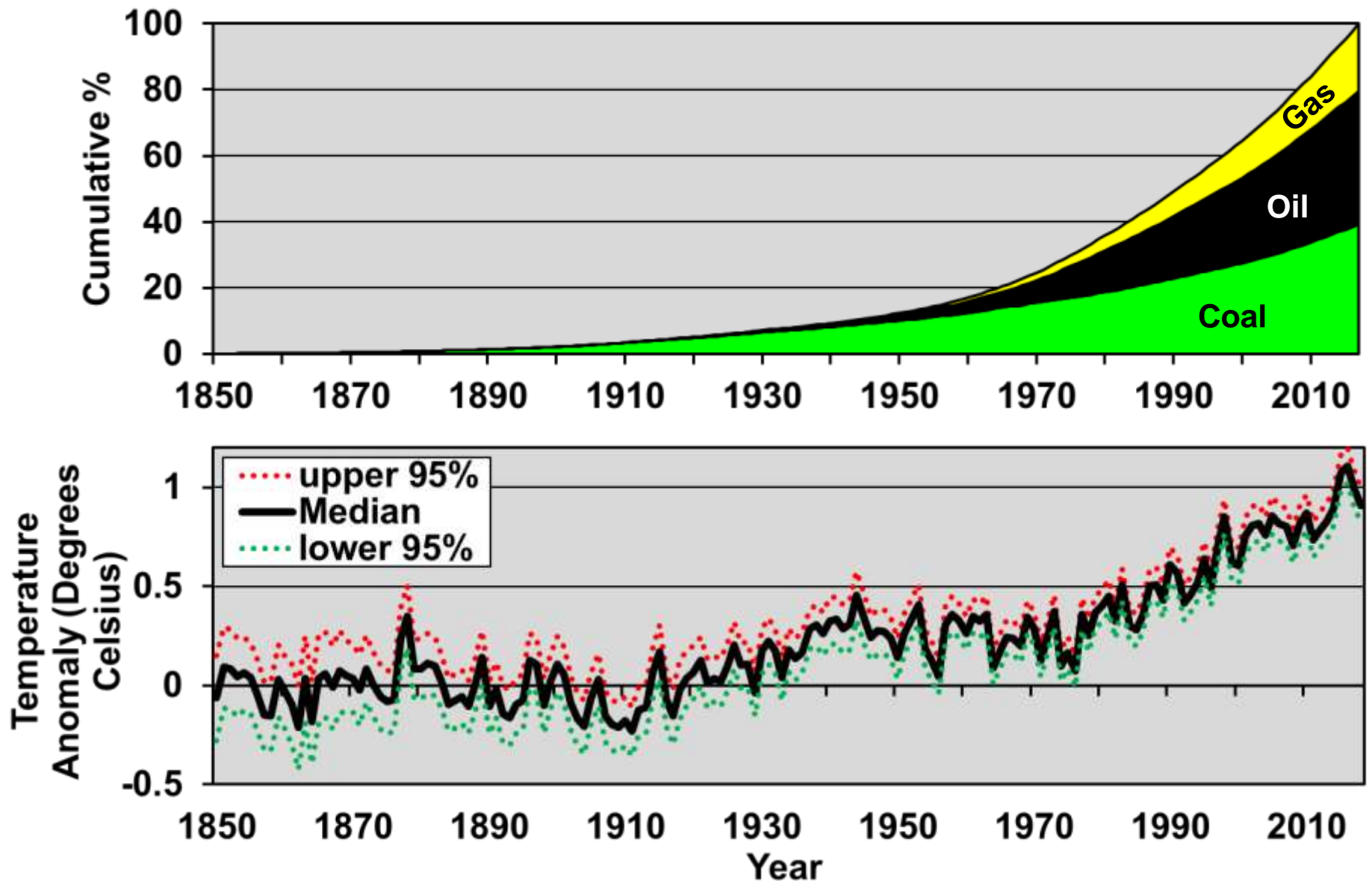
Global Temperature Anomaly 1850-2018 relative to an 1850-1900 Baseline



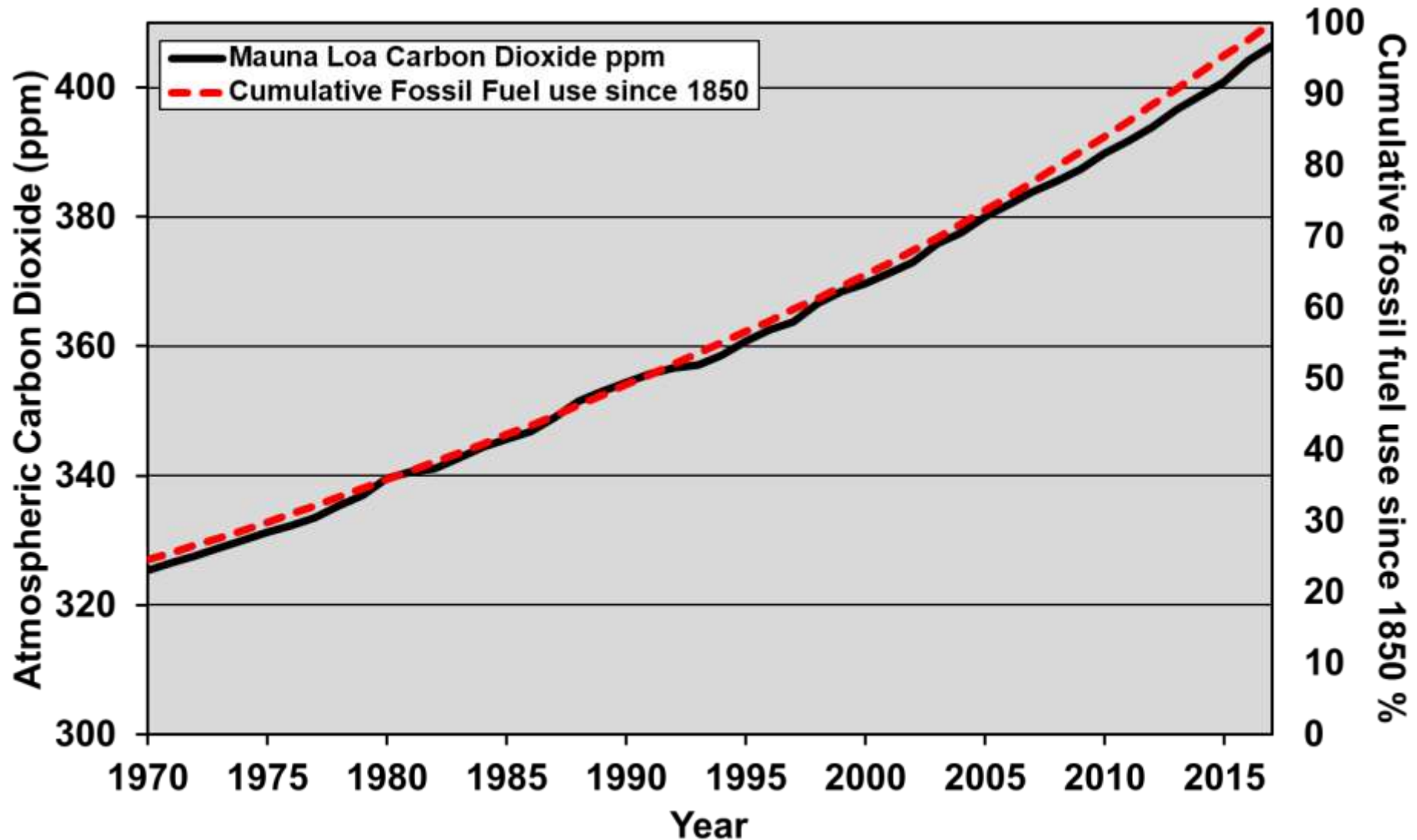
2018 4th warmest
on record

Global Temperature Anomaly 1850-2018

Compared to Cumulative Fossil Fuel Consumption



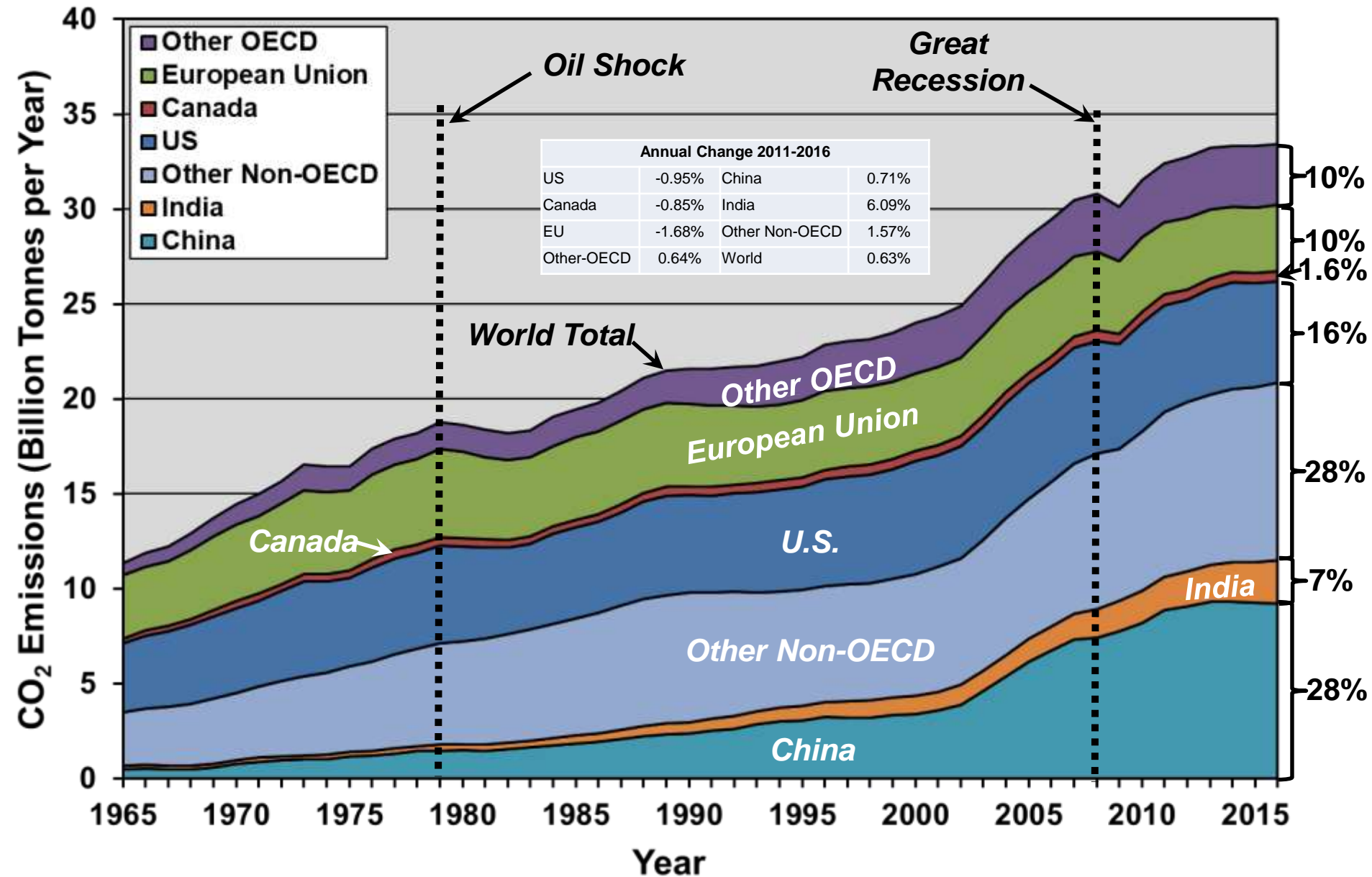
Mauna Loa Carbon Dioxide Measurements, 1970-2017, Versus Cumulative Consumption of Fossil Fuel since 1850



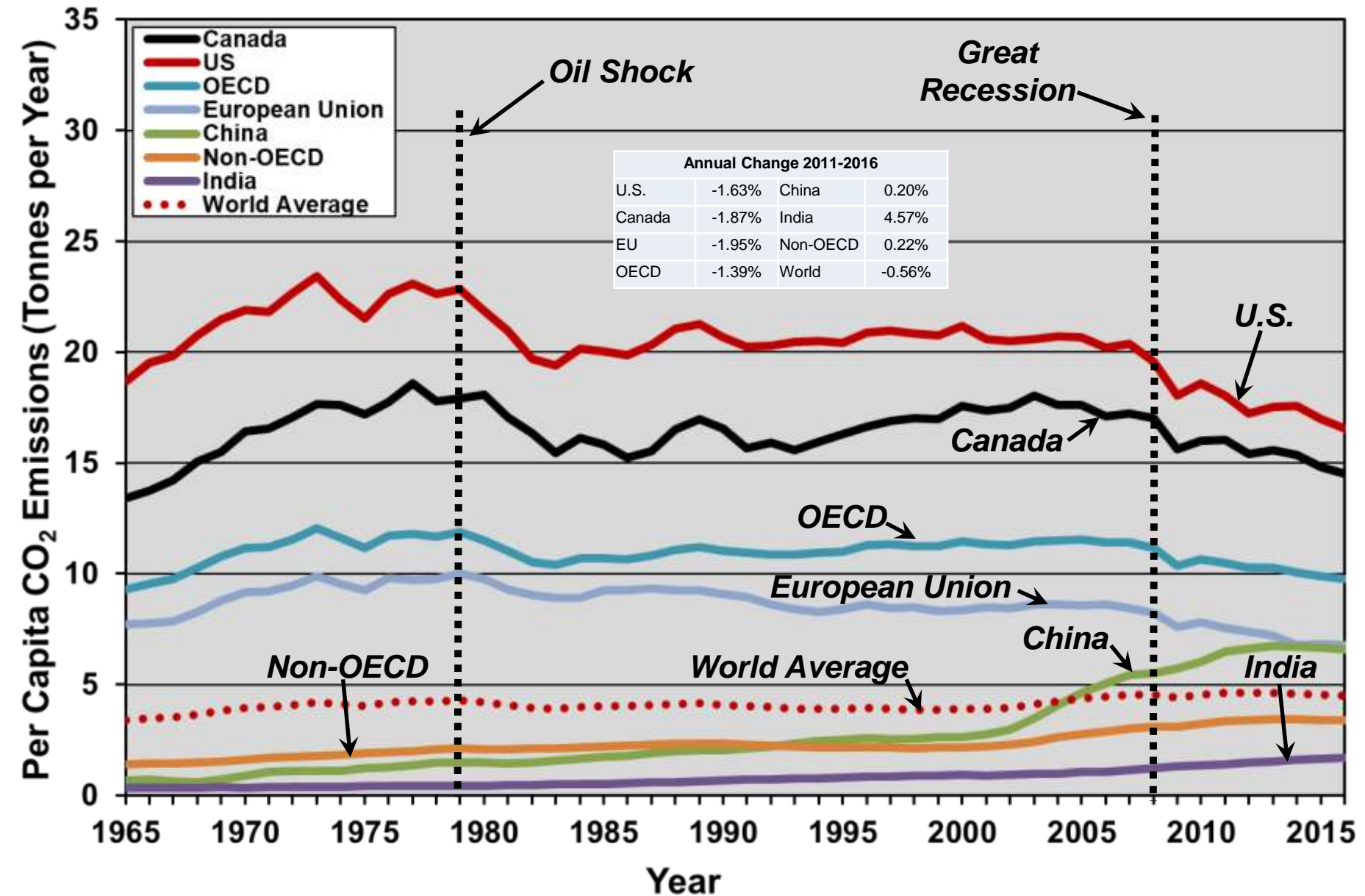
(Arnulf Grubler 1998, BP 2018,

NOAA Earth System Research Laboratory and Hadcrut 4 Global annual data retrieved February, 2019)

Total Fossil Fuel CO₂ Emissions by Country, 1965-2016

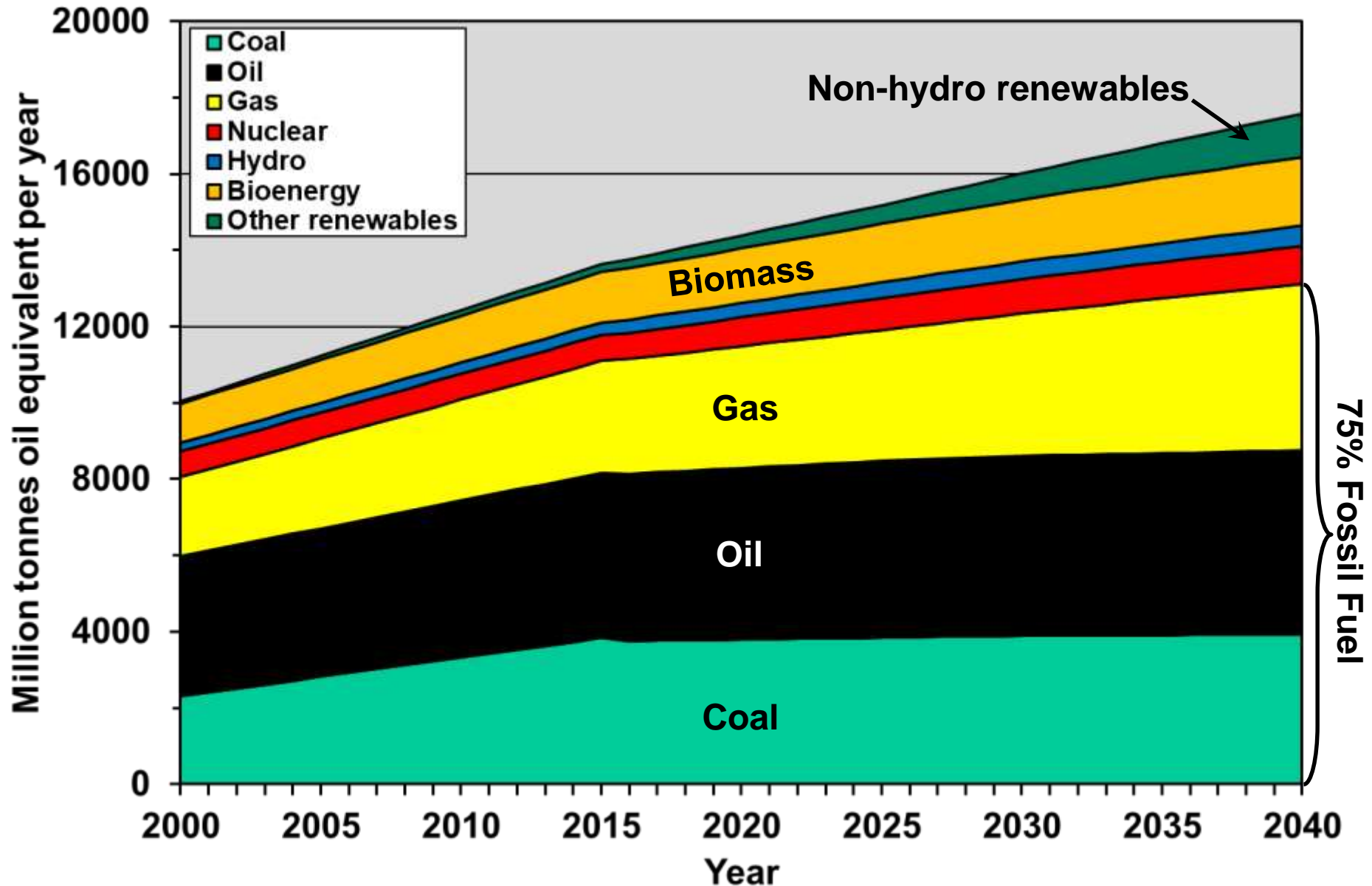


Per Capita CO₂ Emissions by Country, 1965-2016

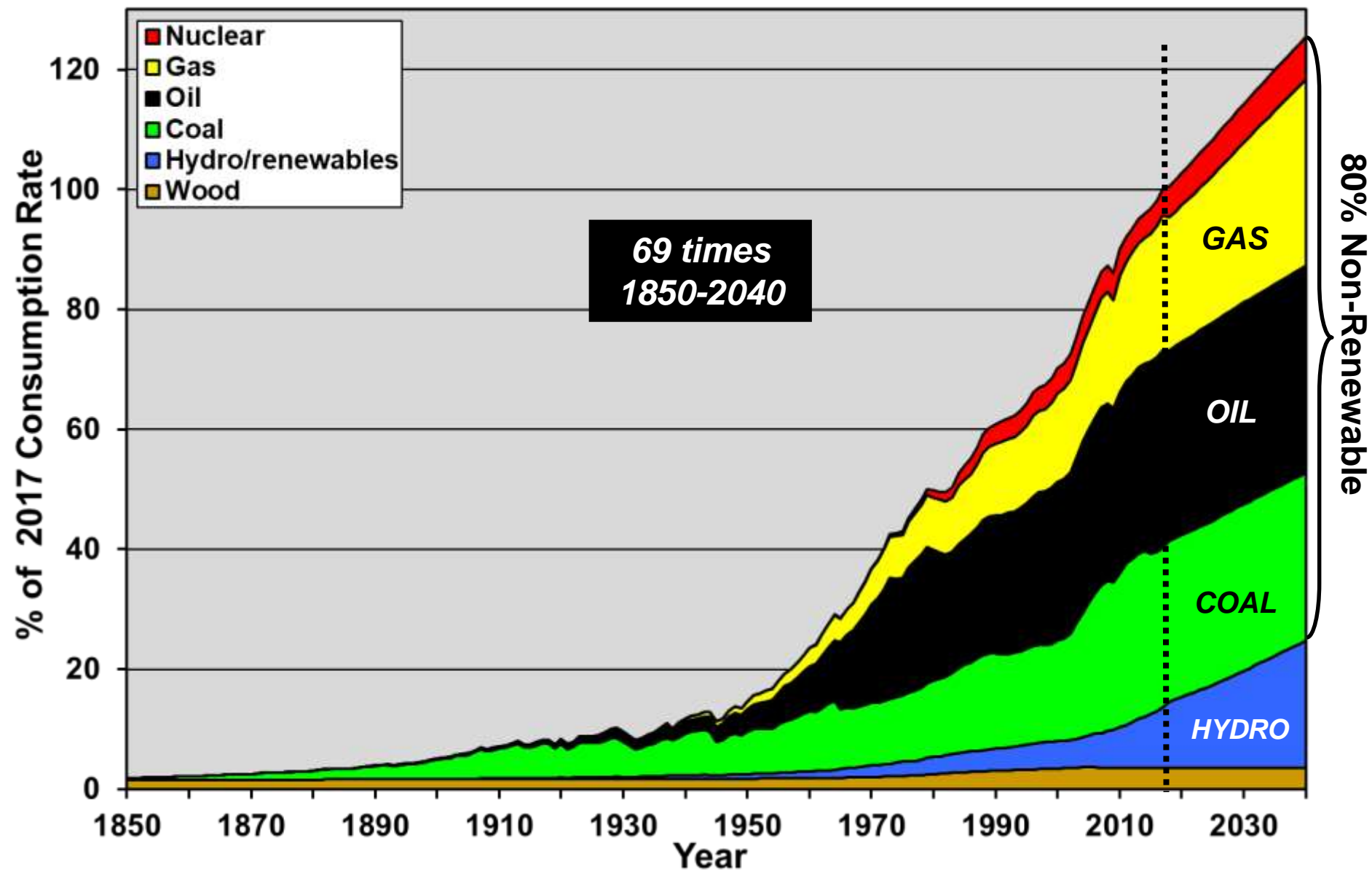


International Energy Agency *New Policies Scenario*

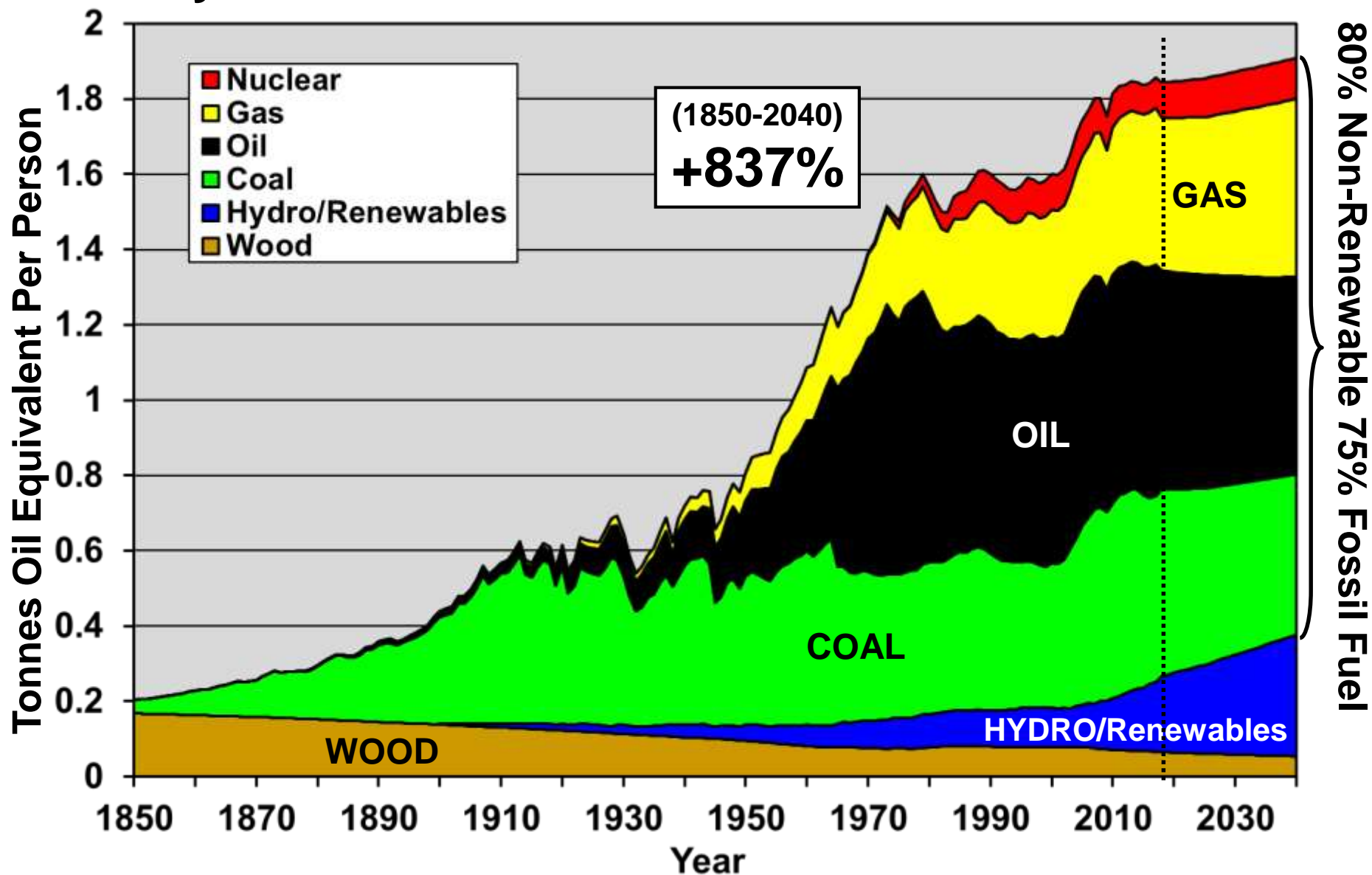
Projections of Primary Energy by Fuel, through 2040



Total Energy Consumption Rate, 1850-2040, as a Percentage of 2017 Levels with IEA *New Policies Scenario*



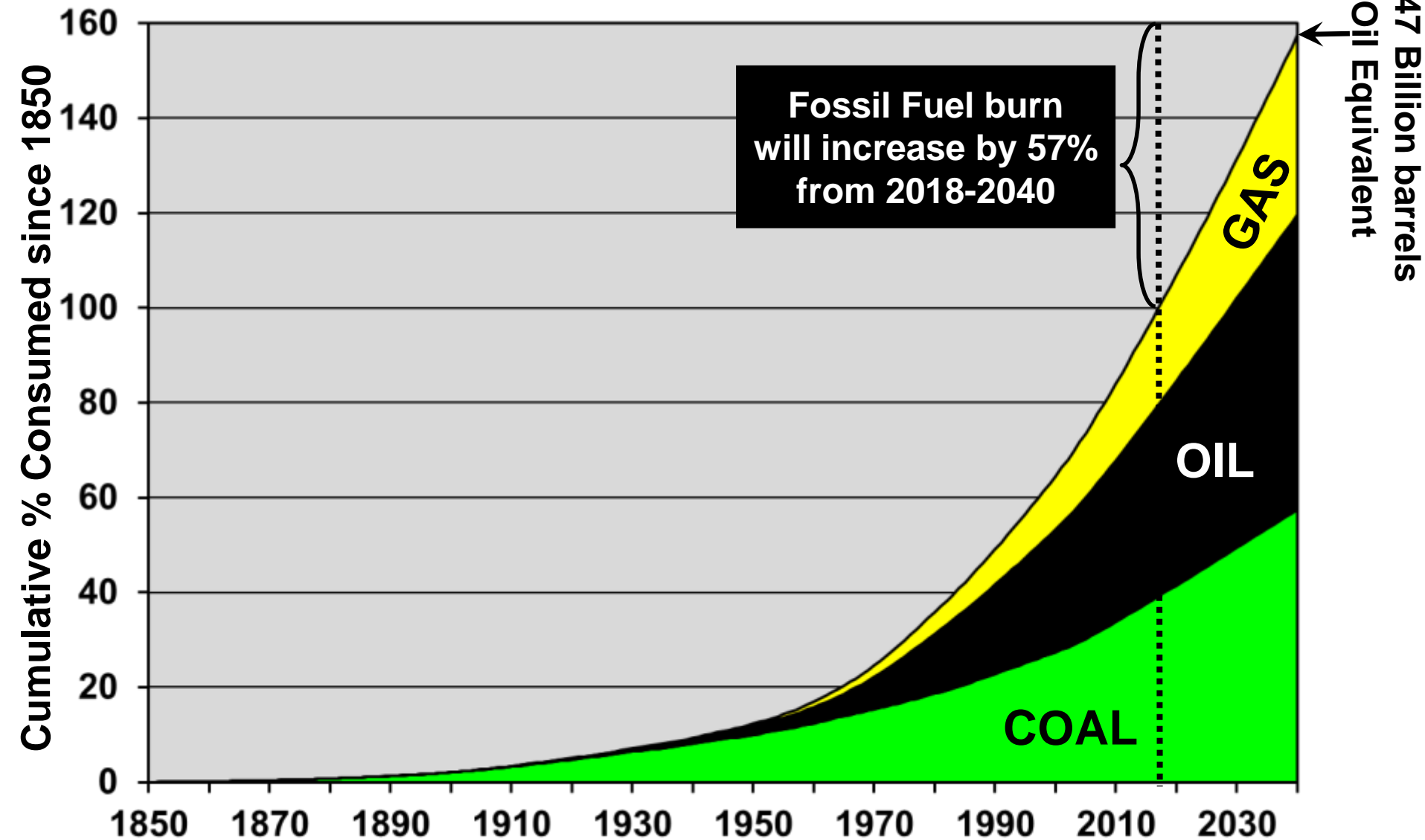
World Per Capita Annual Primary Energy Consumption by Fuel 1850-2040 IEA *New Policies Scenario*



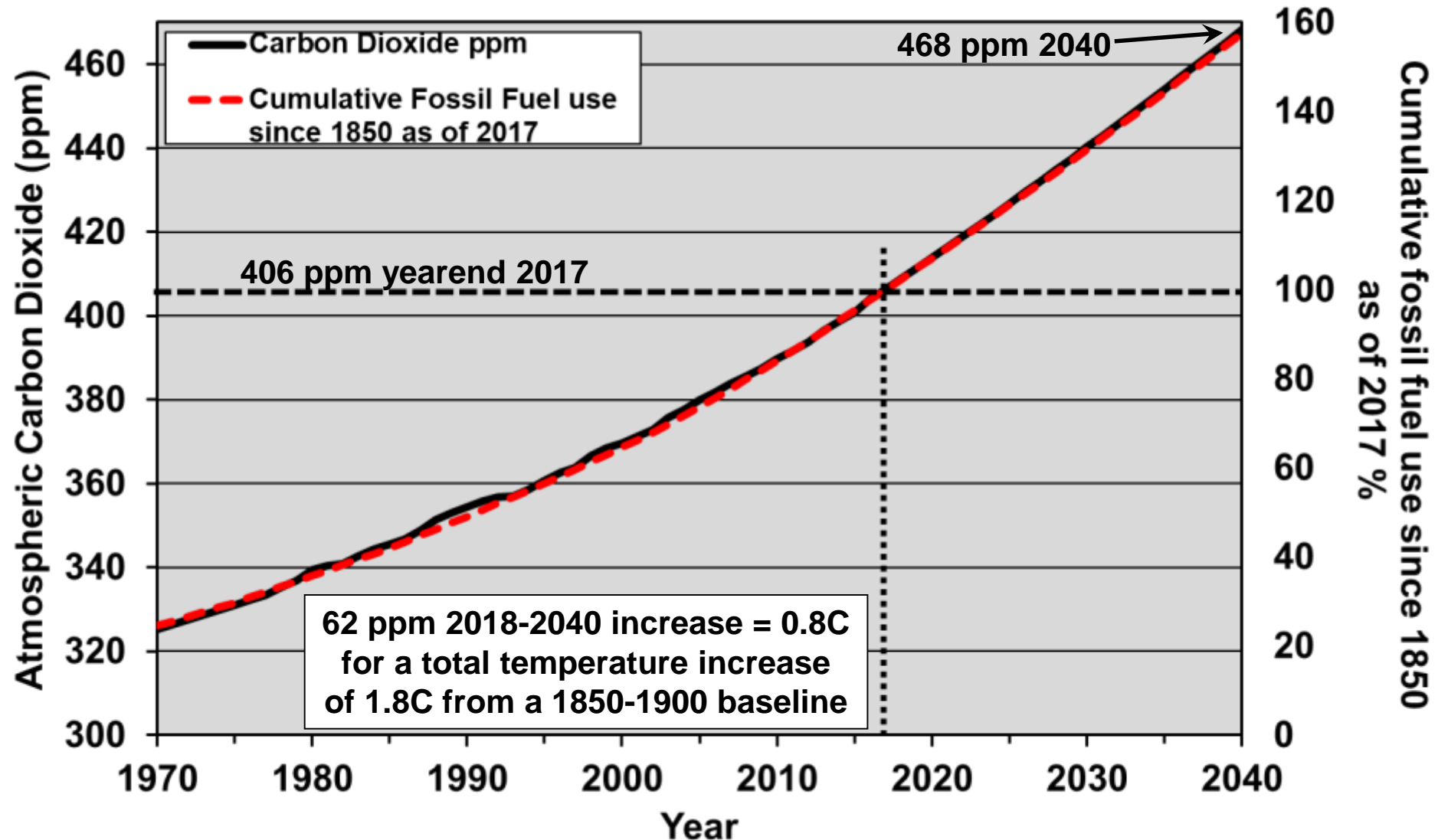
(data from Arnulf Grubler, 1998;

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Cumulative Consumption of Fossil Fuels Since 1850 through Yearend 2040 with IEA *New Policies Scenario*



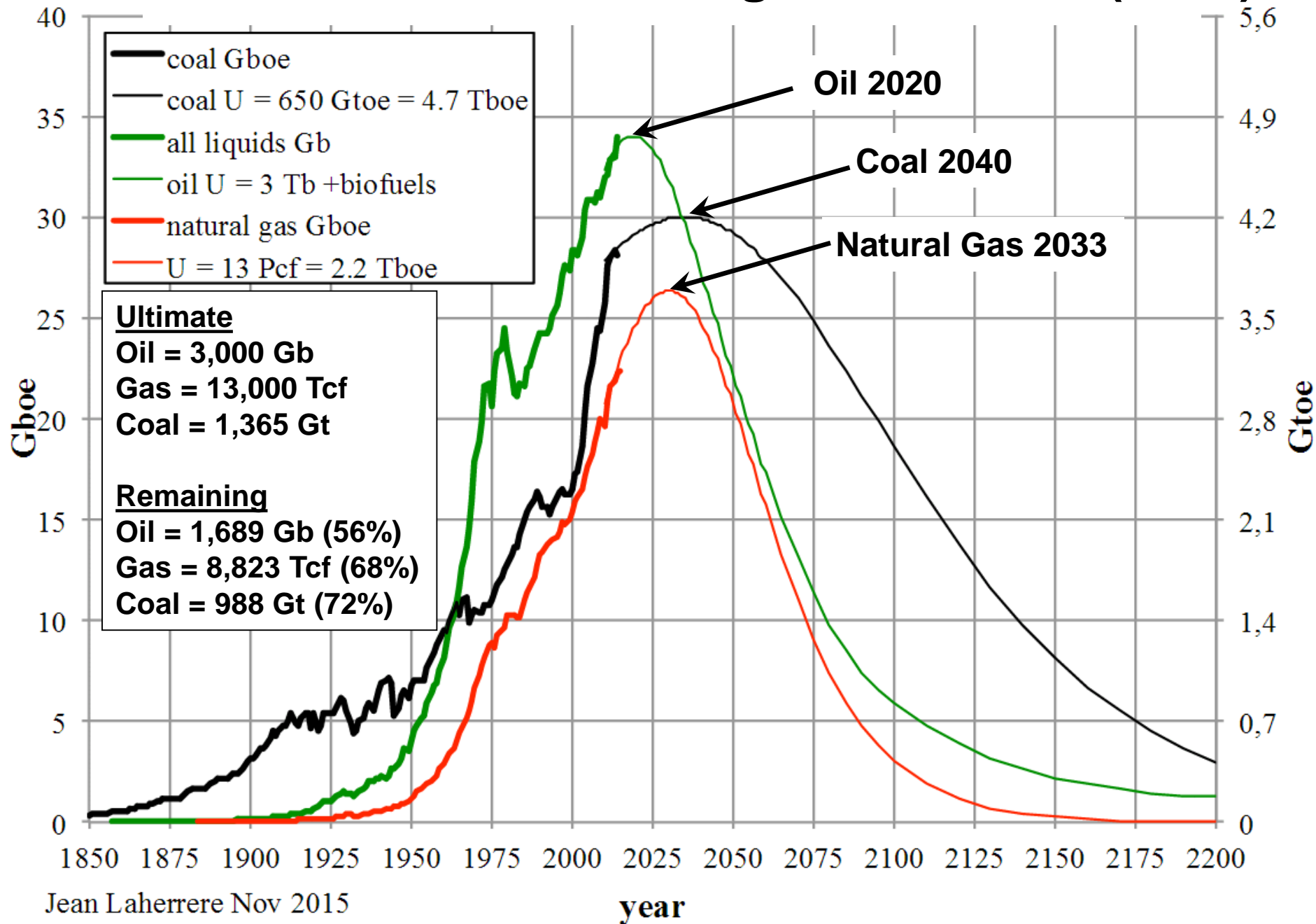
Atmospheric Carbon Dioxide Projection to 2040 with IEA New Policies Scenario vs Fossil fuel use since 1850



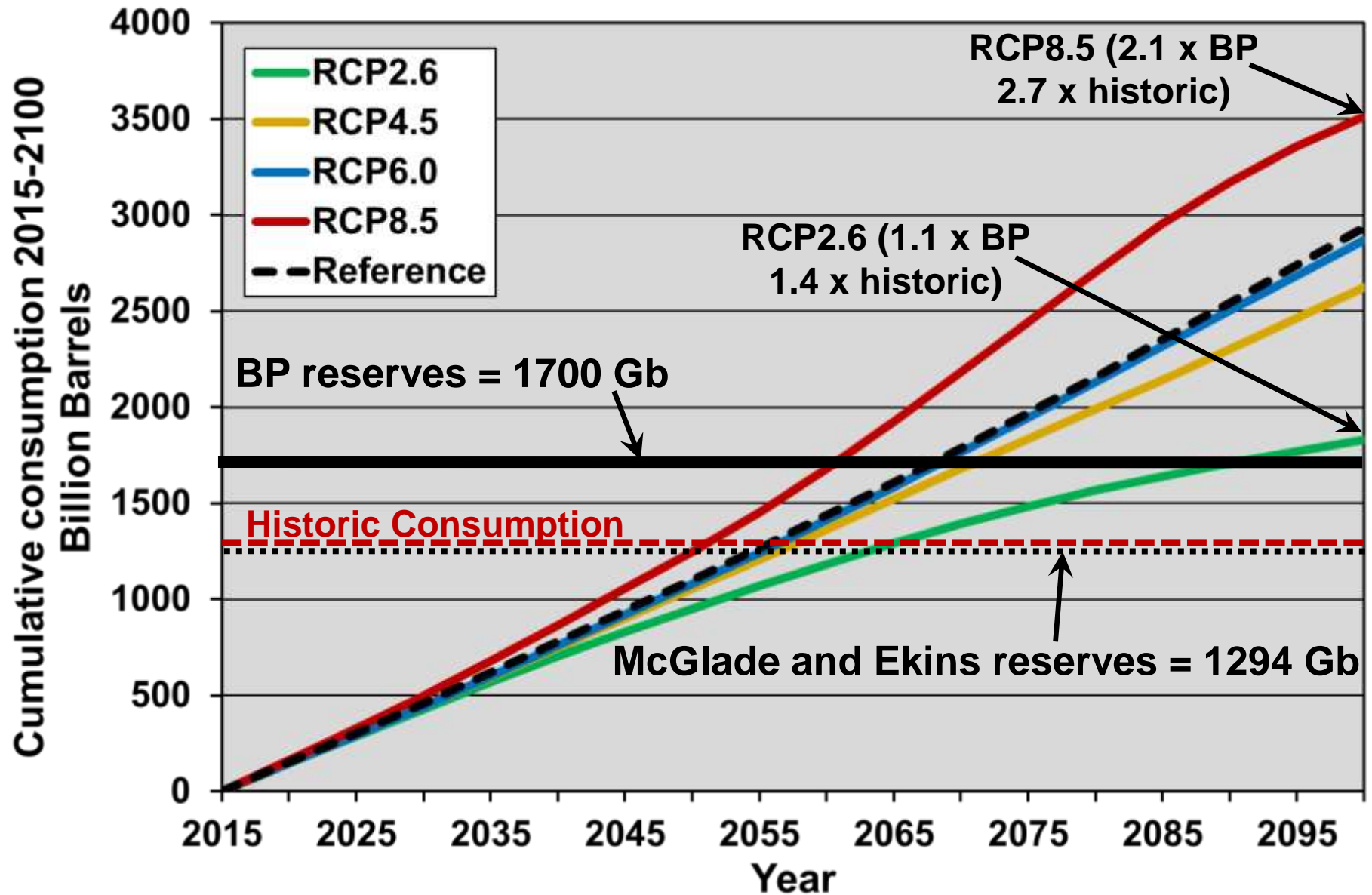
(Arnulf Grubler 1998, BP 2018,

NOAA Earth System Research Laboratory and Hadcrut 4 Global annual data retrieved February, 2019)

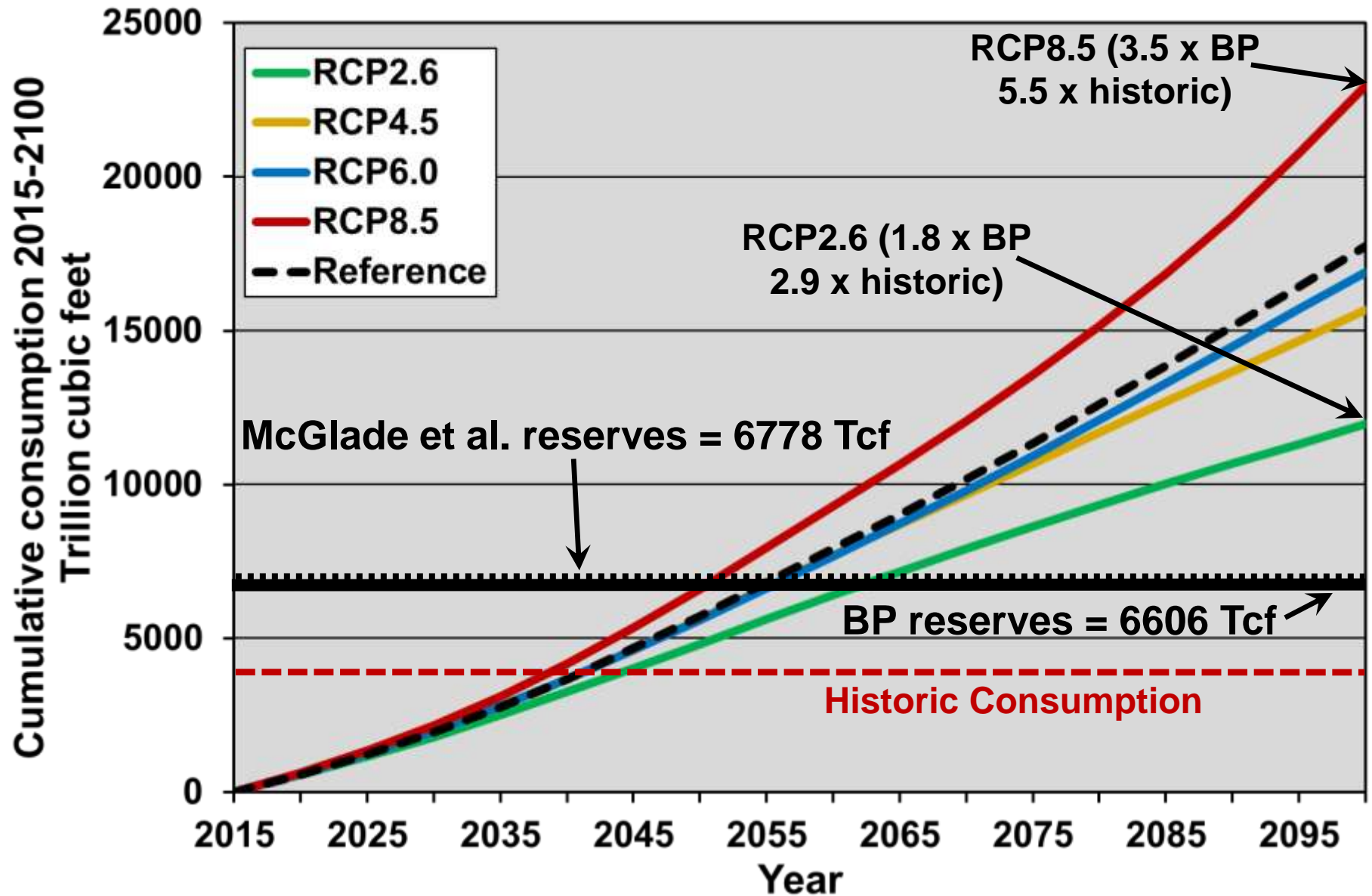
Peak Fossil Fuels according to Laherrere (2015)



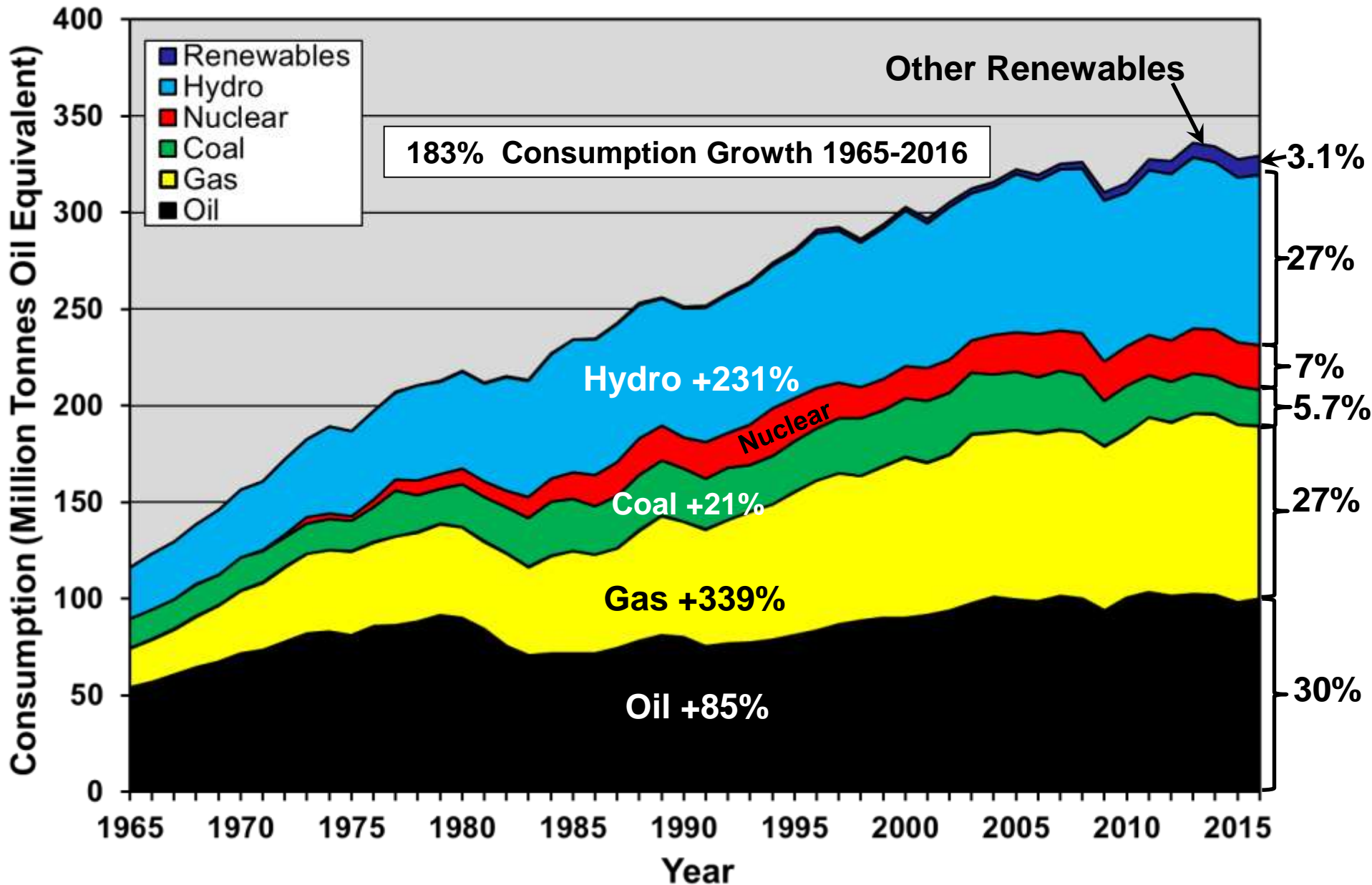
Oil Consumption in IPCC Scenarios Compared to McGlade et al. and BP reserves, 2015-2100



Gas Consumption in IPCC Scenarios Compared to McGlade et al. and BP reserves, 2015-2100



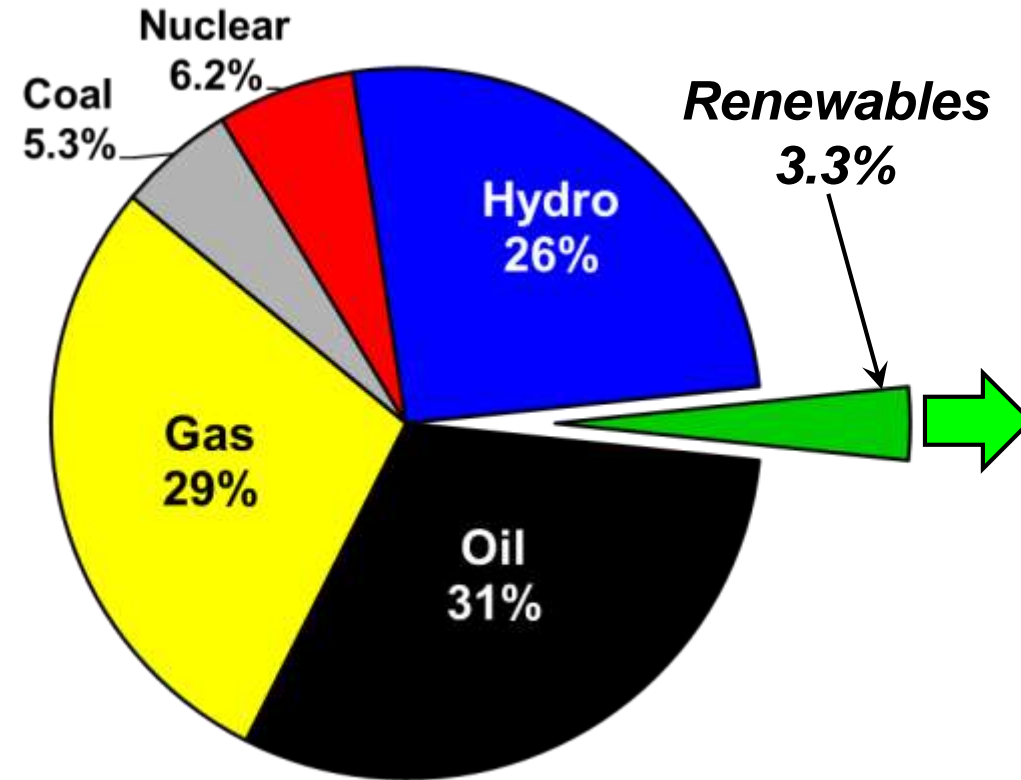
Canada Energy Consumption by Fuel, 1965-2016



Canada Primary Energy Consumption by Source in 2017

A Comparison to Total Non-Hydro Renewable Energy

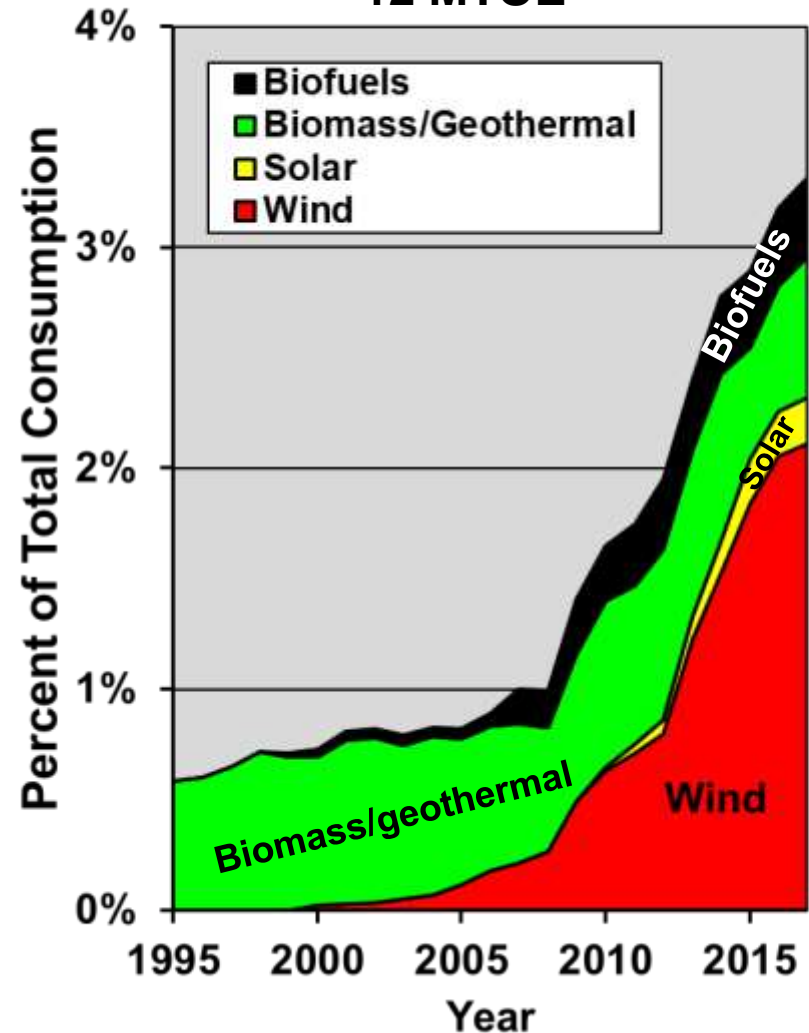
Total Energy by Source
349 MTOE



Large Hydro plus Renewables = 29%

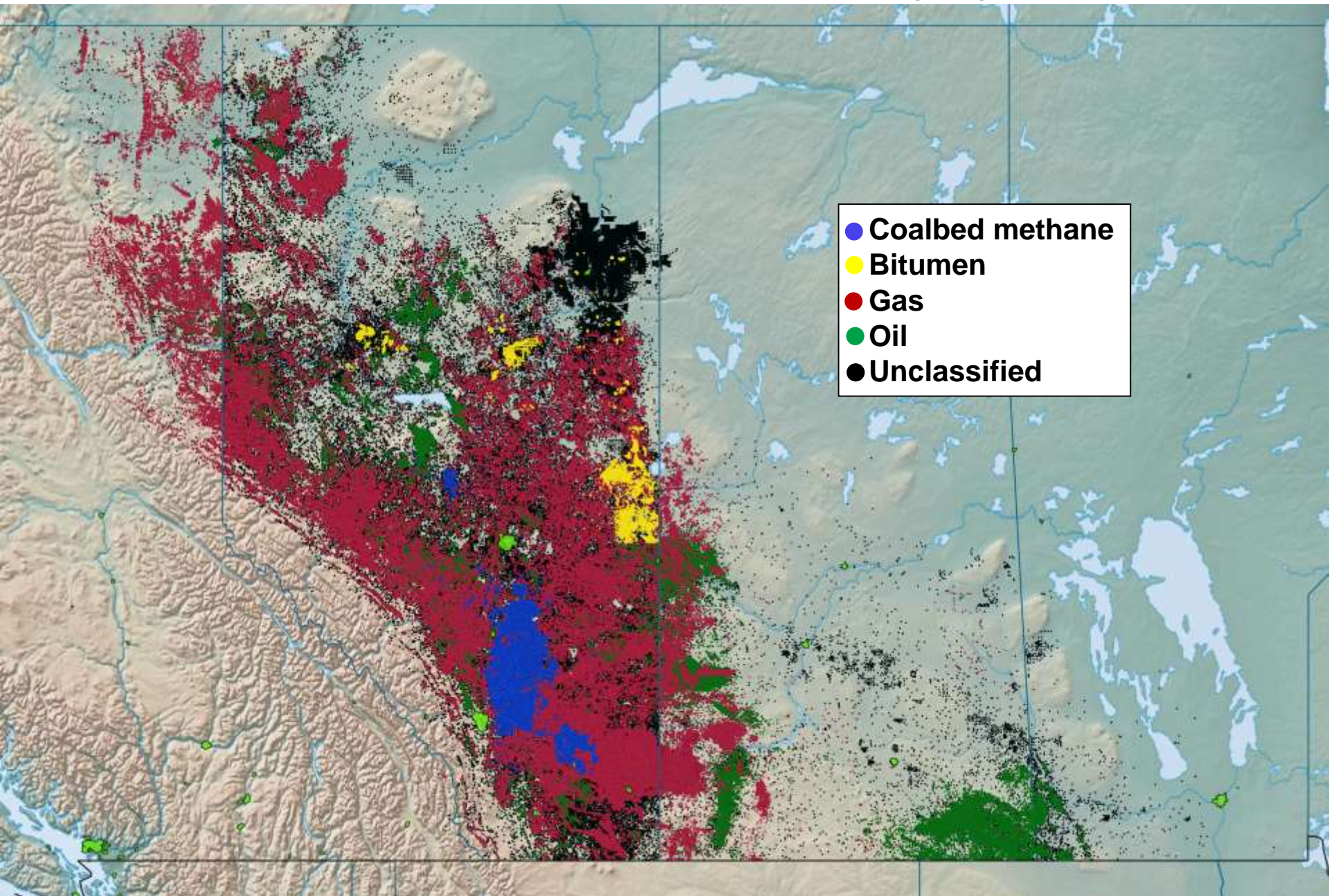
Total consumption has increased by 70% more than all 2017 non-hydro renewables since 2010

Renewable Energy by Source
12 MTOE

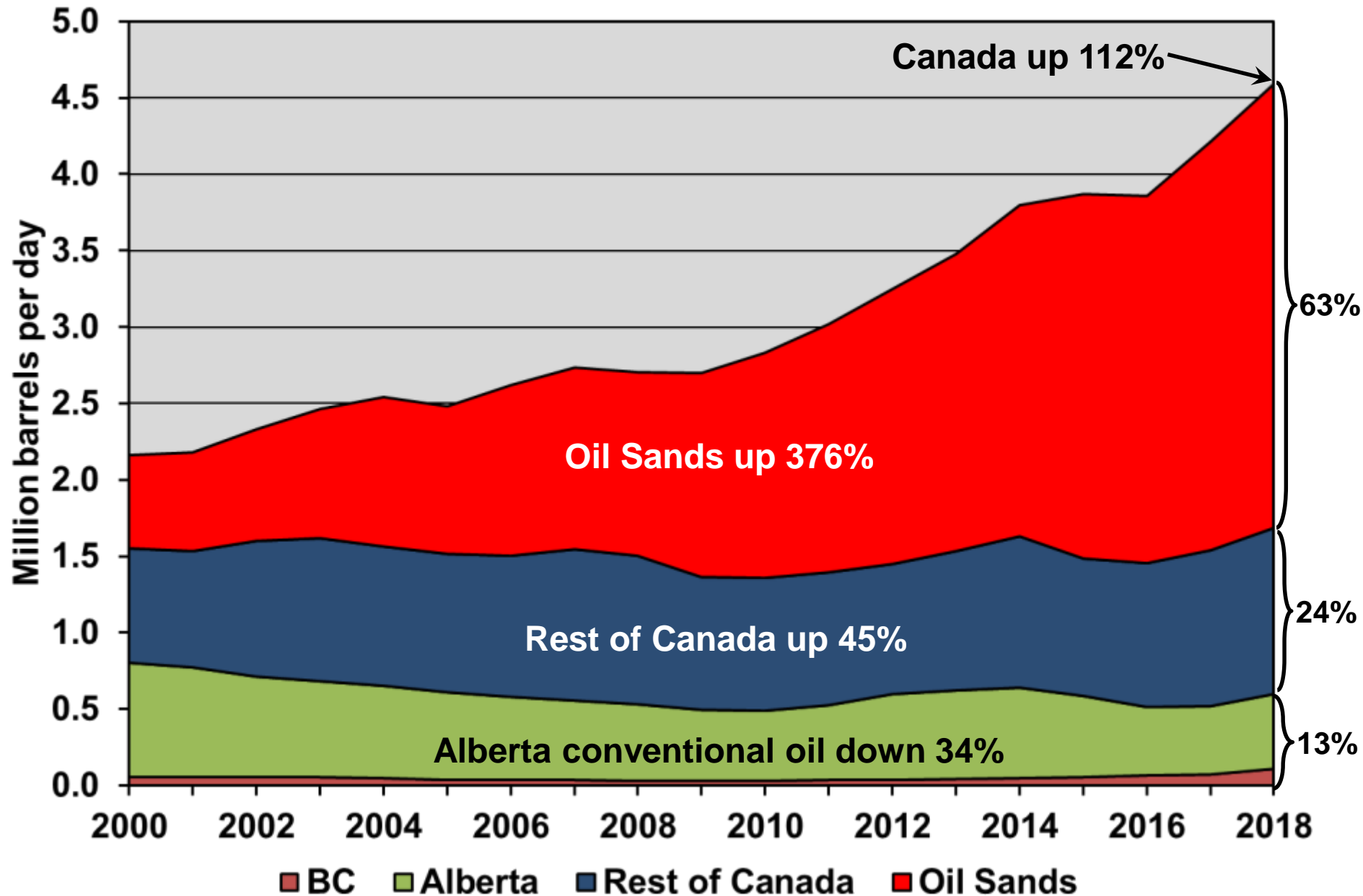


(data from BP Statistical Review of World Energy, 2018)

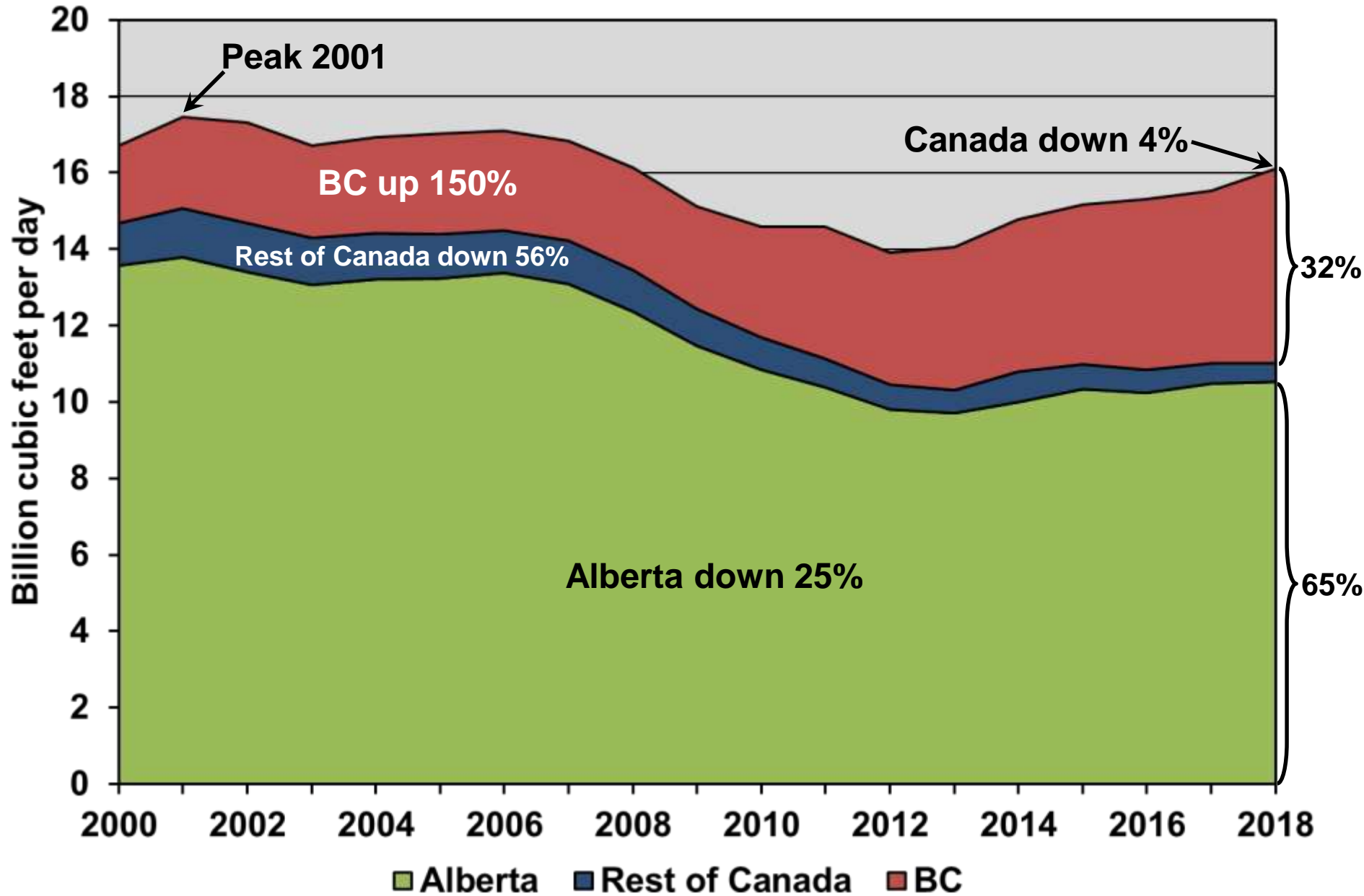
Oil and Gas Wells in Canada by Type



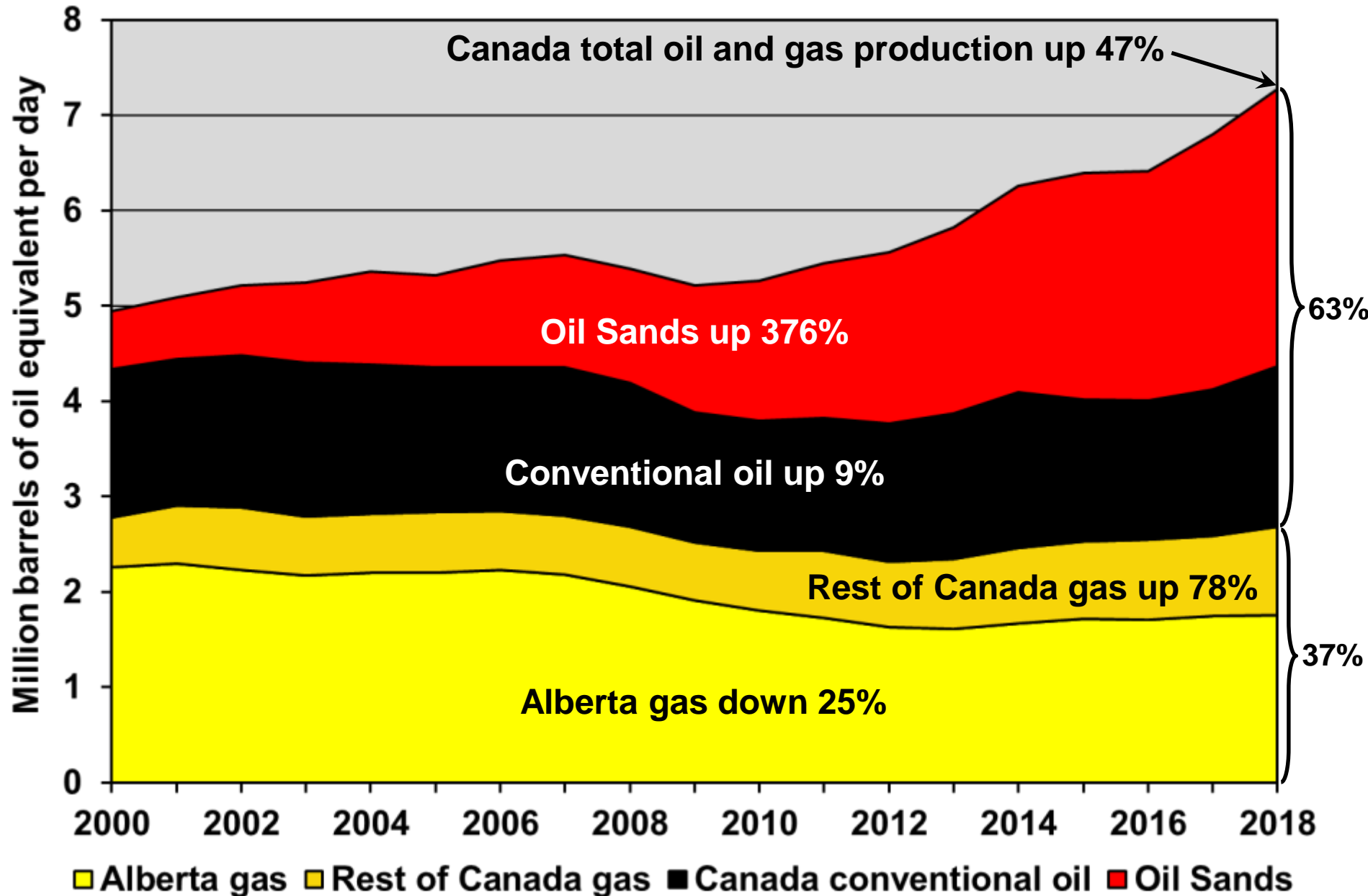
Canada Oil Production, 2000-2018



Canada Natural Gas Production, 2000-2018



Canada Oil and Gas Production, 2000-2018



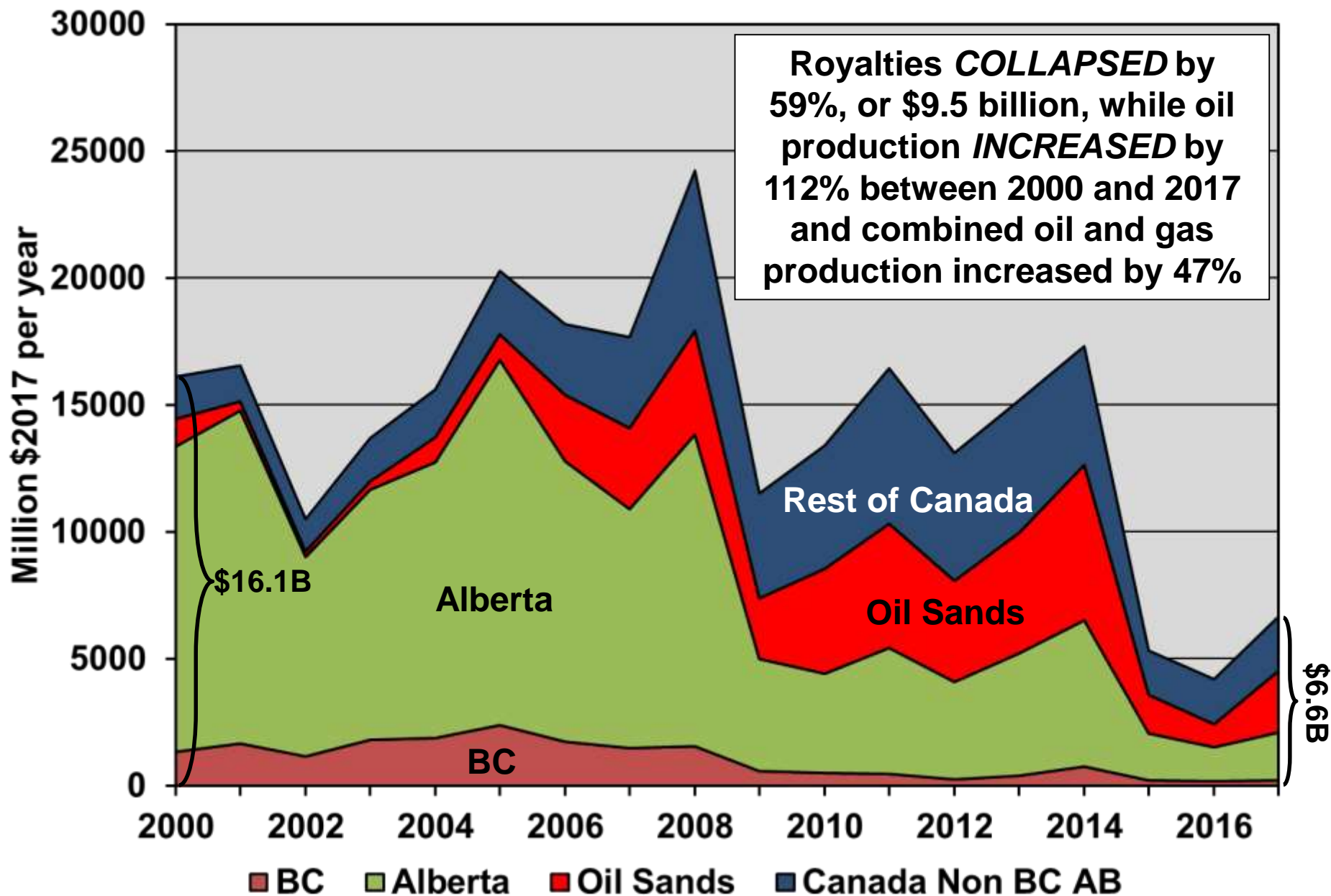
Narrative:

- Growing oil and gas production is essential otherwise there will be no money for roads, schools and hospitals.

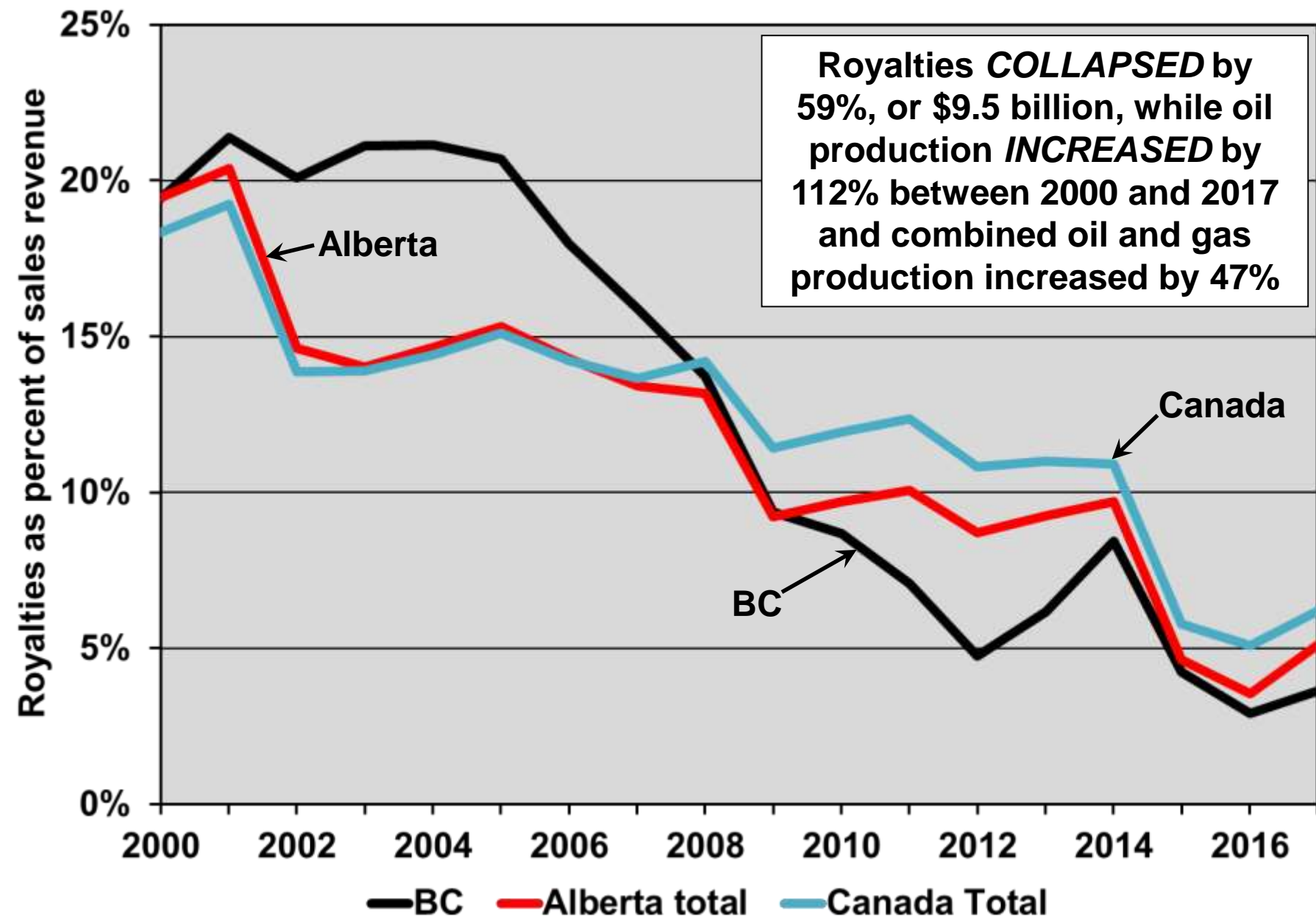
Fact:

- Royalties have collapsed by 59% or \$9.5 billion from 2000 to 2017 despite more than doubling oil production and increasing combined oil and gas production by 47%.***
- Royalty percentage on sales revenue in Canada has collapsed from 18.3% to 6.2% from 2000 to 2017 and from 19.5% to 5.1% in Alberta. BC royalties dropped from 19.4% to 3.7% over the same period.***
- Returns on expenditures for the oil and gas industry have been marginal over the past 10 years.***

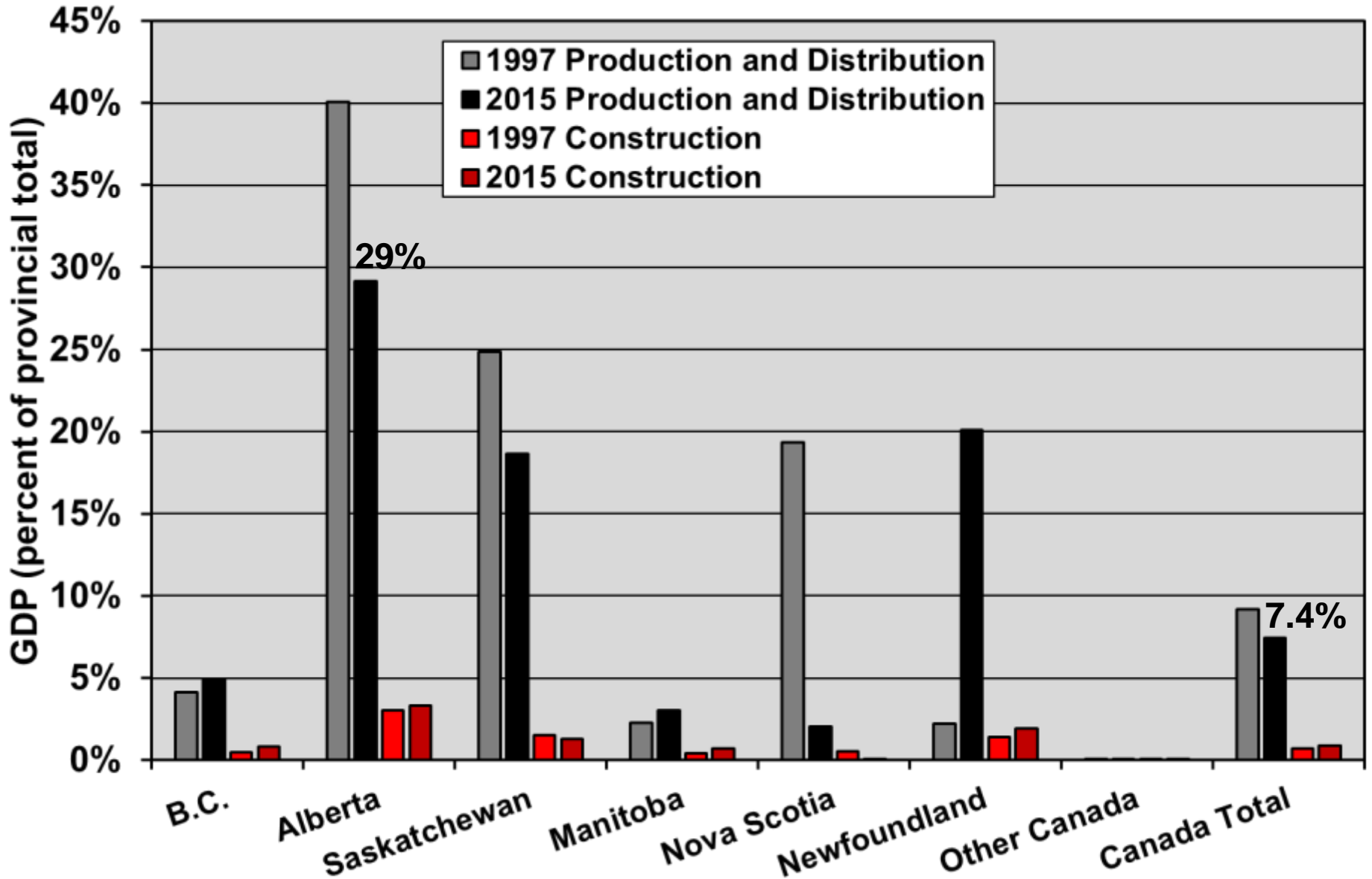
Canada Oil and Gas Royalty Payments, 2000-2017



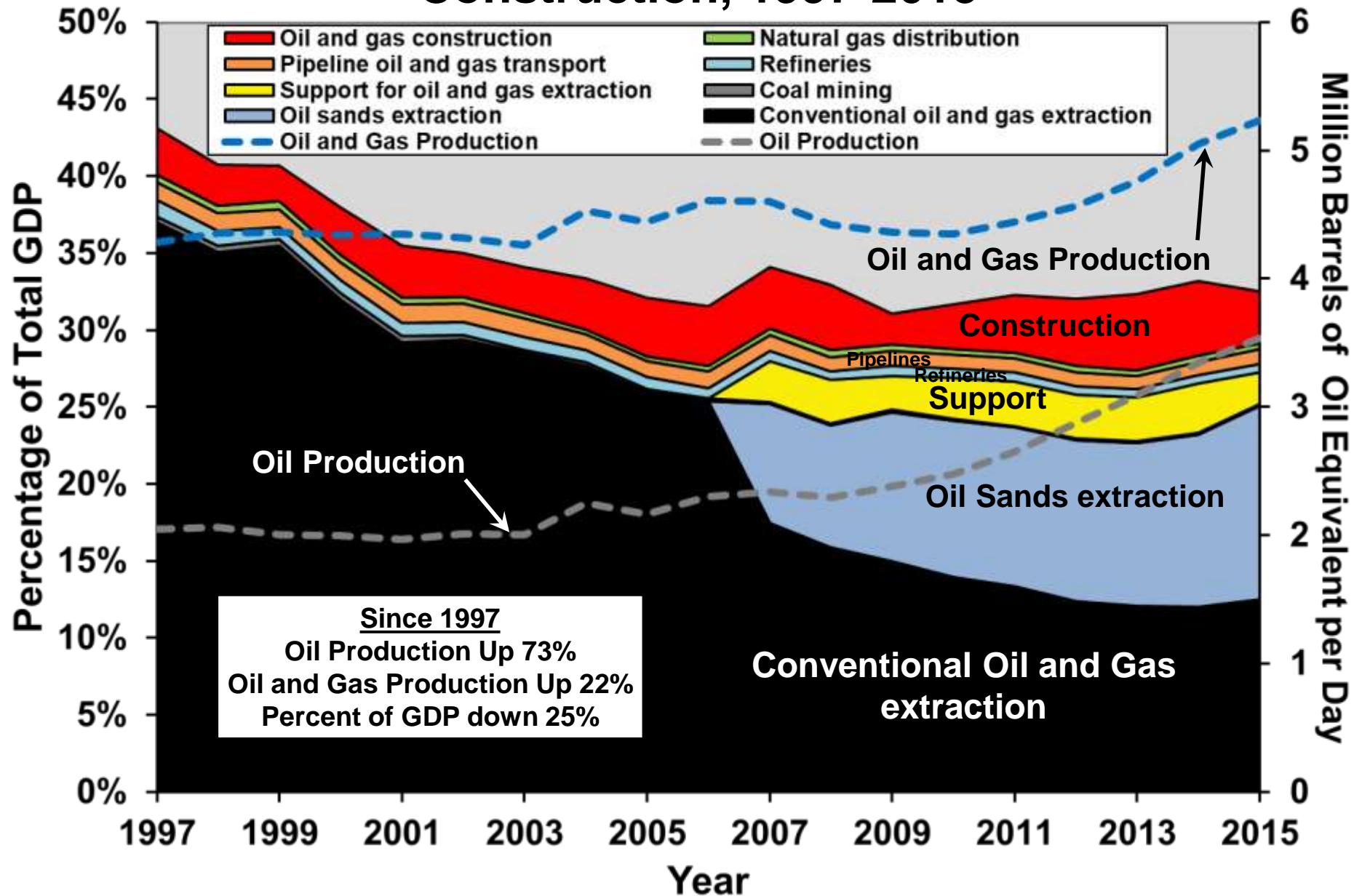
Royalties as Percentage of Sales Revenue, 2000-2017



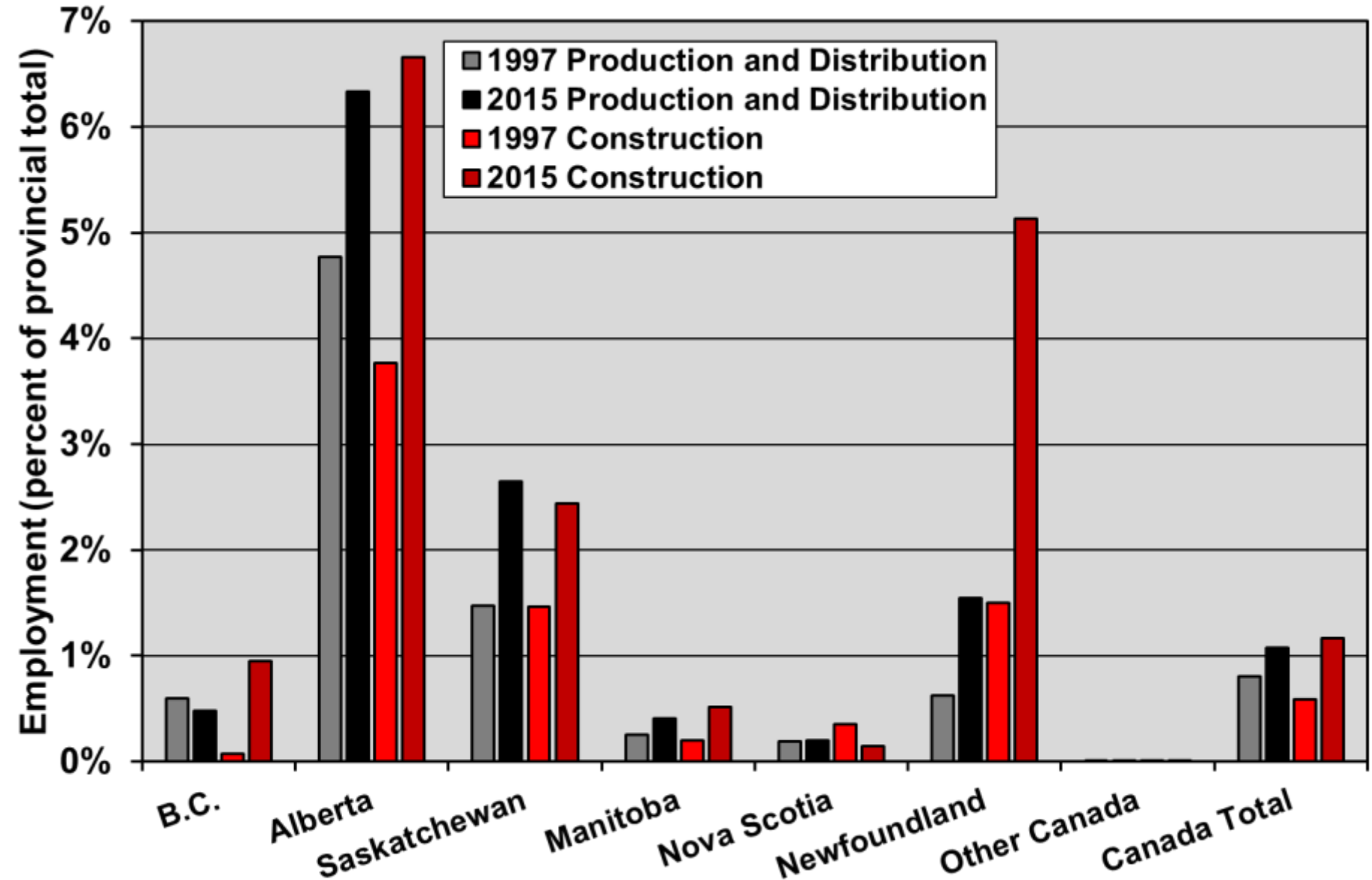
GDP from Fossil Fuel Production, Distribution and Construction as Percent of Provincial GDP, 1997 and 2015



Alberta GDP from Fossil Fuel Production, Distribution and Construction, 1997-2015



Percent of total Employment by Province in Fossil Fuel Production, Distribution and Construction, 1997-2015



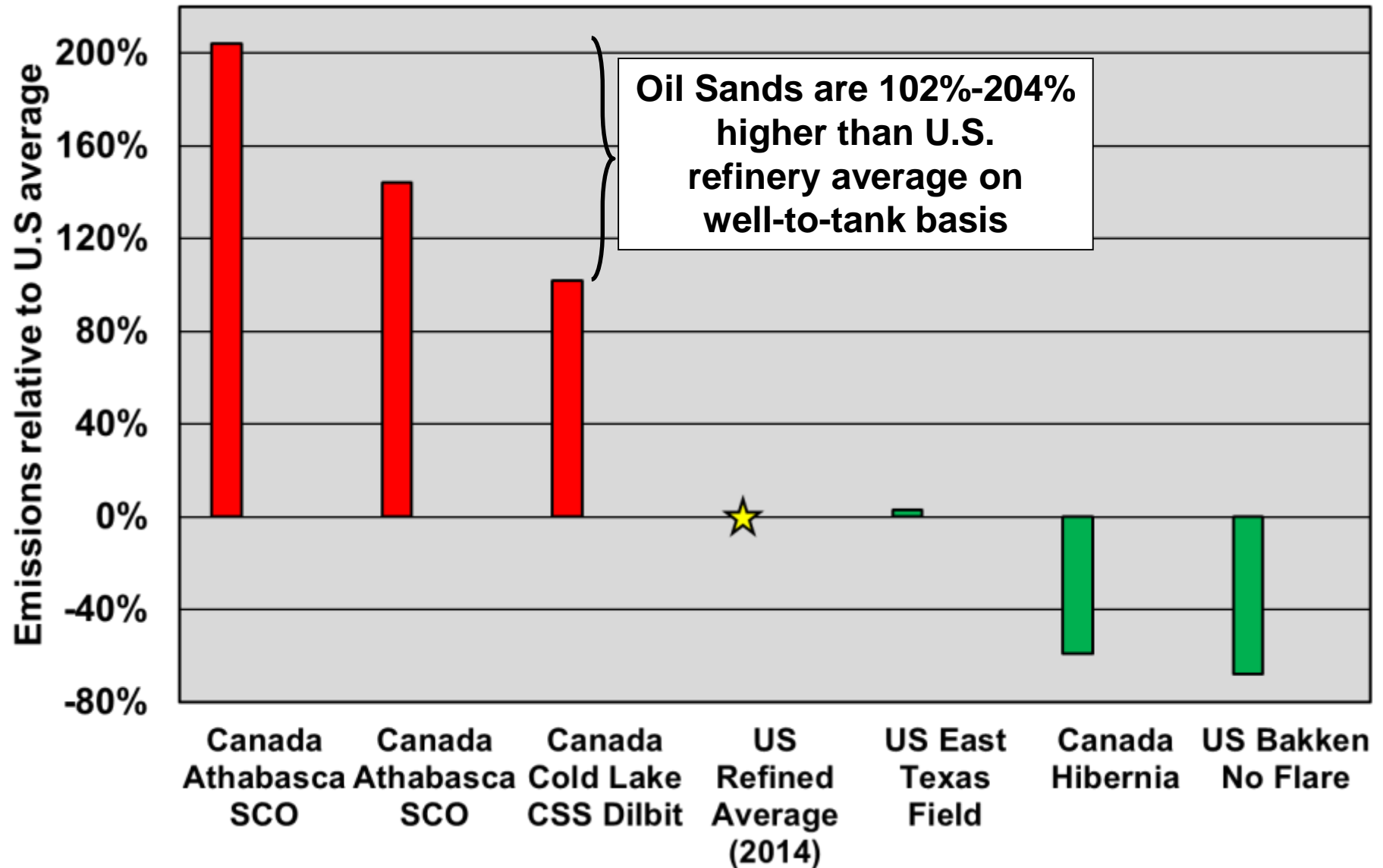
Narrative:

- ***Canadian oil has less emissions and is 'ethical' hence we need pipelines to the east to stop importing Saudi Arabia and other 'unethical' crude.***

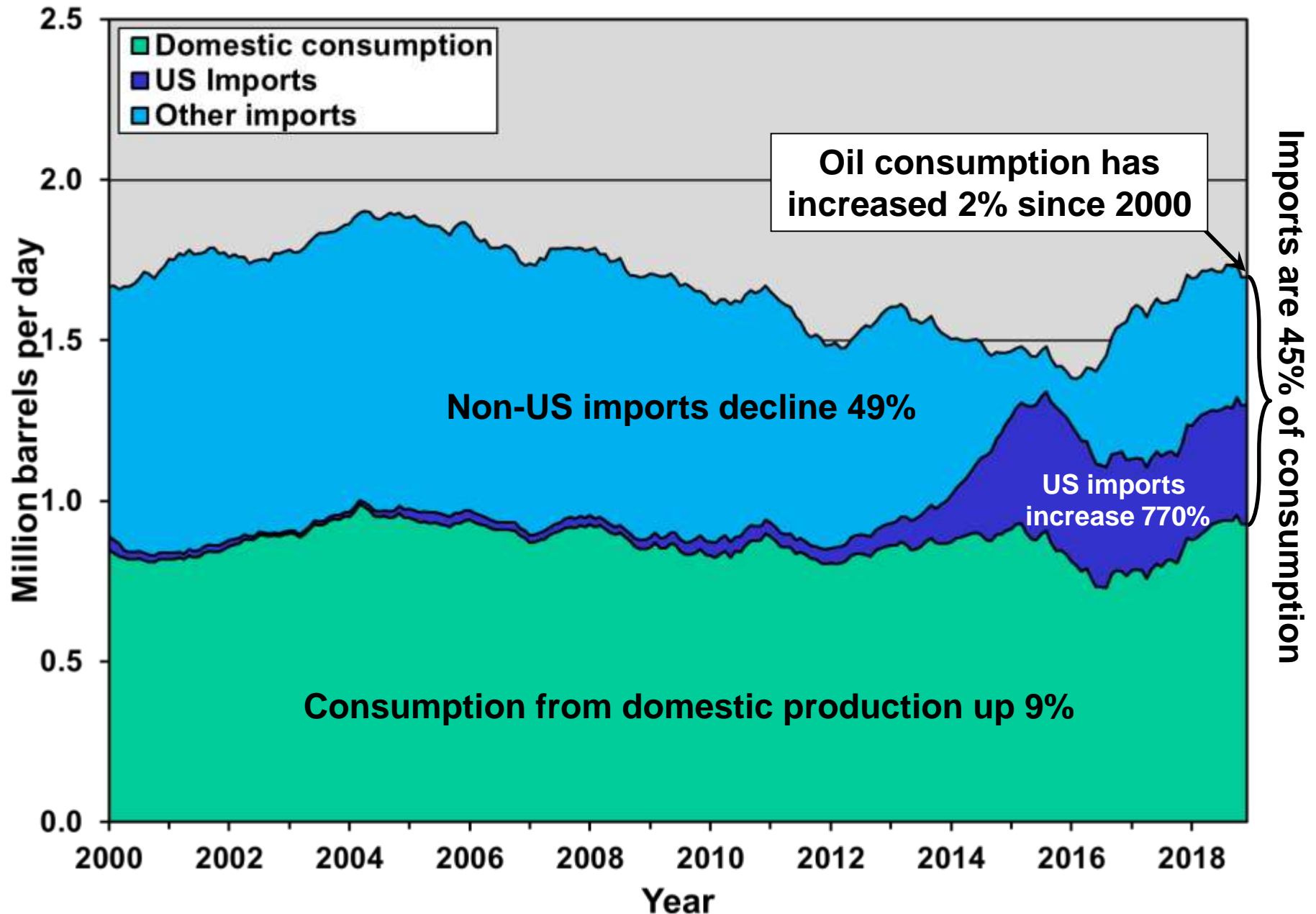
Fact:

- ***On a well-to-tank basis, oil sands are 102% to 204% higher than the US refinery average. On a well-to-wheels basis they are up to 24% higher.***
- ***Saudi Arabia imports are less than 8% of Canadian consumption, whereas US imports are about 25%.***
- ***Eastern refineries in New Brunswick are not optimized for heavy oil hence an Energy East pipeline would not stop imports and would mostly be destined for exports at compromised prices due to higher transport costs.***

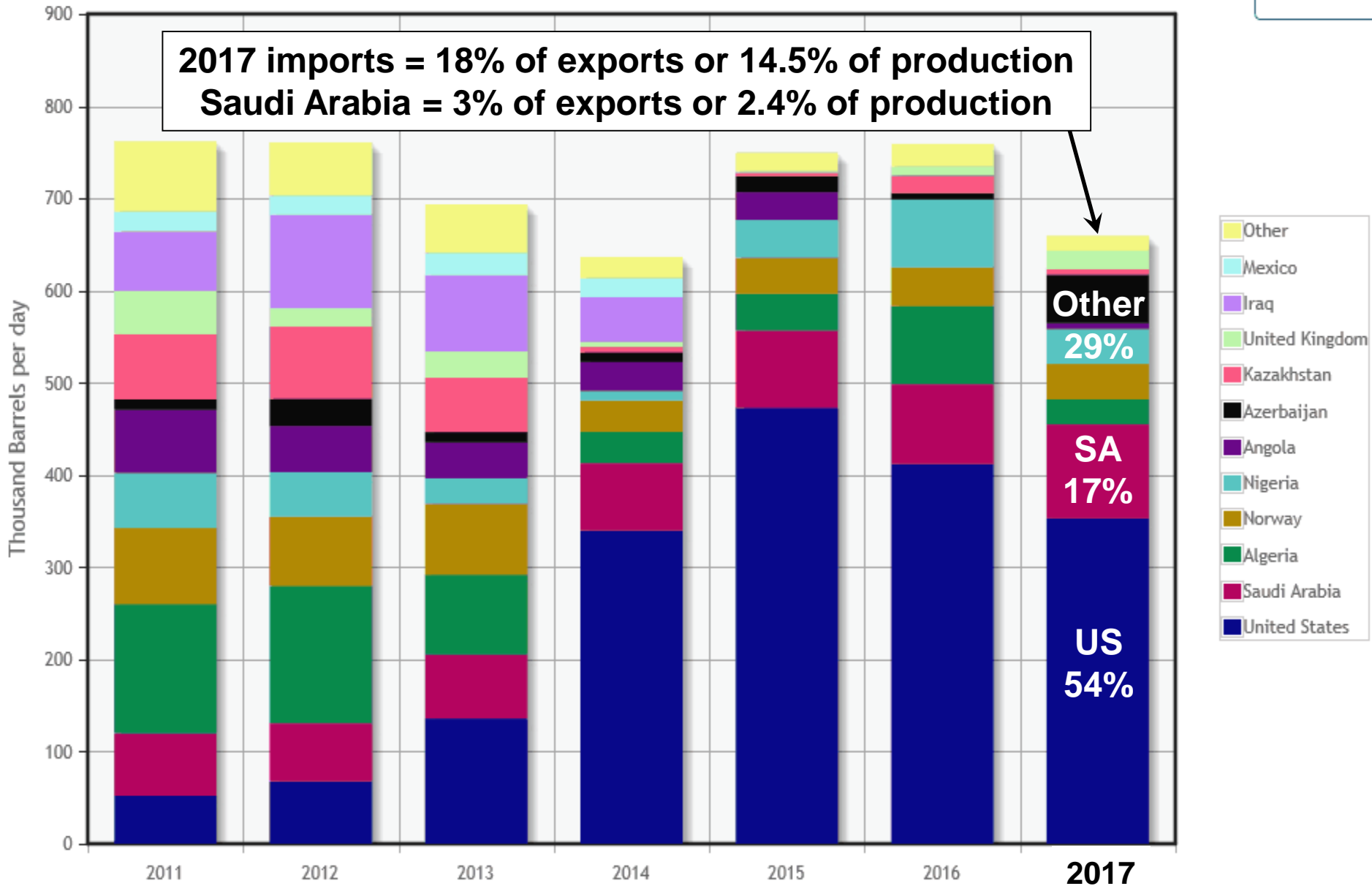
Well-to-Tank Emissions of Oil Sands compared to U.S. Refined Average



Canadian oil consumption and imports, 2000-2018



Canadian Crude Oil Imports by Country of Origin



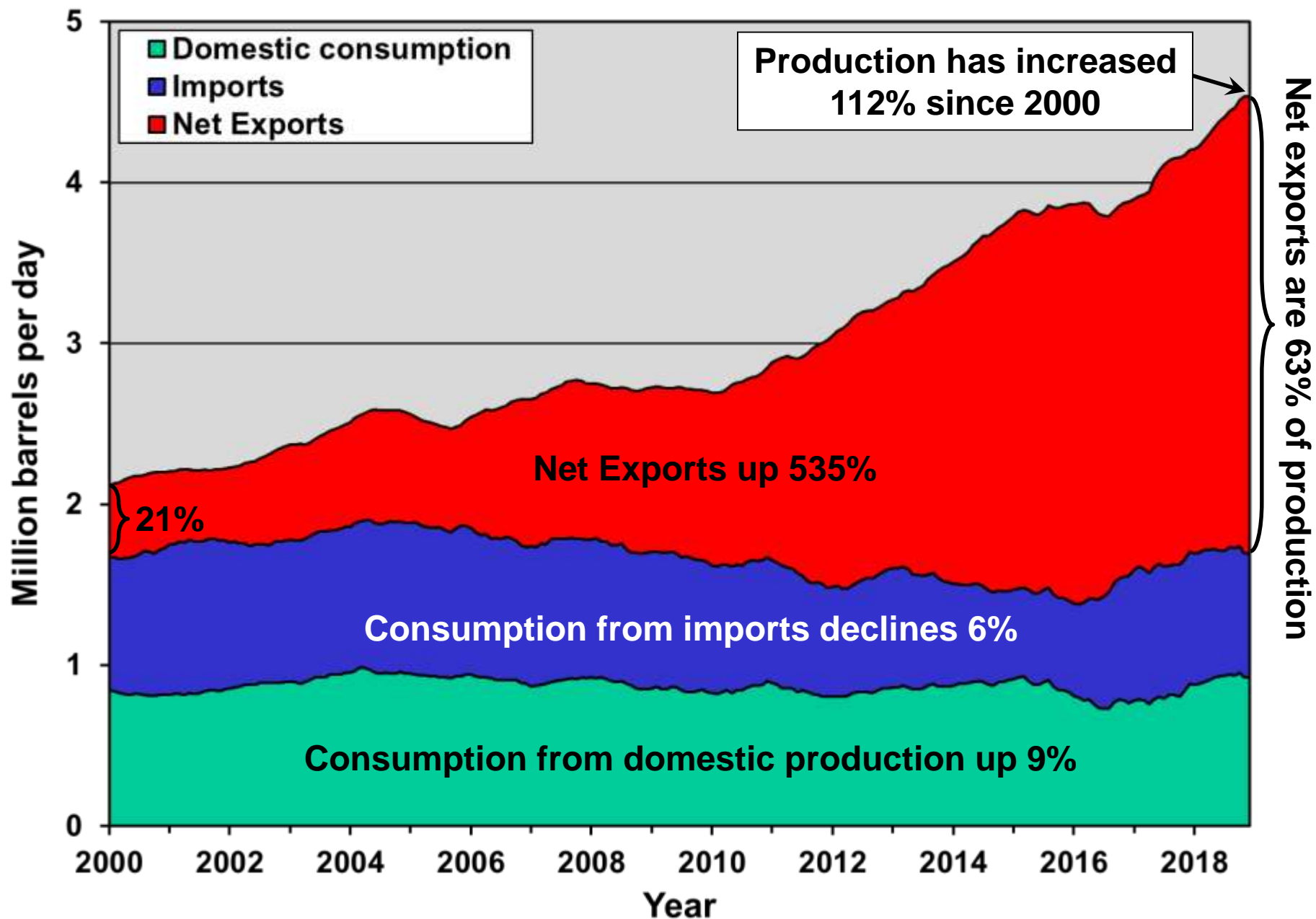
Narrative:

- “We have been the victims of a very well-orchestrated, well-planned foreign-funded attack on Canadian infrastructure” (CAPP February 27, 2019).

Fact:

- The reason that there is a pipeline bottleneck is that the industry has been so successful in growing production.***
- Oil sands production is up 376% since 2000 and overall oil and gas production is up 47%. This alleged ‘foreign-funded attack’ has been very ineffective.***
- CAPP’s idea of a coherent energy plan is to double industry’s growth rate by 2020 and build four new export pipelines after Line 3 and Keystone XL are completed (CAPP January 22, 2019).***

Canadian oil consumption, imports and net exports, 2000-2018



A Word on Pipelines



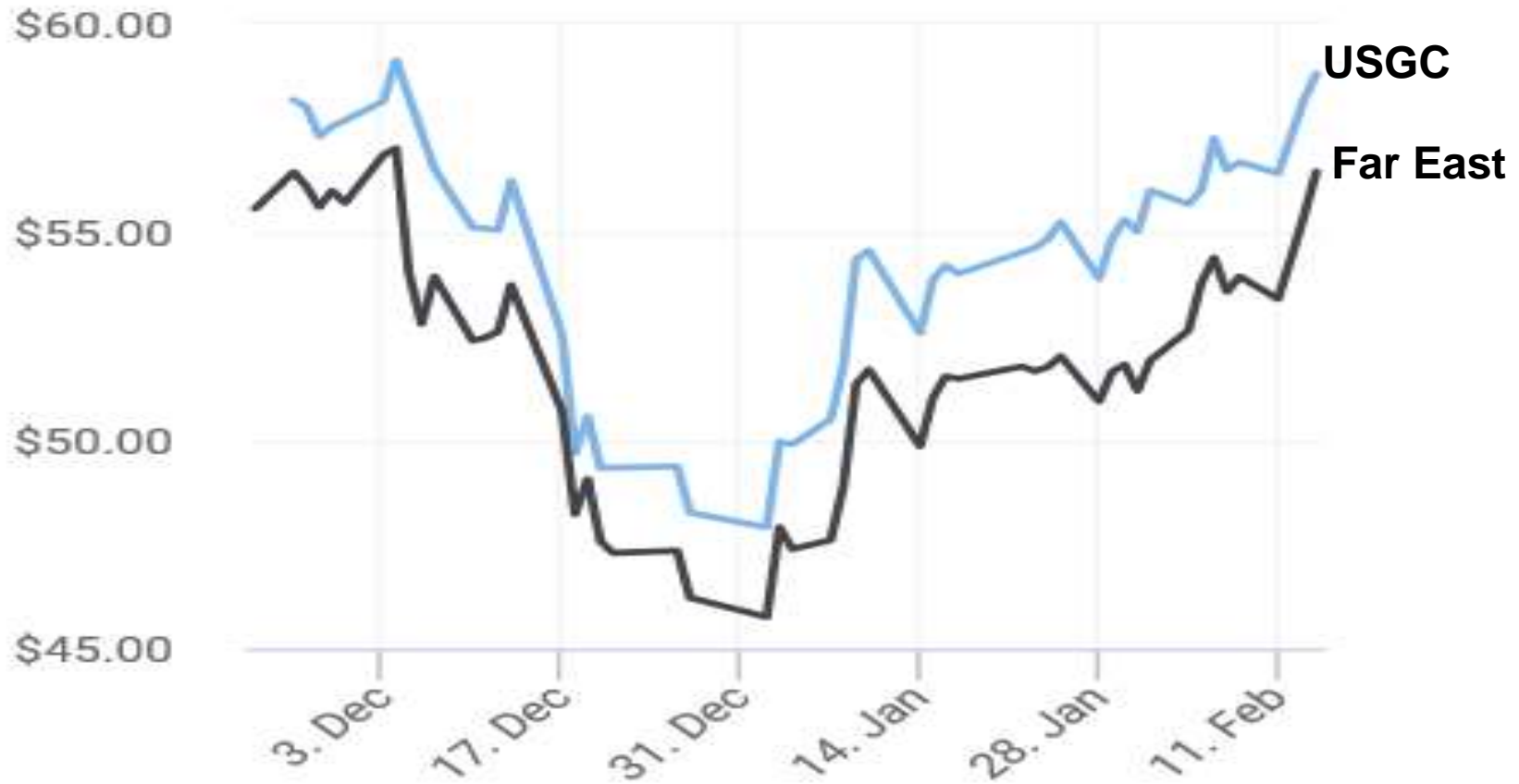
Narrative:

- ***Canada is losing \$80 million per day since the August 30, 2018, suspension of the Trans Mountain expansion (TMX) project by the court.***

Fact:

- ***Canada is losing nothing as two new pipelines – Line 3 and Keystone XL - will clear the bottleneck well before TMX could be built in 2022. The current differential of \$13 per barrel marks a premium compared to the normal \$15 per barrel due to transport costs and quality.***
- ***Oil shipped on TMX to Asia would lose \$5 per barrel compared to pipelines under development, due to higher premiums paid on the US Gulf Coast and higher shipping costs to Asia.***

Heavy sour crude oil prices on U.S. Gulf Coast versus the Far East, December 2018 to February 2019



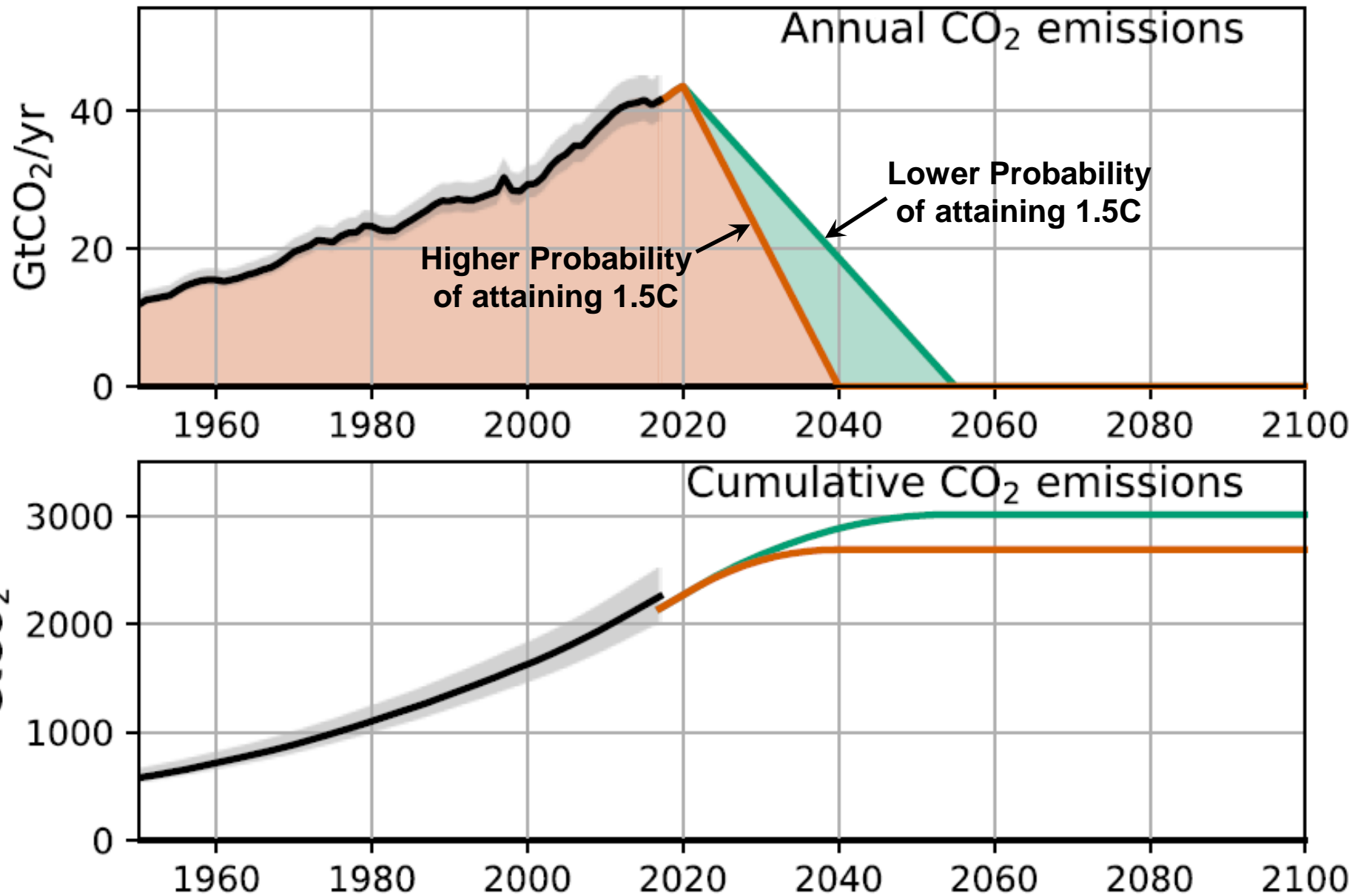
IPCC Special Report on Global Warming of 1.5°C

October 2018

“Limiting global warming to 1.5°C would require rapid, far-reaching and unprecedented changes in all aspects of society.”

“Global net human-caused emissions of carbon dioxide (CO₂) would need to fall by about 45 percent from 2010 levels by 2030, reaching ‘net zero’ around 2050. This means that any remaining emissions would need to be balanced by removing CO₂ from the air.”

IPCC Special Report on Global Warming of 1.5°C

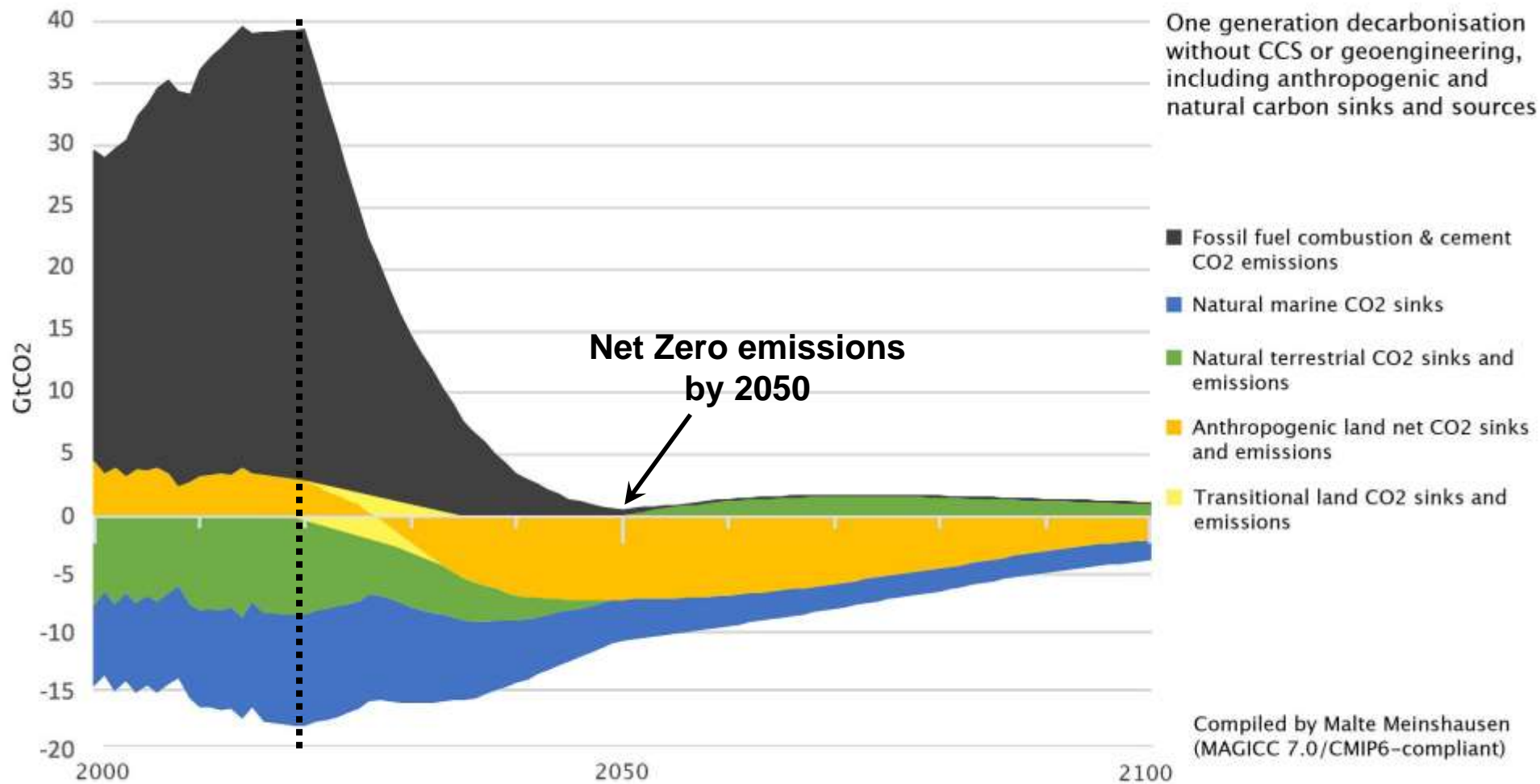


Achieving the Paris Climate Agreement Goals

**Global and Regional 100% Renewable
Energy Scenarios with Non-energy GHG
Pathways for +1.5°C and +2°C**

Free download from Springer.com

DiCaprio Foundation, February 2019



How is Canada doing so far?

Pan-Canadian Framework:

- ***Emissions reduction target of 30% below 2005 levels by 2030.***
- ***‘Current policies’ will reduce emissions by only 4% without counting currently disallowed Land Use, Land Use Change and Forestry (LULUCF) which would decrease emissions by 9%.***
- ***With ‘Additional measures’ reductions would be 14% without disallowed LULUCF and buying carbon credits and 19% with them.***

Alberta Climate Leadership Plan:

- ***Allows oil sands emissions to grow by 40% over 2016 levels.***
- ***Would see Alberta’s emissions increase by 19% over 2005 levels.***

Both of these plans have some good initiatives including carbon taxes and incentives for efficiency

Narrative:

- ***Canada's vast forests are sequestering more than its share of emissions therefore no worries.***

Fact:

- ***After subtracting the sequestration from tree planting and managed forests, Canada's forests are net emitters of greenhouse gases due to wildfires and insect infestations .***

Net Emissions from Canadian Forests due to Wildfires and Insect Infestations, 1990-2016

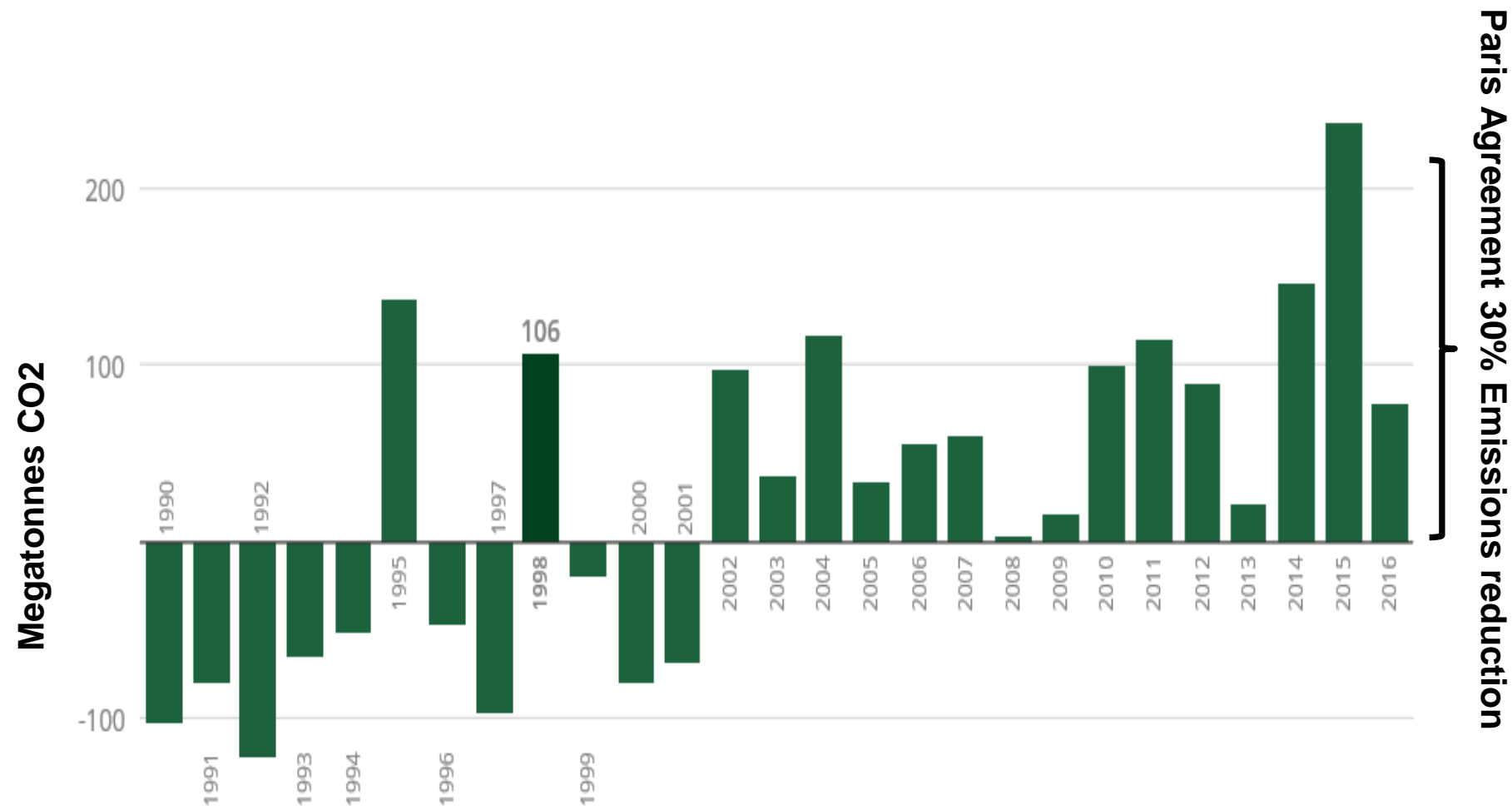
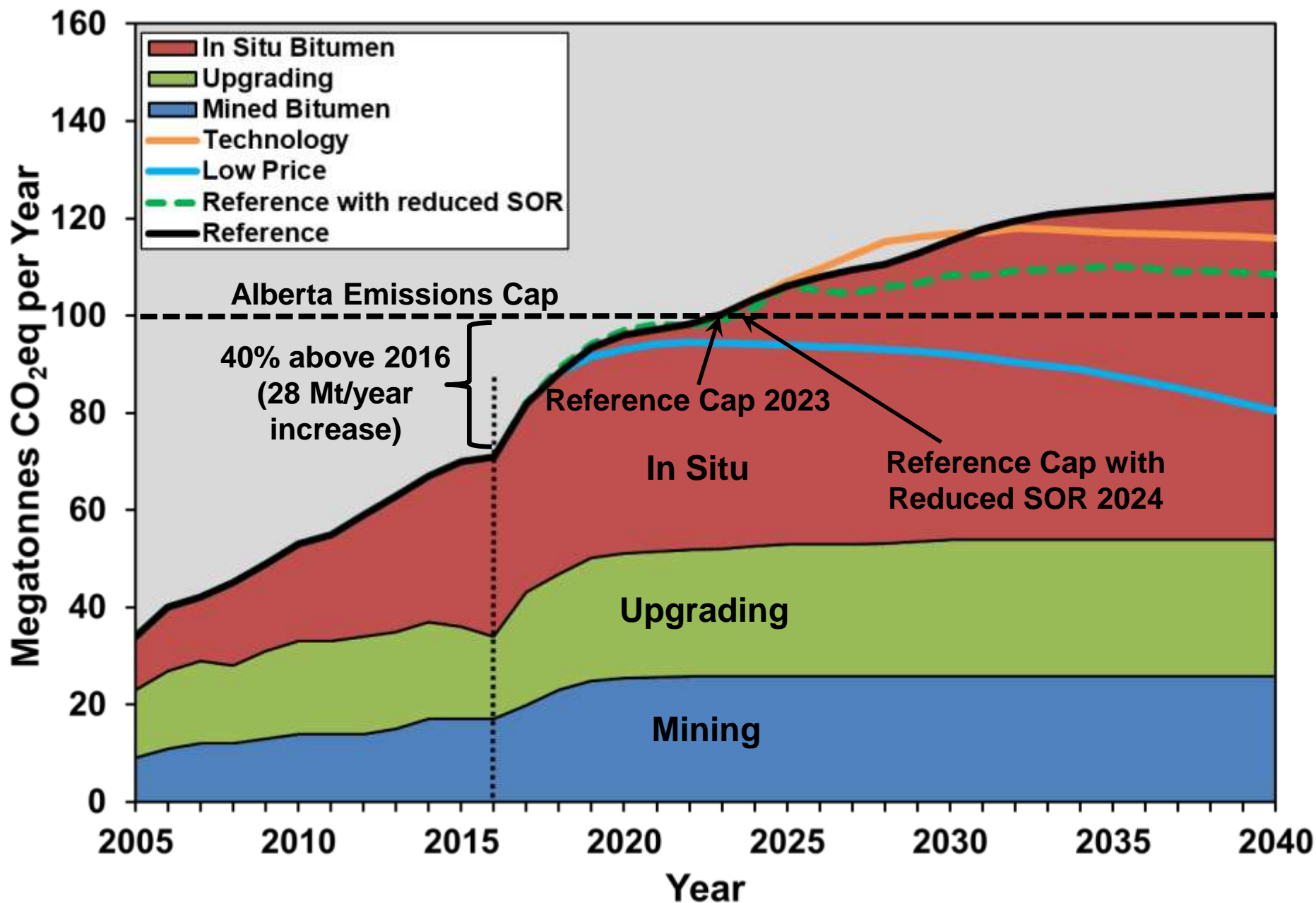


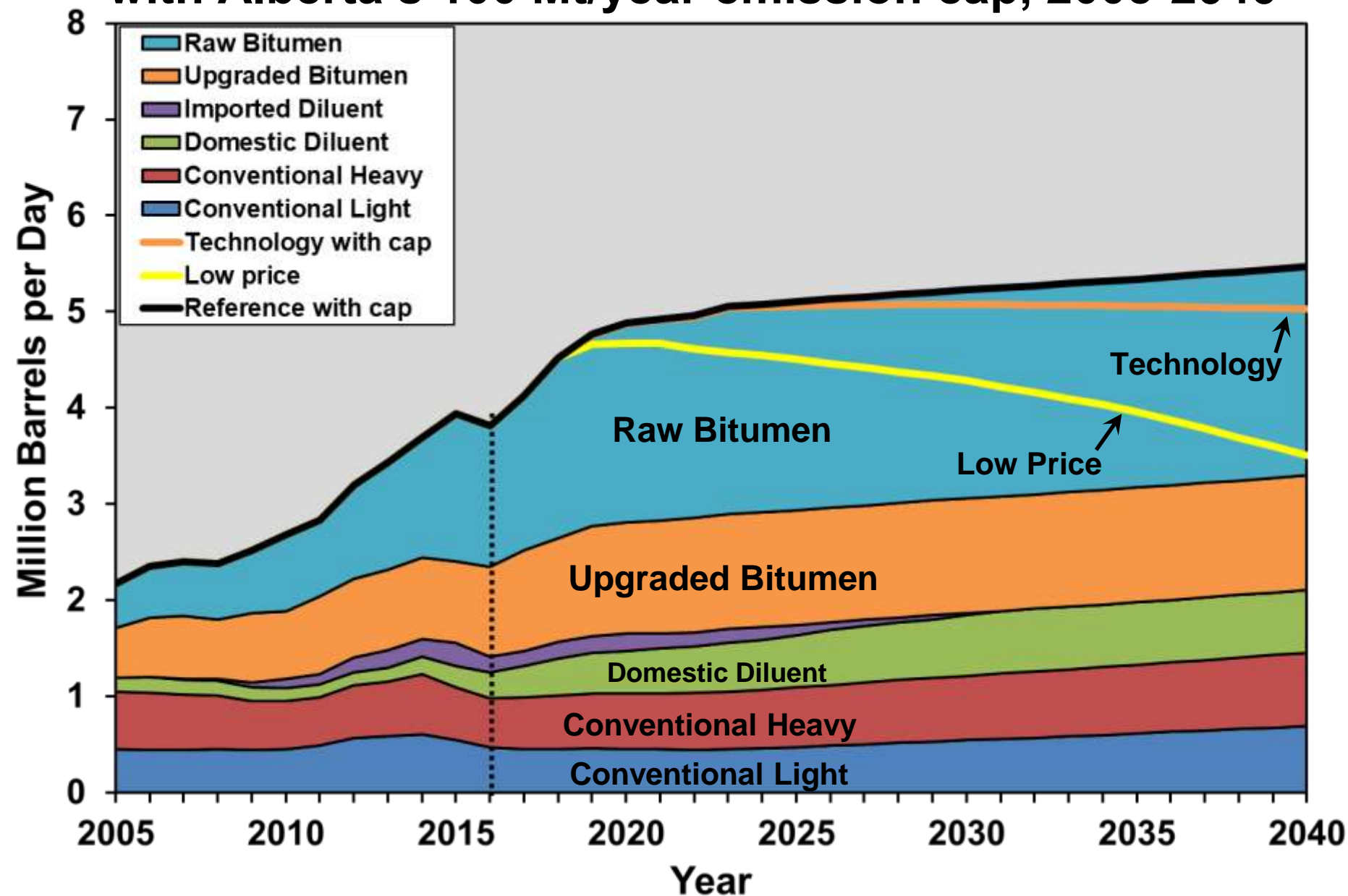
Chart: Robson Fletcher / CBC • Source: [Natural Resources Canada](#)



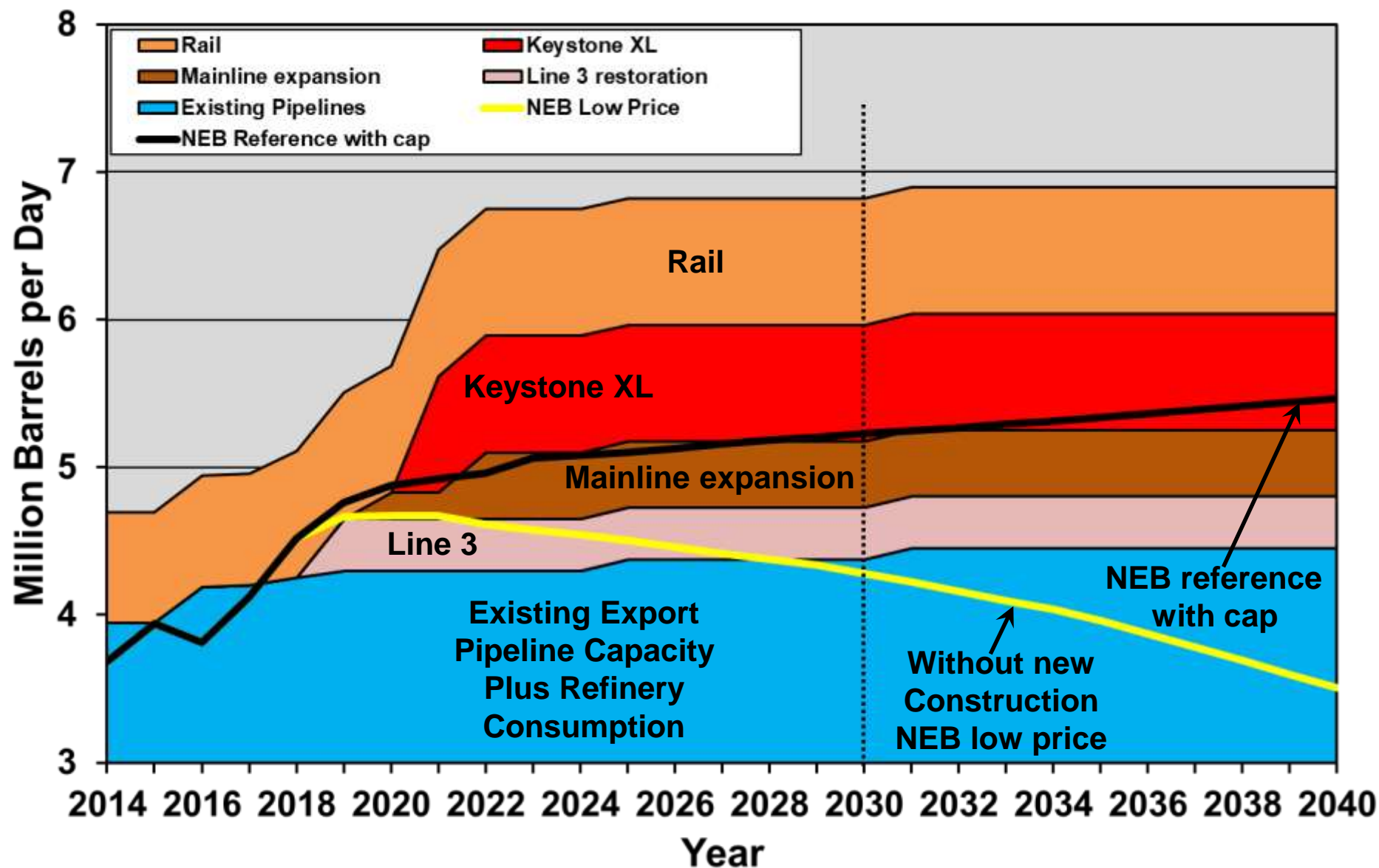
Oil Sands Emissions in NEB Reference Case, 2005-2040



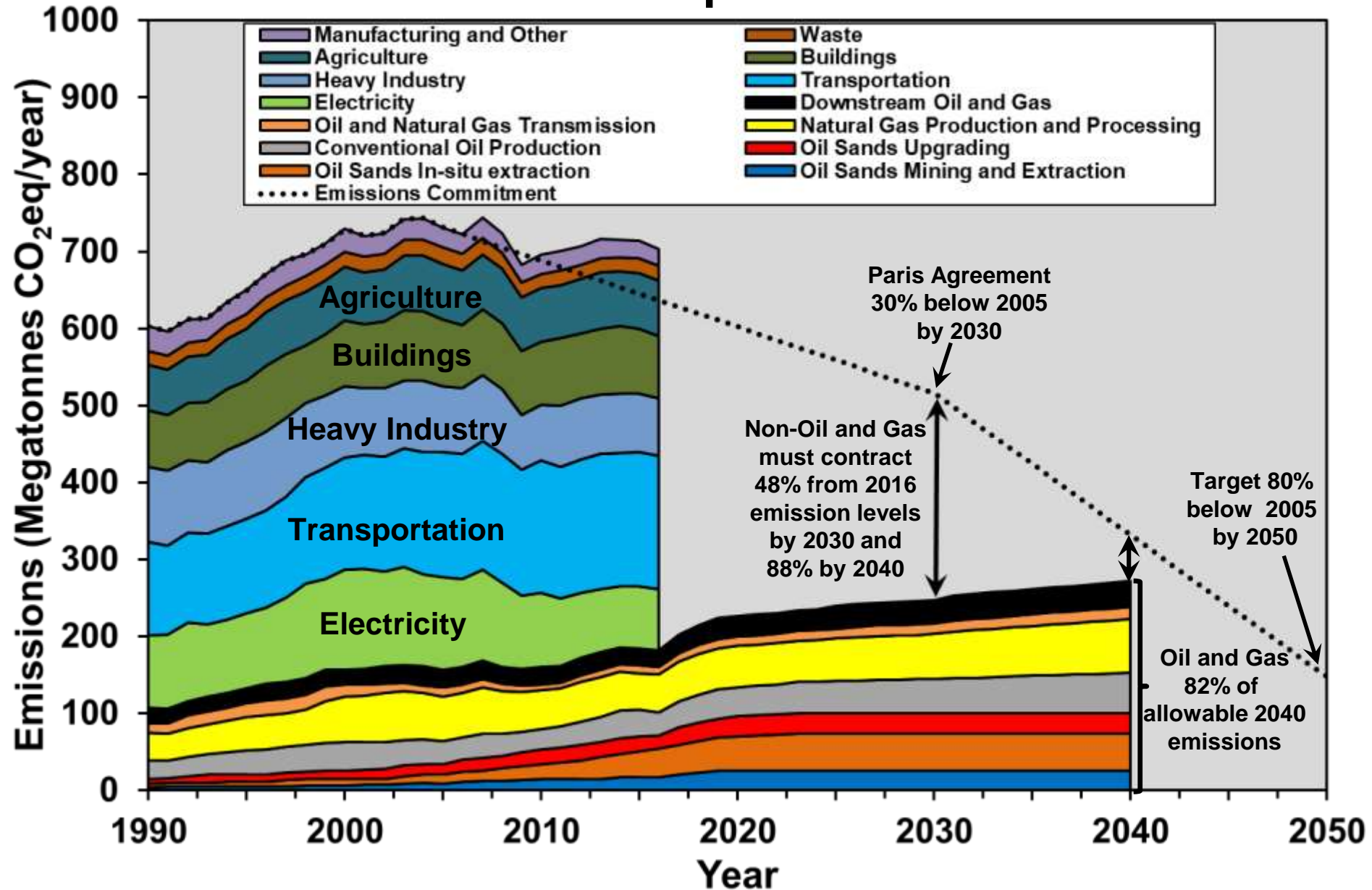
Western Canada Supply in NEB Reference Case with with Alberta's 100 Mt/year emission cap, 2005-2040



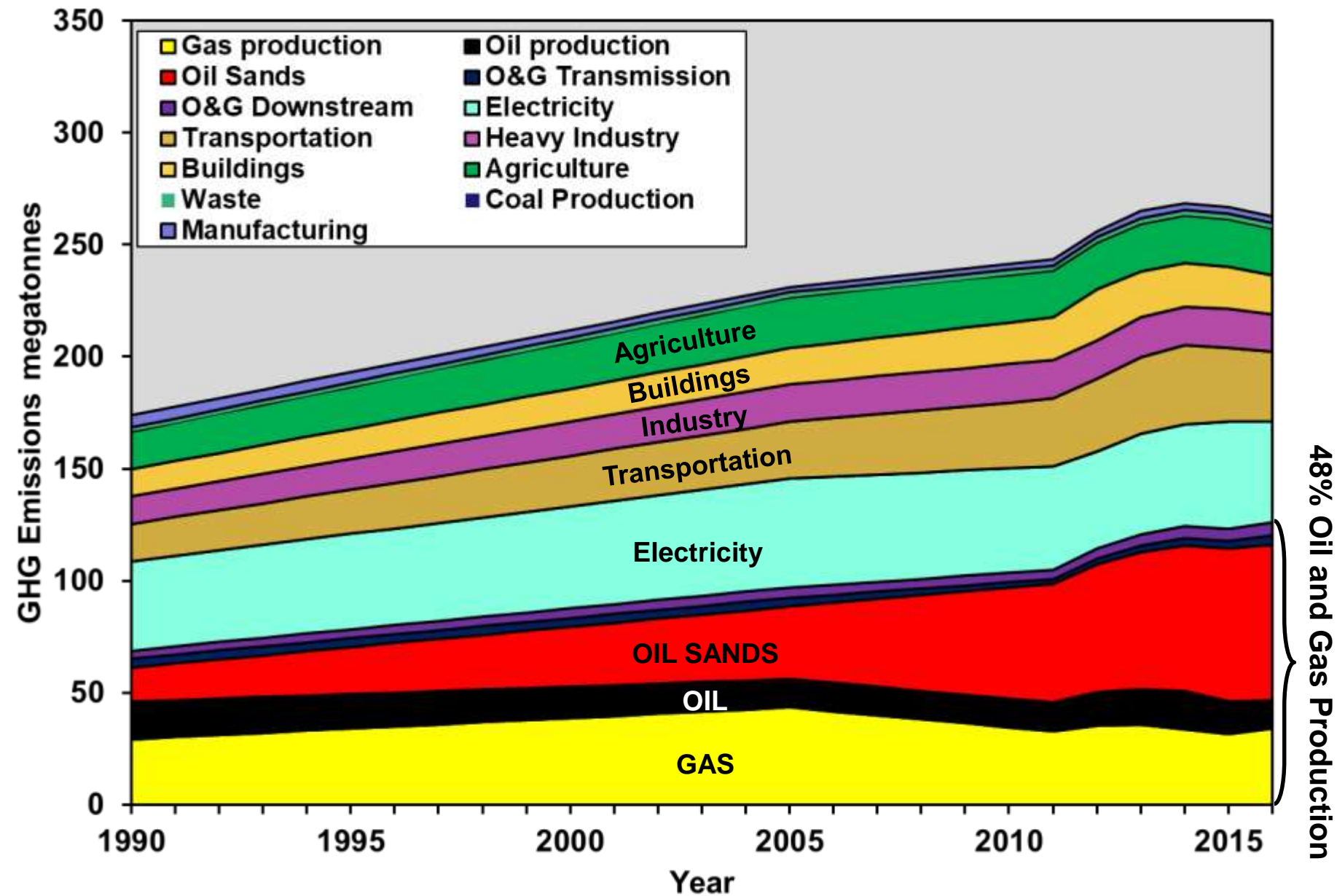
WCSB Supply compared to refinery demand, existing export pipeline and rail capacity and proposed capacity



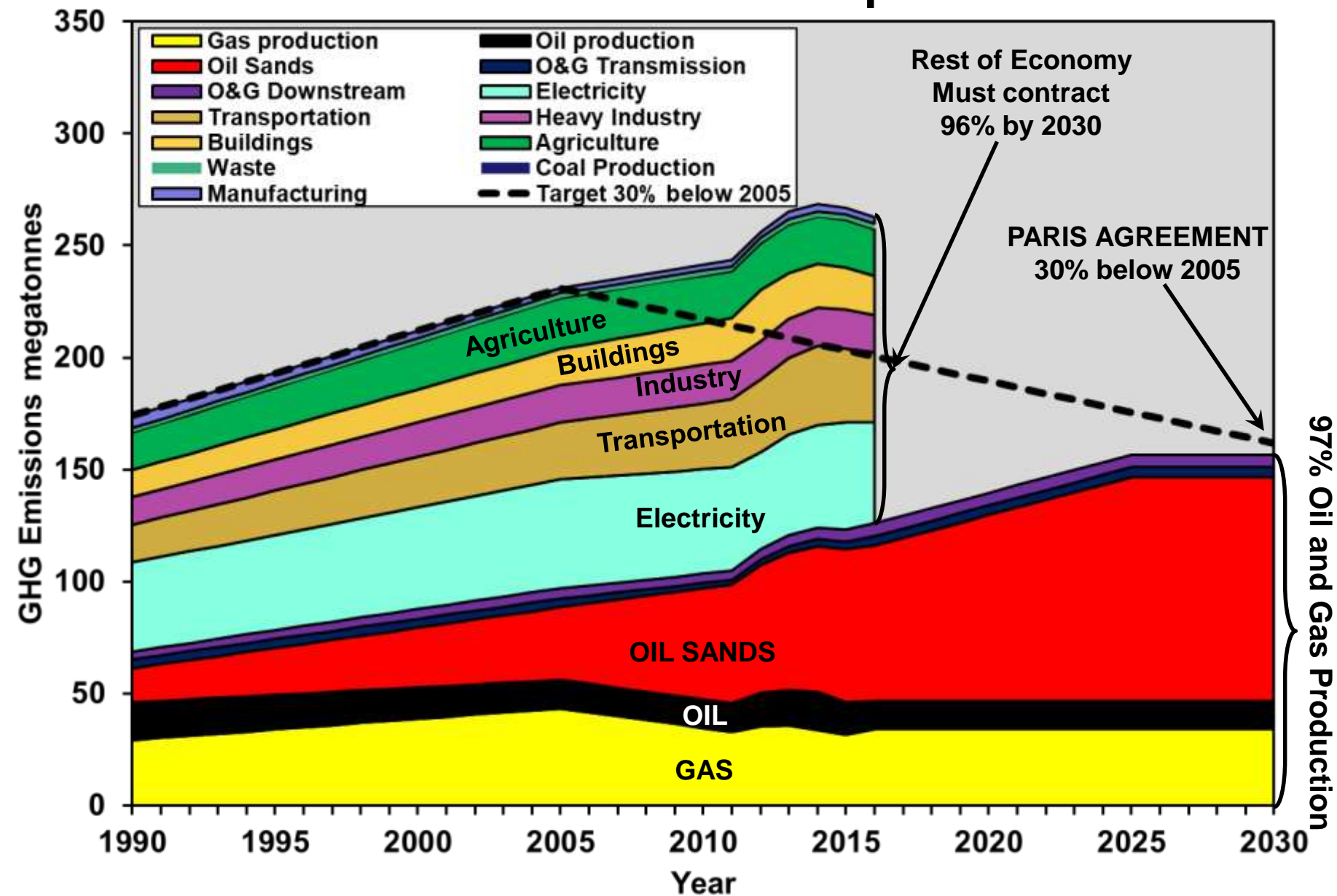
Emissions by Sector, NEB Reference Case Oil and Gas Forecast with Emissions Cap and Climate Commitment



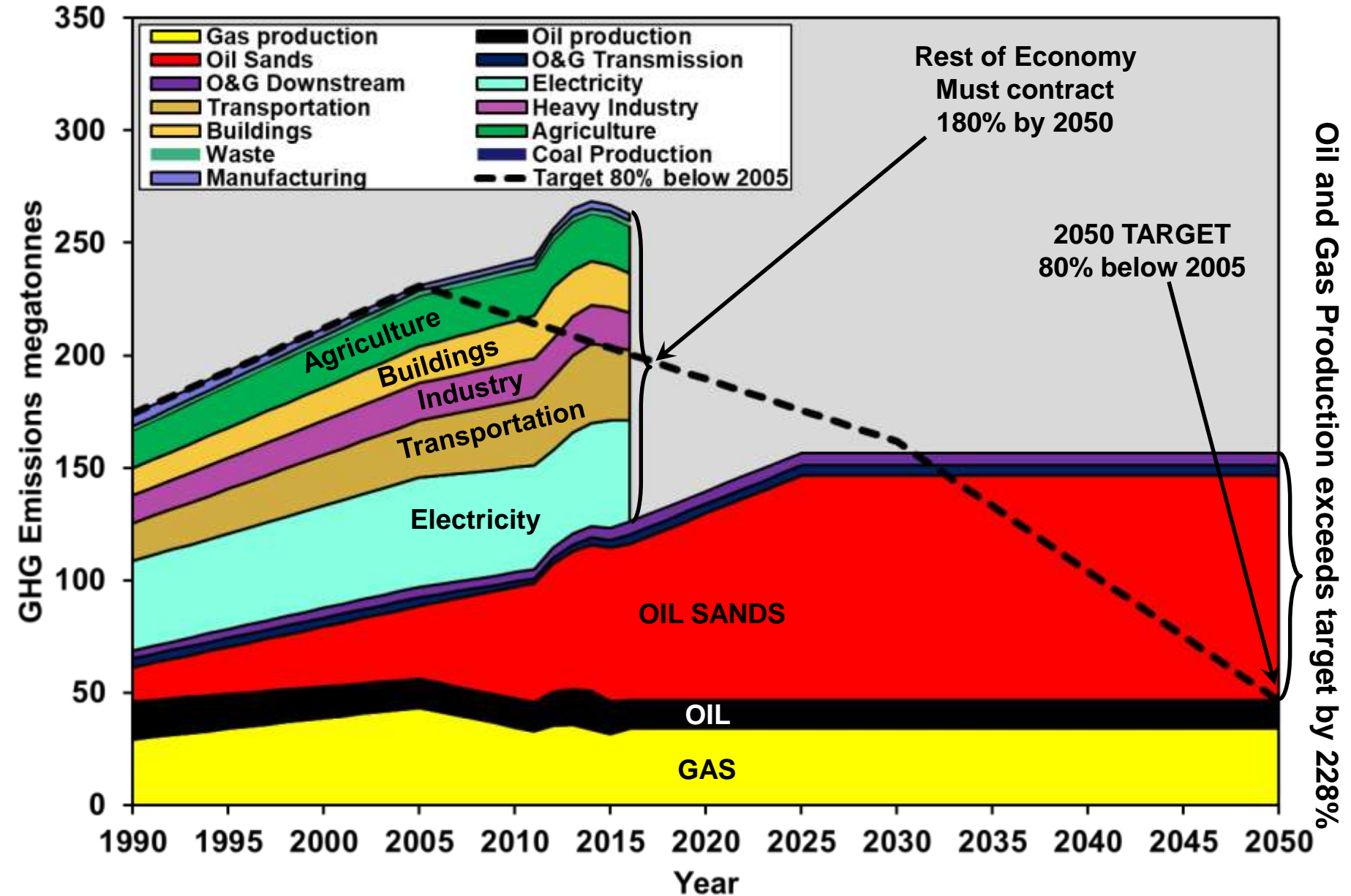
GHG Emissions in Alberta 1990-2016



GHG Emissions in Alberta 1990-2016 with Alberta Climate Plan to 2030 – 100 Mt Oil Sands Cap and constant O&G



GHG Emissions in Alberta 1990-2016 with Climate Plan Aspirations to 2050 – 100 Mt Oil Sands Cap and constant O&G



Even though Alberta's Climate Action Plan is woefully insufficient, opponents would:

- Implement a fight-back strategy against environmental groups that want to limit production which will involve a war room in the department of energy, well-funded, to respond in real time.***
- Cancel the carbon tax.***
- Cut off oil shipments to BC as it opposes TMX.***
- Boycott banks that shun fossil fuels.***
- End equalization payments if pipelines are not built.***

What Would it take to go 100% Renewable?

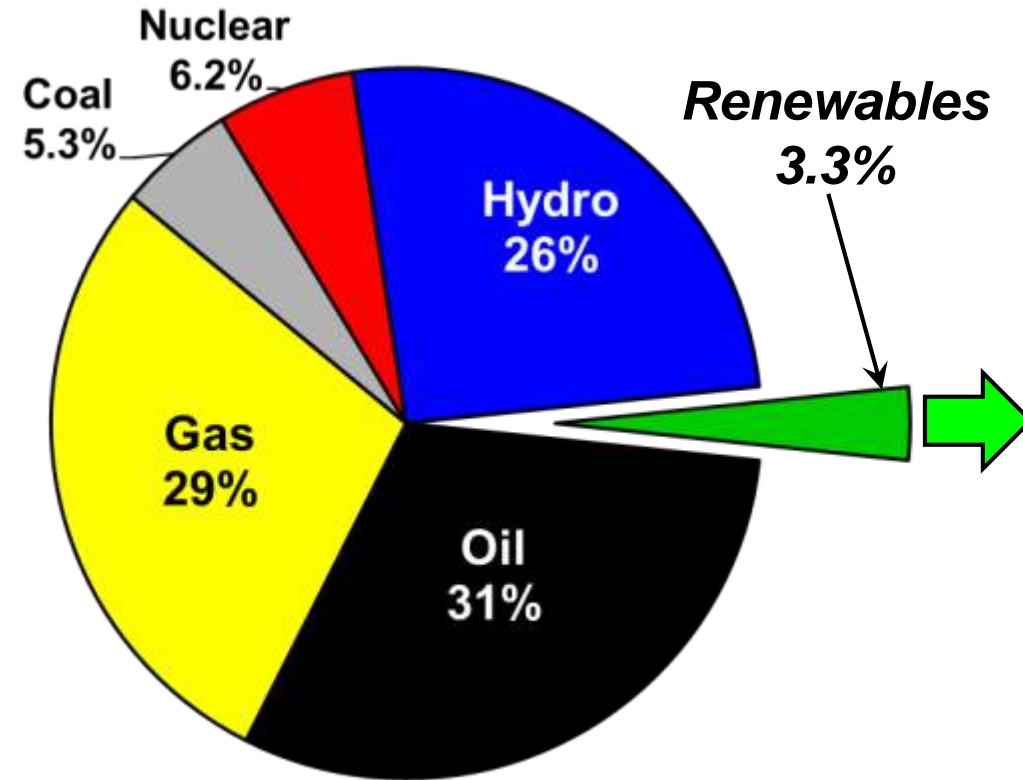
Several groups have plans e.g.:

- Jacobson, 2017***
- Energy Watch Group, 2018***
- DiCaprio Foundation, 2019***

Canada Primary Energy Consumption by Source in 2017

A Comparison to Total Non-Hydro Renewable Energy

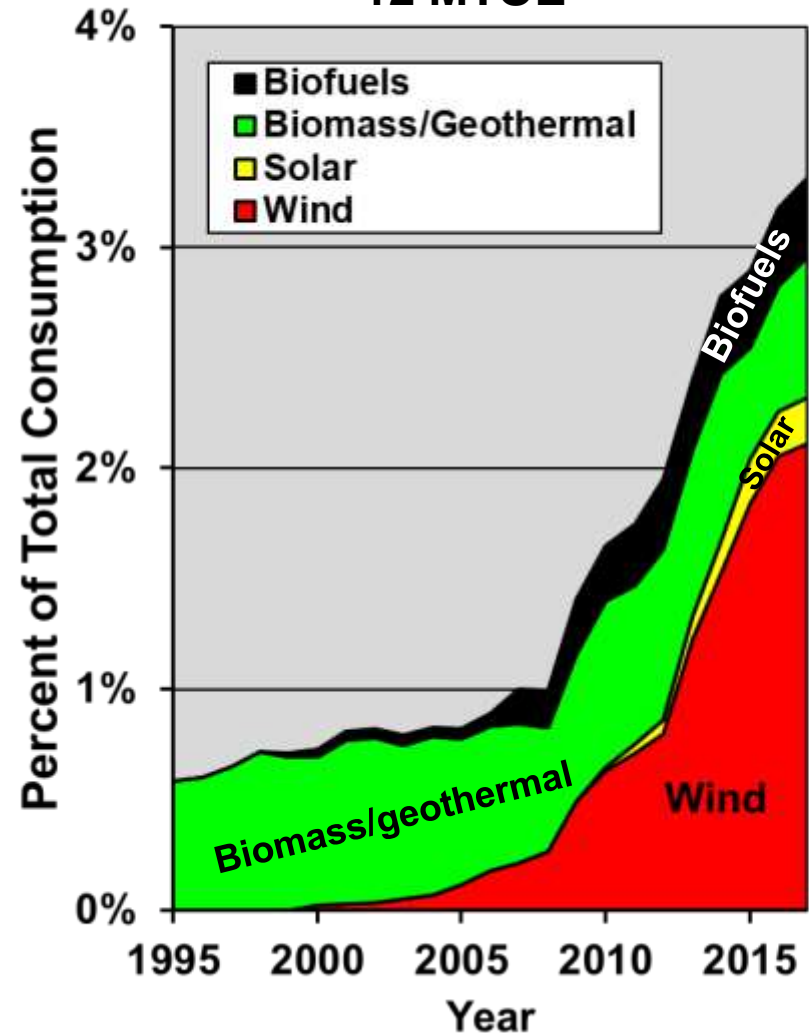
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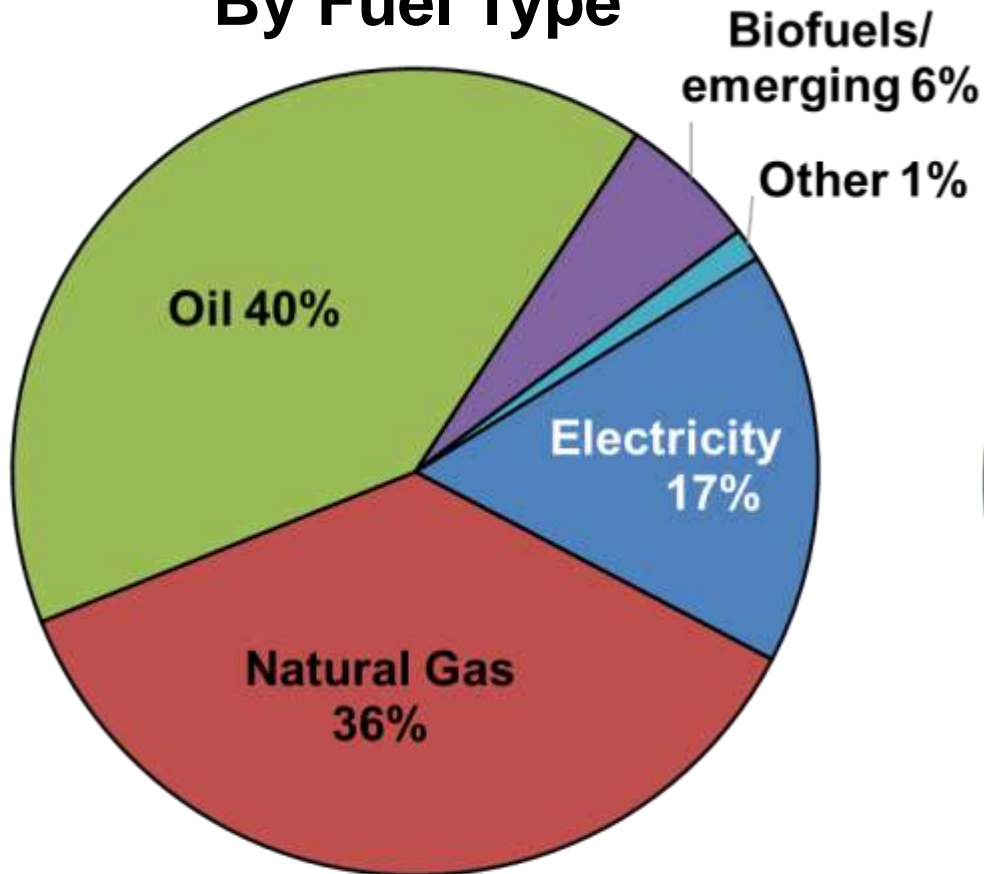
Renewable Energy by Source
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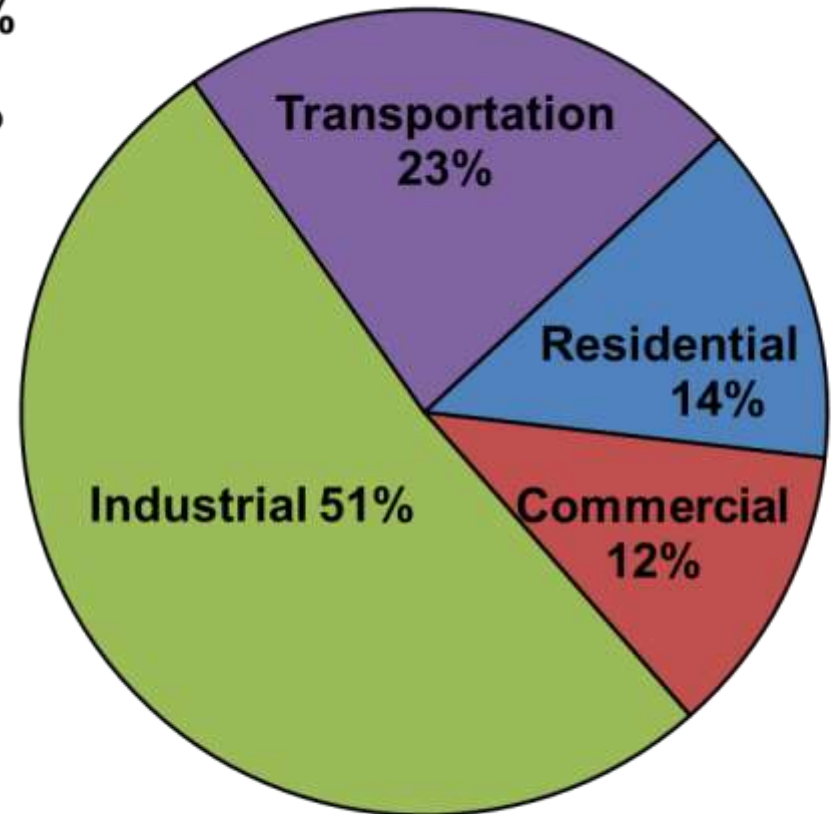
(data from BP Statistical Review of World Energy, 2018)

Canadian Delivered Energy by Type and Sector in 2017

By Fuel Type



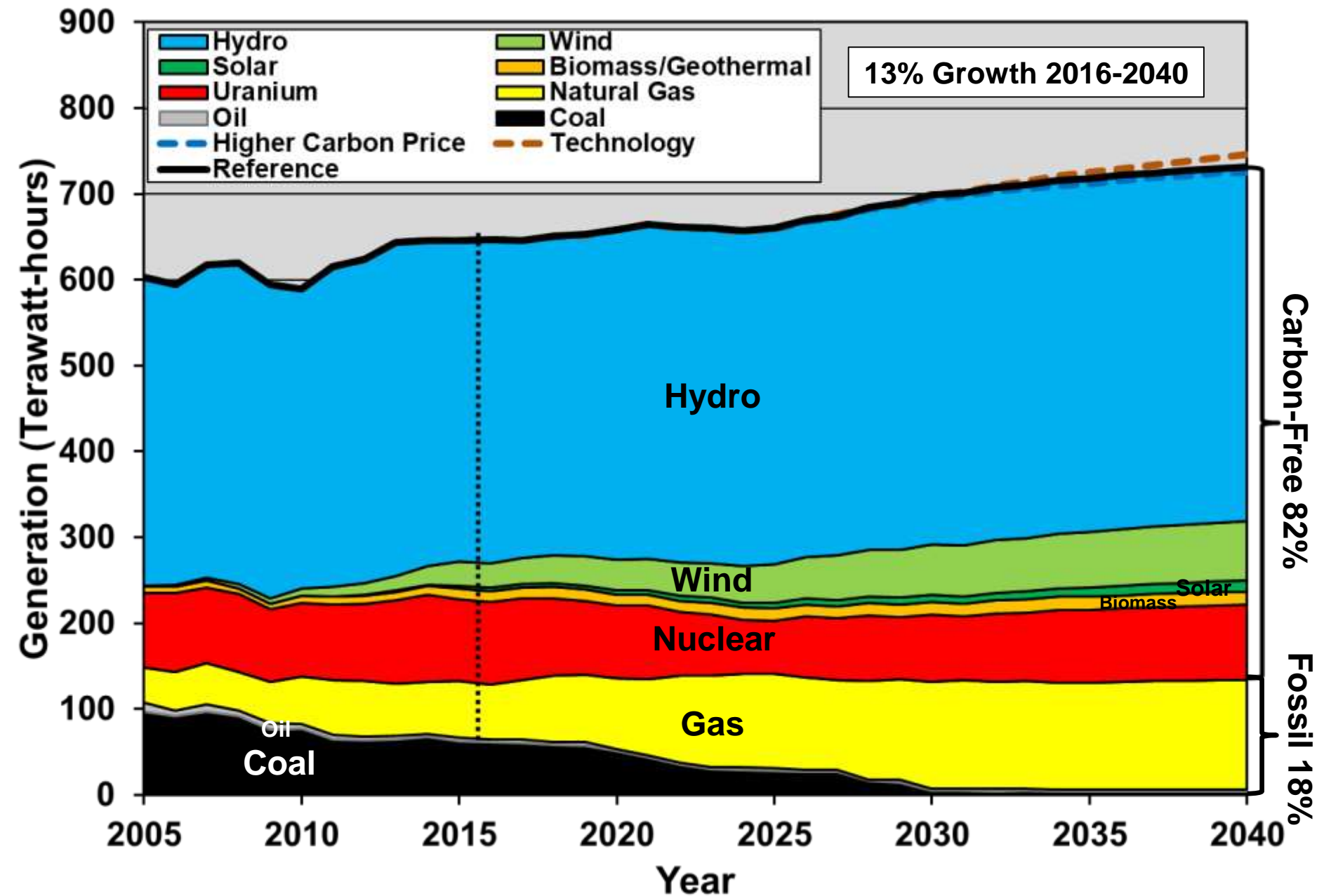
By Sector



11,646 PJ

■ Electric ■ Natural Gas ■ RPP ■ Biofuels & Emerging Energy ■ Other

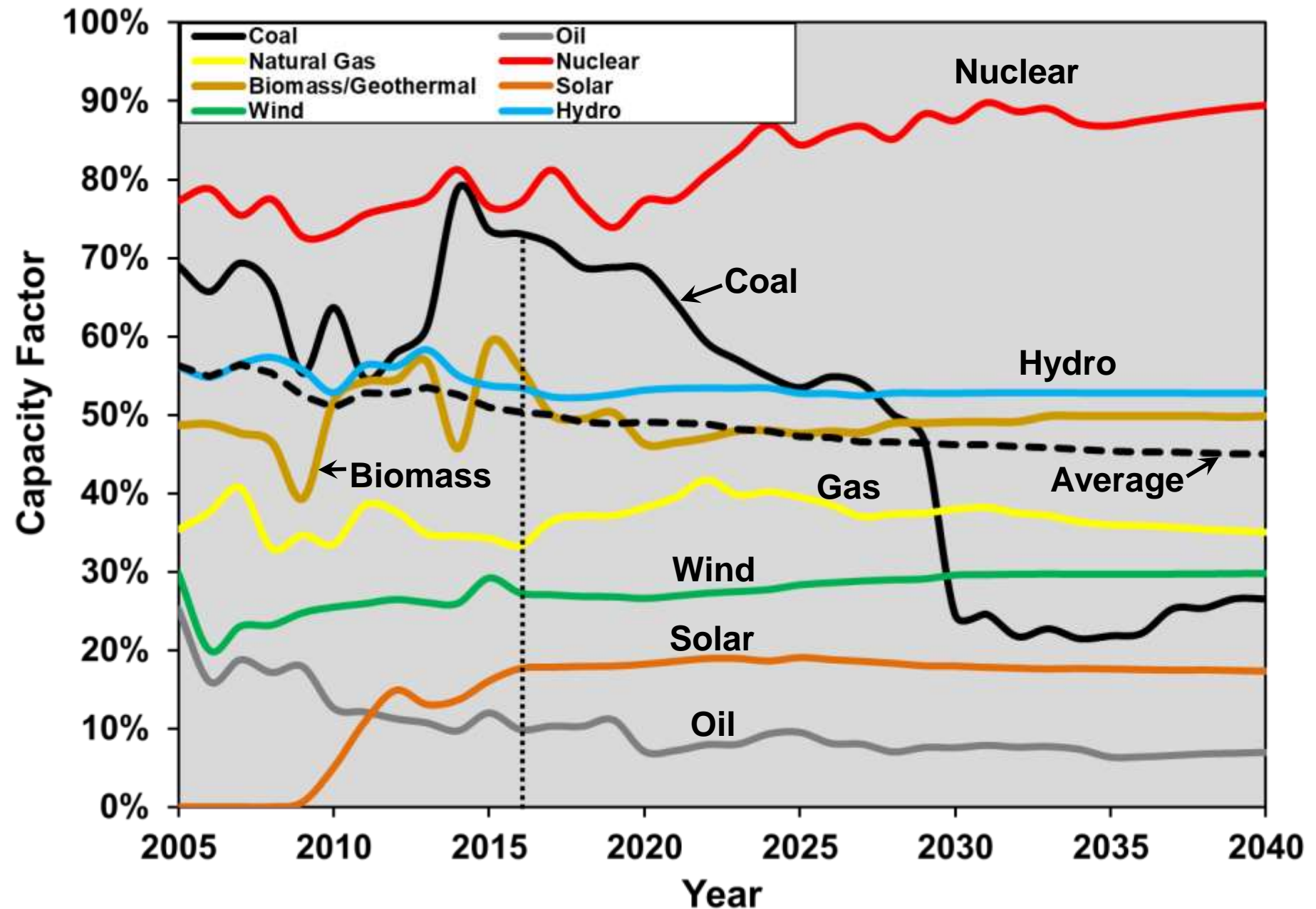
Electricity Generation by Source, 2005 - 2040



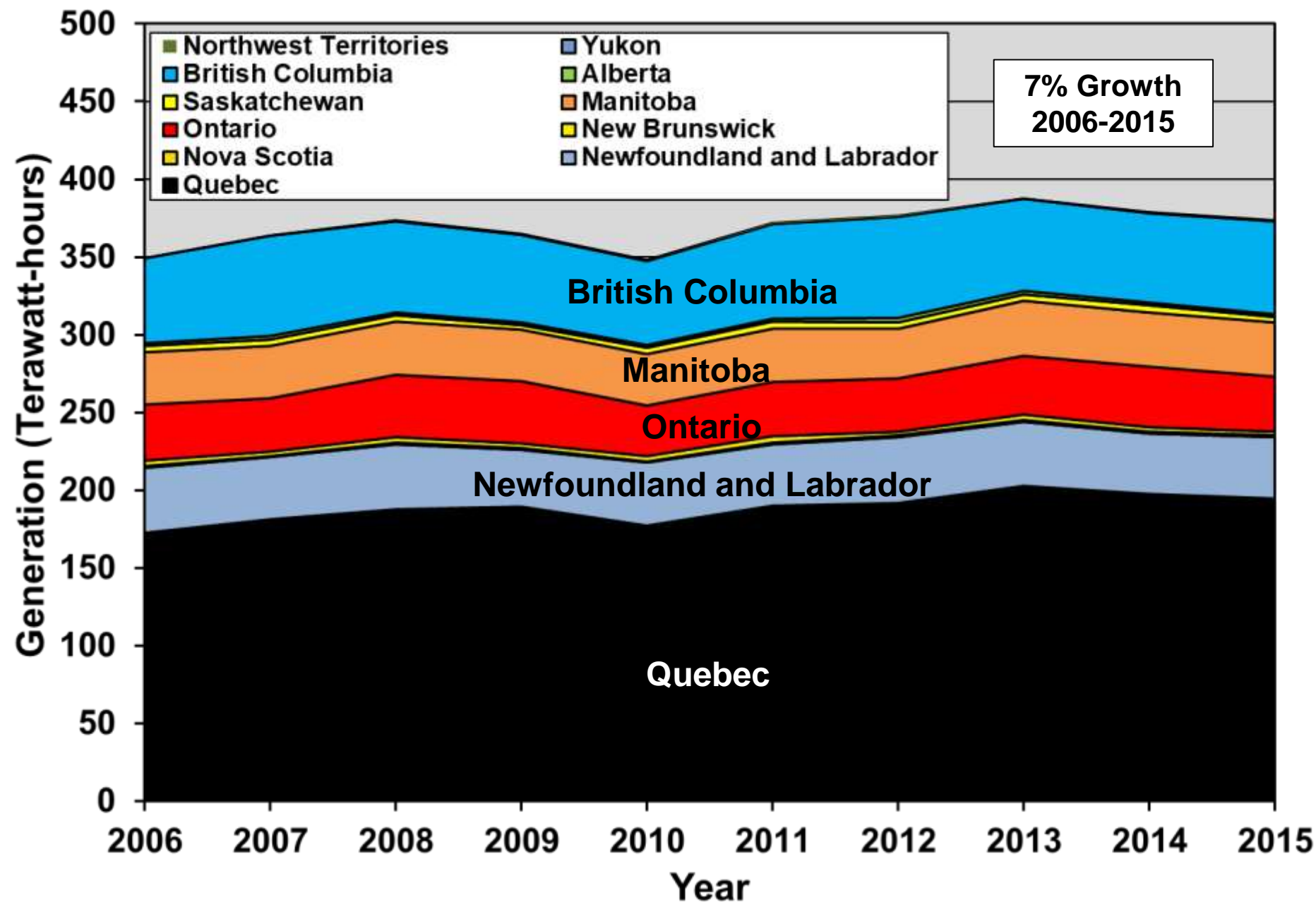
The Intermittency of Renewable Sources like Solar and Wind presents challenges:

- Without sufficient storage for times with no wind or seasonal and daily fluctuations in output, one needs to overbuild capacity resulting in curtailment of output when the sun is shining and the wind is blowing.***
- To avoid curtailment one either needs massive amounts of storage through things like batteries or pumped hydro, or dispatchable backup fuel sources like natural gas or biomass.***
- Canada's large hydro resource also provides an excellent source of dispatchable backup for renewables.***

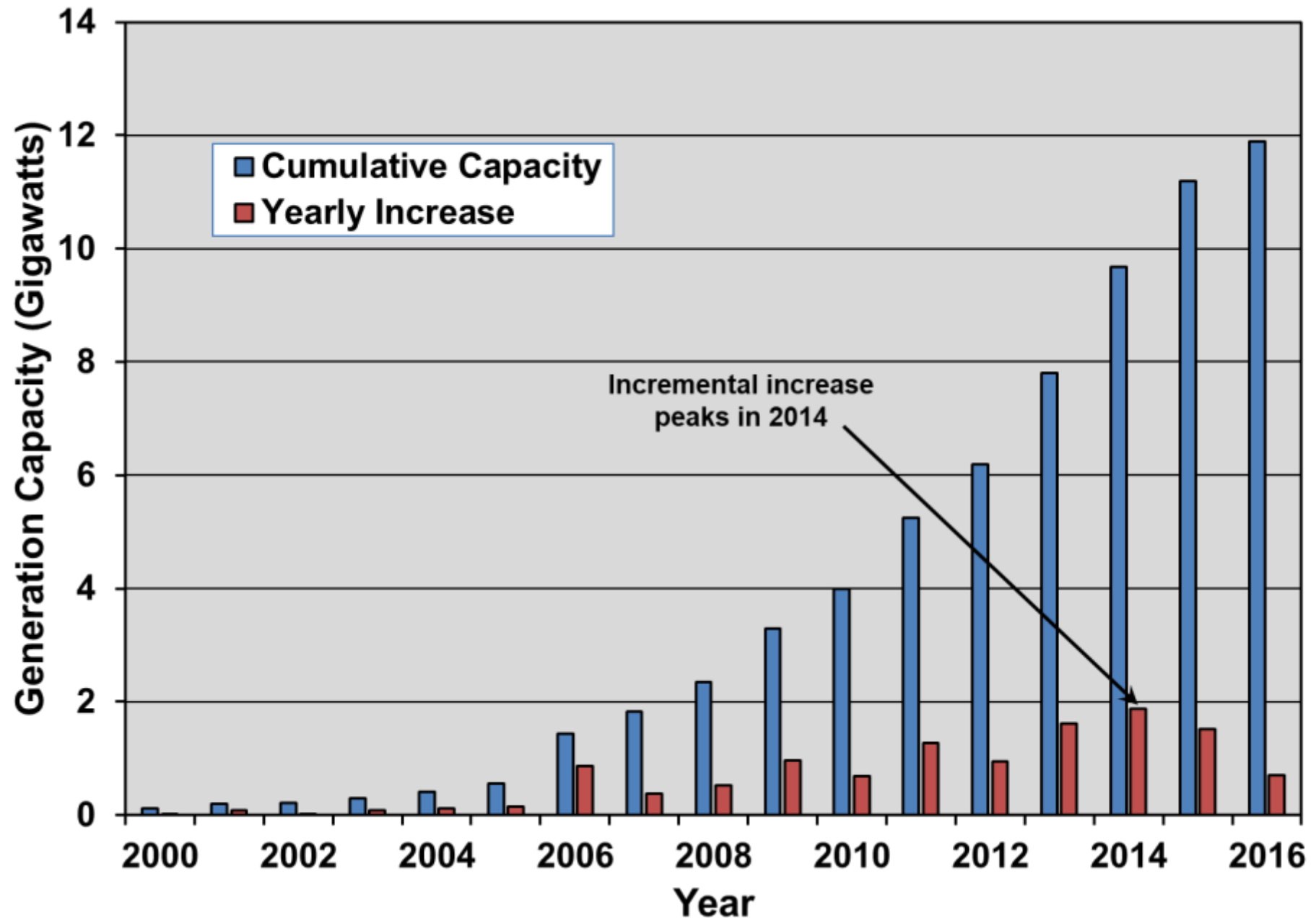
Capacity Factor by Electricity Source, 2005 - 2040



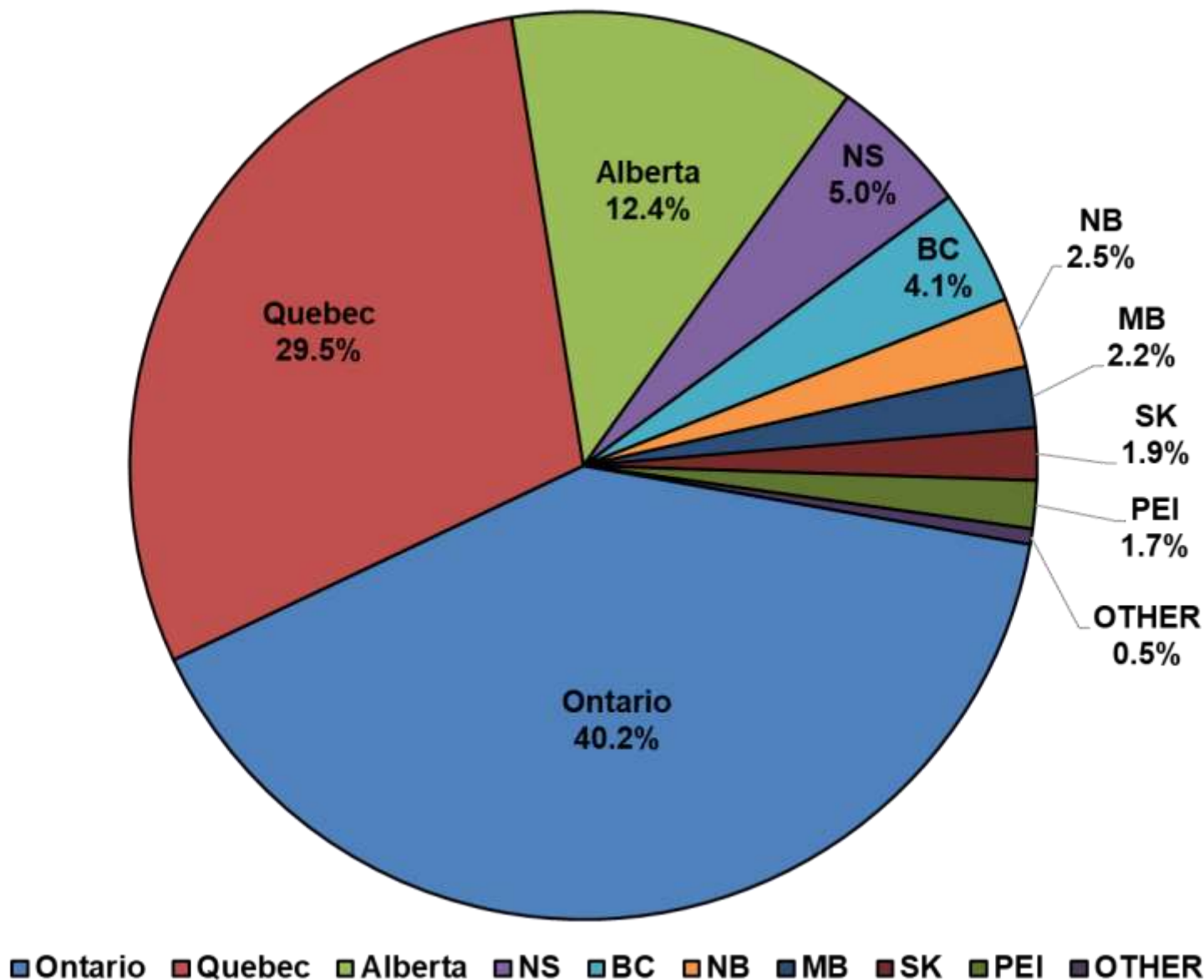
Hydro Generation by Province, 2006-2015



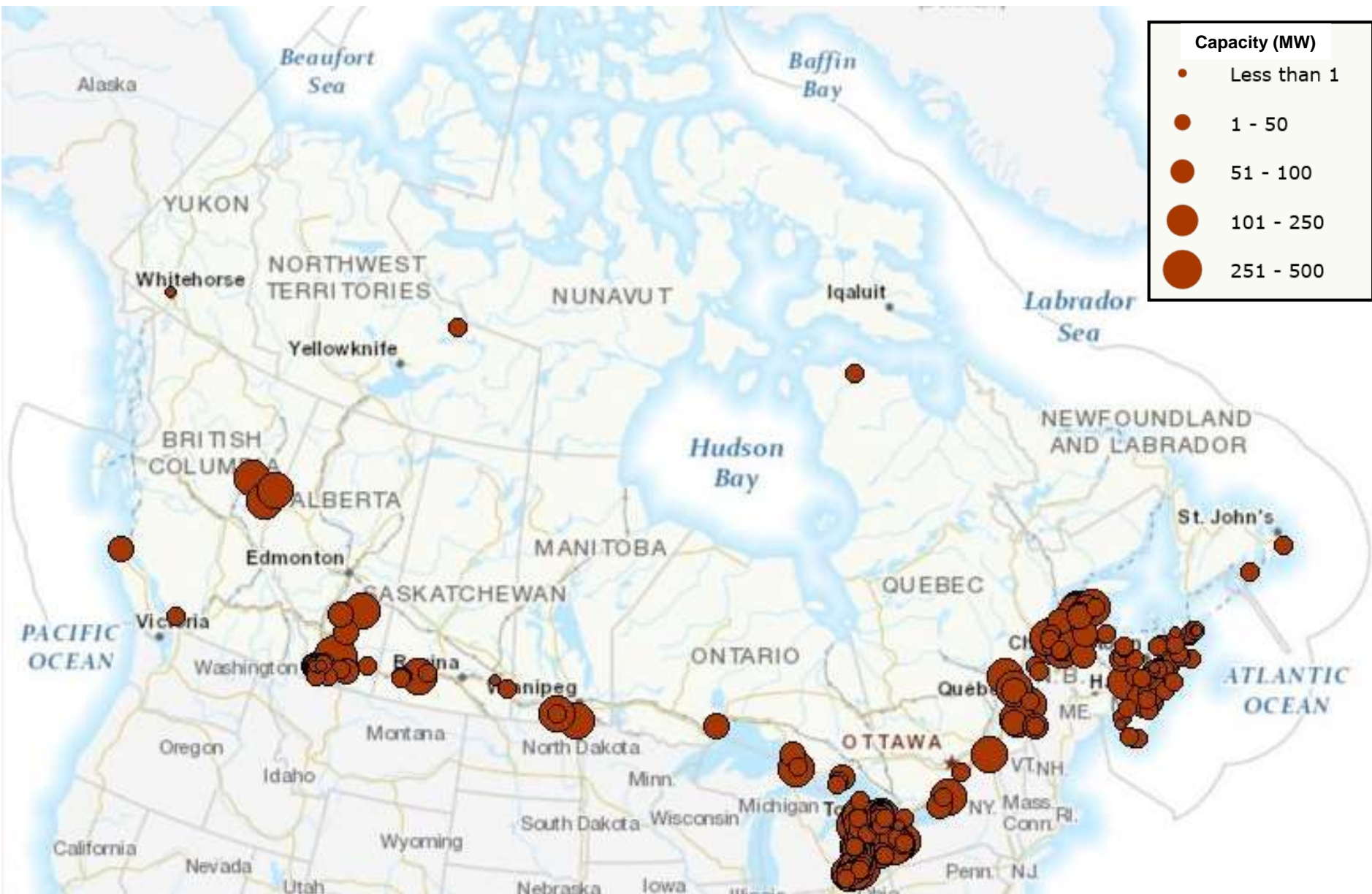
Canada Wind Generation Capacity, 2000-2016



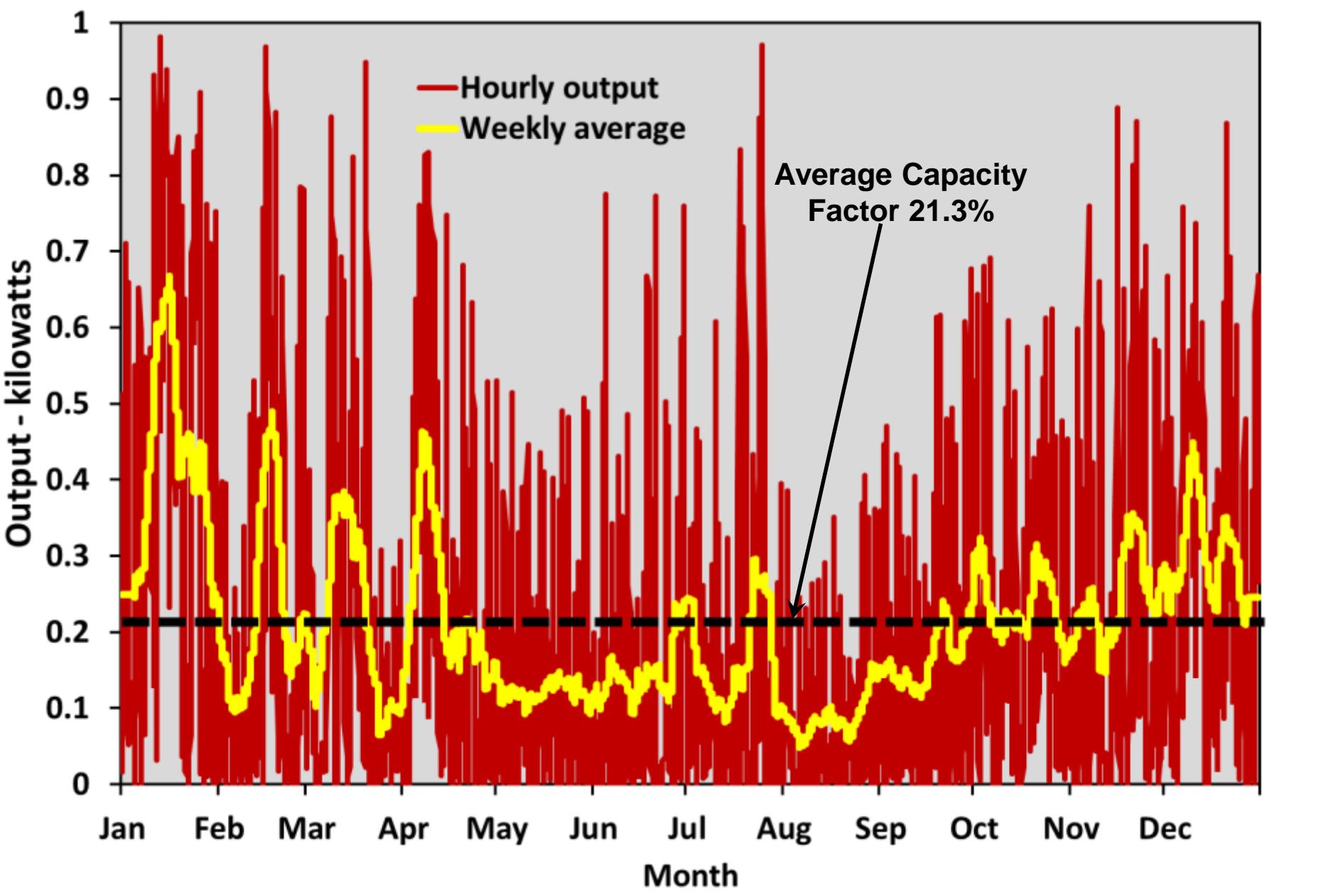
Canada Wind Generation Capacity by Province in 2016



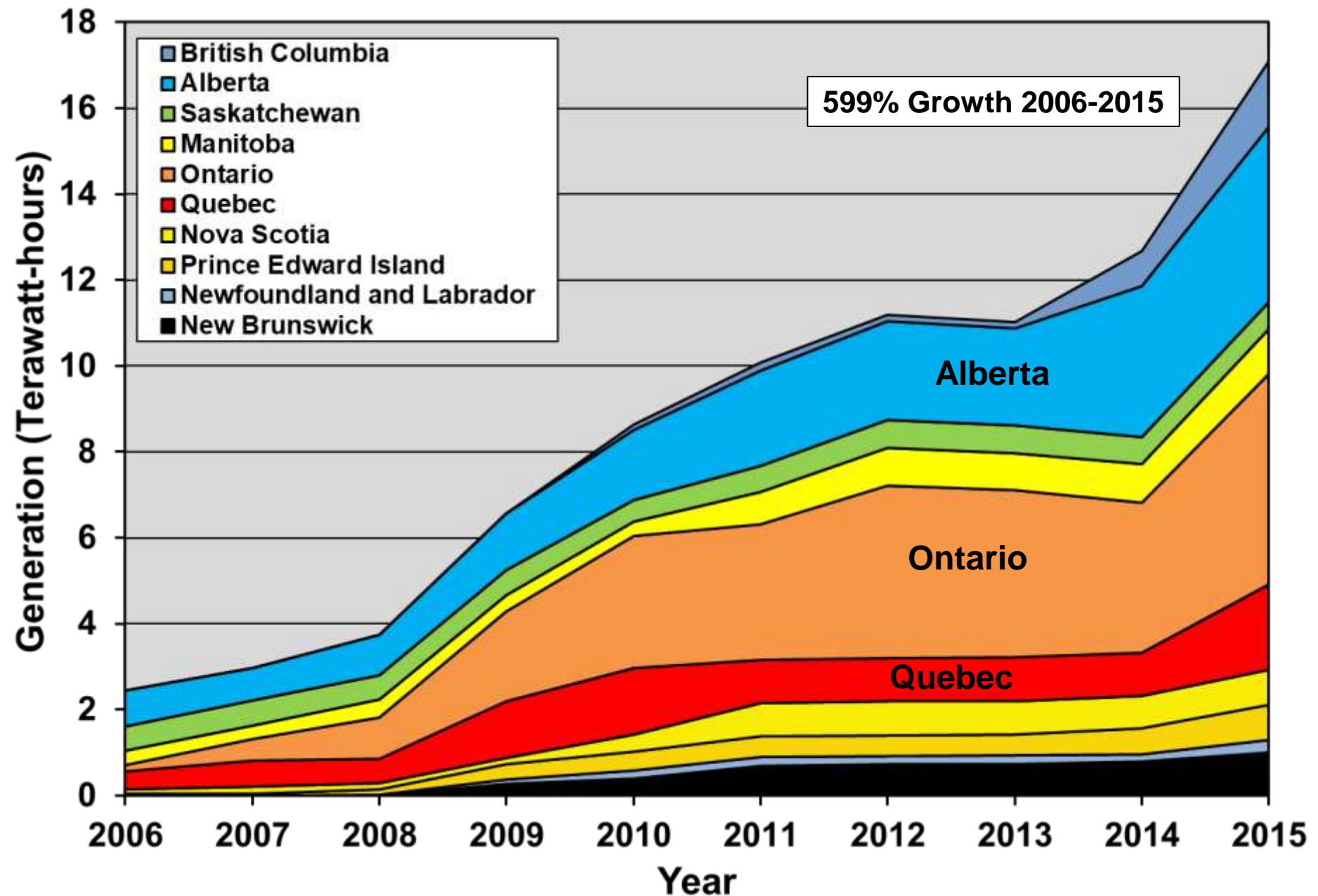
Wind Generating Stations in Canada (11,058MW)



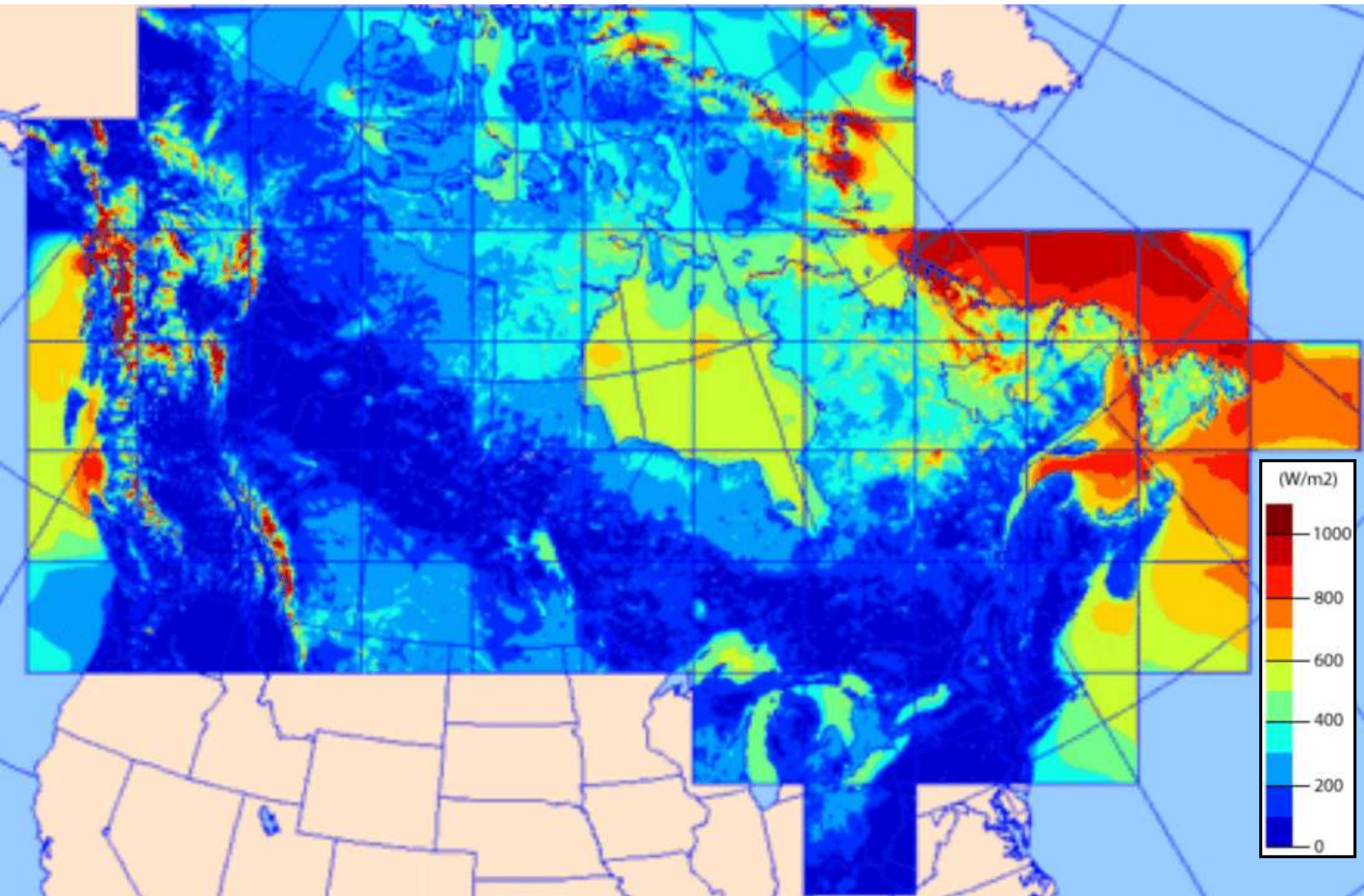
Generation per Kilowatt at Calgary in 2014 – 60 metre tower



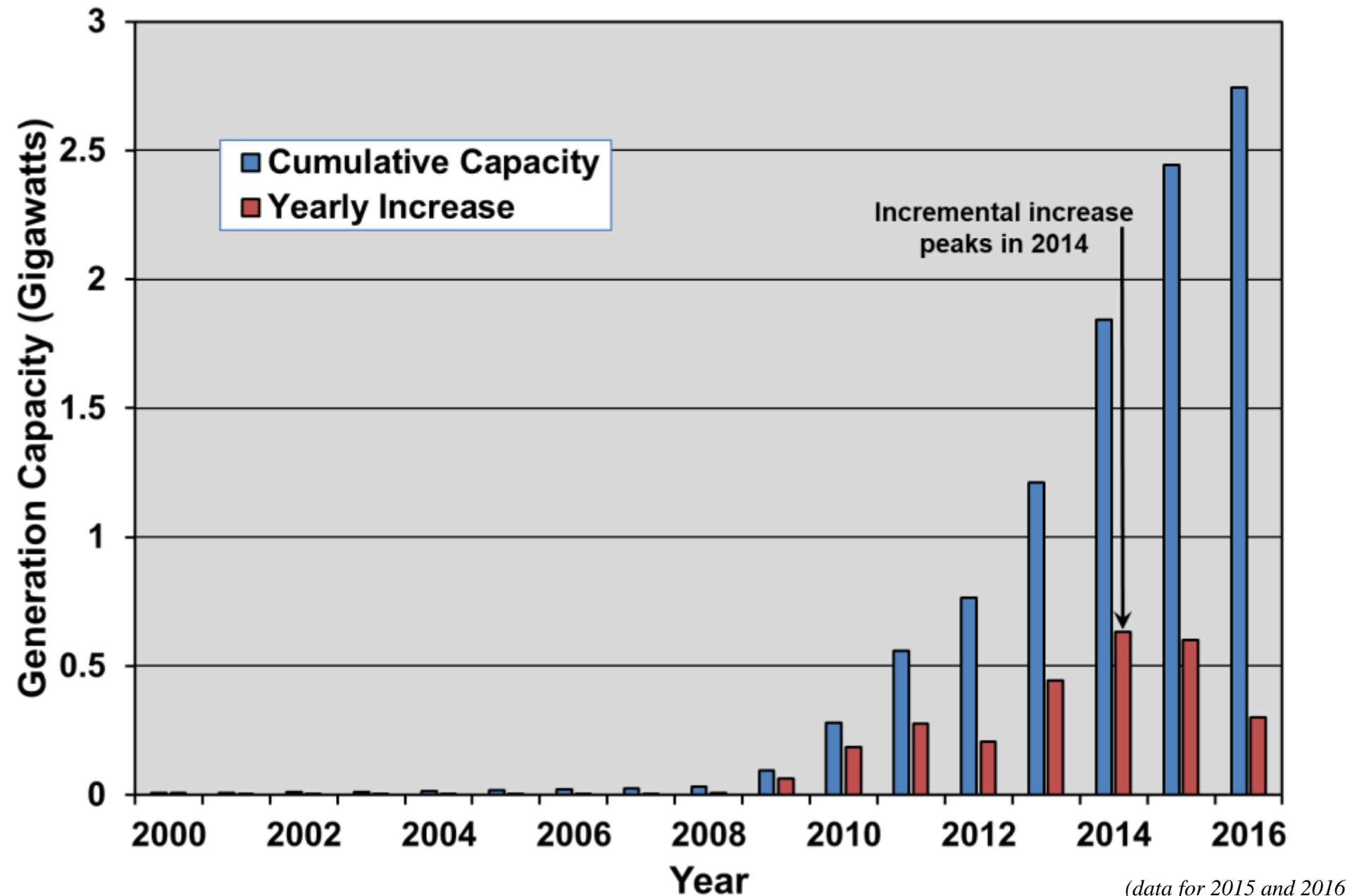
Wind Generation by Province, 2006-2015



Wind Energy Potential in Canada



Canada Solar Generation Capacity, 2000-2016

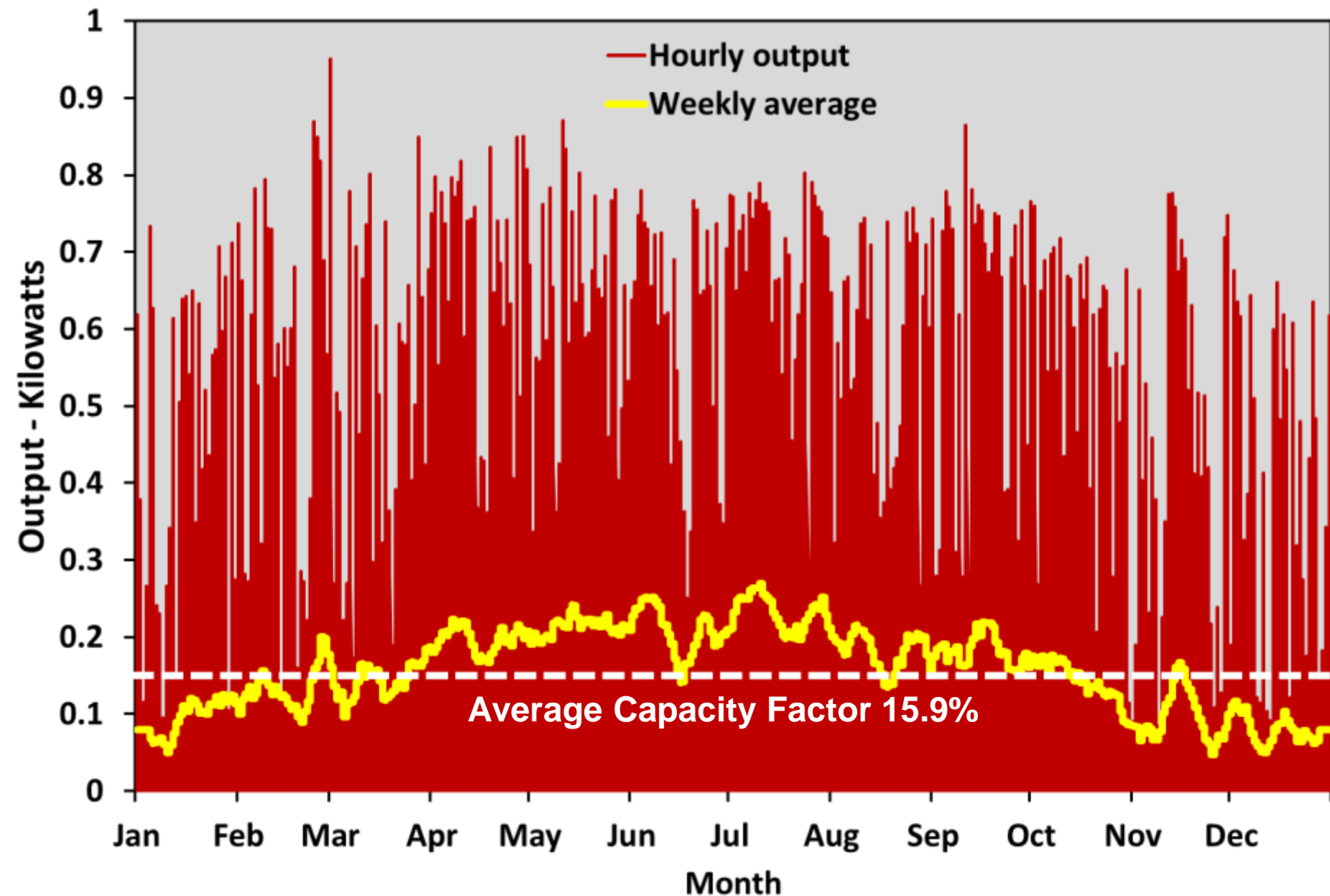


(data for 2015 and 2016

Large Scale Solar Projects in Canada (1,585MW)

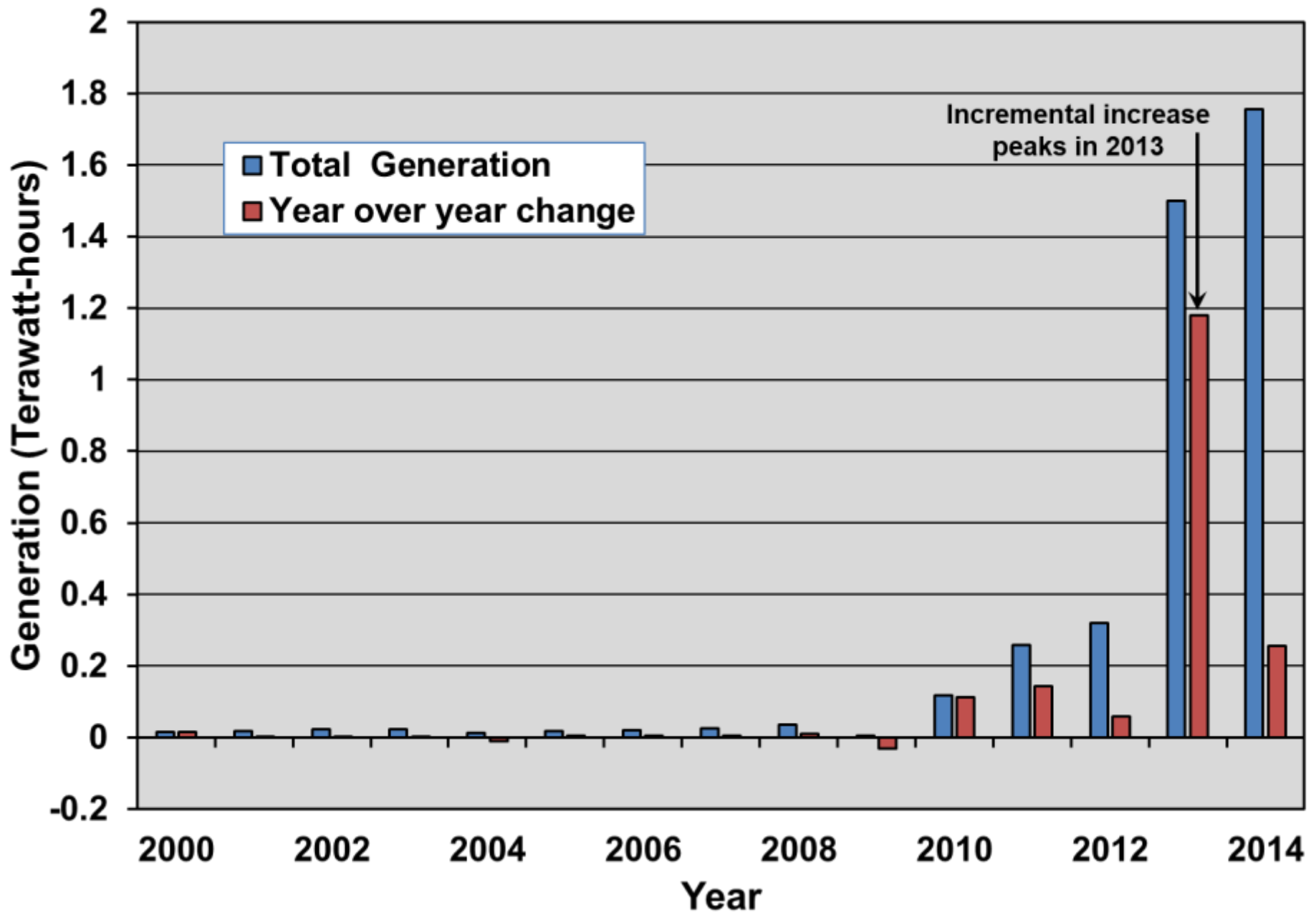


Solar at Calgary in 2014 – 1000 watt panel

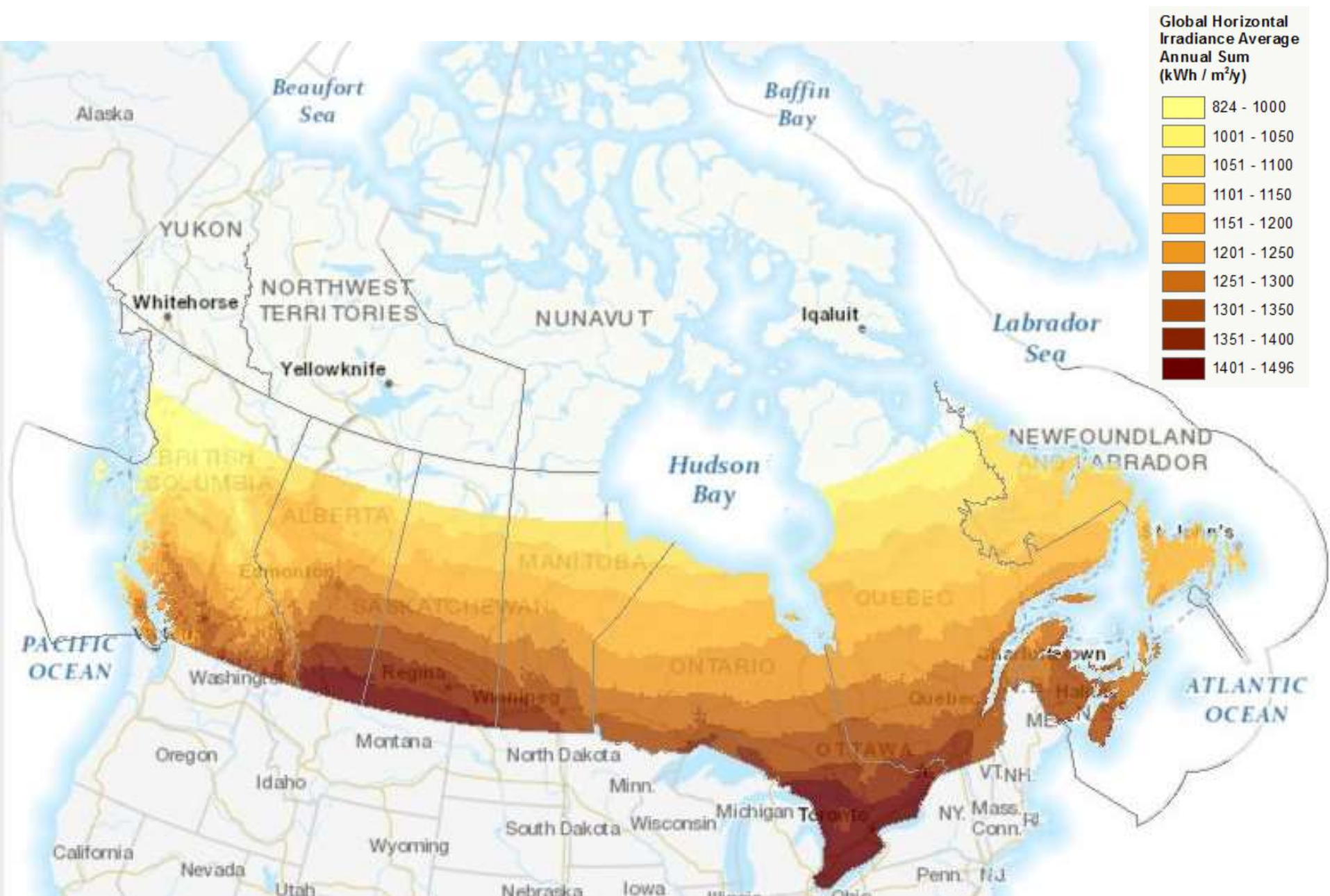


Average Capacity Factor 15.9%

Canada Solar Generation, 2000-2014



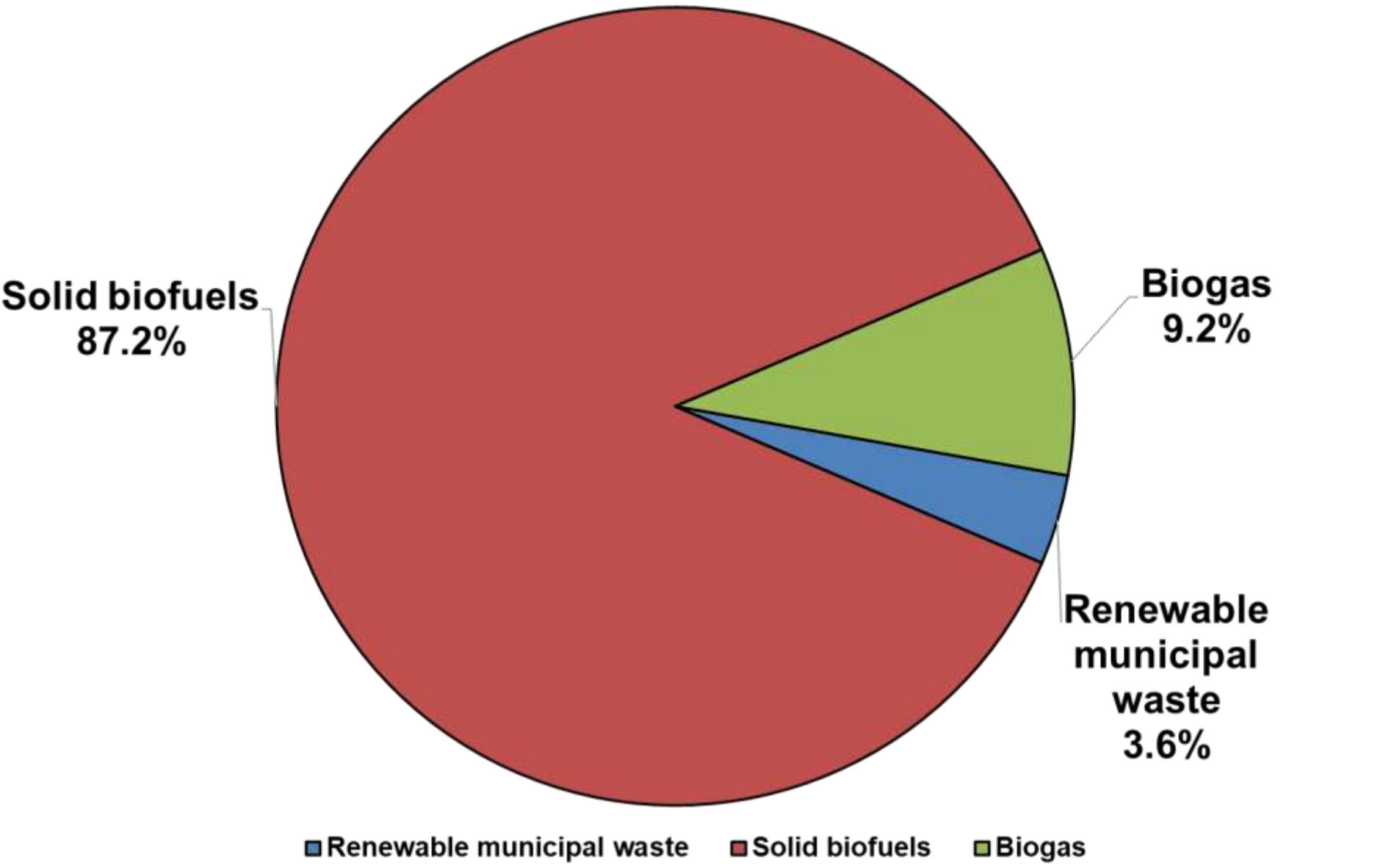
Solar Potential in Canada



Biomass Generating Stations in Canada (2,843MW)



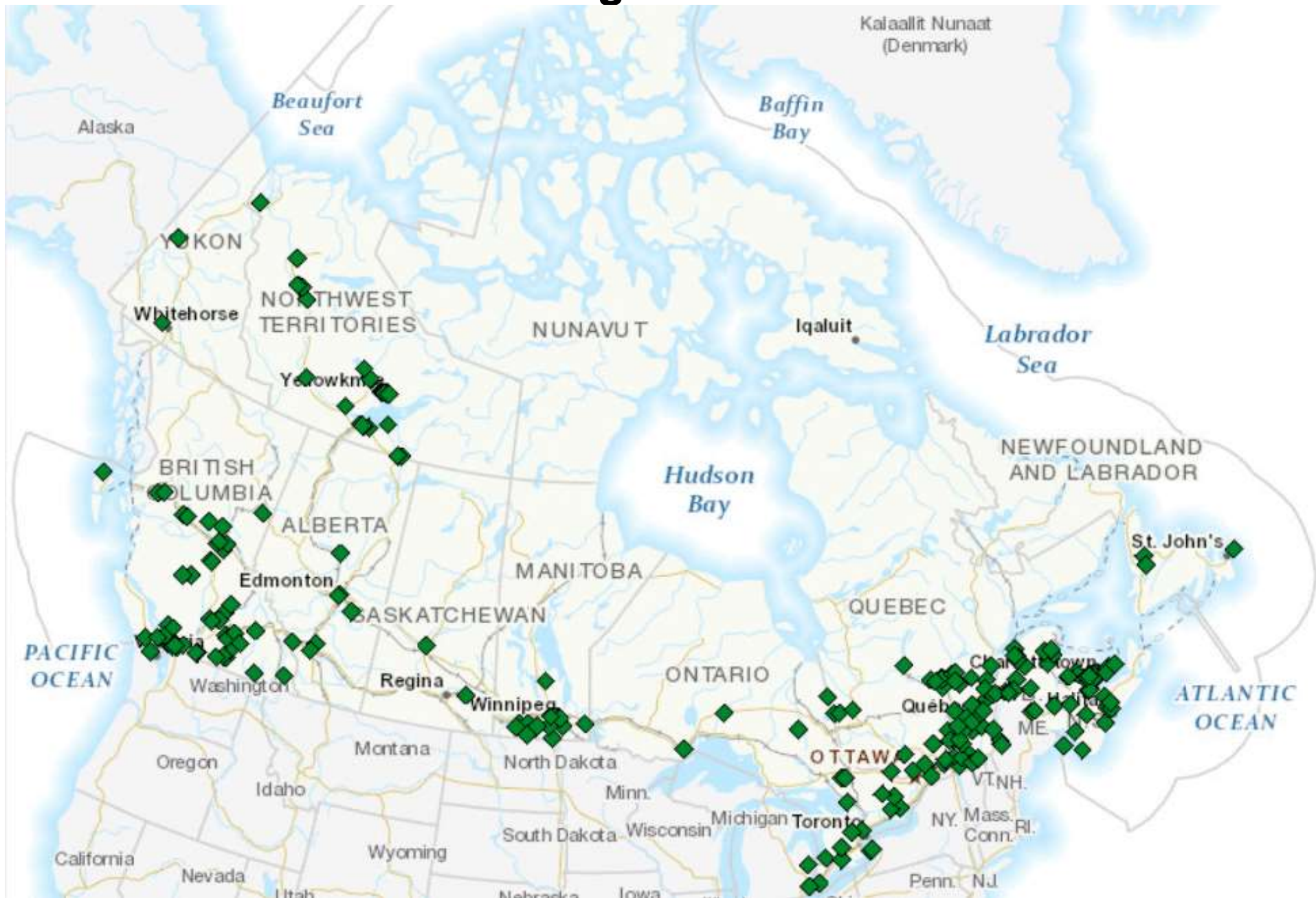
Canada Biomass Generation Capacity by Fuel Type in 2016



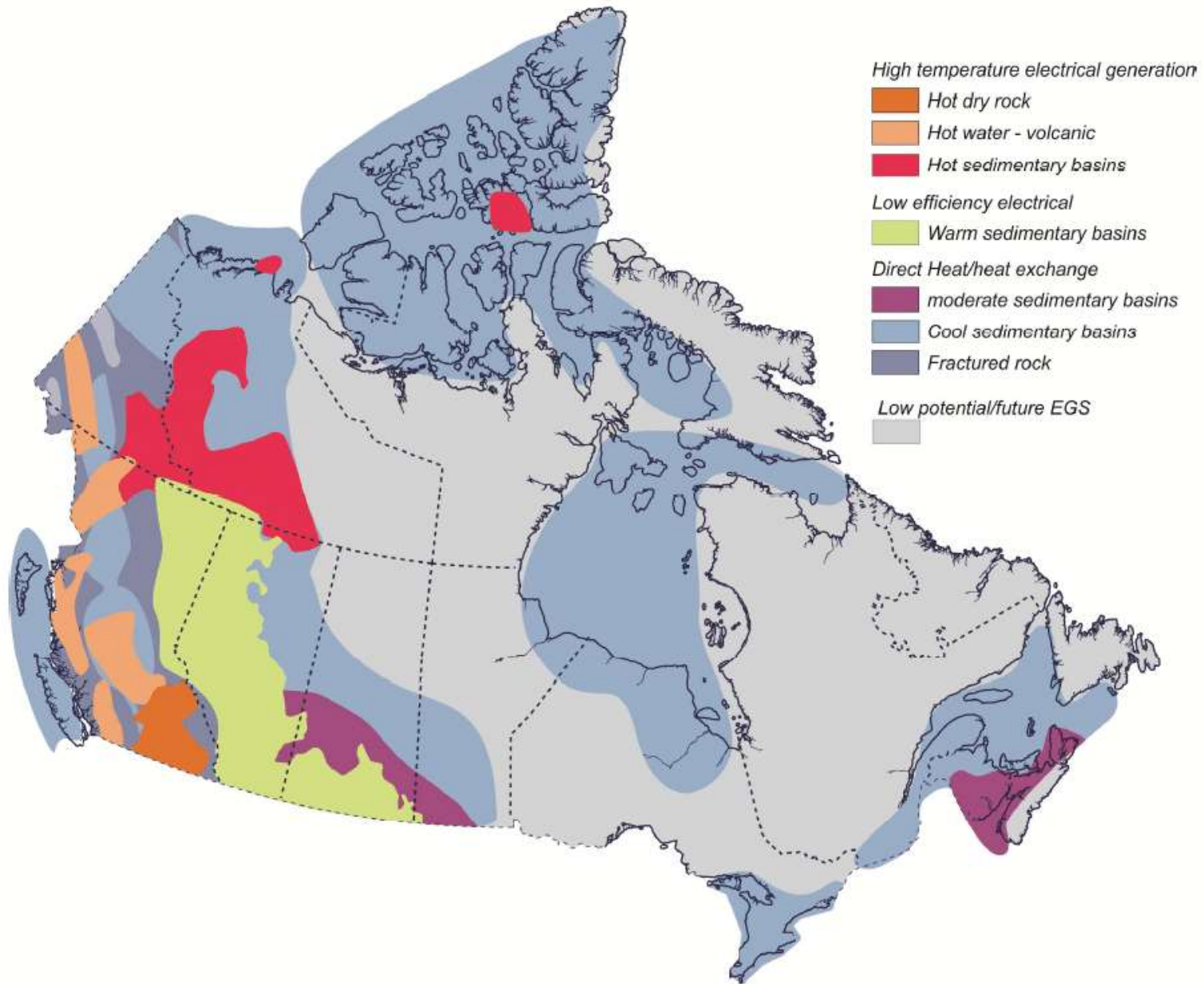
Biomass Potential in Canada



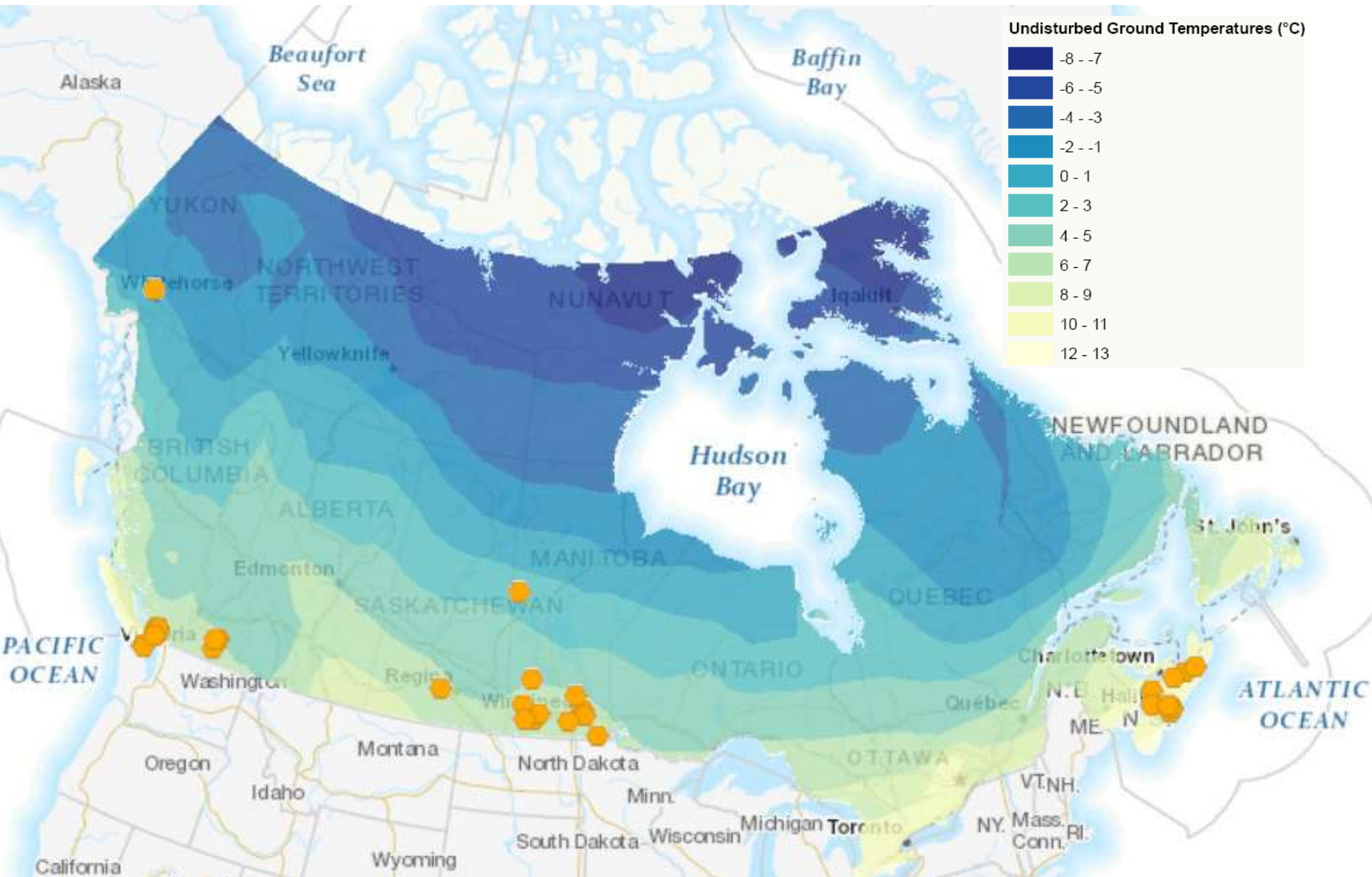
Biomass Heating Facilities in Canada



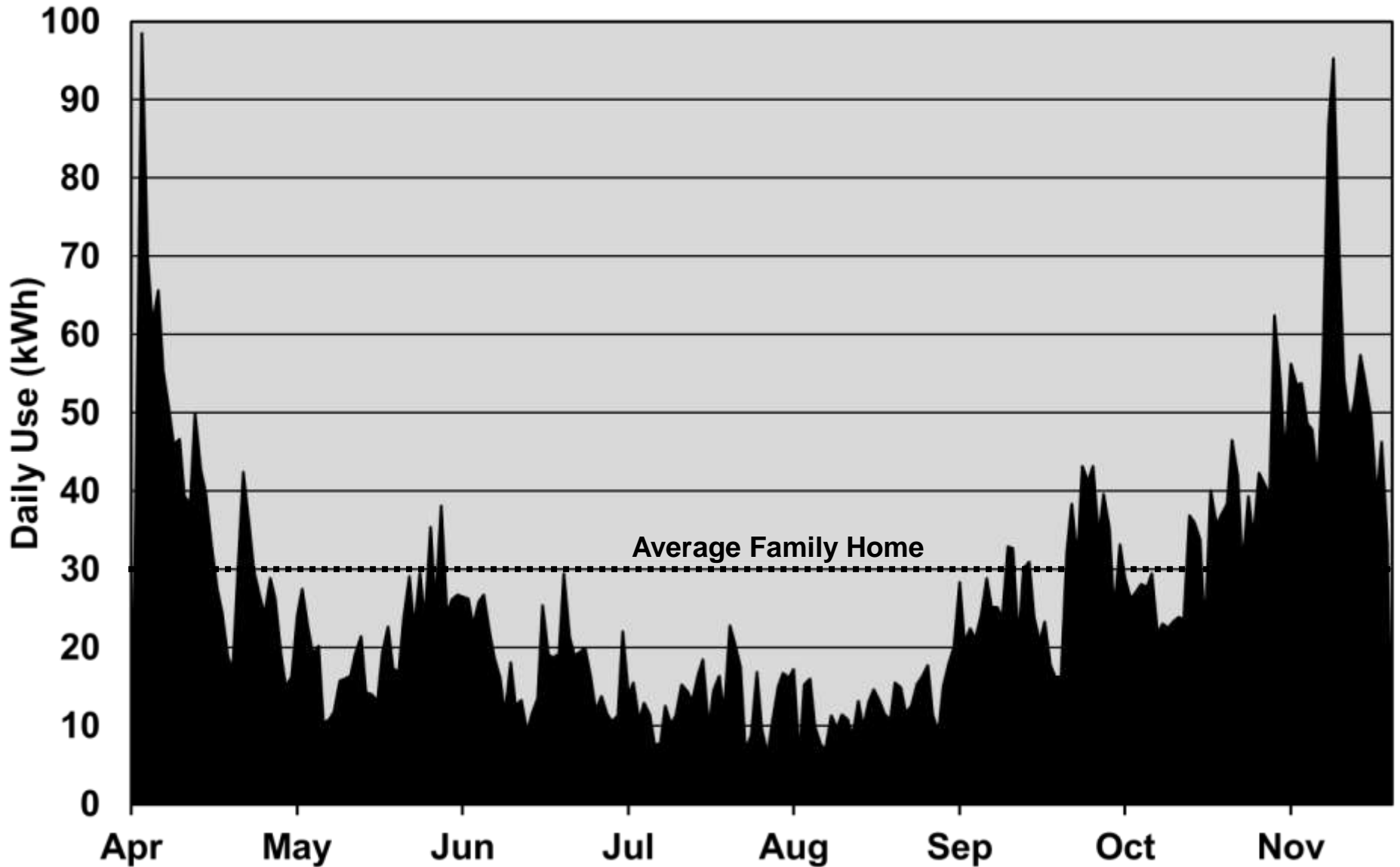
Geothermal Potential in Canada



Geothermal Heating Potential in Canada

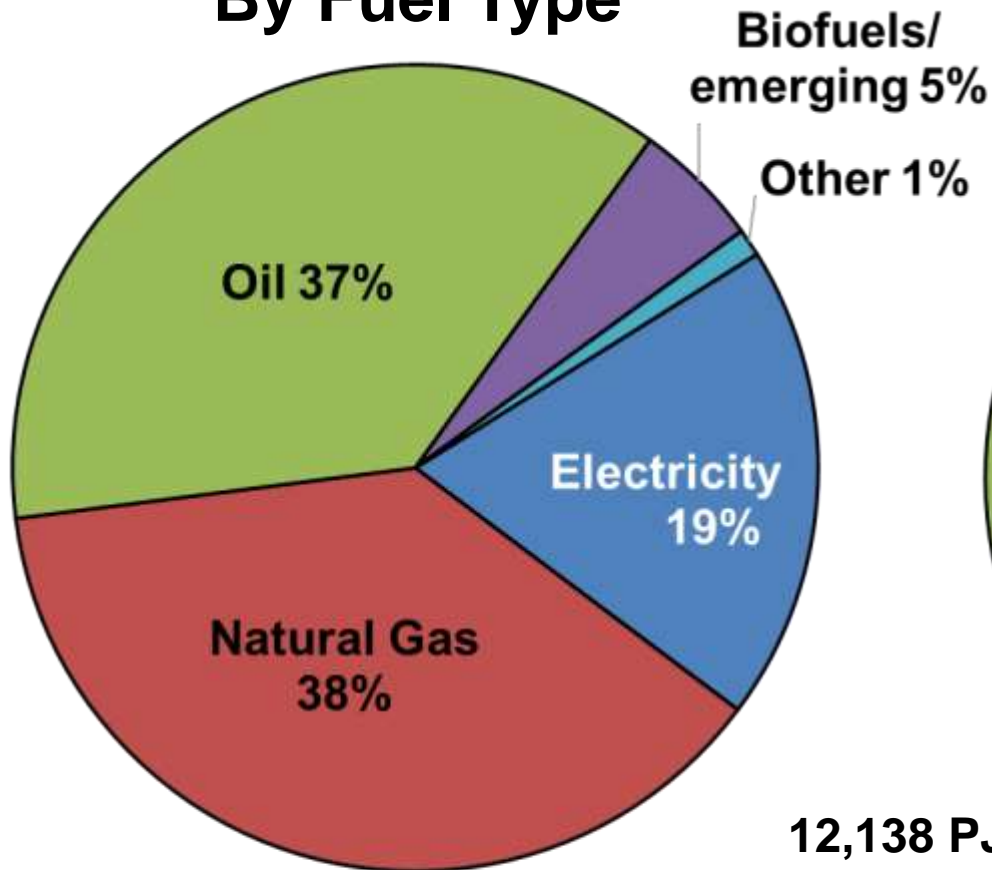


Heat – Air Source Heat Pump on West Coast (Mild Canadian Climate)

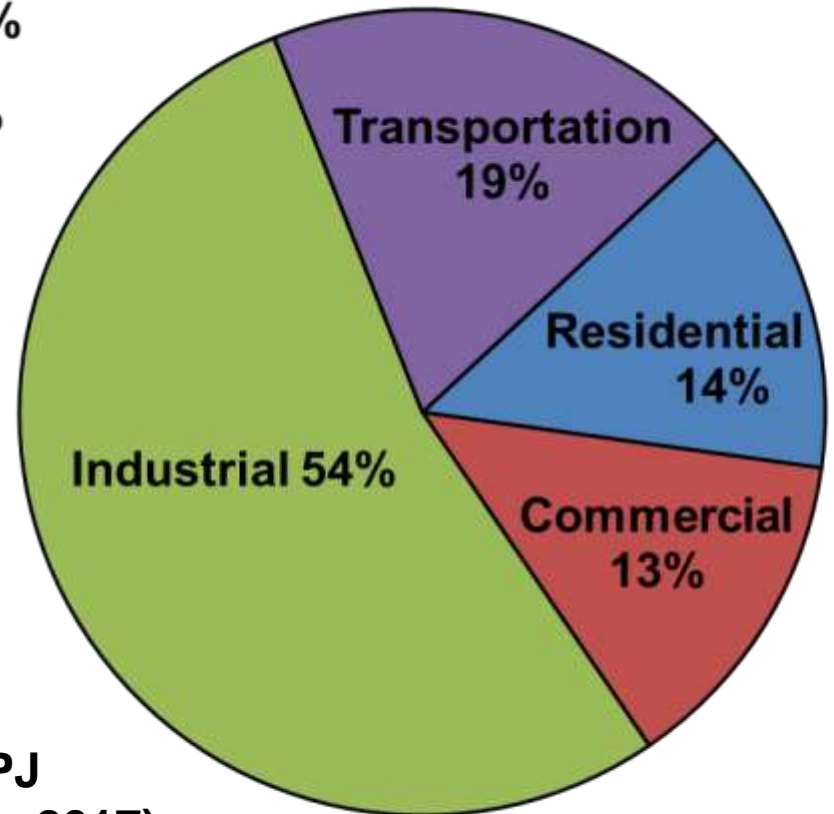


Canadian Delivered Energy by Type and Sector in 2040

By Fuel Type



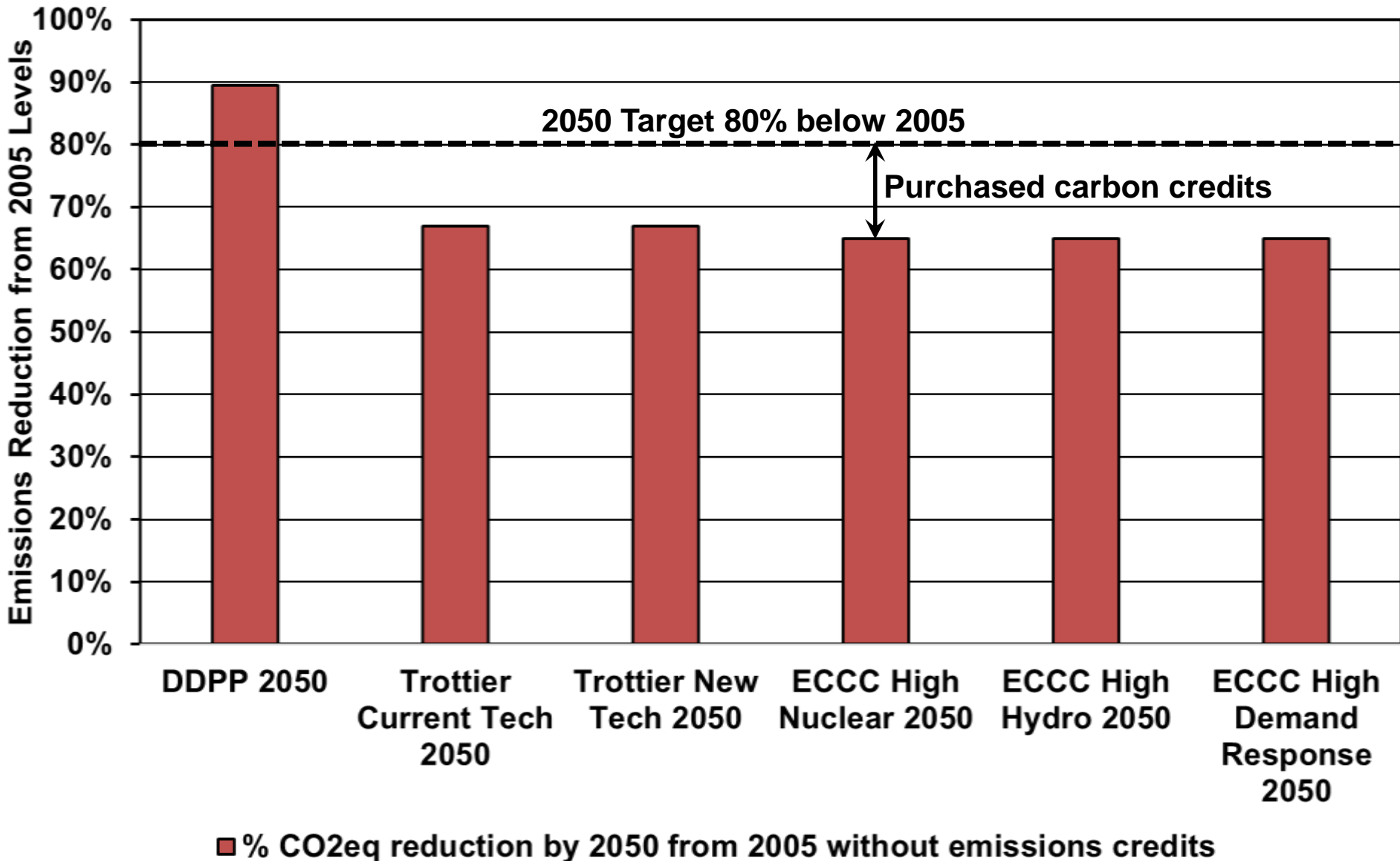
By Sector



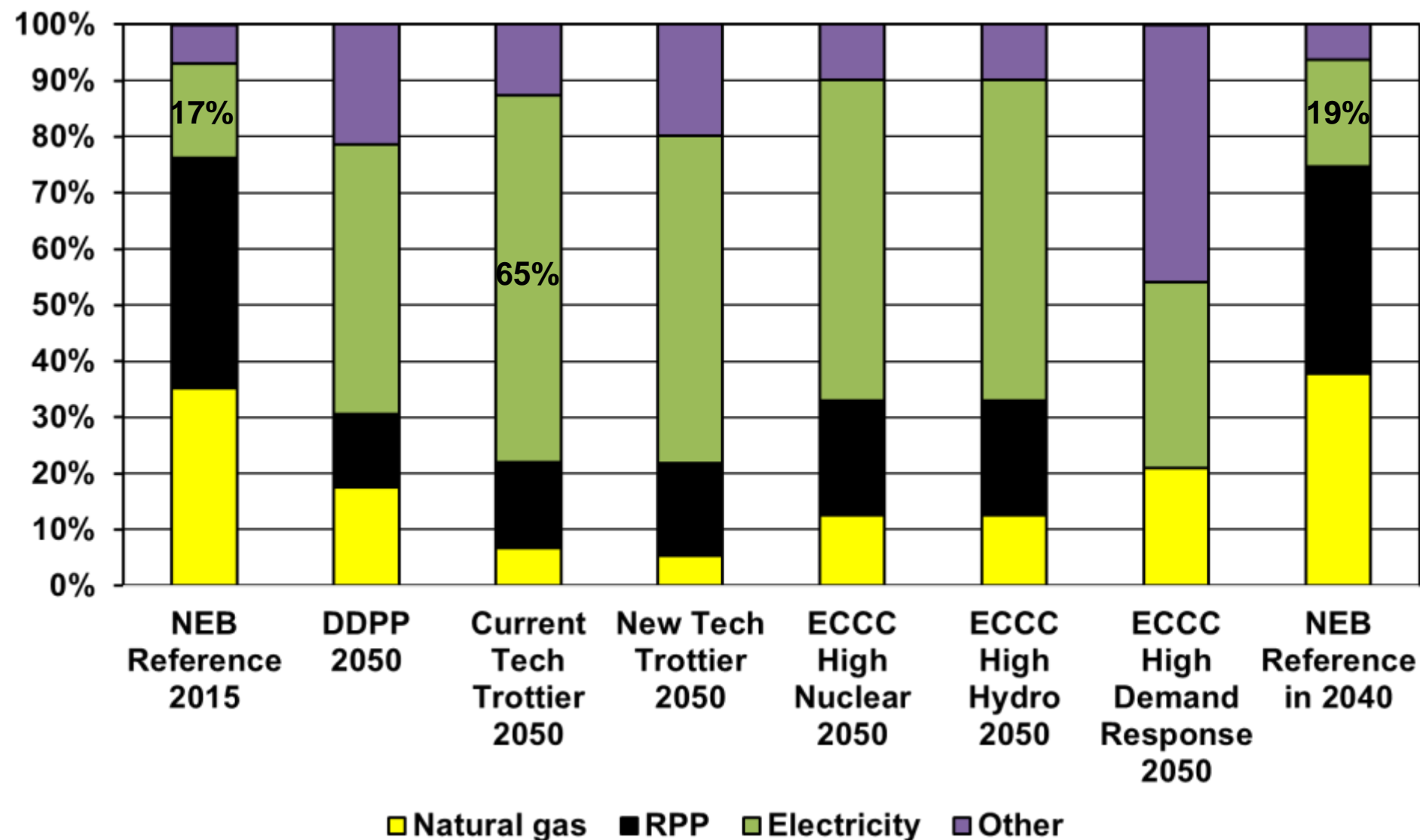
12,138 PJ
(up 4.2% from 2017)

■ Electricity ■ Natural Gas ■ Oil ■ Biofuels & Emerging Energy ■ Other

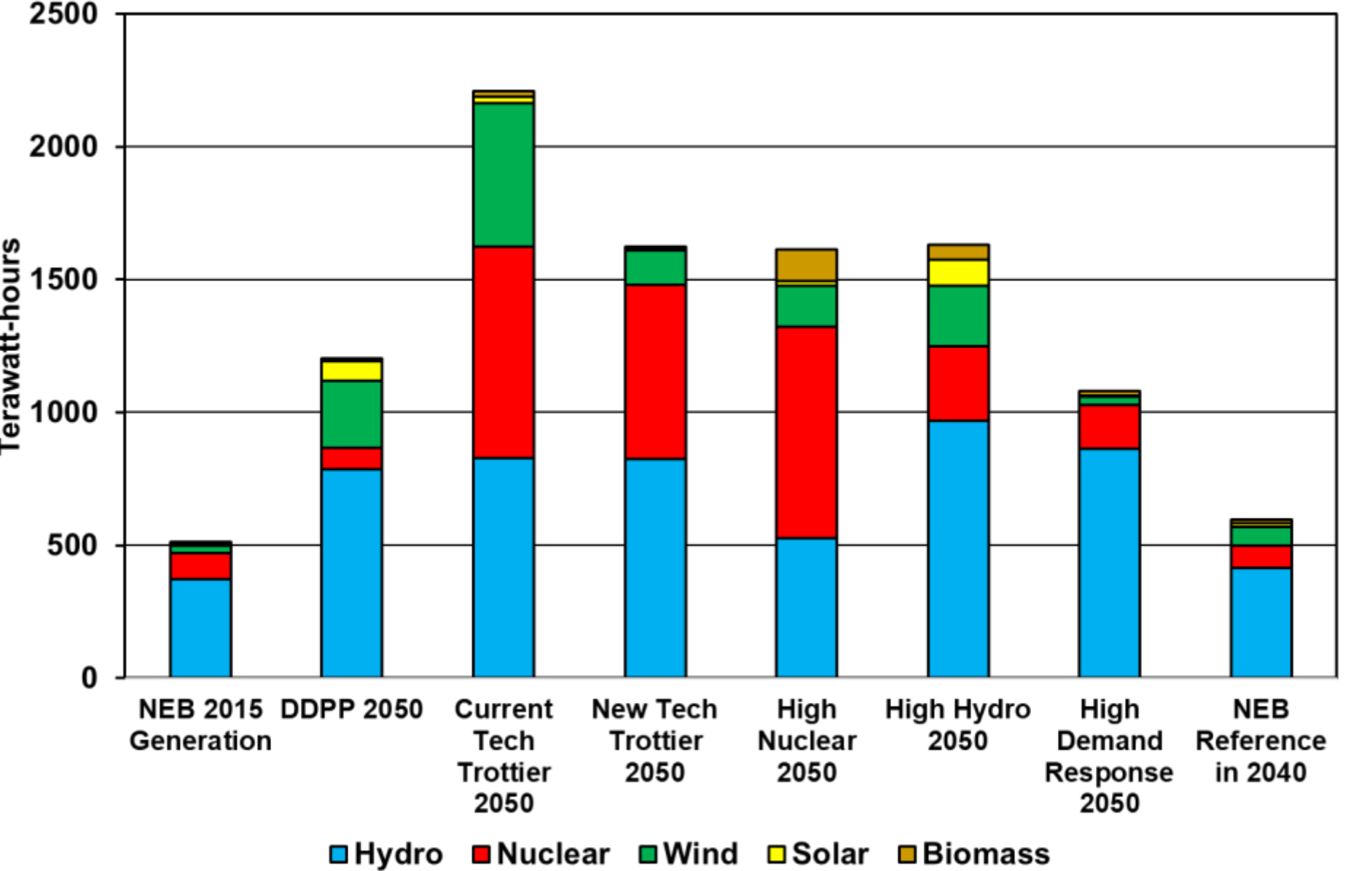
Reduction in Emissions from 2005 levels by 2050 in Government Models for Emissions Reduction



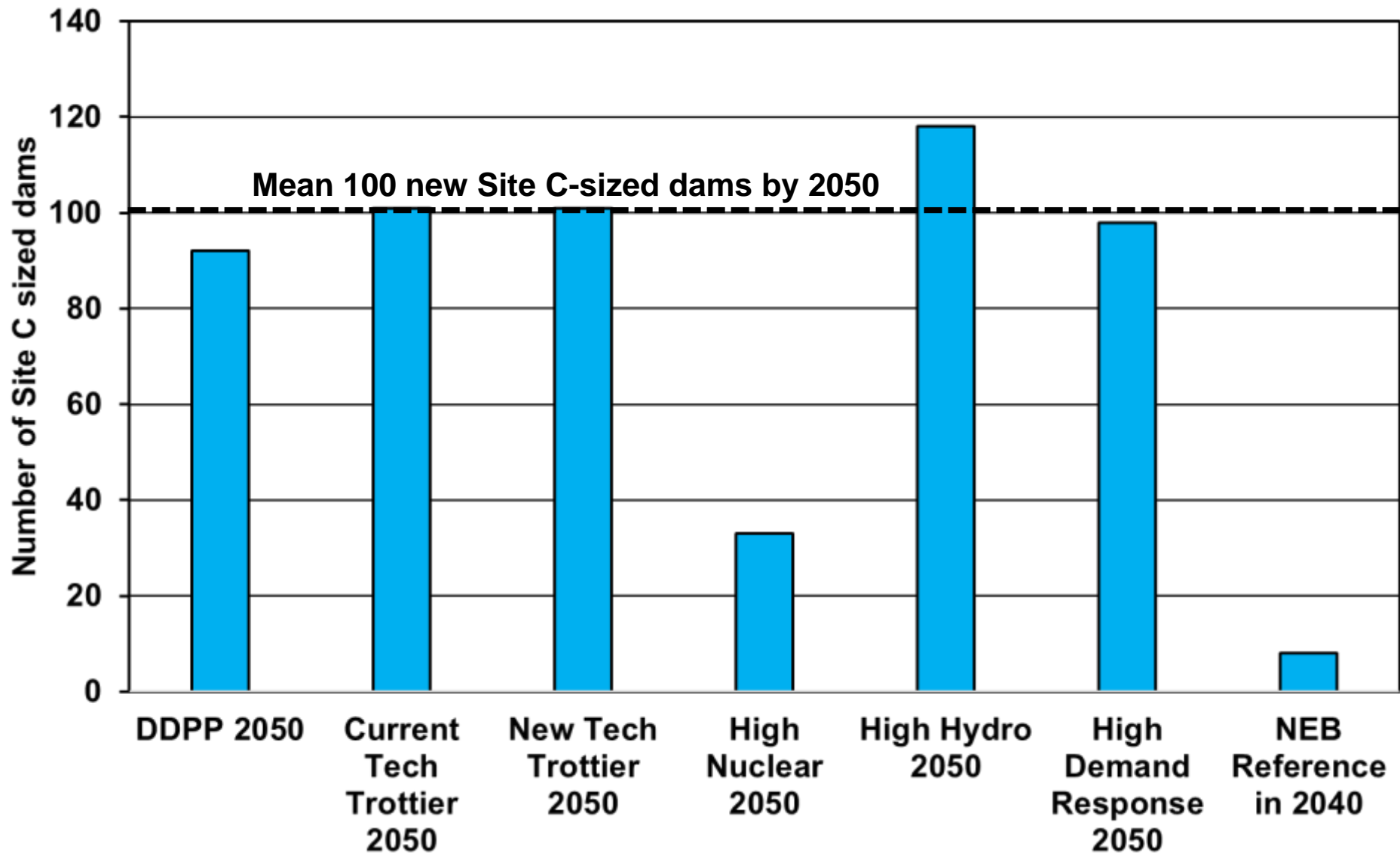
Delivered Energy by Source in Government Models for Emissions Reduction



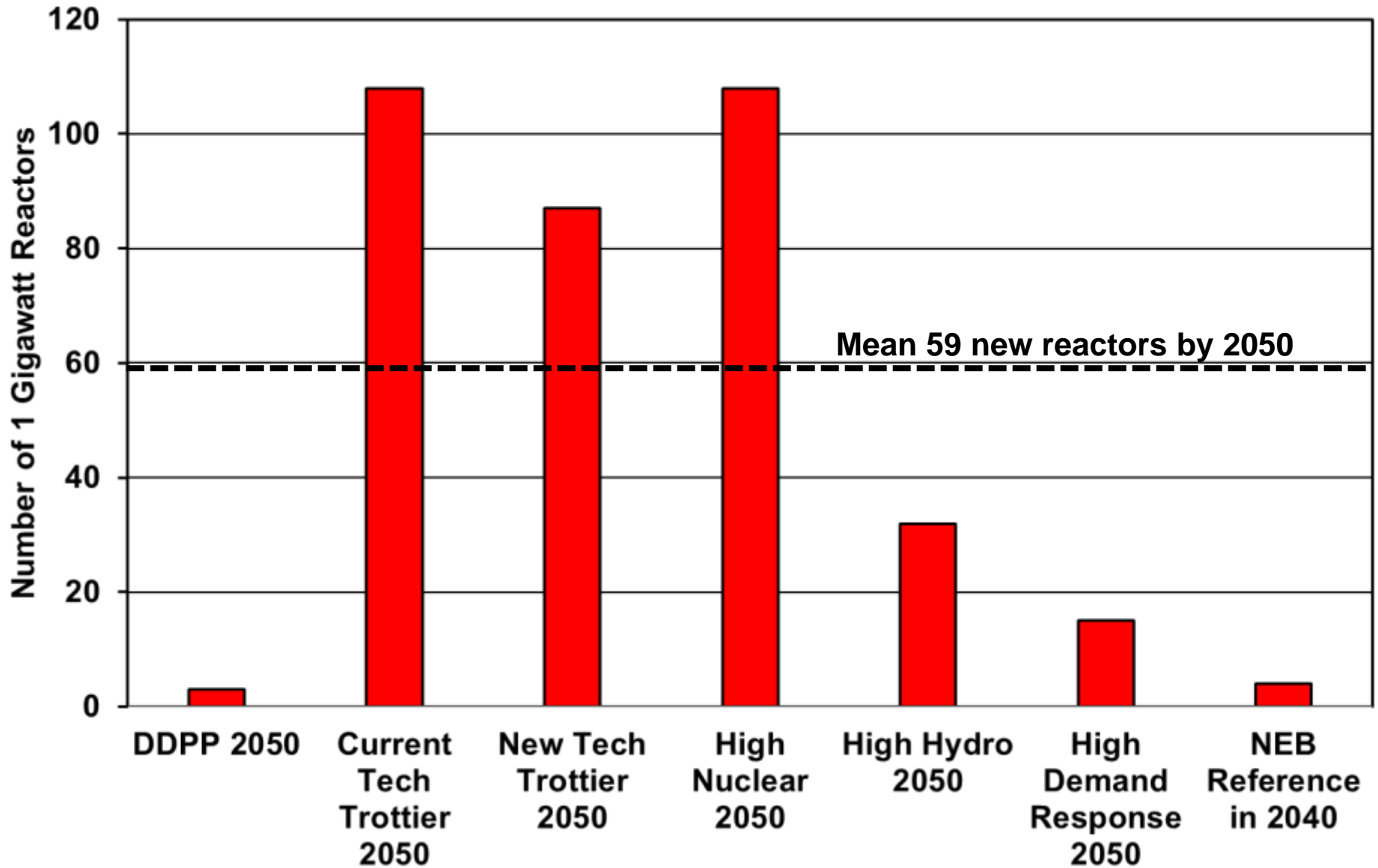
Electricity Generation by Source in Government Models for Emissions Reduction



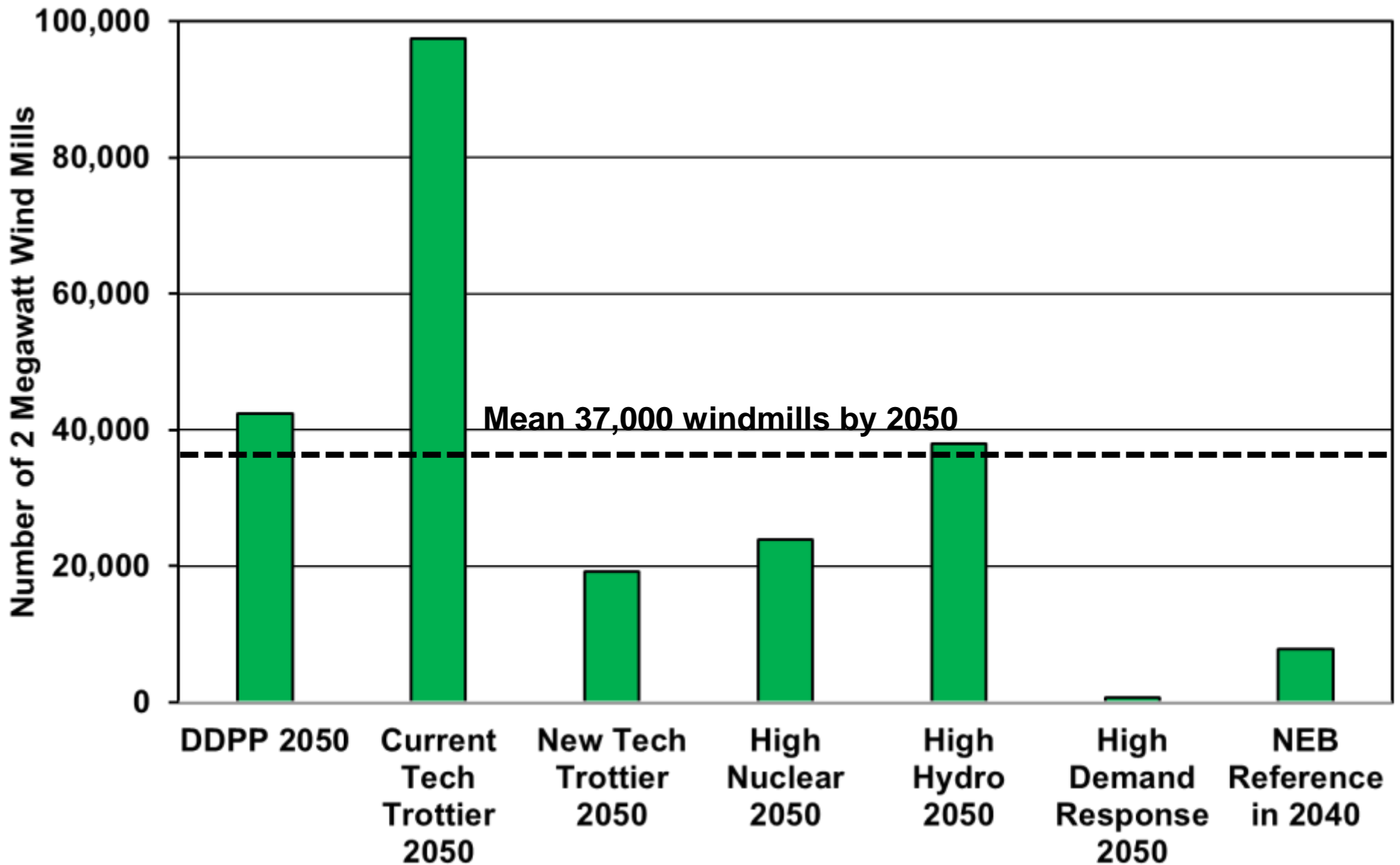
Number of New 'Site C-sized' dams required in Government Models for Emissions Reduction



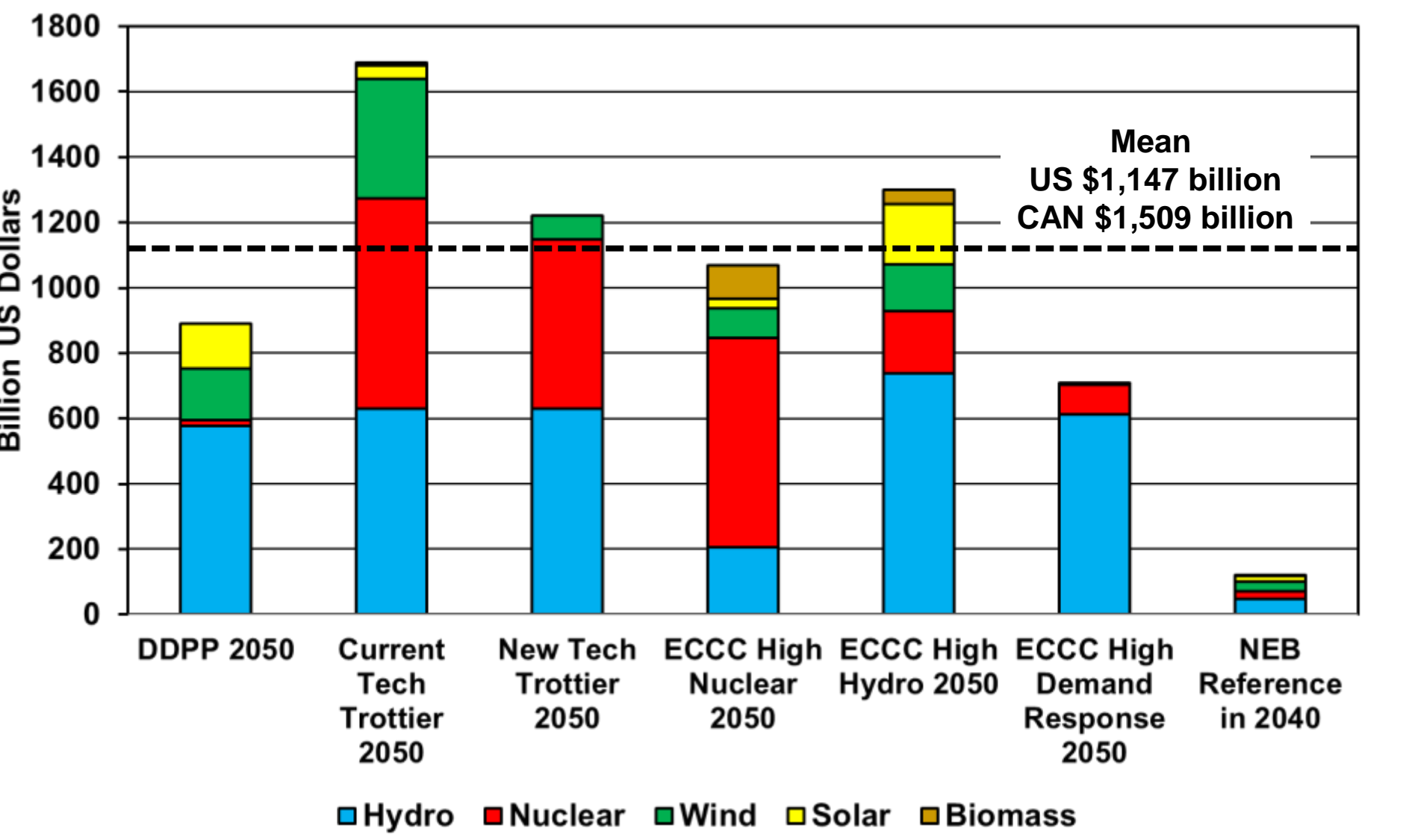
Number of New One Gigawatt Reactors required in Government Models for Emissions Reduction



Number of 2 Megawatt Wind Mills required in Government Models for Emissions Reduction

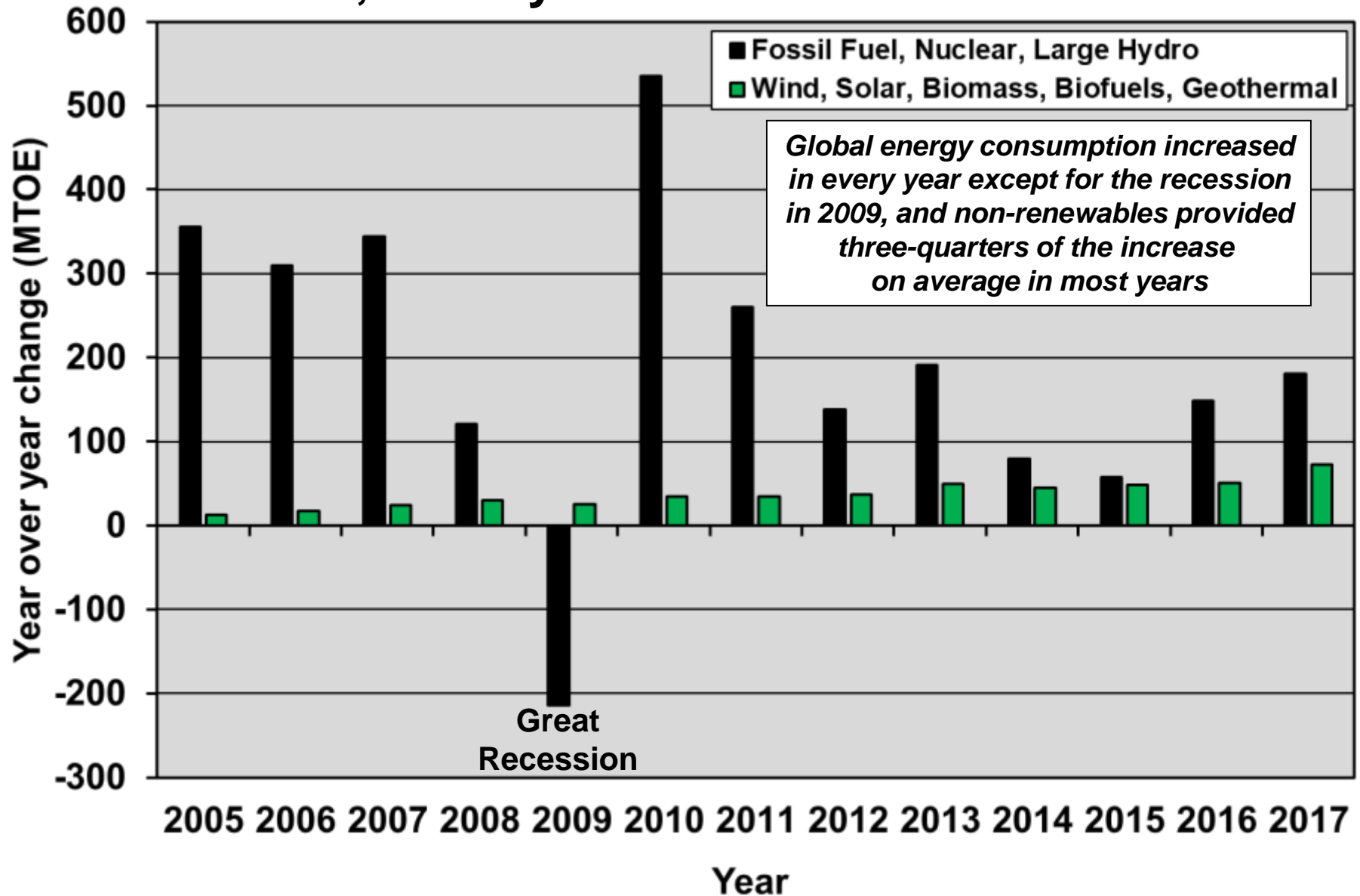


Infrastructure Cost for Electricity by Source in Government Models for Emissions Reduction



**How has the World and Canada done on
converting to renewables over the past 15
years?**

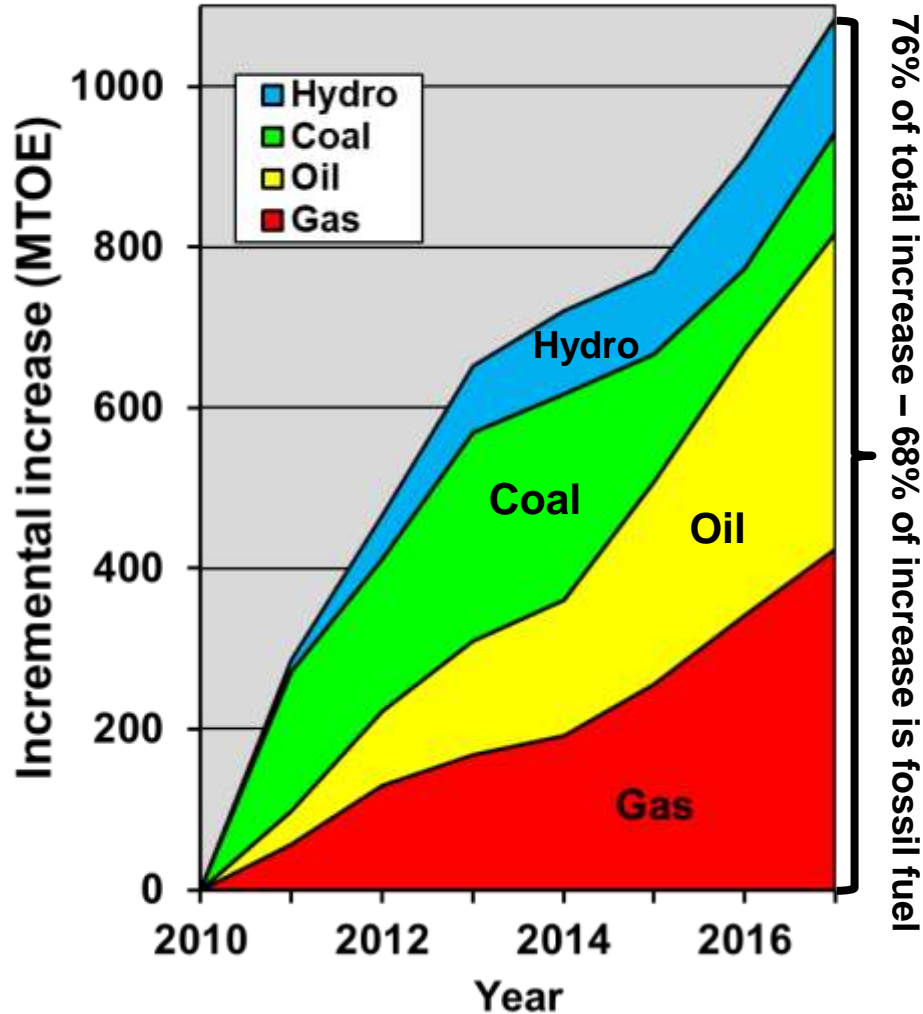
Year-over-year Change in Global Energy Consumption, 2005-2017, Non-hydro renewables versus the rest



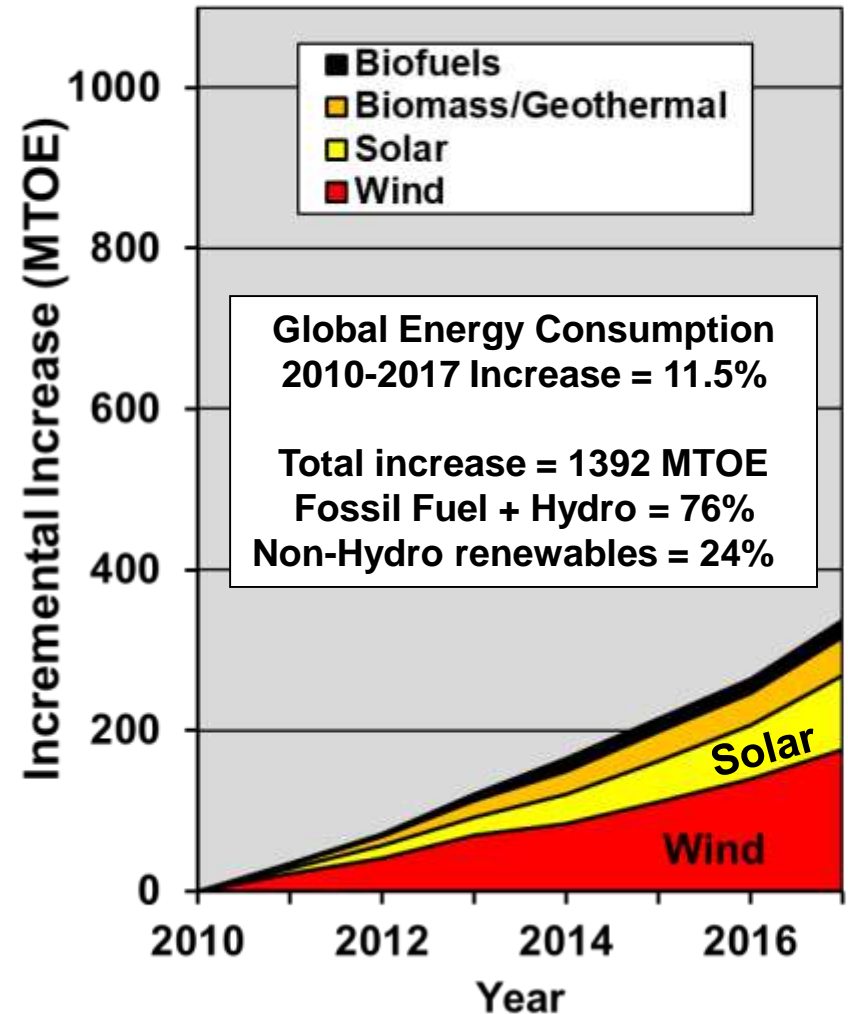
Increase in Global Energy Consumption 2010-2017

Non-Hydro Renewables compared to Fossil Fuel plus Hydro

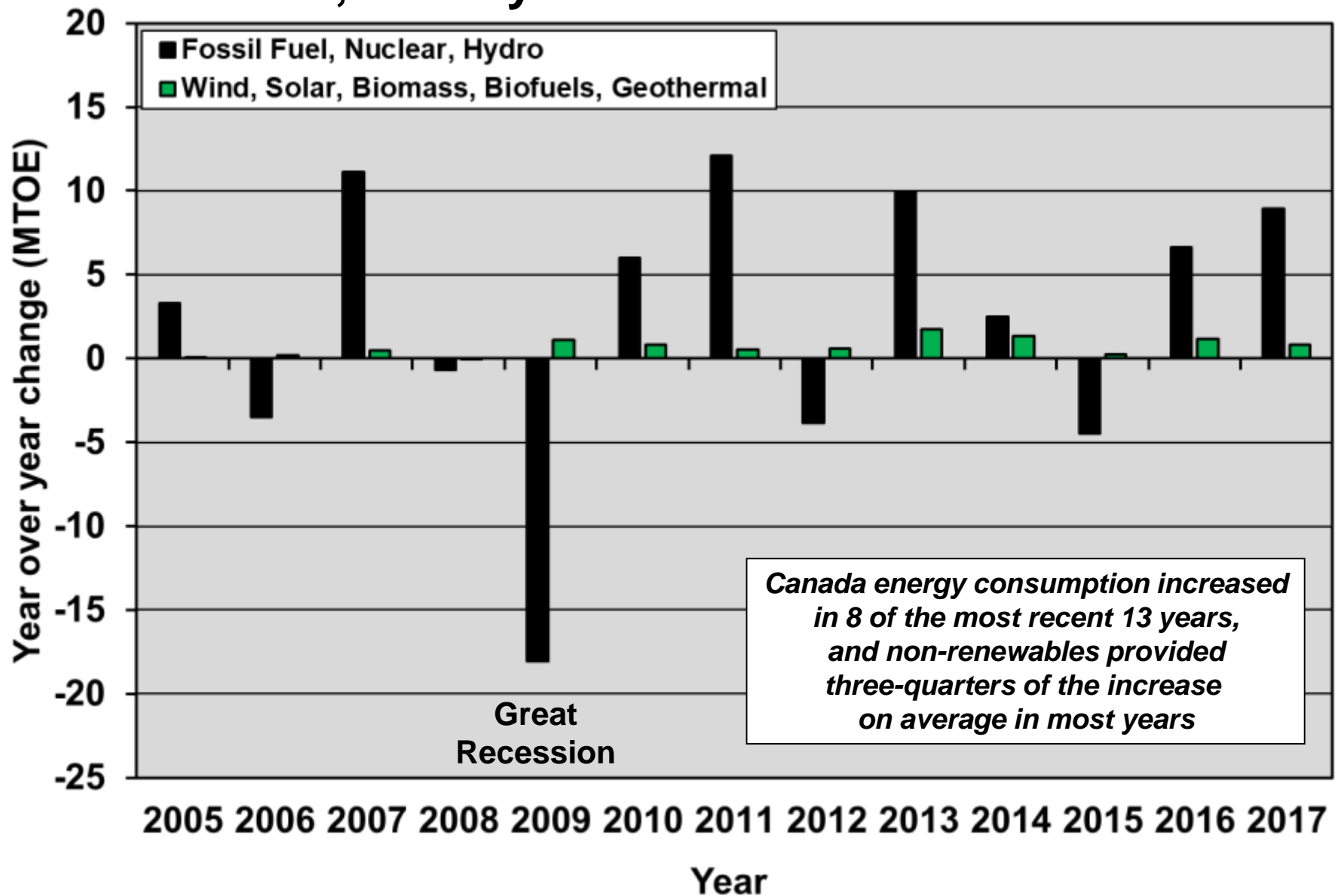
Fossil fuel including Large Hydro
1085 MTOE increase 2010-2017



Non-Hydro Renewables
337 MTOE increase 2010-2017

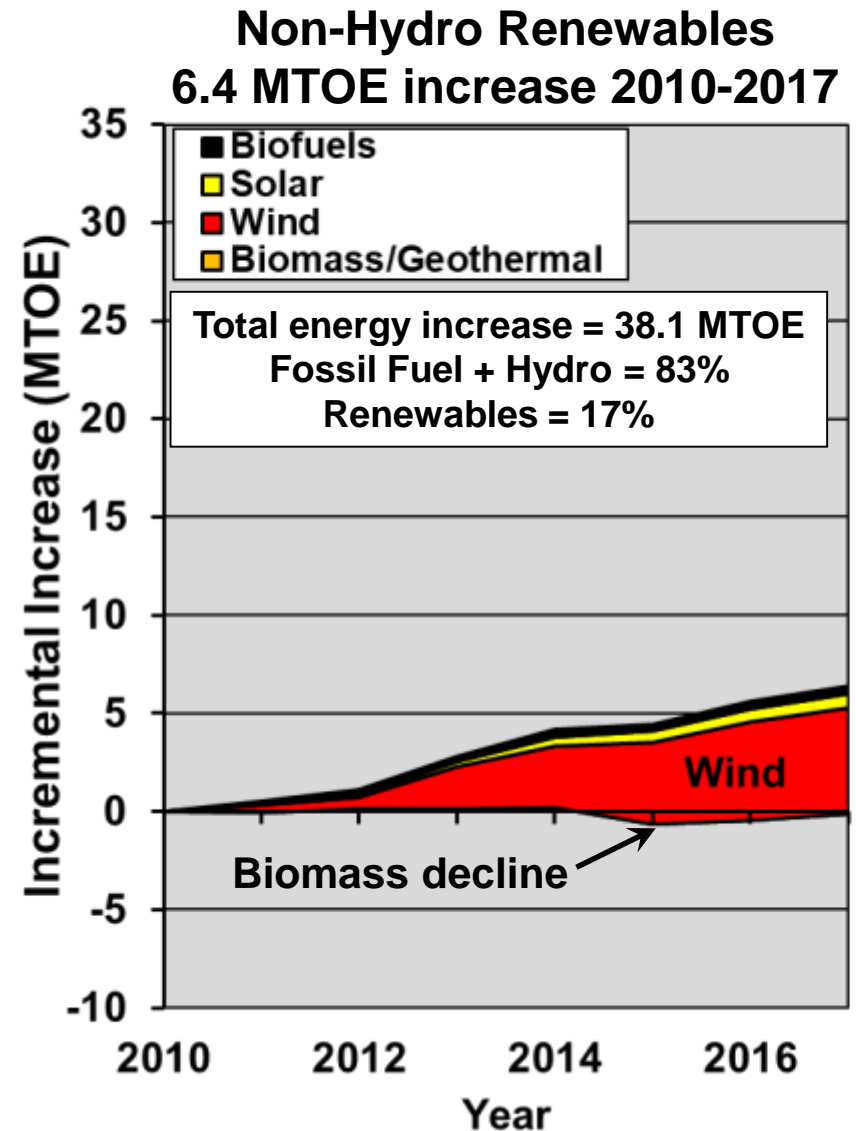
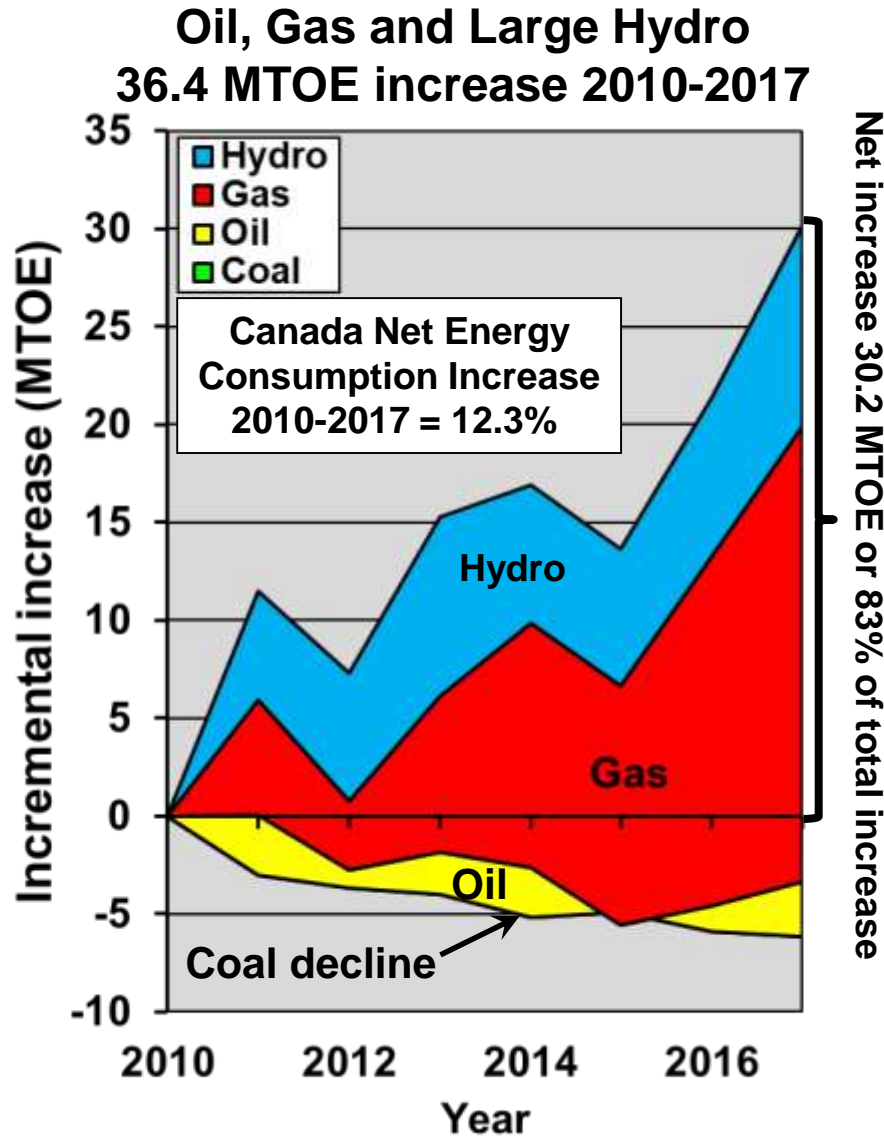


Year-over-year Change in Canada Energy Consumption, 2005-2017, Non-hydro renewables versus the rest



Increase in Canadian Energy Consumption 2010-2017

Non-Hydro Renewables compared to Fossil Fuel plus Hydro



Implications

- Transitioning to a net-zero carbon world will be very challenging. So far, renewables are only slowing the rate of increase of fossil fuel consumption.***
- Canada's current plans are highly unlikely to meet even the Paris Agreement target, let alone longer term emissions reduction goals.***
- Proposals to build dozens of new large hydro dams and nuclear reactors are likely non-starters for economic and ecological reasons.***
- Oil and gas are therefore likely to be needed at some level for the foreseeable future. But as they are finite resources with serious environmental impacts, selling them off for minimal returns makes no sense.***

Implications

- ***Pedal-to-the-metal growth in extraction of oil and gas while asserting that this is the way to a carbon-free future would make George Orwell proud.***

- ***REDUCING CONSUMPTION IS KEY.***

- ***This can be expedited with carbon taxes, incentives for retrofits of buildings, net-zero building codes, incentives for renewables, building infrastructure that gives people alternatives to high levels of energy consumption and eliminating fossil fuel subsidies.***

- ***Canada needs an adult conversation about energy to develop a viable strategy that protects both long-term energy security and meets climate commitments. It is a difficult problem that needs facts, not rhetoric, to solve.***

Thank You



“Assuming present trends continue, the odds are quite good that we’ll become the best-informed extinct species on the planet!”

A few links of many for more information

Canada's energy outlook main report (May 2018)

Parkland Institute – policy and energy

Canadian Centre for Policy Alternatives – policy and energy

Post Carbon Institute – energy, sustainability and resilience

Resilience – energy, sustainability and resilience

Low Tech Magazine – low tech solutions

Living Energy Farm – People living a viable low energy life