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Feb. 19, 2026

**OPEN LETTER TO OSFI and Bank of Canada on the US Rescission of the EPA CO<sub>2</sub> Endangerment Finding and Implications for Canada**

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OSFI – ATTN: Superintendent Peter Routledge

Bank of Canada - ATTN: Governor Tiff Macklem

Cc:

Canadian Securities Administrators

Alberta Securities Commission

AIMCo

The Honorable Danielle Smith, Premier of Alberta

The Honorable Scott Moe, Premier of Saskatchewan

Toronto Stock Exchange

CSSB/FRAS

Business Council of Canada

Dear Superintendent Routledge and Governor Macklem,

**RE: US Rescission of the CO<sub>2</sub> Endangerment Finding and Implications for Canada**

We recently issued an open letter to OSFI questioning the value of the banking sector pursuing climate action: *Should Banks Push Climate Action and Emissions Reduction when the Canadian Economy is on Life Support? Bill S-238, Climate Aligned Finance Act will kill it.*<sup>1</sup>

The day after, OSFI published the fireside chat with Superintendent Routledge from the CatIQ\* conference (\*on catastrophic insurance issues and climate).<sup>2</sup>

It is deeply concerning that there was no mention by Superintendent Routledge of the fact that the climate damage function used by the Network for Greening the Financial System, from the paper known as Kotz et al (2024) had been retracted by Nature journal; it seems likely that this damage function was used by Canada's climate risk reporting banks and insurers that Superintendent Routledge refers to in his chat. This is misleading to such an influential audience, to keep them in the dark about the likely over-exaggeration of climate and transition risk by the banking sector. Since OSFI continues to also

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<sup>1</sup> <https://blog.friendsofscience.org/2026/02/05/should-banks-push-climate-action-and-emissions-reduction-when-the-canadian-economy-is-on-life-support/>

<sup>2</sup> <https://www.osfi-bsif.gc.ca/en/news/superintendent-routledge-participates-fireside-chat-2026-catiq-conference>

promote the use of the implausible climate scenario known as Representative Concentration Pathways (RCP 8.5)<sup>3</sup> we do not think the climate risk reports reflect any realistic assessment of future climate or transition risks.

Just prior to the publication of our open letter and Superintendent Routledge's fireside chat summary, Royal Bank of Canada (RBC) had released their Climate Action Report 2026 on January 15, 2026. One of our people sat in on the webinar launch of the report. It is deeply concerning that RBC indicated that they are using their leverage as a large commercial office lessee to coerce their landlords into writing into their leases that the building owner will retrofit the building to Net Zero 2040 standards.

It is our understanding of The Bank Act<sup>4</sup> that banks are not permitted to coerce parties into anything, Section 627.04.

Likewise, according to Section 627.03, no bank shall provide false or misleading information to customers. Canada contributes 1.5% of global emissions; retrofitting buildings will cost a fortune and drive-up prices for **all** customers and will have immeasurable effects on climate change; indeed, the embodied emissions in the task will likely increase emissions. Thus, RBC customers (and other unwitting building tenants) will be forced to pick up the tab for RBC climate ideology, with no clear benefit to the customer, the company and its shareholders, nor to Canada as a whole.

Again, RBC's policies are being driven by the implausible RCP 8.5 and the flawed, conflicted, and retracted Kotz et al (2024) as are those of the Bank of Canada and OSFI itself. How is this not a violation of The Bank Act Section 627.03?

In Governor Macklem's Feb. 05, 2026, address to the Empire Club, Toronto, it was refreshing not to find the words "climate change" anywhere in the text. However, nowhere in the remarks was the energy sector referred to. Governor Macklem's forecast is, as pundits have put it on X "things will get worse and then you will die."<sup>5</sup>

It seems very strange that the Bank of Canada would not see Canada's oil, gas, coal and mining sectors as cause for optimism with global demand surging for all of these. Is Bank of Canada anticipating the adoption of Bill S-238 and the extinguishment of the very energy and mining sectors that could almost immediately turn our economy around, **if unleashed from crushing, pancaked climate policies?**

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<sup>3</sup> <https://www.osfi-bsif.gc.ca/en/about-osfi/reports-publications/strengthening-climate-risk-financial-resilience-insights-standardized-climate-scenario-exercise>

<sup>4</sup> <https://laws-lois.justice.gc.ca/eng/acts/b-1.01/page-4.html>

<sup>5</sup> <https://x.com/wealthmoose/status/2021564911122313396>

Secretary of State Marco Rubio just spoke at the Munich Security Conference, and relevant to this discussion he said of the USA:

**“To appease a climate cult, we have imposed energy policies on ourselves that are impoverishing our people, even as our competitors exploit oil and coal and natural gas and anything else not just to power their economies, but to use as leverage against our own.”**



The US has abandoned the climate cult; is actively rooting it out from all layers of government and industry.

Yet Canada is in the same situation described by Secretary of State Rubio. While the Bank of Canada, in Governor Macklem’s address, continues to blame US tariffs for Canada’s economic woes, the fact is that the 30 year-long foreign-funded Tar Sands Campaign is responsible for skewing Canada’s climate and energy policies, crippling our potential to be an energy Superpower with a vibrant economy. As of 2023, OSFI’s mandate was expanded to include “to conduct assessments on whether institutions have adequate policies and procedures to protect themselves against threats to their integrity and security, such as foreign interference.”<sup>6</sup> All the self-proclaimed and published Tar Sands Campaign actors are still operational. As Don Thompson’s quote below shows, **it was the Alberta oil sands that lifted us up during the 2008 recession with billions of dollars in activity and thousands of jobs. Unleash our energy sector.**



Screenshots and quotes from CBC co-production 2011 “The Tipping Point”

Does OSFI consider the Tar Sands Campaign as foreign interference? Bank of Canada continues to ignore this influence, which has deeply damaged Canada’s resources, mining, manufacturing, agriculture, and

<sup>6</sup> <https://www.osfi-bsif.gc.ca/en/risks/integrity-security-foreign-interference>

FDI investment sectors. Outside parties like PPHB Energy Bankers out of Houston had this to say, in their April 2018 newsletter “Musings”, published about the time that Kinder Morgan dropped tools on the Trans Mountain Expansion pipeline, and the federal government was forced to buy it:

**MUSINGS FROM THE OIL PATCH**

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**For an industry that operates with decades-long planning and development timetables, this hostile attitude could cause long-term damage for Canada's economy**

For the federal government, its support of certain energy projects, while fighting others, has allowed itself to be positioned as both pro-energy and anti-energy. This split political personality is seen by the global energy industry as a sign Canada has evolved into a hostile location to do business. For an industry that operates with decades-long planning and development timetables, this hostile attitude could cause long-term damage for Canada's economy, and especially its western provinces where the energy industry is centered. Energy hostility will also put the mining, timber and other extractive industries on notice that their growth may soon become challenged.

Canada is burdened with climate change regulations and unattainable targets. The cost of current 2020-2030 climate commitments is estimated at \$476 billion.<sup>7</sup> This is a box we have put ourselves in and one we can and must tear down.

While the USA is our largest trading partner, it is also a large competitor for many of our industries. On Feb. 12, 2026, the Trump administration rescinded the 2009 Obama-era Environmental Protection Agency (EPA) “CO<sub>2</sub> Endangerment Finding”<sup>8</sup> on procedural and regulatory grounds. The EPA did not have the legal authority to impose these regulations in the first place, nor was any scientific assessment done to establish cost-benefit prior to implementing this bill. The Trump administration believes that this legislative roll-back will result in \$1.3 trillion in savings to American consumers, claiming that every car will be \$2,400 cheaper, and noting that the investment rationale for electric vehicle (EV) production almost solely relied on the endangerment finding.

Clearly, despite Canada's Carney government having introduced a new EV policy and mandates<sup>9</sup> Canada's auto sector will not be able to be competitive with our American counterparts. Likewise, the new mandates will result in the same outcome – that of phasing ICE vehicles out of the Canadian market by 2030.<sup>10</sup> Our auto sector will be dead.

Canada's Social Cost of Carbon, from which carbon tax rates are drawn, were directly tied to US EPA Endangerment Finding calculations. From “Social cost of greenhouse gas emissions”:

<sup>7</sup> <https://blog.friendsofscience.org/2024/05/13/what-are-climate-policies-costing-canada/>

<sup>8</sup> <https://www.epa.gov/newsreleases/president-trump-and-administrator-zeldin-deliver-single-largest-deregulatory-action-us>

<sup>9</sup> <https://www.pm.gc.ca/en/news/news-releases/2026/02/05/prime-minister-carney-launches-new-strategy-transform-canadas-auto>

<sup>10</sup> <https://blog.friendsofscience.org/2026/02/13/bait-and-switch/>

- The updated estimates herein are **identical to those adopted by the U.S. EPA in their draft technical update**, converted to Canadian currency in constant 2021 dollars. The U.S. EPA's draft guidance is undergoing review by an external expert peer-review panel into spring 2023, with a formal update to U.S. EPA guidance anticipated by fall 2023 or winter 2024. <sup>11</sup> [highlight added – the US link is now ‘not found’]

This begs the question as to whether or not climate ideology sees the ‘structural change’ in Canada’s economy as our nation being reduced to that of *carbon serfs*, selling carbon credits on our pristine natural beauty, while our resource riches are designated to “keep it in the ground” – ending up trading our mounting national debt crisis for a WWF-Canada/IMF facilitated debt-for-nature<sup>12</sup> future, as in the case of Costa Rica<sup>13</sup> and other Latin American countries.<sup>14</sup>

### **Online Annex 5. Debt-for-Nature Swaps in Latin America and the Caribbean<sup>1</sup>**

*Debt-for-nature swaps have gained prominence due to the elevated public debt levels following the pandemic and the need to advance on the commitments to the United Nations’ Global Biodiversity Framework, which aims to protect 30 percent of the world’s land, ocean, and inland waters by 2030. Over the last two years, Barbados, Belize, and Ecuador completed large debt-for-nature swaps, using the proceeds from the issuance of blue bonds supported by credit enhancements to buy back existing public external debt at a discount or replace expensive debt with cheaper debt. These swaps provided debt relief and funding for marine conservation, while countries also committed to the implementation of other key measures to protect the marine environment.*

As Canada’s economy decays and we deindustrialize against our will, does this mean that Canada will fall from G7 status to that of a Less Developed Country, so as to cash in on carbon credits?<sup>15</sup> And as the USA has cancelled its participation in all climate commitments, including the UNFCCC, what does this bode for carbon markets? Will Canada literally be left holding the bag – a bag of CO<sub>2</sub>? Then we will surely be at the mercy of any more powerful nation. “Elbows up” – instead of a model of ‘economic patriotism’ as Governor Macklem called it in his September 2025 address in Saskatoon, will be an example of economic suicide. This decline shown below began long before the Trump administration tariffs.

<sup>11</sup> <https://www.canada.ca/en/environment-climate-change/services/climate-change/science-research-data/social-cost-ghg.html>

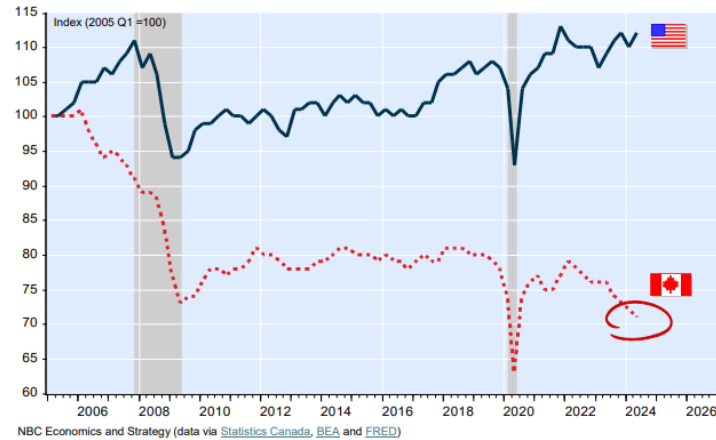
<sup>12</sup> <https://utppublishing.com/doi/book/10.3138/9781442626713>

<sup>13</sup> <https://www.imf.org/en/news/articles/2024/06/14/pr-24220-costa-rica-imf-concludes-6th-review-eff-and-3rd-review-under-rsf>

<sup>14</sup> <https://www.imf.org/-/media/files/publications/reo/whd/2023/october/english/onlineannex-5-en.pdf>

<sup>15</sup> <https://scholar.smu.edu/cgi/viewcontent.cgi?article=2771&context=tij>

**Canada: This atrophy is concerning**  
 Manufacturing GDP Per Capita



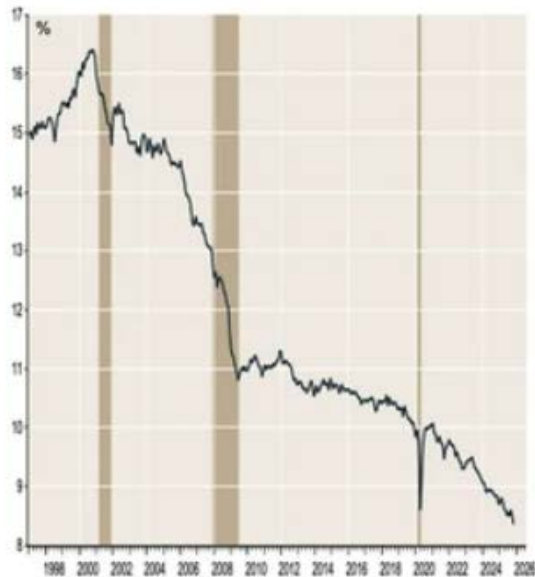
[https://www.nbc.ca/content/dam/bnc/taux-analyses/analyse-eco/etude-speciale/special-report\\_241223.pdf](https://www.nbc.ca/content/dam/bnc/taux-analyses/analyse-eco/etude-speciale/special-report_241223.pdf)

**Canada: Manufacturing recession enters its 32nd month**

Real manufacturing GDP\*:  
 Canada vs. the U.S.



Manufacturing as a share  
 of Canadian GDP\*\*



\* Chained 2017 dollars \*\*Constant dollar share  
 NBC Economics and Strategy (data via Statcan and Fred)

<https://financialpost.com/news/canada-manufacturing-longest-recession-in-generation>

Superintendent Routledge, under your OSFI mandate, your website claims:

*We play an important oversight role, but we don't manage federally regulated financial institutions. Our goal is to balance both:*

- *competitiveness with financial stability*
- *international standards with Canadian market realities*

*Our regulation and supervision activities contribute to public confidence in the Canadian financial system.*

**Is it not then incumbent upon you to publicly clarify the fact that climate and transition risks have been wildly exaggerated by the misuse of RCP 8.5 and the flawed, conflicted, retracted Kotz et al (2024)?** Thus, restrictive legislation like that of Senator Rosa Galvez' CAFA is unwarranted and will make us evermore uncompetitive? Applying it would violate the Bank Act<sup>16</sup> Section 627.03, "...no bank shall provide false or misleading information..." and Section 627.04:

**627.04** An institution shall not, in its dealings in Canada with its customers and the public,

- **(a)** impose undue pressure on a person, or coerce a person, for any purpose, including to obtain a product or service from a particular person — including the institution and any of its affiliates — as a condition for obtaining another product or service from the institution;
- **(b)** take advantage of a person; or
- **(c)** engage in any prescribed conduct.

We call upon you, Superintendent Routledge and Governor Macklem, to issue public statements on the misuse of RCP 8.5 and the retraction of the flawed, conflicted Kotz et al (2024) to make it clear to markets that these are wildly skewed climate and transition risk assessments.

In order to be competitive and save Canada from further economic decline, we must abandon the pancaked climate policies imposed upon industry and liberate our energy and manufacturing sectors.

We look forward to your public statement.

Sincerely,

Ron Davison, P. Eng.  
President  
Friends of Science Society

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<sup>16</sup> <https://laws-lois.justice.gc.ca/eng/acts/b-1.01/page-65.html#h-1369154>