

Bay du Nord: A much-needed win-win project for Canadians and the economy is waiting to go off the coast of Newfoundland & Labrador

By: Charlene Johnson

Win-win situations are hard to come by these days, but Canada has a significant option on hand that will spur economic growth while advancing the transition to net zero in the oil and gas sector.

Newfoundland and Labrador is home to an offshore energy project that has the potential to provide tremendous long-term economic benefits to the province—as well as the rest of Canada. At the same time, it can set a new standard in sustainable development for oil and gas.

At this juncture, when Canada is stepping up climate change mitigation at a time of entrenched economic headwinds, the Bay du Nord project offers the ability to accelerate the shift to a low-carbon economy without jeopardizing the medium-term potential of Canada's natural resources.

Already studied and given a green light

In August 2021, after a scientific assessment of the proposed Bay du Nord project, the Impact Assessment Agency of Canada recommended that Bay du Nord proceed. It indicated that the Bay du Nord project with appropriate mitigations "...is not likely to cause significant adverse environmental effects..." But the project still awaits final approval by the federal government.

Bay du Nord includes industry leading innovations in production and environmental mitigations, as well as in employee safety. It would be the most carbon efficient offshore oil and gas project in Canada, with an emission intensity of fewer than 8.0 kilograms per barrel and also half of the international average of 16.1 kilograms per barrel.

Global demand for oil and gas is continuing to increase. In the face of this rising demand, Canada should enable production from lower carbon intensity projects like Bay du Nord as part of a credible path to achieve net zero by 2050.

Municipal leaders, organized labour, businesses, and other advocates for clean growth in Newfoundland and Labrador are fully committed to the global energy evolution and ensuring Canada is ahead of the curve on achieving net zero. To that end, Energy NL, which represents the energy industry in the province, is working with econext — a provincial clean-growth not-for-profit association — on a major Net Zero Project. Together we are working to identify pathways for Canada's offshore oil and gas industry to achieve net zero by 2050 or sooner while supporting economic growth. Bay du Nord is a critical part of that transition.

Significant economic benefits

While the Bay du Nord project is set to be a leader in the oil and gas sector for ensuring low emissions, it will also provide breakthrough financial benefits to Newfoundland and Labrador and all of Canada.

A new study of the project's economic impact, based on the production of one billion barrels, estimates that Bay du Nord would boost Canada's GDP by \$97.6 billion and create or sustain 13,800 jobs. And most of these jobs would offer above-average wages, according to the study.

While Newfoundland and Labrador would be the largest beneficiary, with \$82 billion in GDP and over 8,900 jobs, Bay du Nord would benefit the entire country. For example, Quebec would see a GDP boost of \$2.6 billion and over 900 jobs, Ontario would see an additional \$7.2 billion in GDP and over 2,200 jobs, and Alberta would see \$3.1 billion in GDP along with almost 700 jobs.

Government revenues across Canada will also rise, which means more money to pay for health care, education, and other social priorities. Over the life of the project, Bay du Nord is expected to generate \$11 billion in taxes and another \$12.8 billion in revenue from royalty payments for Newfoundland and Labrador. Meanwhile, the federal government will gain \$10.7 billion in tax revenue. And provinces and municipalities outside Newfoundland and Labrador can expect to see \$2.8 billion in tax revenue because of Bay du Nord.

The Impact Assessment Agency of Canada was created by the federal government to make decisions based upon science. The scientific work has concluded and recommended that the Bay du Nord project proceed. Based on that assessment and considering how the project will support both the economy and the drive toward net zero, it should be approved expeditiously. Doing so will secure the future of Newfoundland and Labrador and provide tremendous benefits to all of Canada.

Energy NL CEO Charlene Johnson has served as a Newfoundland and Labrador cabinet minister in several departments including, Finance and Human Resource Secretariat, President of Treasury Board, Environment and Conservation, Innovation, Business and Rural Development, and Child, Youth and Family Services.