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Absolute Greenhouse Gas Emissions from Canadian Oil Sands Near-Flat in 2023 Even as Production Grew

Annual growth in absolute emissions was less than 1% for third consecutive year

CALGARY, AB, Nov. 7, 2024 /PRNewswire/ -- Absolute greenhouse gas emissions from Canadian oil sands production registered a nominal increase of less than 1% in 2023 even as total production grew, according to a new analysis by S&P Global Commodity Insights. Since 2020, absolute emissions growth from oil sands has slowed to average about 1% per year compared to 5% in the proceeding decade.

The slowdown in absolute emissions growth has occurred even as oil sands production continues to increase. Compared to 2019, absolute emissions were 3% higher (3 million metric tons of carbon dioxide) in 2023. Meanwhile, oil sands production grew by 9% (250,000 barrels per day) over the same period. By contrast, in the preceding decade (2010-19), absolute emissions increased, on average, by nearly 3 million metric tons of carbon dioxide per year while production grew at an annual average of 200,000 barrels per day.

"The years-long trend of declining greenhouse gas intensity, coupled with slower production growth continues to slow the rise of absolute emissions," said Kevin Birn, Vice President, Canadian Oil Markets Chief Analyst and Head of Center for Emissions Excellence, S&P Global Commodity Insights. "The fact that the rate of production additions is outstripping emissions growth indicates that the production that is coming forward is of a much lower intensity than the overall average."

The S&P Global Commodity Insights Oil Sands Dialogue analysis finds that the average GHG intensity of oil sands production fell to 58 kilograms of "carbon dioxide equivalent" per barrel (kgCO2e/bbl) in 2023, the most recent year that S&P Global Commodity Insights estimates are available. Since 2009 the average GHG intensity of oil sands production has declined by nearly 28% or nearly 23 kgCO2e/b of marketable product.

S&P Global Commodity Insights has previously noted that the lower pace of absolute emissions growth may indicate oil sands emissions could peak sooner, and at a lower level than previously expected. The latest analysis, based on 2023 operations, continues to suggest this could be the case. Nevertheless, absolute emissions are still expected to rise in the near term due to more pronounced production additions expected in the next few years.

"Anticipated production additions are expected to outstrip intensity reductions in the near term, and that means that greater decarbonization efforts from the sector will likely be required to meet the proposed federal oil and gas emissions limit by 2030," said Birn. "Bringing sufficient carbon and storage capacity online in just a few short years will be a challenge. However, the slower pace of emissions additions could make the proposed 2030 emissions limit more achievable."

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