

Technology and a Sustainable Energy Strategy for Canada

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Thanks to everyone for joining us this morning.

I'm happy to be here this morning to talk about the oil sands, and the role of technology in the future of this great Canadian resource, and also a little bit about the intersection of environment, energy and the economy and the kinds of policy thinking that we need to kick-start.

So let me start with a simple statement: development of the oil sands is all about science and technology. It always has been.

In the early days, the research was directed toward the challenge of reducing costs. That's still very important, but more and more we're seeing the technology focus go toward reducing the environmental footprint of the industry. And let me be clear that these two goals are not incompatible.

We must do both. Because what it really comes down to is that we need to develop this Canadian resource in a way that: harnesses both Canadian and global intellectual capital, is consistent with Canadian values, and benefits all Canadians.

And it is about Canada, not just Alberta. In fact, I think our industry needs to do a better

job of explaining the importance of oil sands to every part of this country, because there are significant implications. To name just some of the benefits to Canadians:

- The industry is Canada's largest private sector investor with a \$1.7 trillion in GDP impact expected over the next 25 years.
- \$300 billion in new government revenues over the same period – mostly federal.
- The livelihood of half a million Canadians – with about half outside Alberta. For example, in 2008, Suncor alone spent nearly half a billion dollars in Ontario, working with nearly 1,800 Ontario businesses. That compares well with some of Ontario's largest industrial companies in terms of spend. And it's going to get bigger.
- And lastly, I'd point out that Suncor has spent more than \$1 billion on aboriginal business contracts in the past decade – a point of which I'm particularly proud.

I said I think we could do a better job of explaining our importance to Canada's economy.

I know the oil sands industry can do a better job of explaining our progress to Canadians on the environmental front and new technology.

This is important because a lot of our detractors choose to ignore the improvements that have been made and assume that the performance of a decade ago can simply be extrapolated into the future.

Let me give you examples of improvements related to air, land and water.

- Industry-wide GHG emissions per barrel have been cut about 30% since 1990; and by nearly half at Suncor. That puts us near the forefront of all Canadian industry in terms of intensity reduction.
- Current research shows CO₂ emissions from an oil sands barrel are now about the same – maybe less – than some crudes from places like Nigeria and Venezuela – or California, for that matter.
- Total water use at Suncor’s oil sands operations has been cut by about a third since 2004. And at our Edmonton refining operations, we’re using high-tech filter systems to allow us to use municipal grey water.

Getting to these kinds of improvements doesn’t usually happen in a single, technological leap. It’s mostly been a journey with a lot of small steps. It’s not especially “sexy” and that’s probably why it doesn’t have much profile. But it’s practical. And it’s delivered real results.

Now I said that improvements don’t usually happen in a single leap. But we have had a few game-changers. On land impacts, Suncor is moving on one major leap right now.

We expect this year to roll out new tailings technology that will significantly reduce the need for ponds to store mine tailings. And, the pace of reclamation to natural habitat will be reduced by decades.

I’m very excited about this new technology, but I have to tell you it doesn’t come cheaply. We expect to spend more than \$1 billion dollars on implementation over the next few years. But we expect that investment to pay

both environmental and financial dividends over the long term.

We’ve made progress – and we know there’s more to do.

But for now, let me take those two themes – the major economic impact of oil sands development and continuous improvement in environmental performance through technology – and add a third.

The world will continue to need oil for the foreseeable future. Demand is expected to grow from 85 million barrels per day to more than 100 million over the next 20 years.

That’s largely driven by India and China, but Canada will have a piece of that demand with our growing population.

Together, these three themes say to me that we are better off if our needs are met by Canadian oil. Oil which is produced in a democratic society, in a transparent regulatory regime, with a focus on improved technology and which broadly benefits Canadians through job creation, research, spin-off effects and government revenues.

Because few – if any – of those attributes are found where 80 per cent of the world’s oil reserves are.

And I really want to underline this point: the development of the oil sands and the work underway to continuously improve its environmental performance is the product of two key “freedoms”.

First, the political freedom of citizens and stakeholders to engage with governments and industries and drive toward solutions. Because directly or indirectly, we’re all accountable to the Canadian people.

The second freedom – equally important – is regulated, but free, markets. It’s no coincidence that the major technology advances that have shaped our world have

sprung from free market economies. Innovation and entrepreneurial instincts are the critical drivers to achieving practical solutions to our challenges. Frankly, Canadian oil should be differentiated on these positive qualities in the international arena. So our real choice is not “oil sands, yes or no”... it’s where we want our oil to come from, and what it means to Canada and the rest of the world.

Now I’ve focused on oil, because that’s Suncor’s main business today. But we’re also a leader in renewable energy. We’re one of Canada’s biggest players in biofuels. And we’re also one of Canada’s biggest investors in wind power. We got into these businesses in part because we know we need to take a broader look at energy. And as a company, we want to help create a constructive dialogue in this country on energy.

That includes the role of Canada’s oil sands in our energy mix as both a secure energy source to fuel our economy and as a bridge to new energy technologies for the future.

I think it is important to get Canadians engaged in a realistic, fact-based dialogue about our collective energy future.

We think the time has come for a dialogue on a National Sustainable Energy Strategy – one that respects Provincial jurisdiction, but which allows for a broad, integrative perspective on energy, the environment and the economy.

A sustainable energy strategy must go well beyond the issue of basic energy production.

We need to look at how we use energy:

- the cars we make,
- how we plan and build cities,
- the role of mass transit
- and a stronger conservation ethic from business and consumers.

We need to assess our likely energy requirements 10, 20, and even 50 years down the road, based on what kind of society we

want to build. We need to determine the mix of proven and potential energy sources that can best meet those needs on an economically and socially sustainable basis. We must find ways to build the required infrastructure to deliver energy where it’s needed, and when it’s needed.

We need to understand that the future is about increasing energy choice, not restricting it – and that targets for reducing greenhouse gas emissions must be part of our vision.

Governments will need to promote investment in technology. This includes direct funding, as well as economic co-operation to stimulate a higher level of capital investment in new technologies.

For its part, industry needs to build more research and development into their business models. The level of investment and deployment of new technologies should be a key measure of our success. The challenge is not just about “greening the oil sands”. The real challenge is about getting to a constructive dialogue on greening our economy and the energy that fuels it. It will take time. And technology will be key.

As a leader in Canadian energy, we are more than willing to contribute to this dialogue -- but we need your participation.

We need to work with governments on a sustainable energy strategy. But we also need individuals like you to help debunk the myths about the oil sands and focus on constructive solutions for the future.

Let’s keep that conversation going today -- but also over the long-term. Because getting it right on energy, the environment and the economy is too important to ignore.

Thank you.