

August 1, 2024

To: Hon. Chrystia Freeland, Deputy Prime Minister & Minister of Finance  
Mairead Lavery, President and CEO of Export Development Canada

CC: Hon. Jonathan Wilkinson, Minister of Natural Resources  
Hon. Steven Guilbeault, Minister of Environment and Climate Change  
Hon. François-Philippe Champagne, Minister of Innovation, Science and Industry

**Re: Ill-Advised Financing for Cedar LNG and Coastal GasLink Pipeline**

We were disappointed to learn that Export Development Canada (EDC) provided a \$500 million dollar loan to support financing for the Cedar LNG project. We believe this is inconsistent with Canada's climate commitments and the commitment to end public financing of fossil fuels. We were further dismayed to see the federal government react to the Final Investment Decision by describing the project as a climate solution.

We were further disappointed to learn that EDC provided up to \$200 million in financing for the expansion of Coastal GasLink Pipeline to connect to the Cedar LNG Project.

As we wrote in our letter of June 11th, 2024, the Government of Canada first committed to ending domestic public financing for fossil fuels in 2021 and has repeatedly reiterated its commitment to publish this policy in the coming months, by fall 2024.

We have reviewed both EDC's rationale for supporting financing of Cedar LNG and congratulatory statements from the federal government, in statements issued by Ministers Champagne and Freeland.<sup>i</sup>

The EDC project review summary states that "The Project will be powered by electricity delivered by BC Hydro (mainly from renewable sources), and LNG will be exported primarily to Asia, where Cedar has advised EDC that it is expected to displace coal, as well as higher-emitting LNG from other jurisdictions."

There is no evidence that expanding fossil fuel export capacity is consistent with a net zero future or that fossil gas will displace coal or higher-emitting LNG and thereby lower global emissions. It is inappropriate for EDC to rely on claims made by the proponent. At best, replacing fossil coal with gas could result in a slight improvement in emissions intensity. However, this is far from guaranteed. The overall impact would still be to lock in emissions and lock out investments in renewables.<sup>ii</sup> Furthermore, adding more LNG export capacity will tend to lower global prices, potentially undercutting some new renewable investments and delaying transition. Both the IPCC and the IEA have been clear that to avoid surpassing the 1.5C threshold, no new fossil fuel infrastructure should be built.<sup>iii</sup> It is irrelevant that the project will have "best-in-class GHG emissions performance guidance". Cedar LNG is a new fossil fuel project, designed to export fossil gas which when burned abroad will increase global emissions.

EDC describes the Cedar LNG facility as having strong community and Indigenous support. Yet we were clear, on behalf of many people living in Canada, that the project has no credibility on climate, that it should not qualify for public financing and that we are adamantly opposed to the further expansion of fossil fuel infrastructure and particularly the public financing thereof. Indigenous Nations are divided on this and other LNG-related projects, with some adamantly opposed because of their climate impacts and their deleterious impacts on Indigenous territories and interests.<sup>iv</sup> Indeed, the Coastal GasLink project, which will supply gas to Cedar LNG and to which the Coastal Gaslink project will connect, has

long been opposed by the Wet'suwet'en hereditary chiefs.<sup>v</sup>

Minister Champagne's statements that this project advances clean energy and building a better future for all Canadians is deeply inconsistent with the climate science, the deepening climate crisis, extreme weather events supercharged by rising GHG levels brought about by burning fossil fuels that are ever more costly,<sup>vi</sup> and the fact that the world needs to rapidly phase down fossil fuel production to avoid further destabilizing the climate system upon which humanity depends.

Furthermore, supporting the build-out of additional LNG export capacity is a highly risky economic strategy, since it increases the likelihood of stranded assets given the massive global build out of LNG export capacity, the rapid expansion of renewable energy and falling demand in key Asian markets like Japan.<sup>vii</sup>

The Government of Canada, including crown corporations, have a responsibility to make investments in line with its commitments and legal obligations. LNG expansion is not in line with commitments, and unlikely to be economical over the span of the project.

In conclusion, EDC's financing of both Cedar LNG and of the expansion of the Coastal Gaslink pipeline is contrary to the legislation, policies, and Canada's international obligations. The absence of leadership from the government in allowing this financing to proceed and to lock in further emissions is disappointing.

Sincerely,

Climate Action Network Canada  
David Suzuki Foundation  
Environmental Defence Canada  
Oil Change International  
Sierra Club BC  
Stand.Earth  
Wilderness Committee

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<sup>i</sup> <https://www.canada.ca/en/innovation-science-economic-development/news/2024/07/government-of-canada-supporting-innovative-majority-indigenously-owned-natural-resource-project-from-cedar-lng.html>

<sup>ii</sup> <https://davidsuzuki.org/science-learning-centre-article/burning-bridge-debunking-lng-as-a-climate-solution/>

<sup>iii</sup> <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach> ; <https://www.ipcc.ch/sr15/>

<sup>iv</sup> See for instance, "Through UBCIC Resolutions 2016-06 and 2019-02, UBCIC is mandated to ensure that any climate change plans developed by Canada or British Columbia must stop the further expansion of fossil fuel production and export."

[https://www.ubcic.bc.ca/ubcic\\_concerned\\_that\\_lng\\_project\\_approval\\_facilitates\\_fracking](https://www.ubcic.bc.ca/ubcic_concerned_that_lng_project_approval_facilitates_fracking) ; <https://www.gitanyowchiefs.com/news/gitanyow-hereditary-chiefs-challenge-lng-projects-promises/>

<sup>v</sup> <https://thenarwhal.ca/wetsuweten-coastal-gaslink-gidimten-order/>

<sup>vi</sup> <https://climateinstitute.ca/reports/the-costs-of-climate-change/>

<sup>vii</sup> See <https://ember-climate.org/insights/in-brief/gas-brings-a-risky-future-for-canada/>