

December 7, 2021

The Honourable Jonathan Wilkinson
Minister of Natural Resources
House of Commons
Ottawa, Ontario, K1A 0A6

Dear Minister Wilkinson,

We urge you to retain and improve the Emissions Reduction Fund (ERF).

During the pandemic, the Emissions Reduction Fund (ERF) has been one of the few programs around the world that addresses the economic impacts of the ongoing health crisis while creating jobs and contributing meaningfully to reducing emissions in the oil and gas sector.

This program has helped to drive Canadian leadership in methane abatement technology that will be in greater demand as the rest of the world increasingly acts on methane and will continue to do so if renewed. Recent federal modelling has shown that Canada will miss the mark on its promised methane reduction targets of 40-45% below 2012 levels by 2025. The ERF is closing that gap by funding projects that go beyond the current regulations.

Cutting methane emissions that leak and are vented from oil and gas infrastructure remains one of Canada's cheapest, fastest and most effective climate solutions. Addressing methane is also a critical step in reducing oil and gas emissions, as the government has committed to doing with a cap on oil and gas emissions.

The urgency of tackling the oil and gas sector's emissions is highlighted by field measurements that consistently show that actual methane emissions could be up to twice as high as the levels estimated in Canada's National Inventory Report. On the path to achieving further reductions in methane by 2030, Canada needs to eliminate methane emissions where possible. The current regulations allow flaring and combustion of gas which emit both GHGs and volatile organic compounds. The ERF will help reduce flaring and put Canada on a better path towards achieving our 2030 targets and eventually eliminate methane emissions by funding projects that capture them.

We are pleased to see that 97% of the emissions reductions from ERF thus far came from projects that eliminated intentional routine venting and flaring of methane. These outcomes go beyond the current methane regulations and were achieved for less than \$20 per tonne of CO₂e.

We urge you to continue this fund while addressing some of the concerns raised by the commissioner – specifically the need to report on the emissions benefits of the program which are additional to the regulations. Policy consistency and predictability is crucial for industry to make investments in reducing emissions.

We strongly support effective federal methane regulations and recognize the need to strengthen current regulations to meet Canada’s 2025 methane reduction target. The ERF’s achievements demonstrate that Canada can achieve further methane reductions at a low cost and will help close the gap to our 2025 targets.

We thank you for your consideration and look forward to working with you to eliminate oil and gas methane emissions.

Sincerely,

Chris Severson-Baker
Alberta Regional Director
Pembina Institute

Cc.

The Honourable Steven Guilbeault, Minister of Environment and Climate Change

Jean-Francois Tremblay, Deputy Minister of Natural Resources

Christine Hogan, Deputy Minister Environment and Climate Change

Claire Seaborn, Chief of Staff to Minister of Natural Resources

Dominic Cormier, Chief of Staff, Minister of Environment and Climate Change

Kyle Harrietha, Deputy Chief of Staff to the Minister of Natural Resources

Sarah Goodman, Senior Advisor, Office of the Prime Minister of Canada

Clare Demerse, Senior Policy Advisor, Privy Council Office