

Fossil Fuel Funding in 2024

Written by Julia Levin,
Associate Director, National
Climate

**MEDIA
BACKGROUNDER**
April 2025



The threat of tariffs from the United States has created substantial economic uncertainty for Canada. Oil and gas companies – emboldened by their influence over President Trump – are exploiting the situation to call for Canada to double down on fossil fuels by expanding production, building new pipelines and finding new export markets. Of course, doubling down on fossil fuels won't address the current trade situation. Expanding fossil fuels will keep Canada vulnerable to geopolitical shocks and to the whims of the United States. These calls for more fossil fuels also ignore the accelerating transition from fossil fuels to renewable energy. This transition is so pronounced that, according to the International Energy Agency, global demand for oil is set to peak in the next four years and then significantly decline.¹

The push for new fossil fuel infrastructure also doesn't account for the costs to society of the climate crisis. Fossil fuels come at a high price — not just at the pump, but through rising costs of groceries, worsening health outcomes, damage to property, and environmental destruction.

Finally, fossil fuels are very costly for governments. Our new analysis reveals that in 2024, the Government of Canada provided nearly \$30 billion in direct subsidies and public financing to the oil and gas industry.

On the other hand, investments made into renewable energy and electrification would provide Canada with energy security. By scaling up renewable energy projects and building our national electricity grid, we could put thousands of Canadians to work and provide affordable energy for all. A recent Environmental Defence poll found that over half of Canadians want renewable energy to take priority over fossil fuel production.²

¹ IEA (2024) World Energy Outlook 2024. Available:
<https://www.iea.org/reports/world-energy-outlook-2024/executive-summary>

² Environmental Defence (2024) New Poll: More than Half of Canadians Support Government Action to Phase Out Fossil Fuels and Prioritize Renewable Energy. Available:
<https://environmentaldefence.ca/2024/12/11/new-poll-more-than-half-of-canadians-support-government-action-to-phase-out-fossil-fuels-and-prioritize-renewable-energy/>

Key Findings

- In 2024, the Government of Canada provided at least **\$29.6 billion** in financial support to fossil fuel and petrochemical companies. This includes \$21 billion in financing for the TransMountain expansion pipeline and \$7.5 billion in public financing through the crown corporation Export Development Canada. That is more than the resources required to build interprovincial electricity infrastructure, which is estimated to cost \$24 billion.
- Over the last five years, the estimated total amount of financial support to the oil and gas sector from the federal government was **\$74.6 billion**.
- While oil and gas companies continue generating significant profits, they are not investing these into addressing their ever-increasing pollution levels. In 2024, four of Canada's largest oilsands producers (Cenovus, Imperial Oil, CNRL, and Suncor) earned more than \$20 billion in profits. They reported nearly \$30 billion in combined capital expenditures to continue growing oil and gas production. Yet, none of the companies reported investments in emissions reductions or climate initiatives as part of their capital investments.
- In 2024, the Government of Canada provided at least **\$2.4 billion** for carbon capture and hydrogen projects. This contrasts starkly with the lack of private investment in these technologies. The figure does not include foregone revenue from the hydrogen and carbon capture investment tax credits.
- The climate pollution created by oil and gas companies has massive costs, including health costs, property damage from extreme weather events, and decreased agricultural productivity due to changing weather patterns. The Social Cost of Carbon³ helps us estimate what those costs to society are. In 2024, the pollution from oil and gas companies operating in Canada was an **estimated \$53 billion**.

Fossil Fuel Funding in 2024

Each year, Environmental Defence produces a tally of the financial support the federal government and federal crown corporations have provided to fossil fuels companies, including direct grants, tax breaks, loans, and loan guarantees. Due to a lack of transparency and public reporting, tracking the subsidies the Government of Canada and its agencies provide to the oil and gas industry remains a difficult task.

³ Environment and Climate Change Canada (2023) Social cost of greenhouse gas emissions. Available: <https://www.canada.ca/en/environment-climate-change/services/climate-change/science-research-data/social-cost-ghg.html>

In 2024, the Government of Canada provided at least **\$29.6 billion** in financial support to fossil fuel companies. That is more than the price of building out interprovincial electricity transmission infrastructure, which is estimated to cost \$24 billion.⁴

The largest sources of federal support in 2024 were:

- \$21 billion in financing for the new TransMountain pipeline (TMX)
 - This includes a \$20 billion loan to the TMX that replaces a previously announced loan guarantee to cover financing provided by a syndication of banks.
 - The initial cost to complete the project was \$5.4 billion. The latest estimates now forecast the expansion to cost over \$34 billion - and it could go higher.⁵
 - It has become increasingly clear that TMX cannot generate the cash flow necessary to repay the debt owed to Canadians. As a result, the debt owed to Canadian taxpayers will likely be written off.⁶
- \$7.528 billion in public financing through the crown corporation Export Development Canada
 - Export Development Canada (EDC) is a crown corporation. EDC provides financing, often at subsidized rates, to Canadian companies or companies buying Canadian services and products.
 - In 2024, EDC provided significant financial support to LNG projects, including \$500 million in financing for Cedar LNG and \$200 million for the Coastal GasLink pipeline.
 - EDC also provided \$300 million for Enbridge US, \$100 million for Vermilion Energy, a Calgary-based oil company, for oil and gas exploration and production, and \$100 million for Wolf Midstream for their carbon capture and storage (CCS) plans and export.

See **Appendix 1** for a complete breakdown of the \$29.6 billion provided by the federal government to the oil and gas industry.

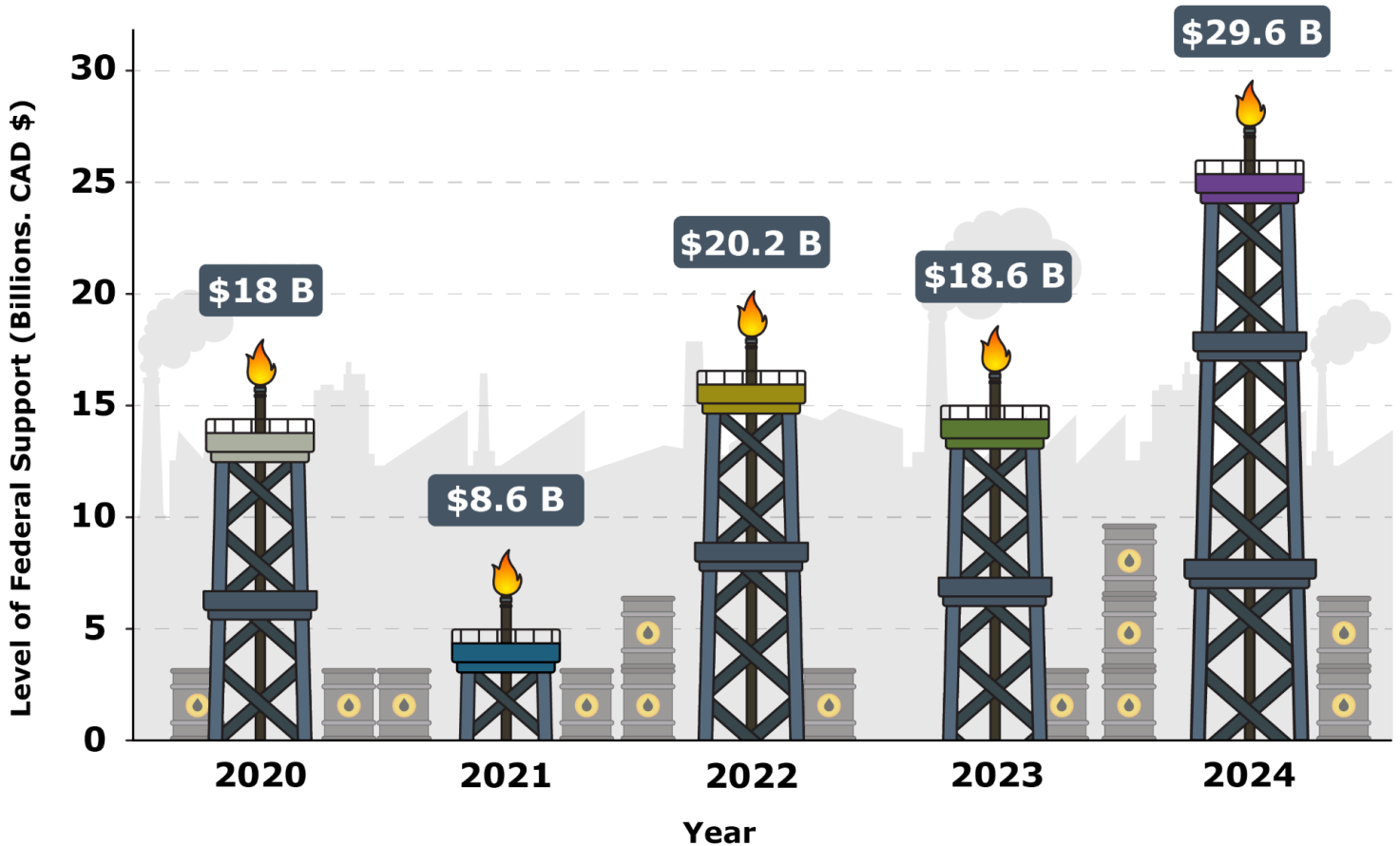
⁴ Green, T. & Thomas, S. (2022) Shifting Power: Zero-Emissions Electricity Across Canada by 2035. David Suzuki Foundation. Available: <https://davidsonsuzuki.org/science-learning-centre-article/Shifting-Power-Zero-Emissions-Electricity-Across-Canada-by-2035/>

⁵ Tuttle, R. (2024) Trudeau's pipeline project increases cost estimate by \$3.1 billion. Bloomberg. Available: <https://www.bnnbloomberg.ca/trudeau-s-pipeline-project-increases-cost-estimate-by-2-3-billion-1.2040007>

⁶ Allan, R. (2022) Trans Mountain: Compromised viability to cost taxpayers more than \$17 billion. West Coast Environmental Law. Available: https://www.wcel.org/sites/default/files/publications/2022_tm_report-min.pdf

Fossil Fuel Funding Over the Past Five Years

The federal government's total estimated financial support to the oil and gas sector over the last four years was **\$74.6 billion**.



***Note:** The total is \$74.6 billion, rather than \$94.6 billion, given that \$20 billion in financing for TMX announced in 2024 replaces a previous \$20 billion announced in 2022.

Subsidies for false solutions

In 2024, the Government of Canada provided at least \$2.4 billion for carbon capture and hydrogen projects (Appendix 3). This is higher than in previous years.⁷

⁷ Levin, J. (2022) Buyer Beware: Fossil Fuels Subsidies and Carbon Capture Fairy Tales in Canada. Environmental Defence. Available: <https://environmentaldefence.ca/wp-content/uploads/2022/03/Buyer-Beware-FFS-2022.pdf>

Given a lack of transparency regarding Finance Canada reporting, this figure does not include costs associated with the hydrogen and CCS investment tax credits. The Government of Canada's 2023 budget estimated that tax credits would cost a combined total of \$900 million in 2024. However, actual amounts are not currently known. The carbon capture tax credit is expected to cost \$9.1 billion by 2030 and possibly \$16 billion by its expected phase-out date of 2041. The hydrogen tax credit is estimated to cost \$17.7 billion by 2035.

These technologies are touted by the oil and gas industry as ways to reduce their climate pollution. However, over the past several decades, CCS projects have proven to be ineffective at capturing significant levels of carbon pollution. CCS is ranked by the Intergovernmental Panel on Climate Change as the most expensive and least effective way to reduce emissions.⁸ Since CCS operations began in Canada in 2000, there has been a total of 55 MT captured, with 7.2 Mt of captured CO₂ placed in long-term storage (versus 47.8 Mt used for enhanced oil recovery), which amounts to 0.0004% of Canada's emissions since 2000.⁹

Carbon capture and fossil-based hydrogen are being used to prolong our dependence on fossil fuels.

The Hidden Price of Pollution: How Big Oil's Emissions Cost Canadians Billions

The climate pollution created by oil and gas companies inflicts massive costs, including health costs, property damage from extreme weather events and decreased agricultural productivity due to changing weather patterns.

The Government of Canada has developed a tool to calculate these costs: the social cost of carbon.¹⁰ This tool puts a price tag on each ton of pollution. In 2024, the social cost of a ton of carbon was estimated to be \$266. The oil and gas industry emits roughly 200 million tonnes of carbon dioxide each year (this does not include downstream emissions from burning the oil and gas, just the emissions that come from producing fossil fuels). Therefore, we can calculate that the cost to society from the industry's pollution in 2024 was over \$53 billion.

⁸ IPCC (2023) Figure: SPM.7. Available:

<https://www.ipcc.ch/report/ar6/wg3/figures/summary-for-policymakers/figure-spm-7/>

⁹ Environment and Climate Change Canada (2024) National Inventory Report 1990–2022: Greenhouse Gas. Available: https://publications.gc.ca/collections/collection_2024/eccc/En81-4-2022-1-eng.pdf

¹⁰ Environment and Climate Change Canada (2023) Social cost of greenhouse gas emissions. Available: <https://www.canada.ca/en/environment-climate-change/services/climate-change/science-research-data/social-cost-ghg.html>

Appendix 1: Non-Tax Subsidies and Public Financing For Fossil Fuels

Program	Description	Amount (in millions) in 2024	Link
Canada Growth Fund	A \$15 billion independent and arm's length public fund. Provides support for clean energy projects. The amount listed here includes spending on Strathcona Resources' carbon capture plans in their oilsands operations.	\$1,000	https://www.cgf-fcc.ca
Clean Fuels Fund, Natural Resources Canada	Provides support for clean fuel production in Canada. The amount listed here includes spending on fossil hydrogen.	\$10.9	https://natural-resources.canada.ca/science-and-data/funding-partnerships/opportunities/current-investments/21146
Critical Mineral Research, Development and Demonstration Program	Provides federal funding to support the development of innovative processing technologies for the critical minerals industry. The amount listed here includes spending on fossil hydrogen.	\$1.4	https://search.open.canada.ca/grants/record/nrcan-rncan,115-2024-2025-Q2-15571,current
Energy Innovation Program, Natural Resources Canada	Advances clean energy technologies that will help Canada maintain a competitive, reliable, and affordable energy system while transitioning to a low-carbon economy. The amount listed here includes spending on fossil hydrogen and carbon capture in the oil and gas sector.	\$10.6	https://natural-resources.canada.ca/science-and-data/funding-partnerships/opportunities/current-investments/21146
Export Development Canada	Export Development Canada is a crown corporation and Canada's export credit agency. The amount listed here includes public finance for oil and gas projects and companies, for example \$500 million for Cedar LNG, \$200 million for Coastal GasLink and \$300 million for Enbridge US.	\$7,528	https://www.edc.ca/en/about-us/corporate/disclosure/reporting-transactions/canadian-industry-sub-sector-2024.html

Investing in Canada Infrastructure Program	Supports greener communities by contributing to climate change preparedness, reducing greenhouse gas emissions, and supporting renewable technologies in Canada. The amount listed here includes spending on fossil gas.	\$7.3	https://www.canada.ca/en/housing-infrastructure-communities/news/2024/09/background-er-more-than-89-million-invested-in-clean-economy-in-frastructure-projects-across-british-columbia.html
Prairies Economic Development Canada	Promotes economic growth in Alberta, Manitoba and Saskatchewan. The amount listed here includes spending on oil and gas technology.	\$15.5	https://www.canada.ca/en/prairies-economic-development.html
TransMountain Pipeline Expansion	Financing for the pipeline is provided through the Canada Account, which is administered by Export Development Canada, but decisions are made by the Finance Minister.	\$21,000	https://www.edc.ca/en/about-us/corporate/disclosure/reporting-transactions/canada-account.html

Appendix 2: Tax Measures

Tax Measure	About	Amount
Accelerated Capital Cost Allowance for LNG	Provides an additional 22 per cent allowance that will bring the CCA rate up to 30 per cent for eligible property.	The Parliamentary Budget estimates the impact of this tax credit was \$2.6 million in 2021 (the latest year numbers are available for).
Canadian development expenses	Allows mining companies, including oil and gas, to claim expenses related to developing mines.	The Parliamentary Budget estimates the impact of this tax credit for the fossil fuel sector was \$1.251 billion in 2021 (the latest year numbers are available for).

Canadian exploration expenses	Allows mining companies, including oil and gas, to claim expenses related to determining the existence, location, extent or quality of a mineral resource, petroleum or natural gas in Canada.	The Parliamentary Budget estimates the impact of this tax credit for the fossil fuel sector was \$218 million in 2021 (the latest year numbers are available for).
Canadian oil and gas property expenses	Allows oil and gas companies to claim expenses related to the cost of acquiring rights to explore for, drill or extract oil or natural gas, or to acquire an oil or natural-gas well or other resource property.	The Parliamentary Budget estimates the impact of this tax credit for the fossil fuel sector was \$349 million in 2021 (the latest year numbers are available for).
Flow through shares	Flow-through shares are an authorized tax shelter arrangement that allows a corporation to transfer certain unused tax deductions to equity investors.	The Parliamentary Budget estimates the impact of this measure for the fossil fuel sector was \$15 million in 2021 (the latest year numbers are available for).
Foreign exploration and development expenses	Allows oil and gas companies to claim expenses related to exploring and developing fossil fuels abroad.	The Parliamentary Budget estimates the impact of this tax credit for the fossil fuel sector was \$16 million in 2021 (the latest year numbers are available for).

*All the PBO estimates included in this graph are available in the PBO's 2023 report: *Update on the energy sector and agriculture: federal revenue forgone from tax provisions*, available at <https://www.pbo-dpb.ca/en/publications/RP-2324-007-S--update-energy-sector-agriculture-federal-revenue-forgone-from-tax-provisions--mise-jour-secteur-energie-agriculture-recettes-federales-auxquelles-renonce-gouvernement-federal-tit#heading-44>

Appendix 3: CCS & Hydrogen Subsidies

Program	About	Amount (in millions)	Link
Atlantic Canada Opportunities Agency	Promotes economic growth in Atlantic Canada.	\$0.29	https://search.open.canada.ca/grants/record/acoa-apeca,276-2023-2024-Q4-00280,current
Business Development Bank of Canada	A Crown corporation and national development bank, mandated to help create and develop Canadian businesses.	\$9.2	https://www.bdc.ca/
Canada Growth Fund	A \$15 billion independent and arm's-length public fund. Provides support for clean energy projects	\$1,137	https://www.cgf-fcc.ca
Canada - Germany Hydrogen Alliance	An alliance between Canada and Germany to advance renewable hydrogen technologies.	\$300.59	https://www.canada.ca/en/natural-resources-canada/news/2024/07/government-of-canada-announces-300-million-in-port-hawkesbury-on-canada---germany-hydrogen-alliance.html
Canada Infrastructure Bank	A Crown corporation tasked with financially supporting revenue-generating infrastructure projects.	\$337	https://cib-bic.ca/en/medias/articles/cib-invests-337-million-towards-hydrogen-production-and-refuelling-network-in-western-canada/
Clean Fuels Fund, Natural Resources Canada	Provide support for clean fuel production in Canada.	\$189.38	https://www.cnl.ca/natural-resources-canada-invests-in-canadian-team-advancing-research-to-support-domestic-clean-fuels-production-capacity-and-energy-innovation/

CanExport, Global Affairs Canada	Provides contribution funding to support national associations undertaking new or expanded international business development activities.	\$0.25	https://search.open.canada.ca/grants/record/dfatd-maecd,064-2024-2025-Q2-00336,current
Carbon Capture, Utilization, and Storage (CCUS) Investment Tax Credit	The tax credit is expected to cost \$9.1 billion by 2030 and \$16 billion by 2041.	Unknown	https://www.budget.canada.ca/2023/report-rapport/chap3-en.html
Clean Hydrogen Investment Tax Credit	The tax credit is expected to cost \$5.6 billion by 2028 and an additional \$12.1 billion by 2035.	Unknown	https://www.budget.canada.ca/2023/report-rapport/chap3-en.html
Critical Mineral Research, Development and Demonstration Program, Natural Resources Canada	Provides federal funding to support the development of innovative processing technologies for the critical minerals industry.	\$1.4	https://search.open.canada.ca/grants/record/nrcan-rncan,115-2024-2025-Q2-15571,current
Energy Innovation Program, Natural Resources Canada	Advances clean energy technologies that will help Canada maintain a competitive, reliable, and affordable energy system while transitioning to a low-carbon economy.	\$27.51	https://natural-resources.canada.ca/science-and-data/funding-partnerships/opportunities/current-investments/21146
Export Development Canada	Export Development Canada is a crown corporation and Canada's export credit agency.	\$100	https://www19.edc.ca/edcsecure/disclosure/DisclosureView.aspx
Export Development Canada: Canada Account	The Canada Account is administered by Export Development Canada, but spending decisions are made by the Finance Minister.	\$200 million	https://www.edc.ca/en/about-us/corporate/disclosure/reporting-transactions/canada-account.html

Federal Economic Development Agency for Southern Ontario	Promotes economic growth in Southern Ontario.	\$2	https://www.canada.ca/en/economic-development-southern-ontario/news/2024/08/government-of-canada-supports-clean-tech-manufacturers.html
Forest Industry Transformation Program, Natural Resources Canada	Facilitates the adoption of transformative technologies and products in the Canadian forest sector	\$18.15	https://natural-resources.canada.ca/forest-forestry/forest-programs/investments-forest-industry-transformation-ifit
Green Shipping Corridor Fund	Provides funding for projects that contribute to the establishment of green shipping corridors.	\$22.5	https://www.canada.ca/en/transport-canada/news/2024/10/the-government-of-canada-invests-in-a-clean-economy-for-nova-scotia.html
Indigenous Natural Resource Partnerships Program	Aims to increase the economic participation of Indigenous communities and organizations in the development of natural resource projects that support the transition to a clean energy future.	\$1.43	https://www.canada.ca/en/natural-resources-canada/news/2024/03/newfoundland-and-labrador-regional-energy-and-resource-table-collaboration-framework-on-the-path-to-net-zero-released.html
Low-Carbon Fuel Procurement Program	Supports the purchase of low-carbon-intensity liquid fuels and the procurement of carbon dioxide removal services.	\$10	https://www.canada.ca/en/treasury-board-secretariat/services/innovation/greening-government/low-carbon-fuel-procurement-program.html
National Research Council of Canada Industrial Research Assistance Program	Provides innovation assistance for small and medium-sized businesses.	\$3.82	https://nrc.canada.ca/en/support-technology-innovation/about-nrc-industrial-research-assistance-program

Pacific Economic Development Agency of Canada	Promotes economic growth in British Columbia.	\$12.05	
Prairies Economic Development Canada	Promotes economic growth in Alberta, Manitoba and Saskatchewan.	\$3.32	https://www.canada.ca/en/prairies-economic-development.html
Strategic Innovation Fund, Innovation, Science and Economic Development Canada	Provides major investments in innovative projects that will help grow Canada's economy.	\$49	https://ised-isde.canada.ca/site/strategic-innovation-fund/en



environmental
defence

ABOUT ENVIRONMENTAL DEFENCE: Environmental Defence is a leading Canadian environmental advocacy organization that works with government, industry and individuals to defend clean water, a safe climate and healthy communities. Visit environmentaldefence.ca for more information.

For more information or to request an interview, please contact: media@environmentaldefence.ca