



## BLUE STORM: THE RISE AND FALL OF JASON KENNEY

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# Alberta's Climate Policy: Public Kenney versus Private Kenney

*Duane Bratt*

## Introduction

On 5 May 2015, Rachel Notley and the New Democratic Party (NDP) shocked Albertans and Canadians by winning the Alberta election and ending the forty-four year Progressive Conservative (PC) dynasty. The surprising NDP victory led to high expectations that fundamental change in many aspects of Alberta's political and economic life would ensue, in particular, how the oil and gas dependent province would recognize the need to address fully the issue of climate change. Half a year later that is what happened. In November 2015, Premier Rachel Notley announced Alberta's Climate Leadership Plan (CLP). It was the most ambitious plan for reducing greenhouse gas (GHG) emissions seen in Canada. It brought together the key stakeholders (industry, environmentalists, and Indigenous leaders) and would heavily influence the federal government led by Justin Trudeau. Yet by the summer of 2019, the centrepiece of the CLP—the economy-wide carbon tax—was in tatters. The United Conservative Party (UCP) led by Jason Kenney campaigned on repealing the CLP (ending the carbon tax was Bill 1). After it won a majority government in April 2019, it announced that it would start to dismantle the CLP, beginning with the carbon tax (formally repealed on 5 June). However, on closer examination, the Kenney government has actually maintained much of the CLP and,

in some cases, even strengthened it. Explaining the Kenney government's climate policy is the purpose of this chapter.

Measuring rhetoric versus reality is a common political science tool. However, this tool is stood on its head when we analyze Alberta's climate policy under the Kenney government. With the notable exception of the economy-wide carbon tax, the Kenney government maintained or enhanced Alberta's CLP that was introduced by the previous NDP government. In addition, despite the strong anti-Trudeau rhetoric, the Kenney government has worked together with Ottawa on several key climate initiatives. The contradiction between Alberta's climate rhetoric and its reality can be explained by examining the Public Jason Kenney versus the Private Jason Kenney. Public Kenney is what is emphasized in speeches, press conferences, advertising, and high-profile announcements. Private Kenney is what is de-emphasized behind the scenes with bureaucrats, industry, cabinet officials, and relations with other governments.

This chapter is divided into six parts. Part one is a methodological statement. Part two briefly describes the background and history of Alberta and climate change. Part three examines the CLP that was introduced by the Notley government in 2015. Part four examines the Public Kenney as it relates to climate policy. Part five examines the Private Kenney as it relates to climate policy. Part six offers a brief conclusion.

## Methodology

This chapter updates, expands, and modifies an earlier study that I did for the University of Ottawa's Positive Energy program.<sup>1</sup> It relies on the official documents from both Alberta's NDP and UCP governments. Public opinion survey data was also utilized. These documents were supplemented by important secondary material from books, academic articles, and news pieces. This study also includes fourteen elite semi-structured interviews from the architects, participants, and observers of the creation of the CLP as well as its dismantlement. In most cases, these interviews were conducted on the record, but some subjects requested anonymity for all or some of their comments.<sup>2</sup>

## Background

Alberta is the oil and gas capital of Canada. Since the famous Leduc strike of 1947, and especially after the oil shocks of the early 1970s, Alberta has been a major economic engine of Canada with the largest per capita income in the country. However, the extraction of oil and gas, combined with a heavy reliance on coal-generated electricity, meant that Alberta had the highest levels of GHG emissions in Canada. In 2013, Alberta's GHG emissions were 267 Mt and were projected to grow to 297 Mt in 2020 and 320 Mt in 2030.<sup>3</sup> Alberta accounted for 37 per cent of Canada's GHG emissions with less than 10 per cent of the population. Moreover, per capita emissions were “five times higher in Alberta than Ontario, Quebec, or British Columbia.”<sup>4</sup>

Given its reliance on oil and gas, and a realization that it was the country's largest GHG emitter, it is not surprising that there has also been a long history of the Alberta government being skeptical of climate change. World leaders had first agreed to set GHG emission targets at the Rio Summit in 1992 (which created the United Nations Framework Convention on Climate Change), through the Kyoto Protocol in 1997, which established legally binding commitments on developed countries to reduce GHG emissions. Under the Kyoto Protocol, Canada was required to reduce its 1990 GHG emissions by 6 per cent by 2010. Canada ratified the Kyoto Protocol in 2002.<sup>5</sup> The Alberta government staunchly opposed the Kyoto Protocol. Premier Ralph Klein dismissed climate change as being caused by “dinosaur farts.”<sup>6</sup> Klein went further and threatened a constitutional challenge over the Kyoto Protocol, advocating instead a “made in Alberta” approach to climate change.

The Alberta government tried to reframe the issue of climate change by focusing on the “carbon intensity” of emissions as opposed to “total” emissions. As Ian Urquhart would later show, Alberta was effective in reducing its carbon intensity from 1.14 (millions of tonnes of GHG emitted/GDP in millions) in 2000 to 0.85 by 2014. However, the total GHG emissions rose from 232 million tonnes in 2000 to 274 in 2014.<sup>7</sup> The reason why GHG emissions kept rising in Alberta was that the growth in oil and gas production outpaced reductions in GHG emissions intensity. Nevertheless, pressure within Alberta, the rest of Canada, and internationally, continued

to try to get Alberta to tackle seriously its emissions. In 2007, Premier Ed Stelmach introduced the Specified Gas Emitters Regulations (SGER) with a \$15 a tonne carbon tax for large emitters.<sup>8</sup> SGER established benchmarks for each large emitter to reduce their carbon intensity by 12 per cent. However, SGER also included a large swath of exemptions and offsets that limited its effectiveness. As a result, the Ecofiscal Commission concluded that SGER compliance was only \$1.14 a tonne, and not \$15 a tonne, in 2012.<sup>9</sup>

## Notley's Climate Leadership Plan

The NDP did not campaign in 2015 on a plan to address climate change. Instead, the NDP focused on health care, education, PC corruption, and highlighted leader Rachel Notley.<sup>10</sup> Its party platform did mention that “we will take leadership on the issue of climate change,” but there were no specifics outside of a pledge to “phase out coal-fired generation” and introduce “an energy efficiency strategy and a renewable energy strategy.”<sup>11</sup> There was no mention of a carbon tax.

Yet soon after winning the 2015 election, the NDP decided to quickly address climate change. Notley appointed Shannon Phillips, one of the NDP's star candidates from Lethbridge, as minister of environment and parks. Appointing a powerful minister to the environment portfolio was a clear signal that the NDP would seriously engage with the challenge of climate change. The Climate Change Advisory Panel was formed in June 2015, chaired by University of Alberta energy economist Andrew Leach, with the aim of reviewing “Alberta's existing climate change policies, engaging with Albertans, and providing the Minister of Environment and Parks with advice on a comprehensive set of policy measures to reduce Alberta's greenhouse gas emissions.”<sup>12</sup> The Leach Panel recommended the creation of a framework that would provide the foundation of a lower carbon economy, especially the introduction of a broad-based carbon tax. The Leach Panel's framework was largely adopted by the Notley government when it released its Alberta CLP.

On 22 November 2015, a large press conference was held when the Alberta CLP was announced. Standing on stage with Premier Notley were Minister Phillips and Panel Chair Andrew Leach, but they were joined by industry leaders (Canadian Natural [CNRL]'s Murray Edwards,

Suncor's Steve Williams, Cenovus' Brian Ferguson, and Shell's Lorraine Mitchelmore), environmentalists (Pembina Institute's Ed Whittingham, Environmental Defence's Tim Gray, Équiterre's Steven Guilbeault, Stand Earth's Karen Mahon), and Indigenous leaders (Treaty 6 Grand Chief Tony Alexis). The range and power of the individuals on stage created a media sensation. Particularly when Murray Edwards appeared on stage.<sup>13</sup> Edwards, who founded CNRL and built it into one of the biggest companies in Canada, is a major player in the oil patch. In addition, he was not previously seen as particularly progressive on climate change issues. According to Whittingham, who also attended the Paris climate conference of 2015, "attendees marvelled at the composition of the stage given the level of conflict that existed around Alberta's oil sands."<sup>14</sup>

There were several components to the CLP.<sup>15</sup> Many of the measures had already occurred in other jurisdictions, i.e., an economy-wide carbon tax in British Columbia and a coal phaseout in Ontario. Nevertheless, having multiple items all being included at once was revolutionary, especially for Alberta, given its prior history on climate change. It was clear that the Notley government wanted something "big and bold." As Ed Whittingham explained, "we were surprised by the breadth and depth of the CLP. The NDP had inherited a "climate pariah" and wanted to change the channel."<sup>16</sup>

The most significant aspect of the CLP was an economy-wide price on carbon. As the Leach Panel stated, "putting a price on emissions leverages the power of markets to deploy both technologies and behavioral changes to reduce emissions over time. Carbon pricing is the most flexible and least-costly way to reduce emissions."<sup>17</sup> The carbon tax would start at \$20 per tonne in 2017 and rise to \$30 per tonne in 2018. It would apply to gasoline (6.73 cents a litre), diesel (8.03 cents a litre), natural gas (\$1.517 a gigajoule), and propane (4.6 cents a litre) with exceptions for farm fuels, flights outside of Alberta, biofuels, and fuels for export. Small oil and gas producers were also given an exemption from the carbon tax until 2023. This had been a goal of many in the oil and gas industry who had argued against an increase in the SGER. If the principle was "polluter pays" then the carbon tax should not be applied solely to producers, but also to consumers.<sup>18</sup> In fact, the SGER would eventually be replaced in 2018 by the carbon tax.

The second part of the CLP was phasing out coal-fired electricity by 2030. Alberta was the most coal-dependent province in Canada with coal supplying 55 per cent of Alberta's electricity in 2014.<sup>19</sup> Already federal regulations brought in by the Harper government would see the phased retirement of Alberta's oldest coal plants, but the CLP called for shutting down the remaining six facilities. Some of this coal generation would be replaced by Alberta's plentiful supply of natural gas that already supplied over 30 per cent of Alberta's electricity. However, the government set a target that 50–75 per cent of retired coal generation would be replaced by renewables. In fact, a target of 30 per cent of all electricity generation from renewable sources by 2030 was set.<sup>20</sup>

The third aspect was to establish a 100 Mt emissions limit on the oil sands. This was not part of the Leach Panel but was the key part of the negotiations between the large oil sands CEOs and the environmental non-governmental organizations (ENGOS) that had begun under PC government led by Jim Prentice and had continued through the initial Notley years. The oil sands represented 22 per cent of all of Alberta's total GHG emissions in 2013 and was projected to rise to 35 per cent by 2030.<sup>21</sup> The purpose of the cap was to either slow the development of the oil sands or force "oil sands operators to develop technology that significantly reduces carbon emissions."<sup>22</sup> A cap of 100 Mt, as Urquhart pointed out, would allow oil sands emissions "to increase by a stunning 52 percent from the 65.6 megatonnes of greenhouse gases" that were emitted in 2014.<sup>23</sup> However, as Dave Collyer, former CEO of the Canadian Association of Petroleum Producers (CAPP), pointed out, "it was a cap on emissions, not on production growth (this was very important). If industry could continue to reduce its intensity through technology and other initiatives, it would allow the sector to continue to grow. . . . It was a demonstrable limit, which was hugely symbolic. But focused on emissions not on growth of the industry."<sup>24</sup>

The fourth aspect was reducing methane emissions. The Leach Panel's discussion document noted "[m]ethane is over 20 times more potent in global warming potential, over a 100-year period, than carbon dioxide."<sup>25</sup> Methane comes from cow manure (22 per cent of emissions) and landfills (6 per cent), but the largest amount of emissions is through venting and flaring from the oil and gas sector (70 per cent).<sup>26</sup> The CLP put a target of reducing methane emissions 45 per cent from 2014 levels by 2025.<sup>27</sup> The

carbon tax, industry expertise, and regulatory measures would be used to reduce methane emissions.<sup>28</sup>

There were several goals of the CLP. As Notley stated, “responding to climate change is about doing what’s right for future generations of Albertans—protecting our jobs, health and the environment. It will help us access new markets for our energy products, and diversify our economy with renewable energy and energy efficiency technology. Alberta is showing leadership on one of the world’s biggest problems, and doing our part.”<sup>29</sup> The first was to reduce Alberta’s GHG emissions that, as previously stated, were the highest in Canada. The second was to help Alberta diversify to a greener economy. The proceeds of the carbon tax would be used, in part, for investments in renewable energy technology. The third was to encourage conservation with an energy efficiency program. The fourth was to gain public acceptance for pipelines. Pipelines are essential for Alberta, a landlocked province, to get market access for its oil and gas. A fifth goal, and related to public acceptance for pipelines, was to change the reputation of Alberta’s oil and gas sector. Alberta’s oil and gas sector had become an international “pariah.”<sup>30</sup>

There was opposition to most aspects of the CLP. For example, the town of Hanna—home of a major coal plant—strongly opposed the coal phaseout. However, the biggest backlash was to the carbon tax. Brian Jean, leader of the Wildrose Party and leader of the Official Opposition, argued that the NDP was in bed with “big oil” and pointed out that the NDP did not campaign on a carbon tax.<sup>31</sup> Jean called it the “tax on everything” and argued that it hurt families and the economy.

There was also a significant split in Alberta’s oil and gas sector. The largest companies, such as the ones that joined Notley on stage in announcing the CLP, operate around the world. They realized that they needed to reduce their carbon footprint and rehabilitate Alberta’s energy reputation around the world. For them, a carbon tax made total business sense. However, medium and small companies who only operated in Alberta spoke out strongly against the carbon tax. This was despite the fact that the smaller companies were exempted from the carbon tax until 2023.<sup>32</sup> As Taft noted, “these companies were tuned to the finer, short-term details of costs and markets. The carbon tax was an added cost they did not want. It was also a symbol of unwanted government intervention and a harbinger

of more threats to the fossil fuel industry.”<sup>33</sup> These smaller companies were also politically influential because they represented the traditional donor base of the Wildrose Party.

While there were many reasons for the merger of the PC and Wildrose Parties,<sup>34</sup> their shared hatred of the CLP was one of the more important ones. For example, 92 per cent of UCP supporters wanted to eliminate the carbon tax.<sup>35</sup> The NDP’s 2015 election victory had been due, in part, to the vote split between the two conservative parties. The NDP had 40.6 per cent of the popular vote in 2015, and the combined PC and Wildrose share was 52 per cent. Once the UCP was formed, it was going to be very tough for the NDP to get re-elected.

The promise to repeal the CLP was front and centre in the UCP’s 2019 election campaign. It was part of Jason Kenney’s “fight back” strategy on behalf of Alberta’s oil and gas sector. At a large energy conference in October 2018, Kenney provided the details of his fight back strategy:

- repealing the carbon tax;
- creating a \$30 million government funded “war room” to defend Alberta’s oil and gas sector from perceived lies and misrepresentation;
- creating a legal defence fund for pro-energy litigation from Indigenous groups;
- investigating ENGOs for violations of their charitable status;
- boycotting companies who criticized Alberta’s oil and gas sector;
- using “turn off the taps” legislation against British Columbia if it blocked pipelines;
- holding a referendum on the federal equalization program if Québec (a major recipient of equalization) blocked pipelines; and
- defeating the Trudeau government to prevent the federal carbon tax backstop from kicking in.<sup>36</sup>

When the UCP released its party platform for the 2019 election, it also emphasized the fight back strategy. It promised, “Bill 1 of a United Conservative government will be the Carbon Tax Repeal Act. At \$1.4 billion, this will be the largest tax cut in Alberta’s history. We will stop the NDP’s planned 67% increase to the carbon tax, and sue the Trudeau government if it tries to impose a carbon tax on Alberta.”<sup>37</sup> On 16 April 2019 the UCP won a majority government with sixty-three of eighty-seven seats and 54.9 per cent of the vote. They quickly went to work repealing the CLP. A spring session of the legislature was held and Bill 1 was passed and given royal assent on 5 June 2019; Albertans immediately stopped paying the carbon tax.

On 23 October 2018, Trudeau announced the details of the federal backstop.<sup>38</sup> The federal backstop would apply to provinces, such as Saskatchewan, who refused to adopt a price on carbon, and it would apply to provinces, such as Ontario and Alberta, who had eliminated their price on carbon. Approximately 90 per cent of the proceeds of the federal carbon tax would be rebated back to individuals through the income tax system. A group of recently elected conservative premiers led by Kenney that also included Scott Moe (Saskatchewan), Doug Ford (Ontario), Brian Pallister (Manitoba), and Blaine Higgs (New Brunswick) all opposed the federal backstop and many of the climate change initiatives of the Trudeau government. This led them to sue Ottawa over its federal carbon tax backstop.<sup>39</sup> These suits failed when, in March 2021 in a six to three decision, the Canadian Supreme Court ruled that the federal government has the unilateral ability to address climate change through the ability to impose a national carbon tax.<sup>40</sup>

## Public Kenney

The Kenney government never repealed the other aspects of the CLP: the coal phaseout, the oil sands emissions cap, and the methane emissions reductions plan (although part of reducing methane emissions was through the carbon tax). In the case of the coal phaseout, many of the facilities were already being retrofitted to handle natural gas, so there was going to be no reversal. In addition, the NDP had created a compensation program for coal companies and their workers. “The Coal Workforce Transition Program provides financial assistance for re-employment, retirement,

relocation and education as workers prepare to start new jobs or retire.” The CLP anticipated completing the coal phaseout by 2030, but this has been accelerated by the Kenney government and is expected to be completed by 2023; seven years ahead of schedule. The Kenney government has also maintained both the 100 Mt emissions cap on the oil sands and the methane reduction target.

More remarkably, the Kenney government introduced the Technology Innovation and Emissions Reduction (TIER) regulations in October 2019. TIER is a price on carbon for high emitters similar to the old SGER. However, unlike SGER, it was initially priced at \$30 a tonne (as opposed to the previously planned \$20 a tonne) beginning on 1 January 2020. This meant that it was likely stringent enough to prevent the federal backstop from kicking in, and in fact, that is exactly what happened. In December 2019, Ottawa agreed that TIER met the federal standard. TIER, which was in the UCP election platform, is an acknowledgement that the Kenney government supports carbon taxes, but on companies, not individuals. This is not as effective as an economy-wide carbon tax, but easier to manage politically.

The gap between Kenney’s harsh rhetoric towards the CLP and the reality that almost the entire program has either been maintained or strengthened can only be explained by the contradictions between Public Kenney and Private Kenney. The Public Kenney can be seen in the development, promotion, and implementation of the fight back strategy. As promised, the Kenney government quickly repealed the economy-wide carbon tax. Then, when the federal carbon backstop kicked in, Jason Kenney actively campaigned against Trudeau’s re-election in 2019 and joined the, ultimately unsuccessful, lawsuits by Saskatchewan and Ontario against the constitutionality of the federal carbon backstop.

A second component of the fight back strategy was the creation of a war room to defend Alberta’s oil and gas sector. The war room was established with the formal name of the Canadian Energy Centre (CEC) and an annual budget of \$30 million. However, it has been constantly mired in embarrassing scandals due to maintaining internal secrecy, plagiarizing its initial logo, bullying the small *Medicine Hat News* into publishing an op-ed, criticizing the *New York Times*, attacking the fictional cartoon movie *Bigfoot’s Family*, and ineffectual advertising campaigns (see Brad Clark’s

chapter). Even the Allan Inquiry (discussed below) was highly critical of the CEC, writing that it “has come under almost universal criticism.”<sup>41</sup>

Third, was the formation of the *Public Inquiry into Anti-Alberta Energy Campaigns*, led by the forensic accountant Steve Allan, in July 2019. The purpose of the Allan Inquiry was to investigate foreign-funded efforts to undermine Alberta’s oil and gas industry. However, the Allan Inquiry, like the war room, has been beset by problems and controversies. Originally scheduled to be released on 30 October 2020 with a budget of \$2.5 million, it went through several delays and eventually cost \$3.5 million. The fundamental problem with the Allan Inquiry was that it was not really a public inquiry, which would involve a search for the truth through interviews, research, and public hearings. Instead, the Kenney government pre-determined the answer: Americans financed Canadian ENGOs in order to landlock Alberta oil. The Allan Inquiry was created to find evidence for the pre-determined result. Procedurally, it lacked fairness by refusing to hold public hearings, commissioning reports from climate change deniers, and giving tight timelines for ENGOs to respond to the draft report. The Allan Inquiry was presented to the government in July 2021 and publicly released on October 21, 2021.<sup>42</sup> Neither Steve Allan nor Kenney were at the press conference, but Energy Minister Sonya Savage believed that the government was vindicated and that ENGOs had engaged in coordinated efforts to try and derail the oil sands to “hurt” Albertans. Savage admitted that ENGOs did nothing illegal, but she maintained that it was wrong. “I think the majority of Albertans would say it was wrong, and they want to know how it happened, who was involved, and how they can make sure it doesn’t happen to the energy resources of the future.”<sup>43</sup> However, the report actually exonerated ENGOs. Allan could not “trace with precision the quantum of foreign funding applied to anti-Alberta energy campaigns” (p.13). In addition, he noted that “while anti-Alberta energy campaigns may have played a role in the cancellation of some oil and gas developments, I am not in a position to find that these campaigns alone caused project delays or cancellations” (p.14). Most importantly, Allan emphasized that “in no way does participating in an anti-Alberta energy campaign indicate that an organization has acted in a manner that is illegal, improper, or otherwise impugnable, nor does it mean the organization is ‘against Alberta’ in some manner” (p.16).

Fourth, a referendum to remove equalization from the Canadian constitution was held, in conjunction with Alberta's municipal elections, on 18 October 2021 (see Jared Wesley's chapter). This was also a major campaign promise of the UCP in 2019. The question stated, "Should Section 36(2) of the Constitution Act, 1982—Parliament and the government of Canada's commitment to the principle of making equalization payments—be removed from the constitution?" This passed with 61.7 per cent, but with only 37.8 per cent of eligible Albertans voting. In addition, Kenney explained that the referendum was more about giving him leverage to negotiate on pipelines or other oil and gas federal pieces of legislation, and sending a message to Ottawa and Quebec, than it was about equalization. For example, the motion that was introduced in the Alberta Legislature (a requirement to initiate constitutional negotiations) lists the following schedule: "(d) direct the Government of Alberta to take all necessary steps to secure a fair deal for Alberta in the Canadian federation, including the reform of federal transfer programs, the defence of provincial powers in the Constitution, and the right to pursue responsible development of our natural resources."<sup>44</sup> This is much broader than the narrow question about removing Section 36(2) from the Constitution that was in the referendum. Yet, despite the results of the referendum, the Kenney government took few steps in the following months to try and put equalization on the national agenda.

Fifth was the "turn off the taps" legislation designed to stop the flow of oil and natural gas to British Columbia. It was originally passed, but never proclaimed into law, by the NDP in 2018 at the height of the battle between Alberta and British Columbia over the Trans Mountain pipeline. When the UCP formed government, it quickly proclaimed it into law. However, the Kenney government has never used it, although as Environment Minister Jason Nixon noted, "[t]his is like a fire extinguisher, having it on the shelf ready to go. Hopefully, we never need it, but we need to have it in place."<sup>45</sup>

There were three other acts that were never part of the original fight back strategy, but clearly fit with its spirit. In March 2020, just after COVID-19 began, the Alberta government purchased a stake in the Keystone XL (KXL) pipeline project (see Jean-Sébastien Rioux's chapter). It paid TC Energy \$1.5 billion with another \$6 billion in loan guarantees. This was designed to spur on construction and to give the oil sector a

confidence boost. However, it backfired when newly elected US President Joe Biden, on his first day of office, signed an executive order revoking KXL's permits. In June 2020, Bill 1—the Critical Infrastructure Defence Act—was passed. This was in response to rail and road blockades across Alberta and the rest of Canada in solidarity with the Wet'suwet'en hereditary chiefs that erupted in February–March 2020, who were protesting the construction of a natural gas pipeline in northern British Columbia. Finally, Kenney and other members of his cabinet decided not to attend the COP26 climate summit in Scotland in early November 2021. Kenney explained that he would not attend a “gabfest” and instead “expressed great concern” about Canada’s “ever-changing [emissions] targets.”<sup>46</sup>

A second part of the Public Kenney was the harsh anti-Trudeau rhetoric. Kenney campaigned against Trudeau in the 2019 federal election, not only in Alberta, but also, in an unprecedented move for a sitting Premier, in Ontario and Manitoba. Following Trudeau's election victory, albeit with no seats in Alberta (the Liberals had won four in 2015), Kenney created the Fair Deal Panel (see Wesley chapter) that would hold public hearings around the province investigating the idea of, among other things, an Alberta Revenue Agency, Alberta Pension Plan, and an Alberta Police Force to replace the Canadian Revenue Agency, Canadian Pension Plan, and the Royal Canadian Mounted Police. It was designed to assert Alberta's authority in areas of provincial jurisdiction. As of May 2022, the Kenney government has accepted all of the recommendations of the Fair Deal Panel but has not taken steps to act on any of them (with the exception of the referendum on equalization).<sup>47</sup> When Biden cancelled KXL, Kenney also lashed out at Trudeau for failing to stand up for Alberta against the new US President. He also demanded that Trudeau apply economic sanctions against the US (which was ignored by Trudeau).

In March 2022, the Trudeau government released its long awaited emissions reduction strategy. It set a target of reducing emissions of 40 per cent below 2005 levels by 2030 and net-zero emissions by 2050.<sup>48</sup> In response, Alberta's Environment Minister Jason Nixon wrote an incendiary op-ed attacking the emissions reduction strategy, maintaining that it was “insane” and designed to “destroy Alberta's economy.”<sup>49</sup> Despite the fact that no oil and gas production cut was included in the strategy, instead it was an emissions cap. Which, as discussed above, already existed in the oil

sands as part of the compromise between leading oil company CEOs and environmental leaders (including current federal Environment Minister Steven Guilbeault). In contrast to the harsh rhetoric from the Kenney government, Alberta energy industry leaders were cautiously optimistic that they could work with the federal government on reducing emissions intensity. According to the Oil Sands Pathways to Net Zero Alliance, which represents the large oil sands producers, stated that “while we recognize the federal government’s ambition to drive even faster results, the Pathways Alliance has been clear that the interim goals set for our industry must be flexible, realistic and achievable.”<sup>50</sup>

The Public Kenney has also spent years attacking, in very strong terms, two pieces of federal legislation adopted by the Trudeau government: Bill C-69 and Bill C-48. Bill C-69 involved substantial changes to Canada’s energy regulatory framework, but Kenney nicknamed it “the no more pipelines bill.” In September 2019, the Kenney government filed a reference with the Alberta Court of Appeal on the constitutionality of the Impact Assessment Act (Bill C-69). The court, in a four to one decision, found that Bill C-69 intruded too far into provincial jurisdiction.<sup>51</sup> This was a rare win for the Kenney government’s fight back strategy, but it was a limited win. First, the reference decision is being appealed to the Canadian Supreme Court, which previously upheld the constitutionality of the federal carbon tax. Second, even the Alberta Court of Appeal recognized that the federal government would continue to have jurisdiction over matters crossing provincial boundaries, such as an inter-provincial pipeline. Bill C-48 codified an existing moratorium on tanker traffic along the northern coast of British Columbia. Not only would this effectively prevent a future pipeline such as Northern Gateway, but there was also no equivalent tanker ban on the Atlantic coast or the St. Lawrence River. So, from the perspective of Public Kenney, this was a direct targeting of landlocked Alberta oil. Following the September 2021 federal election, Trudeau announced his new cabinet, which included former Greenpeace and Équiterre member Steven Guilbeault as the new environment minister. Kenney called the appointment “very problematic,” and warned that Guilbeault could kill “hundreds of thousands of jobs” in resource-producing parts of Canada. Kenney stated that Guilbeault’s “own personal

background and track record on these issues suggests somebody who is more of an absolutist than a pragmatist.”<sup>52</sup>

## Private Kenney

When we examine Private Kenney, there is a realization that the Alberta government has actually accomplished a lot on the climate file. This can be seen most evidently with the CLP. The coal phaseout has been accelerated, the oil sands emissions cap and methane reduction program has been maintained. Even with the carbon tax, despite the anti-carbon tax rhetoric, cancelling the provincial carbon tax, and fighting the federal backstop in court, Albertans continue to pay the carbon tax. In addition, the Kenney government introduced, via TIER, an industry-wide carbon tax for the oil sands.

The Private Kenney is much more aware of the problem of climate change than Public Kenney. Andrew Leach, the architect of Notley’s CLP, maintained, “to his credit, Kenney could have run and won as a climate change denier, but he chose not to do so. In fact, he has an emissions reduction strategy; it is just weaker than the CLP. Kenney is more of a centrist on climate change than he gets credit for.”<sup>53</sup> In a February 2020 speech at the Woodrow Wilson Centre, a major think tank in Washington, Kenney acknowledged that “[o]ver the next decades as we go through the energy transition, we all know that there will be a continued demand for crude. It is preferable that the last barrel in that transition period comes from a stable, reliable liberal democracy with among the highest environmental, human-rights and labour standards on earth.”<sup>54</sup> In a follow-up interview, Kenney said “I have a firm grasp of the obvious. There is no reasonable person that can deny that in the decades to come we will see a gradual shift from hydrocarbon-based energy to other forms of energy.”<sup>55</sup> It is notable that Kenney emphasized an energy transition to a US audience of policy-makers, industry professionals, and investors; not in Alberta or Canada. This was echoed in a high profile hearing in front of US senators in Washington on 17 May 2022 (one day before he announced his intent to resign after receiving a slim majority in the UCP leadership review), when Kenney avoided criticising the federal carbon tax instead deferring to Canadian Natural Resources Minister Jonathan Wilkinson. The

Public Kenney does not acknowledge an energy transition, but the Private Kenney is preparing for one.

In contrast to the harsh rhetoric towards the Trudeau government by the Public Kenney, the Private Kenney is working quietly behind the scenes on a number of climate initiatives with them, for example, the carbon capture utilization storage strategy (CCUS). “CCUS is a suite of technologies that capture CO<sub>2</sub> from facilities, including industrial or power applications, or directly from the atmosphere. Once the CO<sub>2</sub> is captured, it is then compressed and transported to be permanently stored in geological formations underground (e.g. saline aquifers, oil reservoirs), or used to create products such as concrete and low-carbon synthetic fuels. CCUS technologies can deliver ‘negative emissions’ by removing CO<sub>2</sub> from the air (direct-air-capture) or from biomass-based energy and storing the CO<sub>2</sub>.”<sup>56</sup> Carbon capture and storage will not only reduce emissions, but adding utilization means creating economic opportunities through the use of the captured CO<sub>2</sub>. A federal-provincial working group on CCUS was created in March 2021. Savage praised the cooperation between the federal and provincial government on CCUS: “The ingenuity of Alberta’s energy sector combined with our geological capacity to store carbon and the federal government’s commitment to invest in CCUS is a winning combination for Alberta.”<sup>57</sup> Kenney wants Ottawa to put \$30 billion over ten years towards CCUS in Alberta. He also acknowledged that we’ve “had a lot of good discussions with senior people in the federal government recognizing they need something like this to have any hope, realistically, of achieving their emissions targets.”<sup>58</sup> The April 2022 federal budget included a large tax credit for industry investment into CCUS. The tax credit is 60 per cent for equipment in a direct carbon capture project, 50 per cent if emissions come from an industrial facility, and 37.5 per cent for equipment to transport and store carbon dioxide. It is estimated that these supports could cost the federal treasury over \$1.5 billion annually.<sup>59</sup> The Private Kenney can have constructive discussions with Ottawa, but the Public Kenney is combative towards Ottawa.

A second area of cooperation is with small modular reactors (SMRs). SMRs are smaller than traditional nuclear power plants, producing less than 300 MW of electricity. Modular refers to standardized construction at off-site factories, with the units shipped by rail and trucked to sites.

SMRs are expected to be safer and more economic than traditional reactors. Natural Resources Canada (NRCan) has identified three major areas where SMRs could be deployed: in remote communities (primarily in northern Canada), for use in heavy industry (e.g., mining), and for replacing coal-generation in smaller provinces (e.g., Saskatchewan and New Brunswick).<sup>60</sup> At the provincial level, Ontario, Saskatchewan, and New Brunswick signed a memorandum of understanding (MOU) on SMRs in December 2019.<sup>61</sup> Alberta announced its intention to join the MOU on 7 August 2020<sup>62</sup> and officially signed the document at a virtual press conference on 14 April 2021.<sup>63</sup> A year later, in March 2022, all four provinces (including Alberta) released a strategic plan.<sup>64</sup>

SMRs illustrate federal-provincial cooperation in the often highly contested area of energy-environmental policy (e.g., interprovincial oil pipelines, carbon taxes, etc.). For example, governments typically jealously guard their constitutional jurisdiction and political interests over energy and the environment. The fact that SMRs reveal cooperation between a Liberal federal government and four conservative provincial governments is important. In addition, Ontario, Saskatchewan, and Alberta unsuccessfully sued Ottawa over the federal carbon tax that, like SMRs, is designed to reduce GHG emissions in the energy sector.

While Saskatchewan and Ontario have disagreements with the Trudeau government, the antagonism is strongest in Alberta with Public Kenney. This explains why Private Kenney, in the official Alberta government press releases surrounding the SMR announcement, the August 2020 video starring Kenney and Savage, and the April 2021 press conference with the four premiers, emphasized working with the other provinces and never once mentioned the federal government. This was despite the fact that the MOU explicitly states the commitments of the provinces:

- To work co-operatively to positively influence the federal government to provide a clear unambiguous statement that nuclear energy is a clean technology and is required as part of the climate change solution;
- To work co-operatively to positively influence the federal government to provide support for SMRs identified in the Canadian SMR Roadmap. . . .

- To work co-operatively to positively influence the federal government to make changes as necessary to facilitate the introduction of SMRs.<sup>65</sup>

Moreover, the federal government, which has the constitutional authority over nuclear energy and whose financial investments will be critical, is the key actor in the development and deployment of SMRs.

## Conclusion

In evaluating the UCP government's climate policy, two things stand out. First, Notley's CLP has had significant policy resilience. Policy resilience "is a concept that focuses on understanding the ability of systems, organizations, policies, and individuals to persist over time against 'external' shocks (without, however, identifying the specific reasons for or causes of this ability)."<sup>66</sup> In other words, a policy is resilient when there is strong opposition to its creation, a major political party actively campaigns against it in a subsequent election, that party wins the election in large part to its opposition to the specific policy, but once in office is either unwilling or unable to change substantively the policy. For example, think of the introduction of the Goods and Services Tax in Canada in 1991 or the Affordable Care Act in the United States in 2010. Both were strongly opposed by the Liberals and Republicans, but neither of them abolished the policy when they subsequently took office. The CLP meets that definition. The conservative parties (Wildrose and PCs) in Alberta strongly opposed the CLP when it was announced. The UCP, after the party merger, kept up the fight during the 2019 provincial election. Once in office, the UCP quickly moved to repeal the carbon tax, but by 1 January 2020 the federal carbon tax backstop had kicked in. More notably, the newly elected UCP government did not alter the other aspects of the CLP (coal phaseout, emissions cap on the oil sands, methane reduction). In fact, the introduction of the TIER policy was the UCP's carbon tax on high emitters in the oil sands signalling that even the UCP supported some of the goals of the NDP's CLP.

Second, there is great contradiction between what the UCP government has said about climate policy versus what it has done. Interestingly, the reality of climate policy has been more effective than the rhetoric of

the UCP towards climate policy. Usually, governments over promise and under deliver, but on the issue of climate, the Kenney government has done the reverse. This contradiction can be explained by the difference between Public Kenney and Private Kenney. The Public Kenney promotes Alberta's oil and gas sector, threatens any of its critics, and attacks the Trudeau government. However, the Private Kenney has taken a number of initiatives aimed at reducing Alberta's GHG emissions and works collaboratively behind the scenes with the Trudeau government. It is a fascinating political story. It is a good news story regarding climate, but something that the Kenney government refuses to publicly admit to. With a UCP leadership race underway to replace Kenney as party leader and premier, it will be interesting to see if his successor will illustrate this same dichotomy of public opposition to efforts to reduce GHG emissions and private support that recognizes the reality of climate change.

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