

February 21, 2022

Local organizations to study greenhouse gas reductions and pathways to net zero

- Research projects to develop net zero pathways for NL oil and gas industry
- Projects will investigate blue hydrogen generation and flare reduction

St. John's, NL - Newfoundland and Labrador's environmental and oil and gas industries are collaborating to examine options to reduce greenhouse gas (GHG) emissions in the province's offshore oil and gas industry.

Energy Research & Innovation Newfoundland & Labrador (ERI) is providing \$440,070 of a total project value of \$723,820 to econext and Noia (Newfoundland and Labrador Oil and Gas Industries Association) to conduct a project titled *Net Zero Pathways and the Feasibility of Blue Hydrogen Production in Canada's Offshore Oil and Gas Industry*. The funding comes from Natural Resources Canada's Emissions Reduction Fund, Offshore RD&D program, which is managed and administered by Energy Research & Innovation Newfoundland & Labrador. OilCo is contributing \$137,500 to the overall project. The Atlantic Canada Opportunities Agency (ACOA) is making a non-repayable contribution of \$146,250 to econext to support the Net Zero Pathways.

The study will provide detailed pathways for Canada's offshore oil and gas industry to achieve net zero GHG emissions targets in offshore oil and gas production by 2050, while maintaining economic development and industry growth. Through the project, econext and Noia will:

- compile available data and fill information gaps;
- evaluate known emissions reduction technologies and processes for their financial feasibility, net environmental impact, and local economic development contribution;
- formulate options for achieving net zero by 2050; and
- study the feasibility of generating blue hydrogen offshore, including determining opportunities and interdependencies with carbon capture and storage, electrification, additional gas development, and other technologies.

Another project, *Terra Nova Floating, Production, Storage and Offloading (FPSO) Flare Reduction Study*, is investigating installing a closed flare system on the vessel to reduce GHG emissions. Suncor will complete front-end engineering and design (FEED) studies to determine the feasibility of installing a closed flare system on the vessel to improve gas compression train-related flaring. Suncor is receiving \$678,762 from the Emissions Reduction Fund to complete the study.

"These projects will fill important information gaps for the local energy industry. ERI is able to facilitate collaboration across companies, organizations and industries to develop solutions to reduce GHGs from offshore operations, while still ensuring the future of our industry and the important role it plays to our province," said Dave Finn, CEO, Energy Research & Innovation Newfoundland & Labrador.

“Through the Offshore Research, Development and Demonstration stream of the Emissions Reduction Fund, the Government of Canada is supporting innovative research and development to decarbonize offshore operations. These projects will help advance clean technology in the Newfoundland and Labrador offshore oil and gas industry and help Canada reach net-zero emissions by 2050,” said the Honourable Jonathan Wilkinson, Minister of Natural Resources.

“We need to lower emissions and build up renewables in Newfoundland and Labrador’s offshore. Investors are choosing jurisdictions that take climate change seriously, and our industry is taking the initiative. We believe in our workers, in this industry, and in their future. We’re continuing to invest in them, and in the research and development that will get us to net zero by 2050,” said the Honorable Seamus O’Regan, Minister of Labour and Member of Parliament for St. John’s South-Mount Pearl.

“The Government of Canada has made a commitment to achieve net zero emissions by 2050. ACOA’s contribution to the econext project is an important step in that direction. We know that protecting the environment and growing the economy go hand in hand. This investment is helping us do just that,” said the Honourable Ginette Petitpas Taylor, Minister of Official Languages and Minister responsible for the Atlantic Canada Opportunities Agency (ACOA).

About Energy Research & Innovation Newfoundland & Labrador

Energy Research & Innovation Newfoundland & Labrador (ERI) advances research, development and demonstration (RD&D) and innovation projects in the offshore oil and gas industry, with a focus on health, safety and the environment. ERI is a federally incorporated, not-for-profit organization whose members include Chevron Canada Resources, Equinor Canada, ExxonMobil Canada, Cenovus, Oil and Gas Corporation of Newfoundland and Labrador and Suncor Energy. www.erinl.ca

PROJECTS BACKGROUNDER

Recipient: econext, Noia

Project Title: Net Zero Pathways and the Feasibility of Blue Hydrogen Production in Canada’s Offshore Oil and Gas Industry

Emissions Reduction Fund Support: \$440,070

The objective of this project is to outline detailed pathways for Canada’s offshore oil and gas industry to achieve both net zero greenhouse gas (GHG) emissions targets by 2050 and economic development and industry growth. There are many technologies and processes that can be deployed in the pursuit of emissions reductions. This project will narrow the possibilities to a manageable number of pathways or scenarios that can be continuously refined and updated when technical or financial circumstances change. This work will incorporate an assessment of the feasibility of the production of hydrogen in Canada’s offshore industry. Hydrogen is increasingly being viewed nationally and internationally as being an important fuel in the fight against climate change. Clearly understanding its potential role in Canada’s offshore oil and gas industry is an important information gap that must be addressed as part of the development of net zero pathways. <http://netzeroproject.ca/>

Recipient: Suncor Energy Inc. (NL)

Project Title: Terra Nova FPSO Flare Reduction Study

Emissions Reduction Fund Support: \$678,762

On average, daily background flaring results in approximately 25-30% of Terra Nova's current greenhouse gas emissions. Flare gas is a by-product of oil production and processing during normal operations that is released from different sources in the process system. This gas is sent to flare to be burned off, resulting in greenhouse gas emissions. The purpose of this project is to complete front-end engineering and design (FEED) studies focusing on reducing flaring on the FPSO (floating production, storage and offloading vessel). The study will assess the technical feasibility of installing a closed flare system on the Terra Nova FPSO and reducing gas compression train-related flaring.

<https://www.suncor.com/>

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