



The Honourable Charles Sousa
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, ON M7A 1Z1

2 February 2016

Re: Government of Ontario 2016 Pre-Budget Consultations

Dear Minister Sousa,

The Canadian Energy Pipeline Association (CEPA) would like to thank the Government of Ontario for the opportunity to provide input into the province's 2016 budget. CEPA members operate 117,000 kilometres of transmission pipeline in Canada, of which 13,593 are located in Ontario. This critical infrastructure transports 97 per cent of Canada's daily natural gas and onshore crude oil production from producing regions to markets throughout Canada and the US. Pipelines are by far the dominant means of transporting large volumes of crude oil and natural gas over land.

CEPA strongly believes that governments across Canada must ensure that policies and regulations are conducive to economic growth and prosperity in the energy sector. This should be coupled with high standards for protecting the environment and ensuring public safety. In order to accomplish this goal, CEPA recommends that your government internalize the Canadian Energy Strategy into an overall energy policy framework. The following comments are centered on the three themes of the strategy - delivering energy to people, technology and innovation, and sustainability and conservation.

DELIVERING ENERGY TO PEOPLE

Ontario has a unique opportunity to help position Canada as an international hub, poised to meet current and future global energy demand which would have widespread benefits in Ontario and across the country. As the critical infrastructure that delivers energy and economic benefits to people and businesses in Ontario and across Canada. Pipelines are a key component of a *Canadian Energy Strategy*. Our industry enables more than one quarter of the value of Canada's goods-producing economy and generating thousands of jobs. In 2014, our member companies invested over \$495 million in capital expenditures In Ontario alone, in addition to the over \$200 million that was paid in corporate and property taxes in the province.

For those working directly in the energy sector, salaries and benefits support thousands of families, local businesses and many regional economies. The pipeline industry provides opportunities for thousands of local suppliers across Canada, such as welding, steel manufacturing, construction, information technology, and even local hotels and restaurants. Those working outside the energy sector also benefit from the tax revenues that enable governments to implement social programs that support our quality of life.

The widespread benefits of Canada's natural resource sector are recognized within the *Canadian Energy Strategy* and it provides a platform for a collaborative approach to promoting market diversification. To this end, Ontario should work with their provincial and federal counterparts to help promote Canada's vast natural resources, world-class regulation and solid environmental record. Leveraging the strength of our energy sector will secure further access to North American markets and provide opportunities to respond to new international demand.



TECHNOLOGY AND INNOVATION

We encourage the government of Ontario to implement the goals and actions of the *Canadian Energy Strategy* as they relate to technology and innovation. This requires collective leadership and strategic partnerships as well as funding for research and education initiatives for the development of new technologies. This combined with investments in building human capital will help Ontario and Canada become a more innovative and competitive provider of energy.

To enable collaboration across the value chain, CEPA created the CEPA Foundation. Foundation membership includes suppliers, vendors and service providers who support and facilitate pipeline construction and operations. With over 100 member companies, the Foundation provides a unique opportunity for collaboration among engineers, designers, contractors, manufacturers, legal, and 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.

CEPA has 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 Ontario government support and contribute to energy technology research and collaboration with a Canada wide focus. This support would help position the entire country as a world leader in engineering research, development and deployment through new and growing high tech companies. This is ultimately the means to advance energy technology and enable continuous improvement of the safety and security of energy assets.

SUSTAINABILITY AND CONSERVATION

We support a national approach to energy policy that incorporates high standards for the protection of the environment while also encouraging economic growth and prosperity. This is why we encourage Ontario to continue to pursue policies that connect energy with the environment including Ontario's leadership and commitment to fighting climate change.

It is important, however, that a made-in-North America solution is pursued that includes price certainty and achievable targets. This means the appropriate time and attention needs to be taken when implementing climate change policies and regulations. To this end, we request an assessment of the proposed implementation time frame for the Ontario cap and trade system. We believe the current timeline of 2017 may not give sufficient time for industry, businesses and households to prepare for a cap and trade policy. We recommend that Ontario begin the program January 1, 2018 to ensure all stakeholders are able to sufficiently prepare for the program.

CEPA has a genuine interest in being involved in the discussion of opportunities for ongoing provincial leadership on carbon reduction policy. We support the government's long term objectives to establish a high productivity, low carbon economy, and acknowledge the complexity of this challenging task. These objectives align with CEPA's commitment to minimizing the impact of operations throughout every phase of pipeline operations, as evidenced by our creation of the CEPA Integrity First® program. CEPA member companies have achieved emissions reductions in their operations, and will continue to do so as technology improves.



CONCLUSION

CEPA members have shown that the economic benefits of a project, throughout its entire lifecycle (construction, operations and retirement) can be realized while maintaining the highest standards 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.

As operators of major critical infrastructure that crosses provincial boundaries to deliver energy from producing to consuming areas of Canada, CEPA members are encouraged by your government's desire to work with other jurisdictions on issues that are facing Ontario and the entire country. It is critical that collaboration continues with other Premiers on implementing a *Canadian Energy Strategy*. This collaborative approach should be embedded in the policies and priorities that your government sets in the upcoming budget. Specifically we encourage your government to:

1. Work with other provincial and federal governments to help promote Canada's vast natural resources, world-class regulation and solid environmental record;
2. Take the appropriate time and attention needed to implement their Climate Change policies and complete an assessment of the proposed implementation time frame for the cap and trade system: and
3. Support and contribute to energy technology research and collaboration with a Canada wide focus.

Through these areas of focus, the government of Ontario can work with the other provinces to help inform the future of energy in Canada. Thank you again for the opportunity to provide our input into Ontario's budget and policy framework for 2016. We look forward to working with you and your colleagues in the coming year and beyond.

Yours Sincerely,

Sonya Savage, LLB, LLM
Sr. Director Policy & Regulatory Affairs