

Canada Election: 1 Energy Giant to Watch

Description

Policy on energy and the environment is one of the <u>few areas in this election</u> where all the major parties have loaded up on details. Today I want to take a quick snapshot of the policy proposals from the three major parties and look at a <u>Canadian energy giant</u> that was outspoken in its opposition to production curtailments in Alberta.

Energy policy of the major parties

The liberals have pledged to get Canada to net zero emissions by the year 2050. Companies that produce zero-emission technologies would pay half as much income tax as part of an effort to push for this lofty goal.

The party introduced a proposal that would offer new incentives to buy electric cars, including up to \$5,000 on new vehicles under \$45,000. Another proposal involves the investment of the expected \$500 million in corporate tax revenue from the Trans Mountain pipeline expansion project to natural climate solutions and clean energy products.

A conservative government would aim to repeal Bill C-69, which overhauls the review process for domestic resource projects. The party would seek to end Bill C-68, which bans oil tankers carrying more than 12,500 metric tons of crude oil along northern British Columbia.

The conservatives have vowed to eliminate the carbon tax and create a national energy corridor that would carry oil, gas, hydroelectricity, and telecommunications from coast to coast.

The New Democratic Party aims to build an east-west corridor that would carry clean energy across Canada. The party has said that it plans to introduce federal incentives for zero-emission automobiles and electrify transit and other municipal fleets by 2030.

Moreover, the NDP wants to ban single-use plastics and power Canada with net carbon-free electricity by 2030 and move to 100% non-emitting electricity by 2050.

Suncor staying on the sidelines

Suncor Energy (TSX:SU)(NYSE:SU) is the most influential oil sands company in Canada, but this has not translated to an aggressive stance in the sector. In fact, Suncor officially supports the Pan-Canadian Framework. While the Scheer conservatives have branded themselves the "champions" of the energy sector, Suncor currently supports the liberal climate plan.

Suncor announced in September that it would invest \$1.4 billion to upgrade its Oil Sands Base Plant near Fort McMurray. This will involve the construction of two natural gas co-generation units that will replace three petroleum coke-fired boilers. The company says that the investment will cut its greenhouse gas emissions associated with its steam production by 25%.

Shares of Suncor have climbed 6.1% in 2019 as of close on October 10. The company has a progressive outlook on climate change, but it has been aggressive in counter-signalling Alberta's production curtailment policy. Alberta's new United conservative government has said that it will keep curtailments in place until 2020, but is gradually easing oil production limits for producers.

Previous Suncor CEO Steve Williams projected that Suncor's oil sands business would still be thriving in a century from now. The company is clearly positioning itself to adapt in the push for clean energy.

Suncor is a stock to bet on regardless of how this election turns out. Shares possess a favourable price-to-earnings ratio of 12.3 and a price-to-book value of 1.3. Its stock offers a quarterly dividend of \$0.42 per share, representing a 4.3% yield.

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