

FACT VS. FICTION

CAPPING CANADA'S OIL & GAS EMISSIONS

At the 26th United Nations climate summit in 2021, Prime Minister Trudeau [announced](#) that Canada would impose a hard cap on greenhouse gas emissions from the oil and gas sector. According to the Prime Minister:

We'll cap oil and gas sector emissions today and ensure they decrease tomorrow at a pace and scale needed to reach net-zero by 2050.

That commitment became an [election promise](#), and then a mandate to the ministers of [environment](#) and [natural resources](#) to “cap oil and gas sector emissions at current levels and ensure that the sector makes an ambitious and achievable contribution to meeting the country’s 2030 climate goals.” Given the sector’s [steadily-rising emissions](#) and the fact that they comprise 26% of Canada’s overall emissions, an emissions cap will be a critical tool for helping ensure Canada meets its emissions targets.

While the cap has received much praise, it has also been criticized, especially from [Alberta](#) and those close to the oil and gas sector. Many of those criticisms are unfounded. Below are some key myths about a federal oil and gas emissions cap, along with the facts.

FACT

Climate change is a complex economy-wide problem without a one-size-fits-all solution. Sector-specific tools affect a range of industries, from a zero-emissions vehicle mandate, to a clean electricity standard and landfill methane regulations. And while emissions from most sectors have stabilized or declined in recent years, the oil and gas industry’s emissions have increased dramatically, and now represent 27% of Canada’s greenhouse gas emissions. The emissions cap would only simply be one more tool in the federal toolkit for ensuring that Canada finally meets an emissions target.

FICTION

“An oil and gas emissions cap would unfairly target the oil and gas sector.”

FACT

While the provinces own their natural resources, the federal government has considerable jurisdiction to reduce pollution, including oil and gas emissions. It has already exercised its criminal law power to regulate emissions from coal and gas-fired electricity generation facilities under the *Canadian Environmental Protection Act*, and has jurisdiction over pollution that crosses provincial and international borders, like emissions do. As the [Supreme Court of Canada has held](#), the environment is a matter of shared responsibility, and protecting it requires all hands on deck.

FICTION

“The federal government does not have jurisdiction to regulate the oil and gas sector’s emissions.”

FACT

The oil and gas emissions cap is specifically aimed at addressing emissions, not production. The two options contemplated – a sector-specific carbon tax or a cap and trade program – are financial instruments that provide flexibility in how to meet the cap, and would be aimed at cutting pollution, not managing the resource.

FICTION

“An oil and gas emissions cap is an excuse for the federal government to control the industry.”

FACT

The oil and gas sector emits more than a quarter of our national emissions, a number that keeps rising as we urgently need it to fall. The federal carbon tax is helpful, but large emitters, including oil and gas facilities, only pay for a fraction of their emissions. An emissions cap would provide greater certainty that the sector does its part.

FICTION

“An oil and gas emissions cap is unnecessary because industry is subject to the federal carbon tax.”

FACT

Even as ordinary Canadians are feeling the pinch of inflation, **2022 has been a windfall year for Canada’s oil and gas companies**, many of which are reporting multifold profit increases over last year. Not only can Canada’s oilpatch **afford to cut its emissions**, any proceeds of a regulation should flow back into communities suffering climate emergencies or facing the need to transition their workforces for the future.

FICTION

“The oil and gas sector cannot afford an emissions cap on top of other regulatory requirements and the carbon tax.”

FACT

Oil and gas industry leaders promised in 1995 to work to reduce their emissions. Instead, emissions rose by 50% and continue to go up. The sector’s current target is **only a fraction** of what science says needs to be done, and relies largely on unproven technologies that have a track record of failure and underperformance. As we have seen, a voluntary approach simply does not work.

FICTION

“An oil and gas emissions cap is unnecessary because the sector has already promised to reduce its emissions.”

FACT

Global demand for oil will likely peak before 2030. Scenarios from the International Energy Agency and oil majors show that if the energy transition continues to gain momentum at a pace similar to recent years, long-term demand will begin to decline before 2030. But given global commitments to be net-zero by 2050 and keep global temperature rise to below 2 degrees Celsius, demand may decline even more sharply.

FICTION

“The emissions cap will prevent Canadian industry from meeting growing international demand.”