



Premier of Alberta

Office of the Premier, 307 Legislature Building, Edmonton, Alberta T5K 2B6 Canada

February 5, 2020

Right Honourable Justin Trudeau
Prime Minister
Office of the Prime Minister
Langevin Building
80 Wellington Street
OTTAWA, Ontario
K1A 0A2

Dear Prime Minister Trudeau:

It is with great urgency and deep concern that I am taking the unusual step of writing to you about the Teck Frontier project, and to urge you and your cabinet colleagues to ensure its timely approval this month. As you know, a positive decision is critical to the future of Alberta's, and Canada's, energy industry and will have far-reaching consequences for our economy as a whole.

The Teck Frontier project has been one of the most scrutinized in Canadian history. It has been in federal-provincial regulatory review processes since 2011 and received Joint Review Panel approval in July 2019, which means it was found to be in the public interest. Alberta has already given this project cabinet approval, and now federal cabinet approval, required by February 28 of this year, is the final remaining step.

The Frontier project is a model of environmental and social responsibility. It will set a new bar for clean emissions from a major oilsands project, with a GHG intensity roughly half of the oilsands industry average, and lower than roughly half of the barrels refined in the United States. It will use best practices like paraffinic froth treatment and cogeneration of electricity to further minimize its GHG impact.

Teck has concluded participation agreements with all 14 affected Alberta First Nations and Métis communities, and the project is anticipated to create 7,000 jobs during the construction phase and 2,500 operating jobs, mostly in rural Alberta, which has experienced devastating job losses over the last five years. The project will also contribute at least \$12 billion in federal income and capital taxes, which will fund health care, education, and other benefits for local indigenous populations and all Canadians.

There is, quite simply, no reason specific to this project that would justify denying federal cabinet approval for the Frontier project. Given the level of economic benefits, Teck's environmental commitments, and broad Indigenous support for Frontier, if this project is not approved it would send a chilling signal regarding federal intentions on all future oilsands or natural resource development projects. As you know, investment capital, and especially foreign investment, is looking for signs of hope from our governments. A decision to kill the project at this late hour, after all that Teck has done to satisfy regulators and social and environmental concerns, would echo in global markets like a slamming door.

In recent weeks, we have heard concerns expressed in the media from some in your government over how Frontier would fit within Alberta and Canada's overall climate commitments. First, let me make clear that Frontier will fit easily within Alberta's legislated 100 megatonne cap, which was previously agreed to between the Governments of Alberta and Canada, and which I have confirmed in discussions with you and Deputy Prime Minister Freeland.

To quote from the 2019 Joint Review Panel Report, "the current oil sands greenhouse gas emissions are well below the limit and will remain below the limit with the approval of the Frontier project."

According to our latest estimates, greenhouse gas emissions from the oilsands subject to the cap were at 67 MT at the end of 2018. The additional 4.1 MT of annual emissions from Frontier (based on existing technology, which will also likely improve over the life of the project) will be easily manageable within the legislated cap. However, in more recent discussions with federal representatives, there has been less attention to the legislated cap, which was the previously agreed standard for oilsands development between Canada and Alberta, and more concern as to how this new project will fit within the federal government's new, as yet undefined, intention to achieve net zero emissions by 2050.

There has been widespread discussion between governments, industry, and think tanks over recent months as to what a net zero commitment could actually mean, and the federal government has not yet indicated a process for defining net zero. Despite our efforts to understand what the Government of Canada now expects of the Government of Alberta or of specific projects, we have not received a clear answer. You can imagine how frustrating it is for us, or for a company, genuinely looking for a path to responsible and sustainable development to be met with ambiguous shrugs. The simple truth is that Frontier easily fits within the existing greenhouse gas management framework agreed to by Alberta and Canada. As a matter of fundamental justice, your government cannot assess a project against a standard that does not yet exist, so we trust that you will honour your previous commitments and satisfy existing expectations.

That said, we would also note that earlier this week Teck announced a corporate-level net zero commitment, as several other major Alberta oilsands operators had already done.

Alberta stands willing to work with Ottawa on climate policy, our disagreements about constitutional jurisdiction notwithstanding. And that is what our current legal challenge to the federal carbon tax is fundamentally about: whether Ottawa can expand the “peace, order, and good government” power to regulate matters that otherwise fall squarely within provincial jurisdiction. We do not dispute the need to reduce emissions and, in fact, are committed to doing so. As you know, the federal government recently recognized Alberta’s Technology Innovation and Emissions Reduction program (our provincial system for large industrial emitters) as equivalent to the federal Output Based Pricing System. This system will implement carbon pricing over 50% of Alberta’s emissions, which represent roughly 20% of Canada’s emissions. We are currently working with your officials to achieve a similar equivalency recognition for our methane reduction regulations, which will reduce Alberta’s methane emissions levels by 45% by 2025. Alberta’s coal-fired electricity emissions are projected to decline to almost zero before the end of this decade.

We would, therefore, challenge any assertion that Alberta is failing to do its part on climate policy, and we stand ready to work with the federal government to do more. And on conventional environmental matters, we are already national leaders in protecting caribou, bison, and their habitats and are working closely with your government on conservation plans for them. However, future progress on these issues will be much more challenging for Albertans if the federal government signals that it is saying no to future oilsands development.

The world will continue to need oil for decades to come, and that demand can be met while also reducing global emissions consistent with our Paris commitments. The International Energy Agency’s most recent report on global oil demand included, for the first time, a “sustainable development scenario” that is “fully aligned with the Paris Agreement by holding the rise in global temperatures to ‘well below 2°C ... and pursuing efforts to limit [it] to 1.5°C.’” Even under that scenario, global demand for oil is projected to be close to 70 million barrels/day in 2040. As Canadians we should be committed to ensuring that that oil is produced here, in Canada, where it creates Canadian jobs and funds Canadian social programs while meeting the highest standards of environmental, labour, and social regulation.

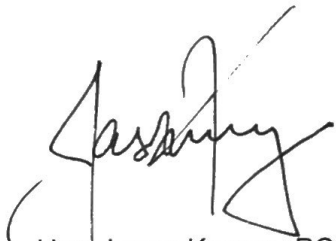
Let me reiterate my deep concern about the negative consequences of a cabinet decision not to approve Frontier. It would send a signal to the international investment community that Canada’s regulatory system is arbitrary, subject to moving and invisible goal posts, and that even the best evidence can be trumped by narrow politics. This uncertainty makes any future resource development project – whether in LNG or mining or other areas – highly uncertain. Here in Alberta, it would be interpreted as a rejection of our most important industry and could raise roiling Western

alienation to a boiling point – something I know your government has been attentive to since the election.

In short, Teck's Frontier mine is a best in class oilsands project and could be a marker for future responsible oilsands development, proving we can compete with any other major energy-producing country on environmental, social, and governance standards. On the other hand, its rejection would have devastating impacts on Alberta and Canada's economy and federal-provincial relations. I urge you and your colleagues to approve this project with all possible haste so that our governments can work to continue on the path of constructive dialogue that we have started on in the past few months.

Teck has done its part in meeting or exceeding all regulatory requirements and Alberta is doing its part in working with your government on emissions reductions and environmental stewardship. Now we need your government to live up to its end of the bargain and put evidence above politics and approve the Frontier project.

Sincerely,



Hon Jason Kenney PC
Premier of Alberta

P. S. I'm happy to discuss this at any time, including the broader issues of energy & the environment. At the end of the day, we think it's essential that Canada has a regulatory process that is not subordinated to politics.