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AN ADULT CONVERSATION ABOUT THE OILSANDS

Kenneth P. Green

Max Fawcett, the editor of Alberta Oil, penned an interesting article recently, taking on the newest environmentalist stance on the oilsands, which many Canadians may not understand. The current environmentalist demand is for 85 per cent of the oilsands to remain untapped, and that net emissions of greenhouse gases must not increase—at all—after 2018.

In other words, even if oil prices came roaring back, many environmentalists would not allow any additional growth in oilsand development. In fact, they want it ramped down and ended. Those who might disagree with these notions are facing a new labelling attack, wherein people like Pembina Institute oilsand analyst Erin Flanagan opines that they are “not ready to have that mature conversation” about how much of the resource must remain in the ground. Fawcett points out that other rhetorical tactics include positing oilsand opponents as “the adults” or

“grown-ups” in the discussion (I’ve faced similar rhetorical posturing in environmental debates myself).

Fawcett’s piece is very good in pointing out that the current environmentalist pretense to maturity is simply irrational. He explains that the demand for hydrocarbons around the world is such that even if Canadian environmentalists managed to stop production or pipeline transportation of the oilsands, the demand would be met from elsewhere, most likely, with oil produced in less environmental (and probably less humanitarian) ways:

But the notion that Canada should walk away from the oil sands entirely in order to meet its climate change commitments is just as facile. Stopping projects like Keystone XL or Northern Gateway won’t reduce the world’s aggregate demand for oil and refined products. The barrels that would have flowed through them will simply be replaced by barrels coming from other parts of the world.



Image courtesy of Suncor Energy Inc.

Fawcett is also right when he calls for extracting all of the bitumen that can be extracted economically—because there are few replacements for the energy bounty that nature has bequeathed us: the concentrated sunlight of billions of years of biological activity.

The actual “mature” conversation about climate change starts with accepting reality: for humans to thrive, we must consume energy—

vast quantities of it—and fossil fuels are far and away the most abundant, affordable and reliable source of that energy. An adult conversation would also acknowledge that the UN’s climate models virtually all overstate predicted warming, and the more likely result of continuing to emit greenhouse gases is a moderate warming that can be managed with a variety of policies that are far less draconian than shutting off the fossil-fuel tap. As McKittrick observes:

The most recent report of the Intergovernmental Panel on Climate Change said that observed warming this century was slower than predicted by 111 out of 114 of their climate model simulations. On average the observed warming this century was only a quarter what their models projected.

Where I depart from Mr. Fawcett's analysis is when he suggests that the "real solution" is about imposing a carbon tax. As Fraser Institute senior fellow Ross McKittrick has pointed out (in 2012), the demand

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for fossil fuels is so strong (inelastic, in economic parlance), that an effective carbon tax would have to be stupendously high. To reduce gasoline consumption in Canada by 30 per cent for example, McKittrick calculated one would need to raise the price of gasoline by \$2.30 per litre, representing a carbon tax of nearly \$1,000 per tonne. That is vastly higher than any estimate of the costs imposed on society by climate change, not to mention several orders of magnitude higher than the current

"price" for a tonne of carbon credit on the California carbon market, which is running at US\$12.75.

So by all means, let's have that "adult" conversation about energy. That's the one where we start with the hardest question: how do we supply modern types and quantities of energy to the 2.6 billion people on Earth who are currently suffering morbidity and early death for the lack of safe energy just to cook their food? And then work our ways to the easier ones, such as, is the answer in renewables?

Not for a long time.

The International Energy Agency forecasts only 18 per cent of global electricity production will come from all renewables (which includes hydro and biofuels) by 2040. And they forecast that only two per cent of vehicles will be all-electric, even by 2040. The vast majority of vehicles (46 per cent) will still be gasoline-only. And that forecast came before the recent crash in oil prices.

There's your adult conversation. 



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