

MANAGING OIL SANDS DEVELOPMENT FOR THE LONG TERM:

A DECLARATION BY CANADA'S ENVIRONMENTAL COMMUNITY



CANADIAN
PARKS AND
WILDERNESS
SOCIETY



David
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Foundation



GREENPEACE



SageCentre



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Given that

- the pace of oil sands development has far exceeded all original expectations, has exceeded one million barrels per day and is projected to continue to grow to five–six million barrels per day by 2030;^{i,ii}
- the production of synthetic crude oil from the oil sands is being driven by demand for transportation fuels that are being used by an inefficient fleet of North American vehicles;ⁱⁱⁱ
- the oil sands industry is linked to both upstream (e.g., increased demand for new natural gas production) and downstream (e.g., refineries and air pollution from end-use) environmental impacts;
- the oil sands industry has successfully attracted international investment attention, is profitable at oil prices above US\$25 per barrel and also receives significant federal and provincial subsidies including a favourable royalty and tax regime;^{iv}
- the pace and scale of oil sands development is outstripping the ability of the federal and provincial governments to protect the regional, national and global environment and climate; and
- the federal and provincial governments have made various commitments to sustainable development, maintenance of biodiversity and taking action to combat climate change, and have the opportunity to become leaders in sustainable energy.

The undersigned environmental organizations, on behalf of the environment and future generations, agree that the “license to operate” in the oil sands should be conditional, with any further development of the oil sands resource satisfying the following three conditions:

First, that a regulatory and policy regime be implemented for making the **transition to a sustainable energy economy** in Canada through the implementation of a long-term national energy framework that positions Canada at the vanguard of a new climate-friendly energy system. A significant first step to addressing the demand for synthetic crude oil, which is predominantly used for transportation fuel in both Canada and the United States, can be achieved through legally

binding **automobile fuel efficiency standards** that ensure more responsible and efficient consumption of this valuable and non-renewable energy resource.

Second, that this transition be underwritten by a fiscal regime that ensures **genuine and sustainable prosperity** beyond the exploitation of the oil sands. Central to achieving this condition is **the elimination of subsidies to the oil sands industry**, implementation of tax and royalty regimes that **maximize the wealth of citizens**, and utilization of this resource wealth to **rapidly increase the Canadian economy's energy efficiency and the deployment of low-impact renewable energy**. Further, current and future generations must be **protected from potential future liabilities** by requiring full-cost bonding of oil sands operations.

Third, that a regulatory and policy regime be implemented that **assures the maintenance of environmental integrity**. This will require that existing and new oil sands operations are **carbon neutral (zero net greenhouse gas emissions) by 2020** through a combination of on-site emission reductions and genuine emissions offsets. In addition, this will require the legal establishment of an ecologically representative **interconnected network of protected areas and corridors**, prescribed **precautionary limits** for water use and release, criteria air contaminants, watershed integrity and wildlife habitat, and a **binding regional integrated management plan** that maintains biodiversity and ensures the resilience of endangered species populations. Additionally a fundamental principle must be to prevent exposing current and future generations to potential catastrophic **environmental or human health risks**.

These conditions can be implemented without significant macroeconomic impacts through innovation and strong leadership. Only through the satisfaction of these conditions do we believe that Canada will be in a position to develop this energy resource in a responsible manner that will create a positive legacy for current and future generations.

As signatories to this declaration, **we will work together and with proactive companies and governments** to help ensure these minimum conditions are met for the responsible development of Canada's oil sands.

Signatories:

Canadian Parks and Wilderness Society
David Suzuki Foundation
Dogwood Initiative
Greenpeace Canada
Pembina Institute
Prairie Acid Rain Coalition (PARC)

Sage Centre
Sierra Club of Canada - National
Sierra Club of Canada – Prairie Chapter
Toxics Watch Society of Alberta
West Coast Environmental Law
World Wildlife Fund Canada

Additional Context:

- In 1995, the federal and provincial governments and the oil sands industry laid out a 25-year strategy that envisioned tar sands production doubling or tripling to reach between 800,000 and 1.2 million barrels per day by 2020. Between 1995 and 2004 oil sands production more than doubled to approximately 1.1 million barrels per day — 16 years ahead of the anticipated timeline.^{v,vi}
- The average fleet fuel efficiency of North America's personal vehicles in 2005 is 11.2 litres per 100 km. The peak average fuel efficiency in North America, 10.7 litres per 100 km, occurred in 1986 before automakers began selling large volumes of sport utility vehicles (SUVs). Today, the average fleet fuel efficiency is the same as it was in 1981.^{vii}

- The oil sands resource, which underlies 149,000 square kilometres of forest and wetlands, is located in Canada’s boreal forest ecosystem, one of the largest remaining intact forests in the world.^{viii}
- Atmospheric greenhouse gas concentrations need to be limited to 400 parts per million by volume (ppmv) carbon dioxide equivalent; this requires emission reductions by industrialized countries of at least 80 per cent below 1990 levels by 2050 to prevent dangerous climate change.^{ix}
- Greenhouse gas emissions from oil sands development will be growing rapidly during a period of time in which significant reductions in global emissions of greenhouse gases are necessary.^x

Detailed Conditions and Recommendations:

1. Implementation of strategies and laws outlining a “transition to a sustainable energy economy” that include
 - a. The development and implementation of a national energy framework with a focus on energy efficiency, energy conservation, renewable energy and conventional energy in collaboration with the provinces, First Nations and Métis, industry and non-governmental organizations (NGOs).
 - b. A Sustainable Energy Heritage Fund to advance the development and deployment of energy conservation, efficiency and low-impact renewable energy technologies.
 - c. The phase-in of legally binding, Canada-wide fleet fuel efficiency standards with targets to 2020 that are aligned with national targets for reducing greenhouse gas emissions.
 - d. An international role in advocating for the responsible and efficient consumption of Canada’s energy exports.
2. Implementation of a fiscal regime (tax and royalty structure) that ensures “genuine prosperity beyond the life of oil sands” by
 - a. Phasing out all current subsidies to the oil sands that provide an advantage relative to a neutral tax system.
 - b. Putting in place a royalty structure that maximizes the wealth of the citizens who own this non-renewable resource.
 - c. Implementing a fiscal regime that utilizes the financial wealth and engineering knowledge generated by the oil sands to drive the transition to a sustainable energy economy. The goals of this fiscal regime are to rapidly increase the Canadian economy’s energy efficiency and the deployment of low-impact renewable energy.
 - d. Ensuring that all potential future liabilities are borne by the oil sands industry. Central to this, but not limited to, are oil sands reclamation bonds that realistically reflect the full costs of reclaiming the landscape back to original wild lands and wetlands, to ensure future generations and taxpayers don’t bear the costs.
3. Implementation of an “environmental integrity assurance” regulatory and policy regime that
 - a. Achieves carbon neutral (no net greenhouse gas emissions) oil sands operations by 2020 for all existing and new operations through a combination of on-site reductions and genuine emission offsets, backed by legislated requirements. Beginning immediately, this commitment should be a legally binding condition

of any approvals for new or expanded operations and renewal of operating licences for existing facilities.

- b. Legally establishes an interconnected network of protected areas and corridors by protecting an area of intact, high-conservation-value boreal forest that is representative of the region and sustains ecological integrity.
- c. Prescribes precautionary standards for water use and release, criteria air contaminants, watershed integrity and wildlife habitat.
- d. Requires a binding regional integrated management plan that maintains biodiversity, restricts cumulative effects and ensures resilience of endangered species populations.
- e. Clearly defines environmental performance standards for use in regulatory decisions, with a review and update every three years.
- f. Does not expose current and/or future generations to potential catastrophic environmental or human health risks.

ⁱ National Oil Sands Task Force, *The Oil Sands: A New Energy Vision for Canada* (1995), p.33.

ⁱⁱ Alberta Energy and Utilities Board, “ST98-2004 – Graphs and Data – Section 2 Crude Bitumen” (2004), <http://www.eub.gov.ab.ca/bbs/products/STs/st98-2004-data-2-bitumen.ppt>; Source of 2004 data: Alberta Energy and Utilities Board, *Alberta’s Reserves 2004 and Supply/Demand Outlook/Overview* (2005), Statistical Series (ST) 2005-98, p.2-2.

ⁱⁱⁱ The average fleet fuel efficiency of North America’s personal vehicles in 2005 is 11.2 liters per 100km. The peak average fuel efficiency in North America, 10.7 litres per 100 km, occurred in 1986 before automakers began selling large volumes of sport utility vehicles. Today, the average fleet fuel efficiency is the same as it was in 1981. Source: Richard Heavenrich , *Light-Duty Automotive Technology and Fuel Economy Trends: 1975 Through 2005* (U.S. Environmental Protection Agency, 2005), <http://www.epa.gov/otaq/fetrends.htm>. Average specific consumption of vehicles in the European Union in 2003: ODYSSEE Energy Efficiency Indicators in Europe, <http://www.odyssee-indicators.org/>.

^{iv} Foster Natural Gas Report, *Outlook for oil sands production in Canada factors in significant demand for natural gas* (March 11, 2004) citing a study released March 3, 2004 by the Canadian Energy Research Institute entitled *Oil Sands Supply Outlook: Potential Supply and Costs of Crude Bitumen and Synthetic Crude Oil in Canada, 2003-2017*.

^v National Oil Sands Task Force, *The Oil Sands: A New Energy Vision for Canada* (1995), p.33.

^{vi} Alberta Energy and Utilities Board, “ST98-2004 – Graphs and Data – Section 2 Crude Bitumen” (2004), <http://www.eub.gov.ab.ca/bbs/products/STs/st98-2004-data-2-bitumen.ppt>; Source of 2004 data: Alberta Energy and Utilities Board, *Alberta’s Reserves 2004 and Supply/Demand Outlook/Overview* (2005) Statistical Series (ST) 2005-98, p.2.

^{vii} Richard Heavenrich, *Light-Duty Automotive Technology and Fuel Economy Trends: 1975 Through 2005* (U.S. Environmental Protection Agency, 2005), <http://www.epa.gov/otaq/fetrends.htm>. Average specific consumption of vehicles in the European Union in 2003: ODYSSEE Energy Efficiency Indicators in Europe, <http://www.odyssee-indicators.org/>.

^{viii} Data was taken from Table 2.3 and converted from hectares to square kilometres. Source: Alberta Energy and Utilities Board, *Alberta’s Reserves 2004 and Supply/Demand Outlook/Overview* (2005), Statistical Series (ST) 2005-98, pp.2-7.

^{ix} Matthew Bramley, *The case for deep reductions: Canada’s role in preventing dangerous climate change*. (The David Suzuki Foundation and the Pembina Institute, 2005), http://www.pembina.org/pdf/publications/Case_Deep_R_E.pdf.

^x Dan Woynillowicz, Chris Severson-Baker, Marlo Raynolds, *Oil Sands Fever: The environmental implications of Canada’s oil sands rush* (The Pembina Institute, 2005), <http://www.oilsandswatch.org/pubs-osf-book.php>.