



Honourable David L. Emerson
Chair, Canada Transportation Act Review
350 Albert Street, Suite 330
Ottawa, ON K1A 0N5

31 March 2015

RE: Canada Transportation Act Review

Dear Mr. Emerson,

The Canadian Energy Pipeline Association (CEPA) is pleased to provide comments on the *Canada Transportation Act* review. CEPA represents companies that transport 97% of Canada's daily onshore crude oil and natural gas production from producing regions to markets throughout Canada and the United States. Our membership currently operates more than 130,000 km of pipelines in North America. Pipelines are by far the safest and most environmentally responsible means of transporting large volumes of crude oil and natural gas by land. Our member companies are job creators, innovators and vital economic drivers, on the cusp of investing more than \$60 billion in a number of nation-building projects across Canada.

CEPA supports the objective of the review "to provide an independent assessment of how federal policies and programs can ensure that the transportation system strengthens integration among regions while providing competitive international linkages." The values expressed in the mandate are in line with those of CEPA and its members, especially those surrounding strategic infrastructure, Canada's strategic gateways and trade corridors, regulation, harmonization and trade, safety, the environment and economic impacts.

The following comments and recommendations represent the views and values of the Canadian transmission pipeline industry.

Strategic Infrastructure

The transmission pipeline industry is an integral part of Canada's national energy system, which enables Canadians to enjoy a high quality of life and helps tie our country together. As the TransCanada highway and railways were foundational to Canada's early economic development, pipelines are currently playing a vital role and will continue to do so for the foreseeable future.

CEPA believes that a high level of collaboration with Provincial and Federal governments is required in order to ensure that Canada's strategic infrastructure is both conducive to economic growth and retains the regulatory structure necessary for the protection of the environment and human safety. Likewise, collaboration with our U.S. federal and state counterparts is also required to ensure Canada not only maintains but strengthens its competitive position in the global marketplace. This is the motivation



behind CEPA's support for a national energy strategy that is based on a belief that Canada should view all of its energy resources as a strategic asset.

Currently, Canada has no unifying energy policy framework through which national priorities can be articulated across the country. We believe that such a framework would solidify Canada's place as a leader in environmentally sound and economically viable energy development. Policies should include strategic goals that are not only focused on short term but also on a long term strategy.

Technology and innovation are important aspects of a national energy strategy and we believe that a Pan-Canadian approach to innovation and technology should be pursued. The pipeline industry has already made significant contribution to the advancement of technology both within our industry and through collaborative efforts with provincial and federal government, experts and with industries throughout the entire value chain. Research and development is performed by individual companies, and is supported by other industry partners. Strategic collaboration provides opportunities for our industry to advance its technological capabilities and for industry suppliers to be given the opportunity to sell their products throughout the world.

To enable collaboration across the value chain, CEPA created the CEPA Foundation, where the suppliers, vendors and service providers who support and facilitate pipeline construction and operations that benefit from the pipeline industry can collaborate. Through the Foundation, we have provided a unique opportunity to bring together engineers, designers, contractors, manufacturers, and legal, land and environmental service companies. The core focus is on operational excellence, research, people & skills, and outreach. By sharing ideas and developing solutions, CEPA Foundation members will ensure the Canadian pipeline value chain's continued performance and economic success.

We have also played a leadership role in the International Pipeline Conference. As a co-sponsor, we bring together delegates from across the world to discuss and share technical expertise in the pipeline industry. The biannual conference regularly attracts some 1,400 delegates representing more than 40 countries and is regarded by industry professionals as the premier pipeline conference in the world. Typically, more than 350 peer reviewed technical papers are presented at the conference.

CEPA recommends that the Canadian government support and contribute to pipeline technology research and collaboration with a Canada wide focus. This is ultimately the means to advance pipeline technology and enable continuous improvement of pipeline safety and security. This support would position Canada as a world leader in engineering research, development and deployment through new and growing high tech Canadian companies. The initiative will contribute to improved social support to achieve Canada's economic goals and acknowledges the need for responsible, safe and reliable market access in order to maximize the value of resources.

Recommendations

Canada should view all of its energy resources as a strategic asset and establish a unifying energy policy framework from which national priorities can be established across the country.



The Canadian government should support and contribute to pipeline technology research and collaboration with a Canada wide focus.

Canada's Strategic Gateways and Trade Corridors

Canada has the potential of becoming an international hub, poised to meet current and future global energy demand which, if realized, would have widespread benefits across the country. Despite this remarkable potential, the full value of our natural resources has yet to be realized. Industry and the Canadian public are negatively impacted each day by delaying pipeline projects that would provide access to new markets. Canada's vast natural resources, world-class regulation and solid environmental record should be leveraged in order to secure further access to North American markets and provide opportunities to respond to new international demand Canada must ensure it is receiving the greatest possible value for its natural resources. This means access to existing and new markets is critical.

CEPA is pleased to provide feedback on "how strategic transportation gateways and corridors can be developed and leveraged to support Canadian prosperity through linkages to global markets". For example, pipelines provided a vital linkage to the international marketplace, transporting a large portion of the \$105 billion of energy products exported in 2012. In an effort to ensure that the pipeline sector remains capable of responding to the emerging energy demands and opportunities of the international market, it is vital that this area of the review focus on the identification of corridors for multi-use purposes. This practice strengthens integration within the transportation sector while helping to minimize the impact of new and existing projects on surrounding communities and the environment.

Wherever practicable, our members strive to locate new pipeline projects along existing right-of-way in an effort to minimize impact on the environment and surrounding communities. However, in order to bring new sources of natural gas to market and respond to growing oil production from Canada's oil sands, greenfield projects requiring new rights-of-way will be required. Throughout all phases of a pipeline's lifecycle, whether on existing pipeline corridors or greenfields, maintaining an open and ongoing dialogue with landowners remains a priority. When planning projects, our member companies conduct environmental assessments to identify potential lands issues, including impacts to soils, vegetation and habitat. We identify pipeline corridors that will avoid or prevent disturbance to sensitive ecosystems. We also design rights-of-way to be as narrow as possible while maintaining operational integrity and safety. During construction, our rights-of-way are routed with turns and breaks to limit sightlines and to reduce exposure of wildlife to predators. Once a pipeline is in operation our companies carry out "brushing" programs to manage the vegetation along their rights-of-way, minimizing the impacts to wildlife. In northern areas, we have developed vegetation management programs that involve irregular cuts to provide more cover to wildlife.

Pipeline infrastructure not only provides a safe and environmentally responsible alternative for energy transportation but is critical to the overall efficiency and effectiveness of the energy transportation mix. CEPA and its members are committed to working with all levels of government as well as other



stakeholders to ensure Canada's natural resources are transported in the safest and most reliable means possible.

CEPA believes the Canadian government should adopt a strategy that promotes the development of Canada's energy gateways and corridors, and focusses on getting the best possible value in the global market for the benefit of the Canadian public, provincial and federal governments and industry. We encourage the federal government to take a proactive role in establishing multi-use transportation corridors and to ensure that they are effective, efficient and serve the national interest.

Recommendations

The identification and acquisition of corridors for multi-use purposes should be a priority of the Canada Transportation Act review. Use of existing corridors should be encouraged.

Government policy must support greenfield development. New or "greenfield" projects should be recognized as being in the national interest because they provide the necessary transportation capacity essential to access new markets .

Regulation, Harmonization and Trade

Canada's transportation network, including transmission pipelines, cross multiple provincial, state and international boundaries. Thus, Canada can and should pursue regulatory alignment with all appropriate regulatory entities across Canada and in the United States. This will ensure that North America's integrated transportation network has common metrics and risk management systems that are comparable and world class. Currently, neither Canadians, their regulators or industry are positioned to easily formulate a clear picture of industry performance. This situation is frequently exploited by those opposed to projects to confuse the public and portray the pipeline industry's exceptional performance in a bad light. This is why CEPA supports a collaborative approach to transportation that focuses on best possible outcomes, the means to advance innovation and information, and especially on the harmonization of policies and regulations among different jurisdictions. This is important for the transmission pipelines industry as it would complement and contribute to any possible future development of a national energy strategy.

Regulatory reform by the federal government over the past 3 years has helped clarify accountabilities and reduce duplication. Despite the government's efforts, however, regulatory processes remain unclear and are still taking a very long time (longer than some economic cycles) which places the project proponent at great risk.

CEPA also supports recent efforts to streamline reporting standards to both the National Energy Board (NEB) and the Transportation Safety Board (TSB). Specifically, we are encouraged by the intention for the NEB's Event Reporting Guidelines to replace the Transportation Safety Board (TSB) reporting requirements on non-significant events. Despite this positive development, CEPA members require more information on how the Boards' requirements interact, especially where their timelines, reporting



criteria, and definitions diverge. Additionally, it would be beneficial to our members if the TSB was to elaborate on their own approach to this new reporting system.

We believe that domestic and international collaboration, as exemplified in initiatives such as the Western Regulators Forum and the Canada-United States Regulatory Cooperation Council, is a critical element in achieving increased regulatory alignment across North America. We encourage Transport Canada, the TSB and other federal departments and agencies to continue to work together to achieve this goal.

Recommendations

Transport Canada should work with other federal departments and agencies, as well as their provincial and U.S. counterparts, to harmonize reporting requirements, safety, security and environmental standards for the transportation sector and to reduce duplication and red tape wherever possible.

A collaborative approach to Canada's transportation strategy should be continued and strengthened. Canada must maintain a strong and trusted regulatory system that protects the environment, human health and safety. To be truly successful, Canada's transportation strategy must also support economic prosperity by providing transparent, predictable and timely regulatory processes.

Safety and the Environment

CEPA believes that the protection of the Canadian public and the environment is being, and can continue to be achieved while also promoting the economic benefits of energy development. CEPA's members are committed to developing and operating a safe, socially and environmentally sustainable energy transmission pipeline system that benefits all Canadians.

Our members are focused, first and foremost, on pipeline safety, while constructing and operating a network of pipelines. Our member companies work diligently to ensure their pipeline systems are safe and reliable. As evidence of their commitment, in 2013, CEPA members collectively spent more than 1.4 billion dollars to ensure the safety of their pipelines. This investment is spent on both individual and collective actions that ensure Canada's transmission pipelines remain the safest means of transporting large volumes of crude oil and natural gas across Canada.

As an industry fully committed to continuous improvement, Canadian transmission pipelines continue to make performance improvements through the sharing of best practices and technological advancements. To strengthen this collaborative progress, CEPA has established the CEPA Integrity First program, an industry-wide management system that provides members the opportunity to strengthen the pipeline industry's performance, communication and engagement by jointly developing and individually applying common practices and standards. CEPA Integrity First is not a response to current



regulatory expectations but a formal approach to the future of our industry. The program is about going beyond regulation and demonstrating a commitment to continuous improvement.

Safety is one of the three priority areas identified in the program. In fact, CEPA Integrity First establishes our member's commitment to a goal of zero pipeline incidents. Members have made significant progress by adopting and applying the following practices:

- Applying strict standards and systems in designing, constructing, operating and maintaining pipelines.
- Maintaining and using detailed information and records to make informed decisions that enhance pipeline integrity.
- Identifying, evaluating and managing risks and hazards to protect the public, the environment, and the integrity of pipelines.
- Committing to continual improvement and sharing lessons learned to support the ongoing safe operations of pipelines.
- Striving to meet or exceed all new and existing regulations applicable to operations and to monitoring compliance.

The industry's focus on safety is complemented by the fact that it is also subject to strict regulatory standards and oversight. Extensive federal and provincial regulation ensures that pipelines are operated safely and in the Canadian public interest. CEPA and its members work with governments, regulators and other stakeholders to ensure that our industry remains the safest and most reliable means of transporting energy across long distances.

Economic Impact

Canada's crude oil and natural gas transmission pipelines are a vital and growing element of the Canadian economy. The transmission pipeline sector is a stable generator of long-term employment opportunities and innovation, without which, our national prosperity and global economic position would deteriorate. In an October 2013 report by Angevine Economic Consulting Ltd estimated that the Canadian pipeline industry created upwards of 25,000 jobs, whether direct, indirect or induced. Pipelines are also enablers of Canadian exports. Close to one-fifth of Canada's mercantile trade value today moves by pipeline (approximately \$100 billion dollars in 2013). Our member companies contribute both indirectly and directly to the communities they operate in - paying over \$1 billion in municipal, provincial and federal taxes in 2013 alone. These funds are used to support essential government services such as health care, infrastructure, and education. Our members also support communities through direct spending. In 2012, our members spent \$630 million on procurement across Canada and \$20 million in direct community investment in areas like education and the arts.

CEPA members have shown that the economic benefits of a project - during construction, operations and retirement - can be realized while maintaining a high standard for the protection of the environment and human safety. Through efforts such as CEPA Integrity First, industry has proven its commitment to such strong standards. This is why we believe that regulations affecting the transmission pipeline industry should be goal-oriented and support the development of consensus-



based industry standards and recommended practices as the foundation for ensuring continuous improvement. Furthermore, regulation should also reflect potential economic impacts as well as other public benefit considerations.

Recommendation

A long-term transportation strategy and any resulting regulations affecting the transportation sector should consider and reflect all potential impacts, including those pursuant to the environment, public safety and the economy.

Regulations affecting the transmission pipeline industry should be goal-oriented and support the development of consensus-based industry standards and recommended practices as the foundation for ensuring continuous improvement.

Conclusion

As infrastructure that connects energy producing regions to consuming markets, transmission pipelines are a critical part of both a national energy strategy and North America's integrated energy transportation network. In an increasingly competitive global market where access to energy resources and demand is critical to the economy of Canada, the development of a national framework that would promote access to global markets for Canadian natural resources is critical. This is why CEPA supports the federal government's mandate for the Canada Transportation Act review. We believe that our recommendations are complementary to this mandate and support the government's overall goals and objective. These recommendations are:

Canada should view all of its energy resources as a strategic asset and establish a unifying energy policy framework from which national priorities can be established across the country.

The Canadian government should support and contribute to pipeline technology research and collaboration with a Canada-wide focus.

The identification and acquisition of corridors for multi-use purposes should be a priority of the Canada Transportation Act review. Use of existing corridors should be encouraged.

Government policy must support greenfield development. New or "greenfield" projects should be recognized as being in the national interest because they provide the necessary transportation capacity essential to access new markets .

Transport Canada should work with other federal departments and agencies, as well as their provincial and U.S. counterparts, to harmonize reporting requirements, safety, security and environmental standards for the transportation sector and to reduce duplication and red tape wherever possible.



A collaborative approach to Canada's transportation strategy should be continued and strengthened. Canada must maintain a strong and trusted regulatory system that protects the environment, human health and safety. To be truly successful, Canada's transportation strategy must also support economic prosperity by providing transparent, predictable and timely regulatory processes.

A long-term transportation strategy and any resulting regulations affecting the transportation sector should consider and reflect all potential impacts, including those pursuant to the environment, public safety and the economy.

Regulations affecting the transmission pipeline industry should be goal-oriented and support the development of consensus-based industry standards and recommended practices as the foundation for ensuring continuous improvement.

Thank you again for the opportunity to provide input into this review process. If you have any questions regarding our comments please do not hesitate to contact the undersigned.

Yours sincerely,

Jim Donihee
Acting Chief Executive Officer