



July 16, 2010

Minister Christian Paradis
Ministry of Natural Resources Canada
580 Booth Street, 21st Floor, Room C7-1
Ottawa, Ontario K1A 0E4

Dear Minister Paradis:

On behalf of the Canadian Energy Pipeline Association, we would like to draw your attention to the subject of Public Safety as it relates to our industry and how we think there is a very serious gap in our Damage Prevention activities in Canada which will impact the safety of the general public.

The Canadian Energy Pipeline Association (CEPA) represents Canada's transmission pipeline companies. Our members are world leaders in providing safe, reliable long-distance energy transportation. Together, we transport 97 per cent of Canada's crude oil and natural gas from producing regions to markets throughout Canada and the United States via an integrated, continental energy transmission network. CEPA members operate over 100,000 kilometres of pipes through a range of landscaping and bringing on new and expanded pipeline infrastructure where needed to meet growing needs energy demand.

The pipeline industry is committed to environmental sustainability, public safety, and respect for landowners' and landusers' rights. Our industry is regulated throughout its life cycle from design to decommissioning by national and provincial regulators. Pipelines built and operated by CEPA-member companies deliver the energy needed by Canadians to live their lives in comfort and safety and for the North American economy to grow, while ensuring public safety every step of the way.

In assessing safety, the single largest risk is growing – more and more unauthorized digging near our members' high pressure pipelines puts people and the environment in harm's way.

During the past year CEPA has been working with the National Energy Board as well as others to develop initiatives which would help reduce the number of unauthorized activities covering our pipeline easements. The NEB can provide some enforcement under Section 13 (1) of the Pipeline Crossing Regulations, Part II. We understand that the Board believes it has limited powers under existing legislation. Stop work orders to halt unsafe excavations is one example, and can help enhance public safety.

However the gap remaining is significant – a system of fines is also urgently needed. The American Gas Association conducted a 12 year study observing trends for third party damage to pipelines and the effects of state enforcement measures on these trends. When comparing states which established comprehensive enforcement rules such as Virginia and Minnesota, it was observed that third party excavation damage was reduced by 60% over the study period.



In other states such as California where there is no enforcement matrix, third party damage substantially increased during this same study period.

Even when comparing pipeline companies who have assets in multiple states, having identical damage prevention programs, the record of incidents is much lower in jurisdictions with enforcement provisions versus those who do not have these same provisions.

CEPA believes that the most effective Damage Prevention Program must involve a comprehensive approach to Enforcement which includes a system of graduated penalties to go with the increasing level of offence. We would strongly recommend that existing legislation that governs how the NEB can operate be amended to allow for the establishment of a graduated civil penalty matrix that is essential to manage behavioral change for all those who chose to ignore existing processes covering activities over the pipeline infrastructure in Canada.

Our industry believes this gap must be addressed as soon as possible if we are to ensure the safety of the General Public both from a personal safety perspective and for protection of the environment. We are prepared to work with all levels of government to close this very serious gap in our Damage Prevention efforts as soon as possible. If there is any other information you require, please feel free to contact us and we will respond quickly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brenda Kenny', with a stylized flourish at the end.

Brenda Kenny
President & CEO

c.c.: The Hon. Vic Toews, Minister of Public Safety
The Hon. Jim Prentice, Minister of the Environment
The Hon. John Baird, Minister of Transport, Infrastructure and Communities
The Hon. Rob Nicholson, Minister of Justice