

# Intelligence MEMOS



From: Ben Brunnen  
To: Canadian Energy Observers  
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Re: **IT'S TIME TO MOVE ON CANADA'S LNG OPPORTUNITY**

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In the drive to reduce global greenhouse-gas emissions, provide affordable energy, enhance energy security and provide benefits to Canadians, the country has an opportunity to play a vital role: exporting liquid natural gas.

According to the International Energy Agency, coal, oil and natural gas make up nearly 80 percent of the global energy mix, and are expected to continue to comprise at least 62 percent by 2050.

Natural gas is energy dense and emits the lowest pounds of CO<sub>2</sub> per million British thermal units (BTU) of all hydrocarbons. As such, it is an abundant low-emission substitute for coal and backstop for renewables in the evolving energy mix.

Both the US and the EU have displaced coal by increasing consumption of natural gas and other sources. The result has been meaningful reductions in total greenhouse-gas emissions – a decline of 23 percent for the US and 17 percent for the EU since 2000.

This approach can be applied more broadly in countries such as China and India, which rely heavily on coal as their dominant energy source (55 percent and 57 percent of their energy mix). This is especially critical given that, between 2020-2023, global coal consumption actually increased by 7 percent – notably by 24 percent in India.

Because of the war in Ukraine, coal usage has increased even in the natural-gas-loving EU. As a result of G7 price caps and EU import bans on Russia, Moscow cut gas supplies to Europe, weaponizing the continent's reliance on the commodity.

Meanwhile, India and China increased their imports of discounted Russian oil by 40 and 20 percent, respectively. These and other Southeast Asian countries have significant demand for energy both now and in the future, and there are concerning geopolitical ramifications if Russia is able to build stronger energy trade linkages into growing Asian markets on a long-term basis.

Canada, as a secure source of LNG, is consequently faced with a compelling opportunity, should it choose to act.

In 2022, Canada produced 17.3 billion cubic feet (bcf)/day of natural gas, and is its sixth largest producer; the country also has 1,373 trillion cubic feet of remaining natural gas resources. While Canada generally does not export LNG directly, it does contribute approximately 7 percent of US natural gas supply, some of which is used as feedstock into that country's LNG liquefaction facilities. However, we lack sufficient pipeline capacity to fully capitalize on this path.

Canada has the potential to export LNG on both the East and West Coasts. A number of projects are proposed or advancing in British Columbia, with forecast production of 6.4 bcf/day by 2030, which will be among the cleanest in the world. According to the June 2020 volume of the *Journal of Cleaner Production*, LNG produced on Canada's West Coast would result in up to 62-percent lower GHG emissions than coal when used for electricity.

Domestic LNG projects face long timelines and mounting challenges, but if the majority of them proceed, the economic impact would be \$10.2-billion in annual GDP, \$3.6-billion in government revenues and 77,600 jobs annually. British Columbia, Alberta, Ontario and the federal government would be the largest beneficiaries of this activity. The jobs created would be of high quality, as oil and gas wages are **the highest in the country**.

The LNG benefits would extend deeply to Indigenous communities as well, with an increased focus on Indigenous-led major projects, Indigenous equity options in LNG facilities and associated infrastructure, and Indigenous-led environmental assessments.

To take action, we need a strategic approach and prioritization of LNG development in federal and provincial energy policies. That includes an efficient and prioritized regulatory process, recognition of displaced emissions globally, fiscal and climate policies that encourage LNG investment, and sustainable finance taxonomies that recognize the global emissions-reduction contribution of Canadian LNG.

The world is looking for energy partners who can provide clean, secure and affordable supply. Canadian LNG meets those needs. Will we seize the opportunity?

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*A version of this Memo first [appeared](#) in The Globe and Mail.*