

Pipelines Infrastructure Development Requires Land Access

Indian Resource Council of Canada
Annual General Meeting

Aboriginal Community Consultation: Grassroots

Edmonton, Alberta
October 29, 2008



Canadian Energy
Pipeline Association

Association canadienne
de pipelines d'énergie

Outline

- Introduction
- Pipeline Industry Growth
- Pipeline Development Challenges
- CEPA's response
- Conclusions

About CEPA

- Transport 97% of the crude oil and natural gas produced in Canada
- CEPA members expect to invest more than \$40 Billion (Cdn) in expansion in the next 15 years.
 - Represents a doubling of collective assets
 - Total invest grows to \$80 Billion adding Mackenzie and Alaska
- Operate over 100,000 kilometers of pipeline in Canada and the United States

CEPA Members – Full

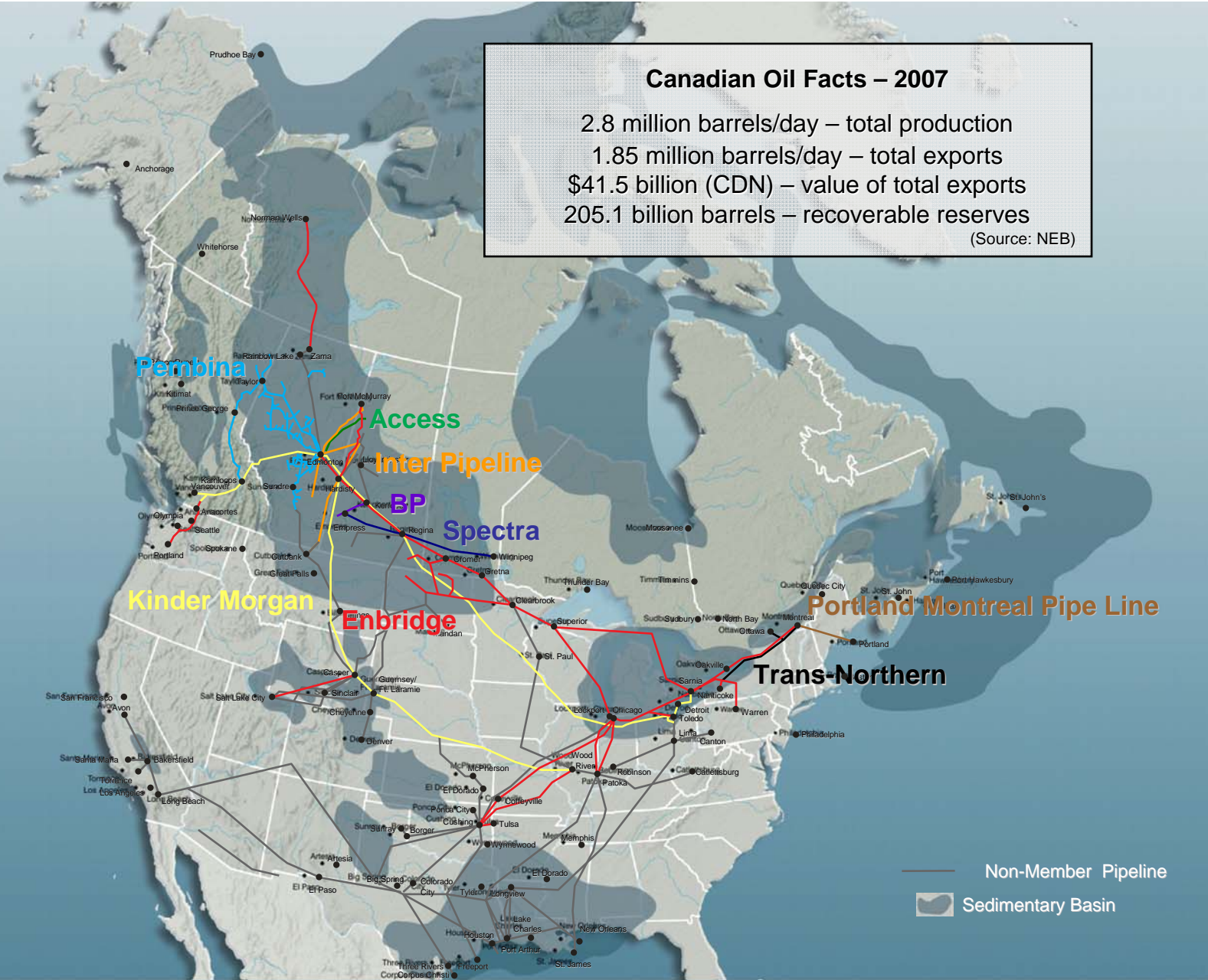
- Alliance Pipeline Ltd.
- ATCO Pipelines
- Enbridge Pipelines Inc.
- Foothills Pipe Lines Ltd.
- Portland-Montreal Pipe Line
- Kinder Morgan Canada
- Spectra Energy Transmission West
- TransCanada PipeLines Limited
- TransGas Limited
- Trans-Northern Pipelines Inc.
- Trans Québec & Maritimes Pipeline Inc.

CEPA Members – Technical

- Access Pipeline
- BP Canada Energy Company
- Inter Pipeline Fund
- Maritimes & Northeast Pipeline
- Pembina Pipeline Corporation
- Terasen Gas Inc.

Canadian Oil Facts – 2007

2.8 million barrels/day – total production
 1.85 million barrels/day – total exports
 \$41.5 billion (CDN) – value of total exports
 205.1 billion barrels – recoverable reserves
 (Source: NEB)



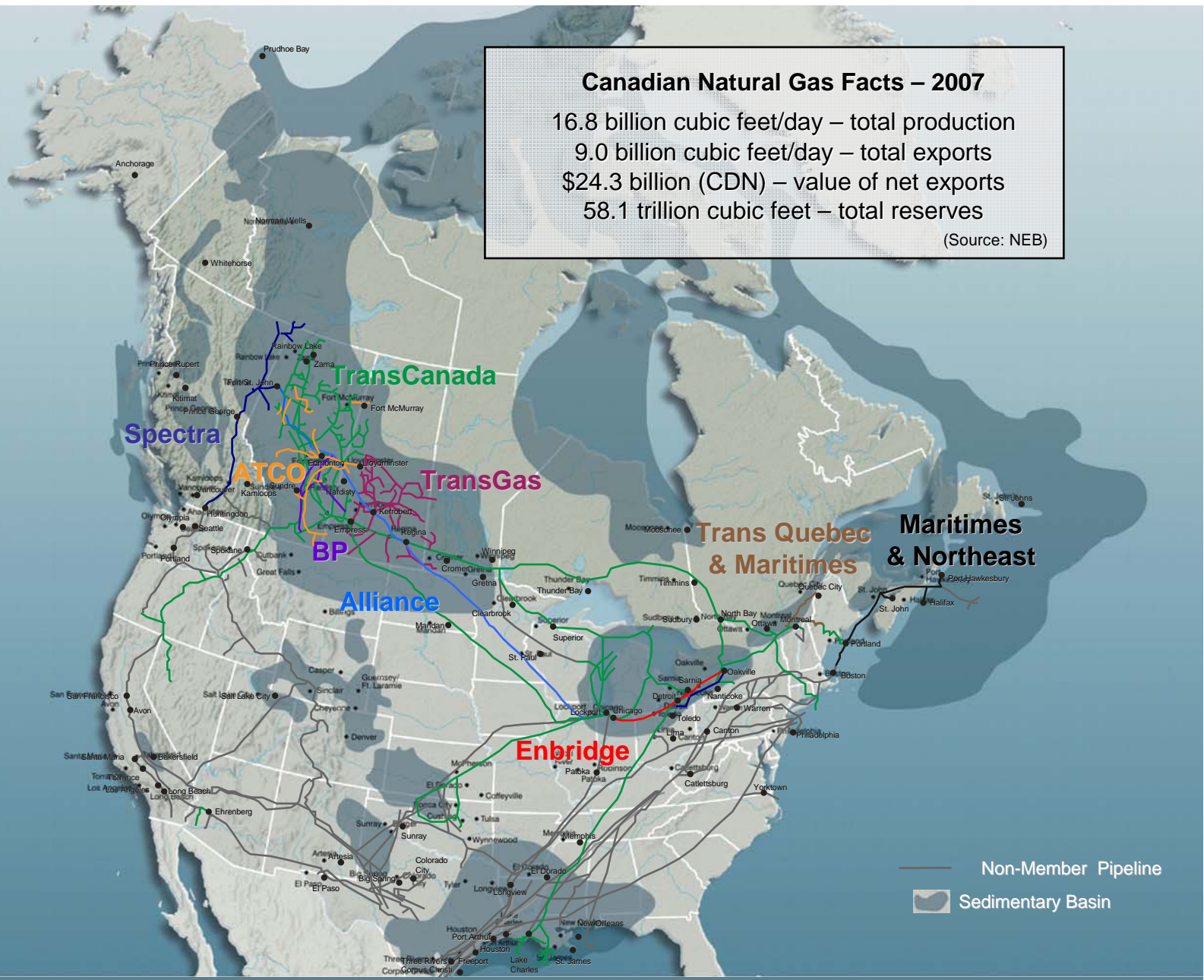
— Non-Member Pipeline
 ■ Sedimentary Basin


June 2008

Canadian Natural Gas Facts – 2007

16.8 billion cubic feet/day – total production
 9.0 billion cubic feet/day – total exports
 \$24.3 billion (CDN) – value of net exports
 58.1 trillion cubic feet – total reserves

(Source: NEB)



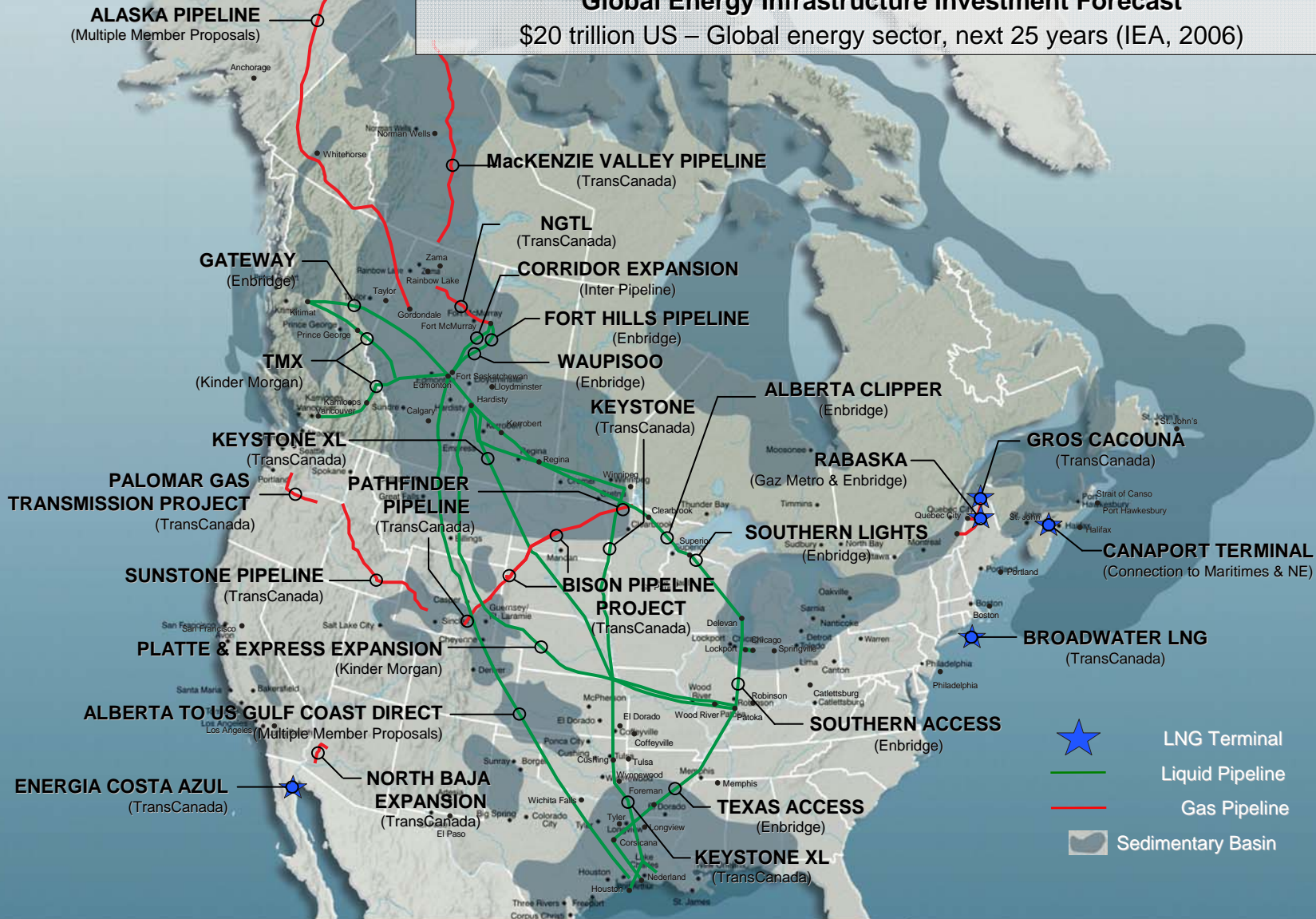
— Non-Member Pipeline
 Sedimentary Basin

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Pipeline Development Context

- Oil pipeline system near capacity
- New natural gas supply needs to be connected to existing pipeline systems
- Infrastructure development facing increased risks
 - Permitting, licensing and siting hurdles
 - Access to land more costly
 - Commodity price fluctuations
 - Labor and material cost escalation
 - Lack of policy clarity and uncertainty

North America Competes for Capital
Global Energy Infrastructure Investment Forecast
 \$20 trillion US – Global energy sector, next 25 years (IEA, 2006)



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CEPA Members – Proposed Crude Oil and Natural Gas Pipeline Expansions

Pipelines: Delivering Benefits – Key Project Development Challenges

- **Land Access**
 - Aboriginal land claims, consultation and capacity
 - Land-use planning guidelines
 - Development benefits information

- **Regulatory & Policy**
 - Effective and efficient
 - Federal/Provincial/Territorial overlap and duplication
 - Agency/Department capacity

- **Investment & Innovation**
 - Skills and Human Resource development
 - Research, Development & Direction
 - Foreign and domestic direct investment

Enabling Energy Opportunities – Aboriginal Relations

- **Development of Aboriginal consultation guidelines**
 - Define the fiduciary responsibilities of governments when carrying out their regulatory responsibilities
 - Crown consultation with Aboriginal Peoples regarding specific projects must be concurrent with other review processes
- **Improve access to funding for business start-ups**
 - Enable the development of Aboriginal-owned businesses
- **Improve Traditional Use Planning Guidelines**
 - Promote dialogue and understanding

Does Industry have a role in helping move the consultation dialogue forward?

- Meaningful consultation is necessary to ensure successful project completions
- Consultation is a “two-way street”
- Industry should be held accountable for their project consultation
- Crown has a duty to consult under Canadian constitution

CEPA Aboriginal Relations – Guiding Principles

- Recognize and respect the diverse culture, values, beliefs and uniqueness of Aboriginal communities.
- Promote direct, honest, ongoing and timely communications with Aboriginal communities.
- Support fair and equal access to employment and training opportunities for qualified Aboriginal people.
- Foster and encourage Aboriginal-focused employment, education and business development measures.
- Develop ongoing Aboriginal participation strategies in co-operation with Aboriginal organizations.
- Encourage awareness and understanding of Aboriginal issues.

CEPA Consultation Guidelines

- Step One:** Engage at an early stage.
- Step Two:** Determine appropriate consultation methods.
- Step Three:** Provide information about proposed projects to affected communities.
- Step Four:** Aboriginal Community to participate in consultation activities.
- Step Five:** Identify effects with Aboriginal communities.
- Step Six:** Mitigate impacts.
- Step Seven:** Negotiate agreements with Aboriginal communities, where jointly agreed by parties.
- Step Eight:** Implement agreements and/or participation initiatives.

CEPA Capacity Perspectives

CEPA's approach to capacity building is based on the following best practices:

- **Commitment:** capacity building is a long-term, ongoing commitment;
- **Positive Relationships:** capacity building initiatives will be structured on positive relationships based on trust, respect and mutual benefits;
- **Coordination:** wherever possible, programs and initiatives will be coordinated with other programs to maximize benefits and facilitate long-term planning;
- **Flexibility:** capacity building initiatives will take into account local, historical and cultural differences; and
- **Outcome-based:** capacity building initiatives will be measured regularly against mutually defined objectives.

What has changed since last year?

- Federal Government issued Interim Guidelines for Federal Officials to Fulfill the Legal Duty to Consult.
- British Columbia has continued their 'New Relationship – Moving Forward into 2008'.
- Alberta recently signs Protocol Agreement with Treaty 6, 7 and 8. Continues work on Guidelines.
- Saskatchewan convened a two day roundtable discussion to discuss consultation and accommodation.

Conclusion

- Canada's oil and gas transmission system is growing and, in order to expand, CEPA companies recognize the importance of engaging and consulting with Aboriginal communities across Canada;
- Establishing and maintaining positive and productive working relationships with Aboriginal People is important to CEPA member companies; and
- Industry has a role to play which is variable depending upon circumstances and consults to determine the impact of their projects; however this consultation does not fulfill the Crown's obligation. The Crown has to reconcile the Aboriginal interest with the public interest.

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