Despite Anti-O&G lobbyists, CDN Natural Gas keeps getting greener

December 4, 2020 7:44 AM Maureen McCall 4 Comments

As the decarbonization dialogue develops, new information from the European Union Sustainable Finance taxonomy (a work group supporting the European Green Deal) still marginalizes natural gas.

Just last month, natural gas was denied 'transition' fuel status in a draft of EU green finance rules with environmentalists praising the draft as a move against hydrocarbons- preventing natural gas investments from being labelled "green".

Here in Canada, natural gas hydrogen project development is under pressure from foreign-funded environmental activist groups. Just last week, as many as twenty-seven environmental and non-profit groups signed a letter to the Minister of Natural Resources, objecting to Ottawa funding of projects producing hydrogen sourced from natural gas or other hydrocarbons. The letter stated "Canada should not be providing any form of financial support for the development of fossil-fuel derived hydrogen," and asserted that blue hydrogen use would boost the fossil fuels industry instead of transitioning away from it. In the letter, the groups push a false narrative that there is "little evidence" that blue hydrogen can be cost-effective in achieving a zero-emissions economy because it relies on what they refer to as the "unproven technology" of CCS.

Disregarding the basic misunderstanding of the value of blue hydrogen to the Canadian economy for a moment, natural gas and blue hydrogen are still being targeted by green lobbyists who coincidentally are also anti-oil activist groups. Many of the groups who are signatory to that letter to Ottawa have been identified as foreign-funded groups by Vivian Krause in her blog – "Fairquestions" as well as in her documentary "Over a Barrel". Ms. Krause calls out the groups for opposing Canadian development of new, lower carbon industries such as hydrogen and small nuclear reactors while claiming that there is a "climate emergency". In a statement to the BOE Report, Krause said,

"This doesn't make sense. Let's not forget that not only are these groups funded to address environmental issues, they have also been funded explicitly to keep Canada out of the global energy market and to destroy investor confidence in Canada. By exaggerating environmental issues and turning a blind eye to the rapid expansion of the oil and gas industry in the US, these groups are protecting the competitiveness of U.S. industries and the U.S. economy, not the environment."

Returning to the EU green finance rules, another part of the EU's intense focus to discount blue hydrogen and exclude natural gas from the transition fuel designation comes from the European Union's desire to distance itself from reliance on the Russian supply of natural gas.

There is dissension in Europe concerning reliance on Russian natural gas. This reliance got international attention in 2009 when Russia cut gas supply to Europe at the height of winter causing shortages from France to Turkey. Tony Cioni, International Energy lawyer with Cito Energy Group described the tricky position the EU is in regarding foreign policy towards Russia to the BOE Report saying,

“On one hand, Putin’s geopolitical tactics and authoritarianism clashes with West Europe’s democratic values in an echo of Cold War concerns. On the other hand, the German economy needs to be powered by something – preferably cleaner-burning natural gas in absence of nuclear or the capability for renewables to fill the void. This German weakness goes all the way back to the invention of synth oil from Coal in the 30s, as part of the build-up to WWII. At the end of the day, without a strong German economy, Europe does not have a lot of clout in projecting its soft cultural values. “

In addition, the US and other NATO countries are concerned over the new Nord Stream 2 natural gas pipeline from Russia to the German coast of the Baltic sea. The concern is it will give Russia increased leverage over Germany and other NATO allies. Germany has minimized the political aspect of the pipeline calling it an economic project. For now, US sanctions have halted its construction. In general, one could say the European Union is using green designations to steer away from dependence on Russia for natural gas and natural gas products regardless of the actual decarbonization of that resource.

However, the EU’s energy vulnerabilities shouldn’t impact a sustainable implementation of natural gas globally in the face of great advances in carbon capture and sequestration and emissions reductions that “green up” not only hydrogen production from natural gas but also the general production of natural gas and LNG. Natural gas, at current low prices, is shaping up to be a very environmentally sound source of hydrogen when paired with CCS and it is forecast to be more affordable than green hydrogen for the foreseeable future. It is sustainable for countries with emerging economies that are currently reliant on the combustion of very inexpensive but much more highly emitting fuels such as coal and wood.

Companies in Alberta have been very effective pioneers of carbon capture and sequestration (CCS). They have been able to incorporate the use of CO_2 captured from the oilsands in enhanced oil recovery projects, creating carbon capture, utilization, and storage projects (CCUS). Companies operating in Canada have also greened-up their operations beyond CCUS with a whole suite of emissions reduction strategies that also involve methane emission reduction. CNRL, as an example, has a very comprehensive GHG reductions program, incorporating CCS from tailings, part interest in the Quest CCS project, EOR as a partner in the Alberta Carbon Trunk Line, and methane emissions reduction programs resulting in 2.7 Mt of CO_2 equivalent reduction in 2019.

In a post-pandemic world, it is becoming increasingly clear that countries will have to incorporate low carbon impact hydrocarbons into their energy mix to avoid artificially created energy poverty. A good example of the failure of a regime to move into renewable energy sources is the current situation in California. California embarked on an ambitious renewable energy transformation plan 18 years ago and mandated against using natural gas to support renewables such as wind and solar for power generation. The result is that in 2019-2020 California is experiencing extremely high electricity prices as well as extreme unreliability of electrical power supply resulting in blackouts across the state.

More studies with scientific fact-based discussions are needed in Canada for the transition to implement renewables in Canada. Those discussions need to meaningfully include experts from the Oil and Gas industry. In abandoning hydrocarbons as energy sources without adequate planning and review, Canada risks curtailing our economic development and a possible reversal of the prosperity we currently enjoy. While Canada contemplates restricting the growth of its oil and gas industry, other OPEC members plan to ramp-up spending to grab market share.

In Canada, there may be faint signs in this week's fall economic statement that the Federal government may be softening their hard stance against hydrocarbons and seeing the Canadian energy industry in a different light. In reference to the fall economic statement, Gwyn Morgan, former CEO of Encana stated,

"The oil and gas industry wasn't mentioned in the budget, but the undertone is that the Liberals have figured out that this fiscal hole – if they don't get their best, and most productive, and most revenue-generating and job-creating industry going – they're going to be in deeper trouble."

This could be good news for the Canadian economy as well as industry. By keeping hydrocarbons in the green mix, we will keep the ability to source energy inexpensively and reliably in Canada. True, our current regulatory regime is still severely restricting the completion of some very necessary transportation pipelines that are the lifeblood of the oil and gas industry. We must face the fact that we have invited in all of the international activists and protestors that are currently blocking all pipeline expansions in Canada and we must reform our regulations.

We will still have to address the problem that we have created an economic climate in Canada where investors and companies looking to develop the multimillion-dollar projects needed for energy supply have determined that they cannot currently get sufficient return on their investments. The consequence of the green energy directions we are contemplating in Canada could mean very costly energy solutions for a country that has extremely affordable energy solutions here at home.

Maureen McCall is an energy professional who writes on issues affecting the energy industry.

Snap_Oversteer • 18 days ago

California had one day of rolling blackouts during a heat wave in the middle of summer.

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Snap_Oversteer • 18 days ago • edited

Vivian Krause is currently embroiled in a lawsuit for her "work" in discrediting environmentalists. She was on Twitter begging for donations to defend herself. Maybe you should send her a few dollars for Christmas.

^ | ˅ • Reply • Share ›

Closeaircorsair → Snap_Oversteer • 17 days ago

Of course she's "embroiled" in a frivolous lawsuit. It's what the supposed "environmentalist" lawyers have as their only weapon. Thanks to the original environmental movement, our country has the cleanest and least risky environment since the 1800s in most regions.

To paraphrase the longshoreman philosopher Eric Hoffer:

Every great cause begins as a movement, becomes a business, and eventually degenerates into a racket.

Guess where our foreign paid "environmental" lawyers fit on this scale.

^ | ˅ • Reply • Share ›