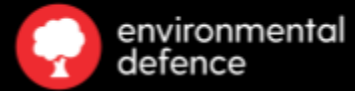


Canada's LNG Gamble:

Climate Risks, Market Volatility, and Domestic Cost Concerns

**MEDIA
BACKGROUNDER**
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Key points

- Canadian LNG buildout would produce at least 14 million tonnes of greenhouse gas pollution per year in Canada alone.
- Solar power grew by 636 TWh in 2025, which is enough to replace all LNG that passes through the Strait of Hormuz.
- Expanding BC's natural gas exports risks increasing domestic prices and harming consumers, as seen in Australia where domestic gas prices tripled following an LNG export boom, adding an estimated AU\$1 billion in residential costs.

At present, the federal and provincial government of British Columbia (B.C.) are exploring significant subsidies through the [Canada-British Columbia Cooperative Prosperity Agreement](#). No public dollars should be handed to companies developing liquified natural gas (LNG). Subsidizing LNG would transfer public resources to private profits, leaving Canadians to shoulder both environmental and economic burdens while diverting funds from initiatives that could deliver genuine public benefits.

Complex market dynamics makes LNG a risky bet

Canada is entering the crowded global LNG market at a highly competitive time, and as a high-cost player. According to the International Energy Agency (IEA), [more than 345 billion cubic meters per year \(bcm/yr\) of new LNG export capacity](#) has either received final investment decision or is under construction and expected to come online by 2030, expanding global supply by almost 50 per cent.

Global demand is currently not predicted to absorb this additional supply. Under current price trajectories, the [IEA is also anticipating an LNG surplus of 65 bcm by 2030](#). The anticipated gap between global LNG supply and demand will have a downwards effect on prices. This data also excludes added capacity from LNG Canada Phase 2, and Ksi Lisims, which would add a further 35 bcm/ year of LNG supply by the early 2030s.

Global LNG Supply Expansion vs. IEA Structural Demand Target

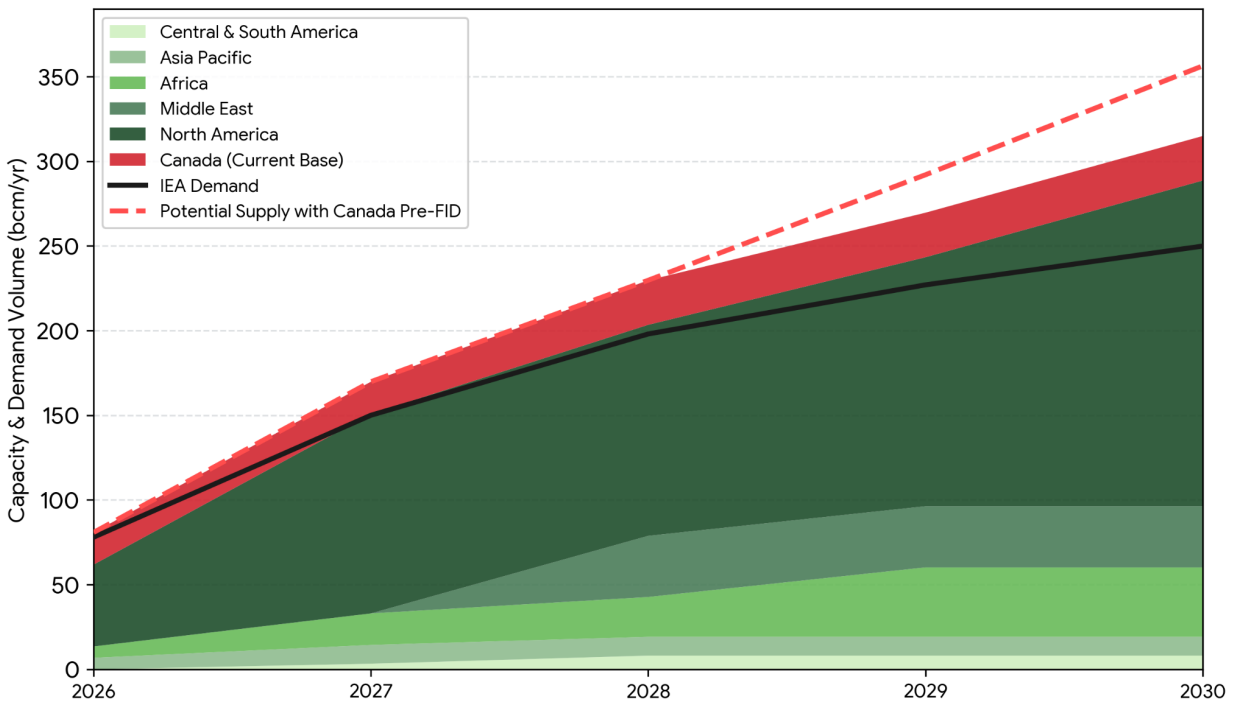


Figure 1. Source: Based on IEA Gas 2025 and the IEA Global LNG Capacity Tracker. Includes post-FID LNG projects with start dates between 2025–2030. Canadian projects are shown separately from the North American total. LNG Canada Phase 2 and Ksi Lisims are indicated via red line.

Selling gas abroad could open the Canadian gas market to international and volatile gas prices. If the global cost of gas increases, **Canadian gas becomes more expensive to foreign and domestic buyers, which includes home heating utility providers and domestic industry.** [Domestic gas prices tripled in Australia](#) after a boom in LNG exports, leading to an estimated AU\$1 billion increase in residential gas costs (in FY2023-24 from FY2014-15). There is also strong evidence that [increased LNG exports in the USA have led to higher domestic and industrial gas prices](#), contributing to affordability issues. Expanding BC's natural gas exports risks increasing domestic prices and harming consumers

The conflict in the Middle East has drastically shifted the global LNG market. The sudden change in cost and availability of natural gas has caused many heavy LNG importers to shift their priorities to domestic energy production, particularly wind and solar. Several examples include:

- Vietnam: [a flagship national LNG project is abandoned in favour of a new renewables project](#)
- South Korea: [released a new accelerated roadmap to meet 100 GW renewable energy in the next four years](#)
- China: solar exports doubled in March 2026 compared to the previous months
- Philippines: Three major LNG projects [cancelled](#) in 2025-26

Solar power [increased by 636 TWh in 2025, a 30% increase from 2024](#). This new solar generation would be sufficient to displace gas-fired electricity equivalent to all LNG exports through the Strait of Hormuz last year, estimated at 550 TWh. Doubling the rate of wind and solar installation would take [just 9 months to compensate for the loss of LNG passing through the Strait of Hormuz](#). Getting Canadian LNG online would take many years.

Climate and Environmental Harms of LNG

The best available science shows [LNG to have a climate impact worse than almost any other fossil fuel](#). While it is true that LNG produces less CO₂ than coal, its methane impacts are extremely harmful. Methane is a greenhouse gas which can create effects exceeding [100 times the warming effect of carbon dioxide](#). Methane has also contributed [two-thirds as much warming](#) as CO₂ since the Industrial Revolution.

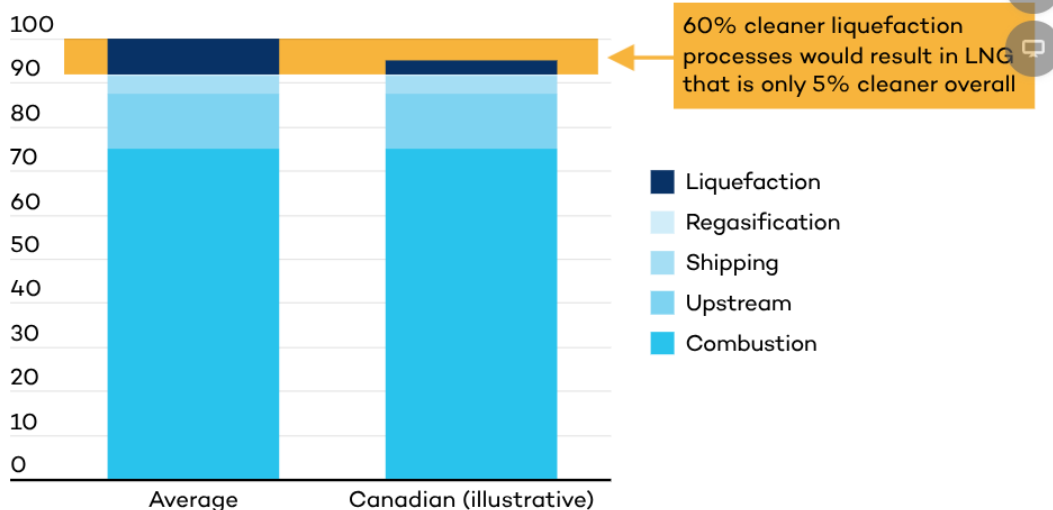
It is not possible to develop and use natural gas, including LNG, without emitting some unburned methane to the atmosphere. In addition to leaks, significant methane emissions occur from routine operations, particularly for controlling pressure for safety reasons and during maintenance of pipelines. Multiple [studies](#) found that actual methane emissions from Canadian oil and gas operations are far higher than reported figures. Companies are routinely underreporting these emissions, reflecting a lack of verifiable monitoring.

The federal government claims that since Canadian LNG is designed to be produced using British Columbia's (B.C.) ample hydroelectricity, rather than gas, it is lower carbon than LNG produced elsewhere in the world by different methods. First, this claim presumes that there is sufficient electricity for all proposed LNG facilities to use it in production. Second, that figure is misleading, referring to just the process where gas is supercooled into a liquid, which [represents between 6 to 10 per cent](#) of the total lifecycle emissions of the fuel. To call B.C. LNG "the cleanest LNG" is therefore misleading at best- wherever the LNG is burned, it will create methane that will accelerate climate change. **Taken together, the major Canadian LNG projects under development would create at least 14 million tonnes CO₂e per year in Canada alone.** ¹

¹ Numbers available upon request.

Canada's low-emissions LNG facilities may not produce low-emissions LNG

Life-cycle carbon emissions (%)



Author's chart using data from Nie et al. (2020) for Average. Canadian (illustrative) calculated by author assuming 60% cleaner than average liquefaction processes while other sources of emissions remain constant.

Figure 2: [IISD, How Canadian LNG Impacts the Climate: Carbon emissions, fuel switching, and cleaner alternatives](#)

LNG flaring also releases toxic pollution into local environments. LNG Canada is currently experiencing [excessive flaring](#) due to engineering issues which will take multiple years to fix. In 2025, the facility [burned off the equivalent](#) amount of gas that could have provided energy to 157,942 homes. LNG Canada has [retroactively amended operating documents](#) and [requested changes to permits](#) as the environmentally harmful flaring represents such a shift from how the facility was designed.

In recent months, the facility received technical air monitoring to examine the impact of the flaring:

"I have conducted thousands of environmental assessments using optical gas imaging (OGI) cameras since 2005, including surveying all currently operational LNG facilities in Texas and Louisiana, with one exception. I can clearly say that LNG Canada is a huge polluter whose site emissions appeared to be equivalent to or exceed that of anything that I have witnessed to date in the U.S. Field observations over a four-day period resulted in the documentation of extremely significant uncombusted/partially combusted emissions being released from flares, stacks, and processing trains." **Tim Doty, technical air monitoring expert for almost 30 years at the Texas Commission on Environmental Quality; ITC Level III Master Thermographer; current Technical Advisor to Texas-based nonprofit Oilfield Witness, and President of TCHD Consulting LLC**

This flaring undermines the core claim that Canadian LNG is somehow 'cleaner' than in other jurisdictions. Furthermore, there should be no consideration of expanding the project to LNG Canada Phase 2 whilst there are such significant issues with this phase of the project.

Indigenous Involvement in Projects

Indigenous title in Northwest B.C. is complicated, and at times contentious. Existing and proposed LNG projects cross the territories of many Indigenous Nations and communities, and thus require the consultation of many impacted rightsholders.

One proposed LNG project, Ksi Lisims, has been described as an '[Indigenous-led major project](#)' due to the involvement of the Nisga'a Nation. However, [documents](#) submitted to the B.C. energy regulator show that the Ksi Lisims project will be entirely owned, operated and constructed by a subsidiary of the Texas-based company Western LNG. The exact nature of Nisga'a Nation involvement in the project is unclear, beyond the floating facility being located on Wil Milit, Nisga' owned land.

Indigenous involvement in major resource projects has been [referred to](#) as one way to gain the consent of groups who may otherwise have had opposition. Indigenous involvement has also been seen as a route to economic reconciliation and returning economic opportunities to First Nations communities, at times through ownership of natural resources. In the case of LNG projects, Indigenous partners may be exposed to significant financial risk as equity owners. The practice has received criticism, in one case:

"The rise of "natural gas" as a climate solution and contributor to reconciliation is nothing more than a cunning strategy employed by this industry to maintain their grip on our energy systems and profit off Indigenous lands. In a vacuum of options, First Nations are buying into an industry that isn't ecologically or economically viable.
- [Janelle Lapointe, Commentary, Jun 28 2024, The Breach Media](#)

For further insights on Indigenous involvement in LNG projects, please refer to:

Buried Burdens: The True Costs of Liquefied Natural Gas (LNG) Ownership, *Yellowhead Institute*, July 2025,
<https://yellowheadinstitute.org/report/buried-burdens-the-true-costs-of-liquefied-natural-gas-lng-ownership/>

Electrifying LNG very energy intensive, raising consumer costs

B.C. faces a trade-off regarding the allocation of its clean electricity supply. While new LNG projects are required to be 'net-zero ready' by 2030 through electrification readiness, this requires extensive electricity availability.

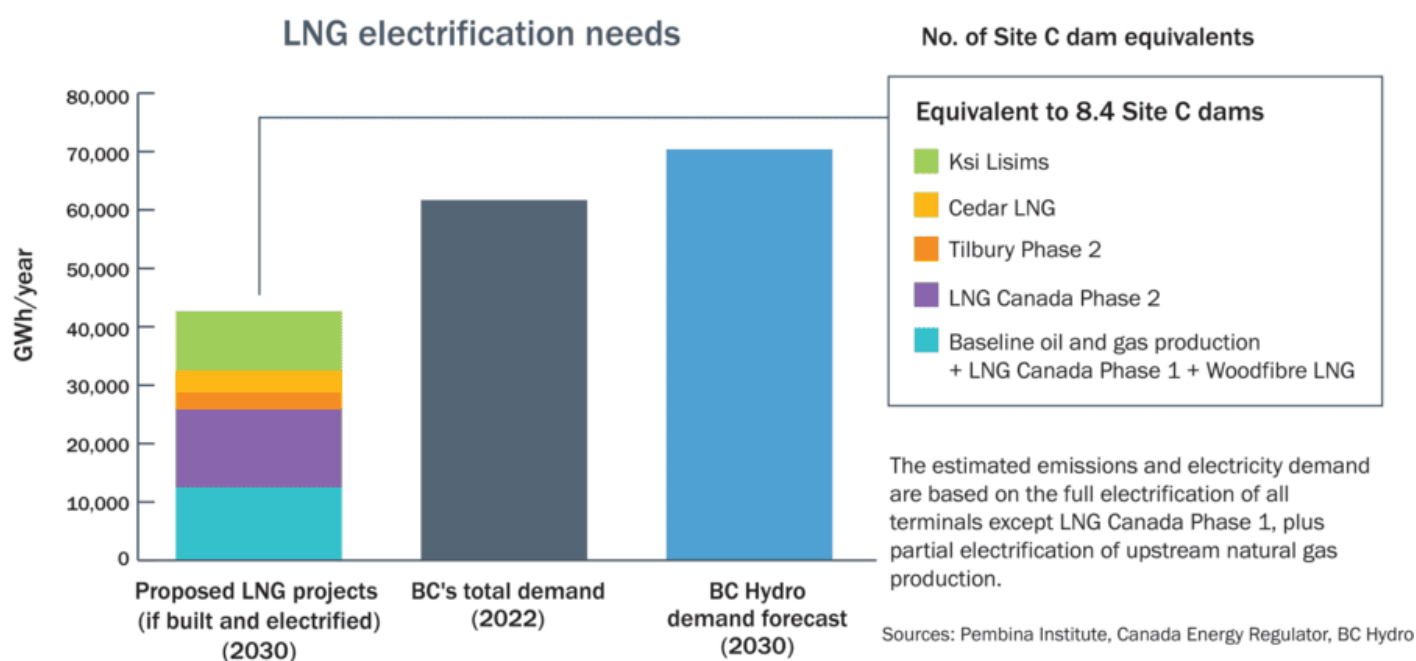
Electrifying an LNG facility means that the energy required to super-cool the gas into liquid form would derive from renewable energy, rather than some of the gas itself. This process marginally reduces the lifetime emissions of the LNG, as the liquefaction phase of the LNG lifecycle is responsible for between 6-10 per cent of lifecycle emissions.

This electrification is marketed as a 'unique selling point' of Canadian LNG. This requirement would create immense new demand on the public grid, requiring massive taxpayer-funded infrastructure investments.

B.C.Hydro has updated documents that reveal it is [expecting a 500 MW electricity shortage](#) by 2030, in part due to rising demand from industrial customers. It is seeking to [extend the use](#) of two natural gas plants to make up for the shortfall, despite being required to phase out fossil-fuel electricity by 2030.

B.C. ratepayers are financing the [CAD \\$16 billion Site C dam](#). The \$3.9 billion North Coast Transmission Line, which would be required to transport electricity to Ksi Lisims, would also be [entirely taxpayer funded](#). Taxpayers are paying for infrastructure that will be used mainly on industrial customers, at the expense of consumer electricity needs, which will then require more ratepayer money to fill the electricity gap.

The opportunity costs of this power are significant: clean electricity could instead be used to power B.C.'s domestic decarbonization efforts, such as electrifying transportation, buildings, and industry, which are essential for meeting the province's climate targets.



[Figure 3: Clean Energy Canada, An uncertain future, 2024](#)

Missing royalties: LNG's revenue promises aren't materializing

Since 2019, the B.C.Government has claimed that expanding the province's LNG industry will generate [\\$23 billion in revenue](#) over the life of the project. This figure has not been

updated in the face of changing economic conditions, fluctuating commodity prices or changes in the global LNG market. Revenues are expected to be in the form of natural gas royalties, jobs and taxes.

Recently, an economist found that the province failed to subtract transportation and processing costs from its latest budget forecasts, leading to a major overestimation of royalty-based share of industry profits. Nancy Oleweiler estimates the flawed price forecasts could reduce natural gas royalties B.C. collects by roughly \$500 million per year. Over the next five years, this lost revenue [could've paid for](#) B.C.'s entire three year health-care expansion plan.

Majority Foreign Ownership

Most LNG projects will have significant foreign ownership. The following table details non-Canadian ownership and planned changes to ownership:

Project	Majority Ownership	Current Ownership	Proposed Changes
LNG Canada	Non-Canadian	Shell (UK) Petronas (Malaysia) PetroChina (China) Mitsubishi (Japan) KoreaGas (Korea) MidOcean (USA)	Shell and PetroChina seeking to sell stake . Front runner is Apollo Global Management (USA)
Ksi Lisims	Non-Canadian	Western LNG (USA) Supported by Stonepeak (USA) and Blackstone Energy Transition Partners (USA)	
Woodfibre LNG	Non-Canadian	Pacific Energy Corp (Singapore) Enbridge (Canada) 🇨🇦	KKR (USA) and Apollo Global Management (USA) are buying a 29-per-cent stake in Enbridge's Westcoast pipeline network, required for Woodfibre LNG
Cedar LNG	First Nation	Haisla Nation Pembina Pipeline Corporation (Canada) 🇨🇦	

There are several ramifications of these projects being held largely by non-Canadian companies. First, any profits made by these companies will be pocketed by foreign shareholders. Second, multinational companies such as Shell hold the capacity to shift taxable profits across jurisdictions through transfer pricing. Even though natural gas is extracted in Alberta and B.C., processed in B.C. and exported from B.C. ports, intercompany

transitions could allow profits to be booked outside of Canada. This reduces corporate income tax receivable in Canada.

Integrated operators set internal prices for gas sales between their upstream extraction divisions and downstream liquefaction operations. By adjusting these internal prices, companies can allocate profits to lower-tax jurisdictions. Canadian tax authorities have limited visibility into these arrangements and have limited enforcement capacity against multinational corporations with extensive legal and accounting resources. For example, [Shell paid just \\$115 million USD](#) in combined taxes, royalties and fees in Canada in 2025. The result is that Canada captures only a fraction of the economic value generated from its own natural gas resources, even before accounting for royalty framework deficiencies.

Third, if these projects receive any tax-payer subsidies, it equates to Canadian taxpayers handing money over to wealthy foreign companies. The federal government has already provided [over \\$1 billion in subsidies](#) to the Canadian LNG industry. This leakage of taxpayer money to foreign shareholders should be of great concern to Canadians during this period of economic instability.

Conclusion

New Canadian LNG export projects face permanent competitive disadvantages that cannot be overcome through government subsidies or technological improvements. The global LNG market is fundamentally oversupplied, with lower-cost producers in the United States and Qatar commanding the majority of new capacity. Long-term demand is not predicted to absorb existing LNG projected supply, let alone the added supply from expanding Canadian LNG projects. Canadian projects require escalating public subsidies to remain marginally viable while generating minimal economic benefits for Canadians.

Globally, LNG is not a burgeoning industry that merits government support to overcome temporary barriers. It is a mature, globally oversupplied sector where Canadian projects face structural disadvantages that will persist indefinitely. Unlike genuinely emerging industries where strategic government investment can help achieve scale and competitiveness, LNG export from Canada represents an attempt to compete in a declining market with inherently high costs. Canada houses the resources, subsidises the infrastructures, takes the environmental risks and foreign companies capture the profits.