

Presentation to the Oil Sands Multi-stakeholder Committee

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Mr. Chairman and Members of the Panel:

Thank you for the opportunity to present here this afternoon. Recognizing that you've heard from two of my colleagues at previous sessions, I'll try to draw out some examples that are relevant to the Fort McMurray region and the mineable oil sands.

The Pembina Institute envisions oil sands development that occurs at a pace and scale that:

- *respects the capacity of regional ecosystems to be sustained,*
- *addresses global climate change by achieving deep reductions in greenhouse gas emissions,*
- *optimizes economic benefit to the public owners of the resource, and*
- *continuously improves the quality of life of all Albertans today and for future generations.*

I'll also introduce three principles that underpin the achievement of this vision:

1. Orderly development
2. Government accountability and capacity
3. Precaution in the face of uncertainty

You'll notice that within this vision the outcomes—a healthy environment, a prosperous economy and a high quality of life for Albertans—are conditional upon the pace and scale of development. I'd like to begin by discussing the pace of oil sands development and the implications it has on the ability of government and industry to manage the associated environmental impacts. A decade ago the National Oil Sands Task Force set out a strategy for increasing oil sands production to 1 million barrels per day by 2020. As you are likely aware, this target was achieved in 2004—16 years ahead of schedule. Clearly the growth of this industry exceeded expectations and came as a surprise. As a result, the environmental policies and management systems are not in place to cope with this rate and extent of growth. The government has fallen behind.

While the government developed the Regional Sustainable Development Strategy (or RSDS) for the Athabasca oil sands in response to growing concern about cumulative environmental impacts, it did not create the conditions necessary for the successful implementation of the RSDS. The RSDS was the de facto vision for oil sands in the Athabasca region, and as such the implementation challenges should be used to inform the Multistakeholder Committee when they deliberate on how to implement a new vision for oil sands development. The Cumulative Environmental Management



Association (CEMA) was given the responsibility of addressing the issues described in the RSDS, but not the resources or space within which it could deliver results in a timely way. CEMA and the Government of Alberta are years behind schedule and there is no plan in place to effectively catch up. This is documented in our publication *Oil Sands Fever*, which will be submitted to the Panel for their review. It should come as little surprise that in polling conducted by Probe Research earlier this year it was found that 91% of Albertans expect protection of the environment, even if this slows down opportunities for oil sands development.¹

This brings me to my first principle—that of orderly development. This principle is important because the Energy and Utilities Board, which makes public interest decisions regarding oil sands development, is charged with ensuring “that energy development occurs in an orderly way that benefits Albertans.”² It is our belief that we have passed the point of orderly oil sands development and created what former Premier Peter Lougheed has described as a “mess.”³ The current context in which oil sands development is proceeding is best described as disorderly development. As such, it is now necessary to rein in development by suspending the new allocation of oil sands rights and regulatory approvals for oil sands projects. This is necessary to catch up; to ensure we have the environmental policies and management systems in place, and to get ahead of future growth. The same argument can be made with regards to the economic system and the now outdated royalty regime. But I will leave that topic for a colleague of mine to discuss at a future session.

The second principle is that of government accountability and capacity. With a resource like the oil sands, whose benefits and costs will be felt for decades, the government must acknowledge the accountability it has to current and future generations of Albertans. To fulfill this accountability requires that the government agencies overseeing and managing oil sands development are adequately resourced to get the job done. This investment in “getting it right” will allow the benefits of oil sands development to be maximized and the negative impacts to be minimized. With respect to the environment, the government has failed to adequately invest to ensure sound decisions are made and the environment is protected. Despite an increasing number of priority issues the number of staff at Alberta Environment has decreased since 2000 and the department’s budget has not grown in parallel with its workload.⁴ Despite the dedicated effort its staff the Government of Alberta is running an environmental deficit. This deficit is hampering the government’s ability to ensure Alberta’s environment is protected. To overcome this requires a government commitment to

¹ For more details, see <http://www.oilsandswatch.org/media-release.php?id=1230>.

² Source: http://www.eub.ca/portal/server.pt/gateway/PTARGS_0_0_260_222_0_43/http%3B/extContent/publishedcontent/publish/eub_home/public_zone/eub_process/enerfaqs/EnerFAQs1.aspx

³ Fekete, J. *Oil sands plan needed now, Lougheed says*. Calgary Herald, September 3, 2006.

⁴ Alberta Environment full time equivalent (FTE) staff have declined from 845 FTE in 1999/2000 to 804 FTE in 2005/2006. Sources of data are Government of Alberta Fiscal Plans 2001-04 (p.49), 2002-2005 (p.51), 2003-2006 (p.58), 2004-2007 (p.58), 2005-2008 (p.57). All available at <http://www.finance.gov.ab.ca/publications/budget/index.html>.

granting its environmental agencies the time, staff and resources required to catch up and get ahead of future oil sands development.

Next I'd like to focus on the scale of development and its implications on the capacity of the regional ecosystem to sustain itself throughout and after the period of oil sands development. Satellite images readily illustrate the magnitude of boreal forest impacts from oil sands mining operations. It's noteworthy that the United Nations Environment Program has identified Alberta's oil sands mines as one of the 100 global "hot spots" of environmental change.⁵ In considering this we also must keep in mind the fact that oil sands mining operations have only just begun. The surface mineable area of oil sands covers 3,000 square kilometers of boreal forest. In 2005 the Government of Alberta released its draft Mineable Oil Sands Strategy (MOSS), which would give priority to strip-mining oil sands over environmental protection.

This takes me to my third and final principle, that of precaution in the face of uncertainty. The precautionary principle is most commonly articulated as follows: "*Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.*"⁶ Undoubtedly the scale of oil sands mining operations, the creation of immense volumes of tailings and the cumulative impacts to the boreal forest bring great uncertainty to the question of whether oil sands reclamation will be successful. After more than three decades of oil sands mining not a single hectare of land has been certified as reclaimed by the Government of Alberta. In spite of this, proponents of new oil sands mining operations make unsubstantiated assumptions of reclamation success. For example, Canadian Natural Resources assumed the following in its application for the Horizon mining project: "Mitigation paired with reclamation assumes a postproject success rate of 100%...Uncertainty with reclamation methods is assumed to be resolved with ongoing reclamation monitoring and research."⁷

Amazingly, the EUB and the departments of Environment and Sustainable Resource Development accept this approach to addressing uncertainty. This uncertainty also has potential economic ramifications for Albertans. The government collects a "security deposit" from oil sands companies that will, in theory, cover the costs of reclamation in the event that a company is unable or unwilling to do so. Uncertainty about what is required for successful reclamation, and how much it might cost, makes it uncertain whether the government is collecting sufficient reclamation security deposits. If the deposits prove inadequate, Albertans are at risk of footing the reclamation bill using taxpayer dollars. Compounding this risk is the fact that it is the companies that calculate what the deposit should be, that this occurs without any public transparency, and that the government does not have

⁵ See <http://www.unep.org/Documents/Multilingual/Default.asp?DocumentID=487&ArticleID=5350&l=en> and http://na.unep.net/digital_atlas2/webatlas.php?id=261.

⁶ Principle 15 of the "1992 Rio Declaration on Environment and Development"

⁷ Canadian Natural Resources Ltd., *Supplemental Responses*. (2004), Part 2, 21.5 (ii), p. 100.

any clear policy or guidance for how this should be done.⁸

I wish to stress that it is one thing to articulate a vision and principles for oil sands development, but quite another to actually develop and implement the plans and policies to make it happen. That's why the Pembina Institute has been advocating for a suspension of new oil sands lease dispositions and regulatory approvals for new oil sands projects. Efforts by government, industry and stakeholders to catch up to the pace of development, let alone get ahead, have not and likely cannot be successful amidst ongoing development activities. That's why we believe that it is time to take pause and to catch up to current development, get ahead of future development, and ensure that we have the tools in place to achieve the vision we have for oil sands development.

To draw my presentation to a close I'd like to return to the Pembina Institute's vision of oil sands development that occurs at a pace and scale that:

- *respects the capacity of regional ecosystems to be sustained,*
- *addresses global climate change by achieving deep reductions in greenhouse gas emissions,*
- *optimizes economic benefit to the public owners of the resource, and*
- *continuously improves the quality of life of all Albertans today and for future generations.*

Key principles needed to ensure government and industry accountability for ensuring environmentally responsible oil sands development include:

1. Orderly development
2. Government accountability and capacity
3. Precaution in the face of uncertainty

The world is watching Alberta as it develops its oil sands resource. We will be judged on the basis of whether we develop this resource in a manner that ensures a lasting legacy of economic prosperity, a healthy environment, and a high quality of life for all Albertans. Thank you.

⁸ Personal communication. Alberta Environment. August 3, 2005.