



Doing our Part:

A vision for Canada as a true global energy leader in the twenty-first century

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Lorraine Mitchelmore was appointed Executive Vice President Heavy Oil effective October 2012, in addition to her role as President and Canada Country Chair.

Lorraine has over 25 years of experience with 12 years spent overseas in Australia and England, where she worked in various exploration and production roles spanning geographies from Australia, North Sea, Gulf of Mexico, Africa and the Middle East.

Lorraine worked with PetroCanada, Chevron, and BHP Petroleum before joining Shell in 2002. Since then she has held various Senior Management positions prior to her appointment as President and Canada Country Chair in 2009.

Lorraine holds a BSc in Geophysics from Memorial University of Newfoundland, a MSc in Geophysics from the University of Melbourne, Australia and a MBA from Kingston Business School in London, England.

Lorraine is a Board Member of the Conference Board of Canada, the Canadian Council of Chief Executives, the Asia Pacific Foundation of Canada, a member of the Catalyst Canada Board of Advisors, and the 2015 chair of the Governor General's Conference.

Thank you for that kind introduction.

Good afternoon,

It's always a pleasure to be here in Ottawa.

The first thing I want to do today is manage your expectations.

Whenever an industry executive comes to Ottawa, we're expected to talk about one of three things: 1. taxes, usually lower; 2. regulations, usually more efficient; and 3. labour, usually more people with the right skills.

In fact, we're often expected to ask government to help with all of these things.

When we're from Alberta and the energy industry, some people expect us to also ask for the most precious resource of all: time. More time to meet society's expectations of environmental performance.

Today, I am not here to ask for lower taxes, more efficient regulations, more highly trained people, or more time.

Today I want to talk to you about the historic opportunity and challenge in front of Canada. It is not just about one province, one industry, or one group of people.

We are all in this together.

I believe that because of Canada's history, natural wealth, and national identity, this country has the potential to be an energy leader and an environmental leader.

We cannot afford to walk away from our responsibility in either one of these areas.

We must choose both.

And what I want to do today is to share my thoughts on how Canada can lead on energy and the environment.

But first let me briefly explain what informs Shell's and my own personal perspective. Shell's perspective is global, national, very long-term, and diverse. Shell comes at things from both a technological and

commercial point of view but ultimately we are focused on people.

During our hundred year plus history we have been at the forefront of many major technological advances in our industry. We are passionate about meeting technological challenges as only a company with many engineers can be.

And while we recognize that our work can impact the environment, we are passionate about minimizing that impact: we design electrical co-generation and water reclamation into our oil and gas facilities like never before and we are building the first carbon capture and sequestration project in the oil sands industry that is expected to capture a million tonnes of CO₂ per year.

We have an interest in the success of both developed and developing economies. We work in countries where people have access to washing machines, x-ray machines, ovens, and smart phones. And we work in countries where people lack almost everything, including energy to produce clean running water.

As for me, I grew up and went to university in Newfoundland. I trained as a geophysicist and then worked in the oil and gas industry around the world, including Australia and Africa, before joining Shell about a decade ago. That was around the same time that Shell started to develop our oil sands leases. I chose to come back to Canada so I could raise my two daughters and to be part of Canada's future.

I cannot think of a better place to live and work at this time than here. Canada is a very special country – peaceful, prosperous, environmentally conscious, and tolerant. When I was living away from Canada, I never had to unpack my backpack with the Canadian flag on it: everyone knew what values it carried within it.

But just because Canadians are nice does not mean the world will trust us to do a good job.

Today, in 2013, the energy space has changed. And so we face one of the most critical challenges and opportunities in world history.

Let me tell you what I mean by that statement.

The world population is growing faster than ever before. Soon there will be two billion more people living on this planet. This is equivalent to building a new city the size of Ottawa every two weeks. Each new person will need more food, more water, and more energy.

The hydrocarbons that we pull out of the ground and that we almost take for granted here in Canada - whether it's to run our cars or our washing machines or to make our smart phones, our laptops, our clothes, and our medicines - are fuelling the drive to lift billions of people out of poverty and to sustain their lives.

Today over one billion people in the world live without access to energy. Without any energy at all.

So more energy is needed. But we all know it's not that simple.

We know this growth in our population and activity, including energy production and energy use, is also putting more pressure on our environment than ever before.

To put a complex challenge into simple terms:

The world is growing and demanding more energy. That energy is getting harder to produce and get to market. And at the same time we have to reduce carbon emissions.

This is a global challenge and opportunity worthy of a great country.

How should Canada respond to these pressures? How do we stay ahead of the competitive curve economically and environmentally? How do we not just get by, but lead?

When it comes to answering these questions, there are different points of view that run along a spectrum.

We know some would like us to stop producing oil today.

We know others think we should move full speed ahead without full regard for environmental leadership.

Fortunately for all of us, Canada is not a land of extremes. We are a land of diversity and a nation of moderation.

We are a democratic, stable and prosperous country, a country of quiet leaders, not followers. We are a country born not in revolution but evolution.

We are a broad country that stretches across thousands of miles and takes in many perspectives. We are a nation of both commerce and environmentalism. We are the birthplace of Greenpeace and the oil sands. Both are equally Canadian.

We are a country of thirty-three million people spread out thinly across the land mass of one of the largest countries in the world. We are a nation of ancient Aboriginal communities and relative newcomers. In many ways we are defined by our geography and our environment, by our oceans, lakes and streams, by our mountains and prairies, and by the arctic. Actually by our climate.

We think of ourselves as a mosaic, not a melting pot. We have regional, ethnic and cultural differences that we value and which define us. But we are all defined by our Canadian values: tolerance, equality, multiculturalism, taking care of each other, environmentalism. Environmentalism is an essential part of our international brand. We are comfortable with our differences because what we share is much greater than what sets us apart.

The answers to the challenges facing our world and Canada when it comes to energy and the environment are not found at one extreme or the other. The answers are in the middle.

It's a matter of balance and it's a matter of choice.

The real choice is to lead in both energy and environment and to succeed as a country – or not.

You may accuse me of wanting it both ways, but I believe that one will only come with the other. That is the world in which we are living today. That is what I believe Canadians and the world are asking us to do.

The argument that Canada should not do its part when it comes to climate change because we're only responsible for a small percentage of global CO₂ emissions is not one that I buy. Yes, the oil sands represent less than 0.2 per cent of global CO₂ emissions. Yes, the oil sands represent less than half the emissions from the coal-fired plants in the state of Illinois.

But we still have to do our part in tackling this global challenge.

And yes, the energy industry in Canada contributes billions of dollars to provincial and federal coffers each year in taxes and royalties. Yes, these revenues contribute to our most cherished social programs, including health care and education, core to Canada. Yes, the industry is enabling employment and business opportunities for hundreds of thousands of Canadians, including Aboriginal peoples, and not just in Alberta. Yes, energy – like other essential Canadian industries such as mining, banking, or agriculture – has a major role to play in maintaining the quality of life we all enjoy.

But I don't believe that environmental concerns can only ever be answered with economic statistics.

We still have to do our part on the environment. Because that's what great countries do.

I know that sometimes the arguments against building new energy infrastructure are dismissed as emotional ones. I've never felt comfortable with that characterization.

The argument for environmentalism is not an emotional argument. It is just as rational as the argument for growing our energy industry.

And yes, there is a powerful economic argument for growing and diversifying energy exports. The industry is a source of wealth for all Canadians.

This source of prosperity is at risk due to Canada's over-dependence on one market, the US, which currently takes 98 per cent of our oil and gas exports.

If you believe the International Energy Agency, the US is on a path to energy self sufficiency and to becoming a net exporter of oil within just a few decades.

Canada is shifting from being a favoured supplier to the US to potentially one day being its competitor in the global energy market.

But as powerful and legitimate as this economic argument is, it cannot pre-empt environmental concerns.

Yes, the world wants our energy. But they also want environmental performance. And that will only increase.

Equally importantly, Canadians care about both the economy and the environment.

When people look at an oil sands mine they see different things. I respect the fact that some people don't like the picture. But as a geophysicist, as a Canadian, I see a jewel. A mine that looks like any other mine I've seen in Canada. I see potential. I see ingenuity. I see the pioneering spirit of Canada. I see people staying warm and going places and using their lap tops and living their lives that are touched in so many ways by the oil sands.

But let's face it – I also see a challenge. I know that some people see the oil sands as a symbol for climate change. And luckily for the world, most people agree we all need to take steps to address climate change.

Where people differ is on how and how fast.

Oil will not be the dominant energy form forever but it will be a part of the global energy supply for many decades. At Shell in Canada we believe we have a responsibility to reduce CO₂ emissions from each new barrel as much as we can today while the world grows and we develop the technology to reduce even more CO₂ emissions tomorrow.

I won't sugar coat things: In heavy oil, Canada has a challenging resource. It is challenging in economic, social, and environmental terms. But it's a strategic resource, and I believe we have a responsibility to ourselves and to the world to develop that resource as economically as we can, in the way that creates the most benefits for society, and in the way that has the least impact on the environment.

This is an historic opportunity and a responsibility.

But to meet it we have to change how we think.

In Canada, as in most of the world, we often think of economic performance and environmental performance as a zero-sum game, where a gain in one area means a loss in another. In industry, we can all too easily think of environmental performance as a cost of doing business.

In order for us to live up to our potential, we in Canada have to choose environmental performance not as a cost but as a new opportunity and as a source of new competitive advantage.

Norway was able to create new competitive industries by making choices about how it developed its challenging North Sea oil and gas resource. In addition to creating social and economic benefits from oil and gas, Norway was able to develop related industries and ideas that it then exported to the world.

If we change the way we think in Canada, we will be able to solve the challenge of our energy resource. Not only for Canada but in a way that creates new environmental expertise and technology that Canada can then export around the world.

At Shell we believe in a future where Canada can lead in both energy and the environment, and where environmental technology will be a global source of competitive advantage. This is why our company was a founding partner in COSIA, Canada's Oil Sands Innovation Alliance. COSIA brings together companies to share environmental intellectual property with one purpose: to accelerate advances in the environmental performance of the oil sands industry.

It's why we're partnering with the federal government and the government of Alberta on Canada's first oil sands carbon capture and sequestration project, which we call Quest.

It's why we designed our new oil sands project at Carmon Creek to require no new water for steam generation after using the initial water for start up.

It's why we welcome federal CO₂ regulations on top of the CO₂ regulations already in place in Alberta. Federal CO₂ regulations will add to the pressure to innovate and will signal to the world that Canada is stepping up to do its part.

And when Canada compares itself to the US on efforts to tackle carbon, Canada should feel proud. Our federal government is already leading with regulations to reduce CO₂ emissions in the coal-fired power sector.

What country other than Canada, because of our natural resources; because of our technological, financial, and organizational strength; and because of our diversity and values, is so well positioned to be the best in the world at competing in both energy and the environment?

What other country has such a responsibility and such an opportunity?

So I am not here to advocate for lower taxes, more efficient regulations, more skilled people, or more time. I am here to appeal to your sense of pride in Canada's ingenuity and ability to take its proper place in the world.

Let us not choose energy production or environmental performance, the oil sands or environmentalism, industry or activism, but let us choose to apply ourselves to the global challenge of leadership on both fronts; quietly, methodically, determinedly with passion and reason as only Canadians can.

I believe Canada can leverage its strategic resource in a way that not only contributes to solving global issues but gives prosperity to Canada for many generations to come.

I ask you to reframe the challenge into our opportunity.

Thank you.