

# Pipelines: Delivering Energy Solutions

*Presentation to  
Insight Natural Gas Forum  
April 26, 2010*



Canadian Energy  
Pipeline Association

Association canadienne  
de pipelines d'énergie

# Outline

- About CEPA
- Canada's EEE Context and the role of infrastructure
- Value Chain Efforts
- Critical Infrastructure Issues

# About CEPA

- Transport 97% of the crude oil and natural gas produced in Canada
- CEPA members expect to invest more than **\$43 Billion** (Cdn) in expansion in the next 15 years
  - Represents a doubling of collective assets
  - Total investment grows to **\$85 Billion** adding Mackenzie and Alaska
- Operate over 100,000 kilometres of pipeline in Canada and the United States
- Pipelines are the safest and most environmentally sound way to transport oil and gas; we have a world class industry in Canada

# CEPA Members



## Canadian Natural Gas Facts – 2008

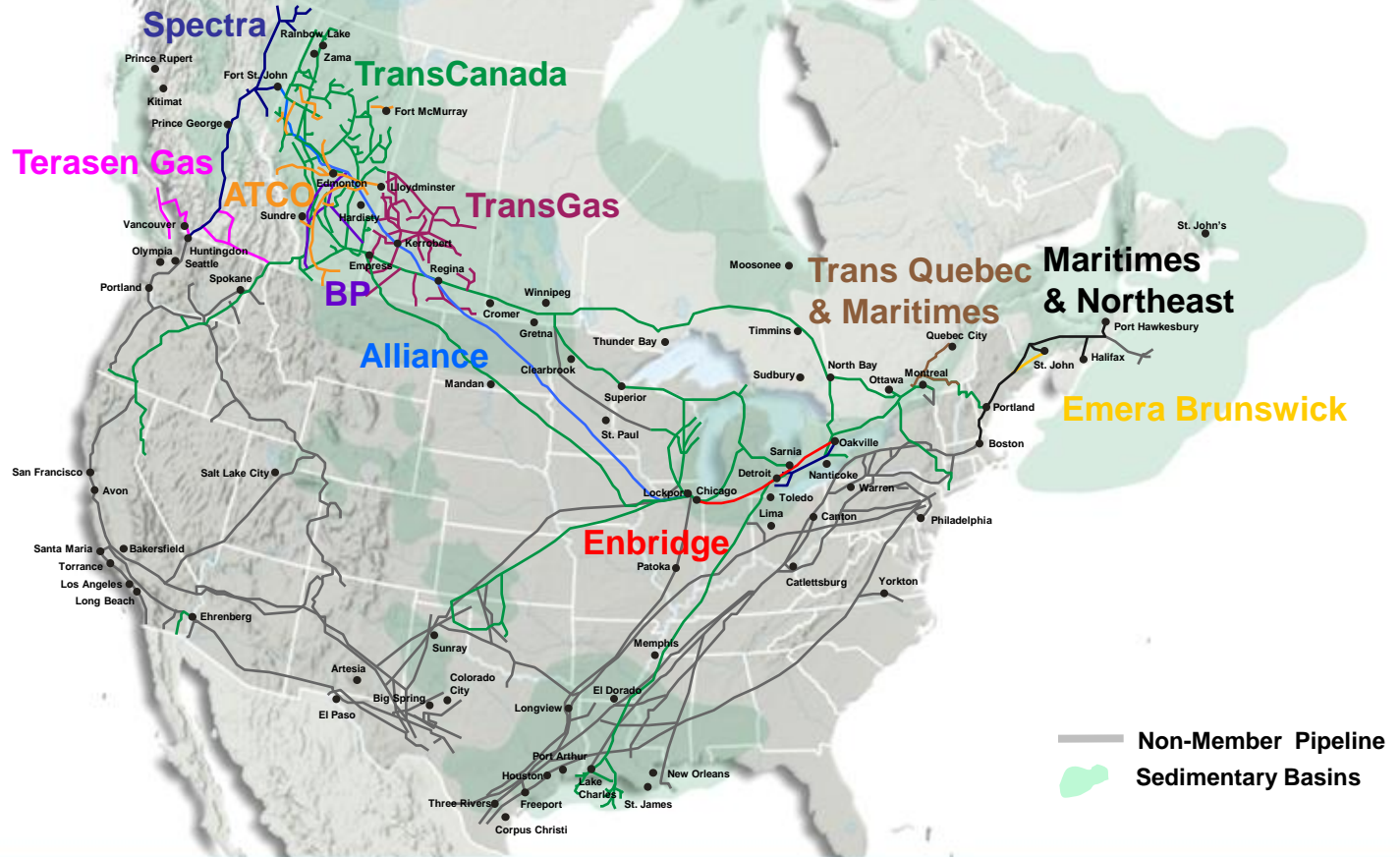
16.2 billion cubic feet/day – total production

10 billion cubic feet/day – total exports

\$28 billion (CDN) – value of net exports

56.3 trillion cubic feet – total reserves

(Source: NEB)



January 2010

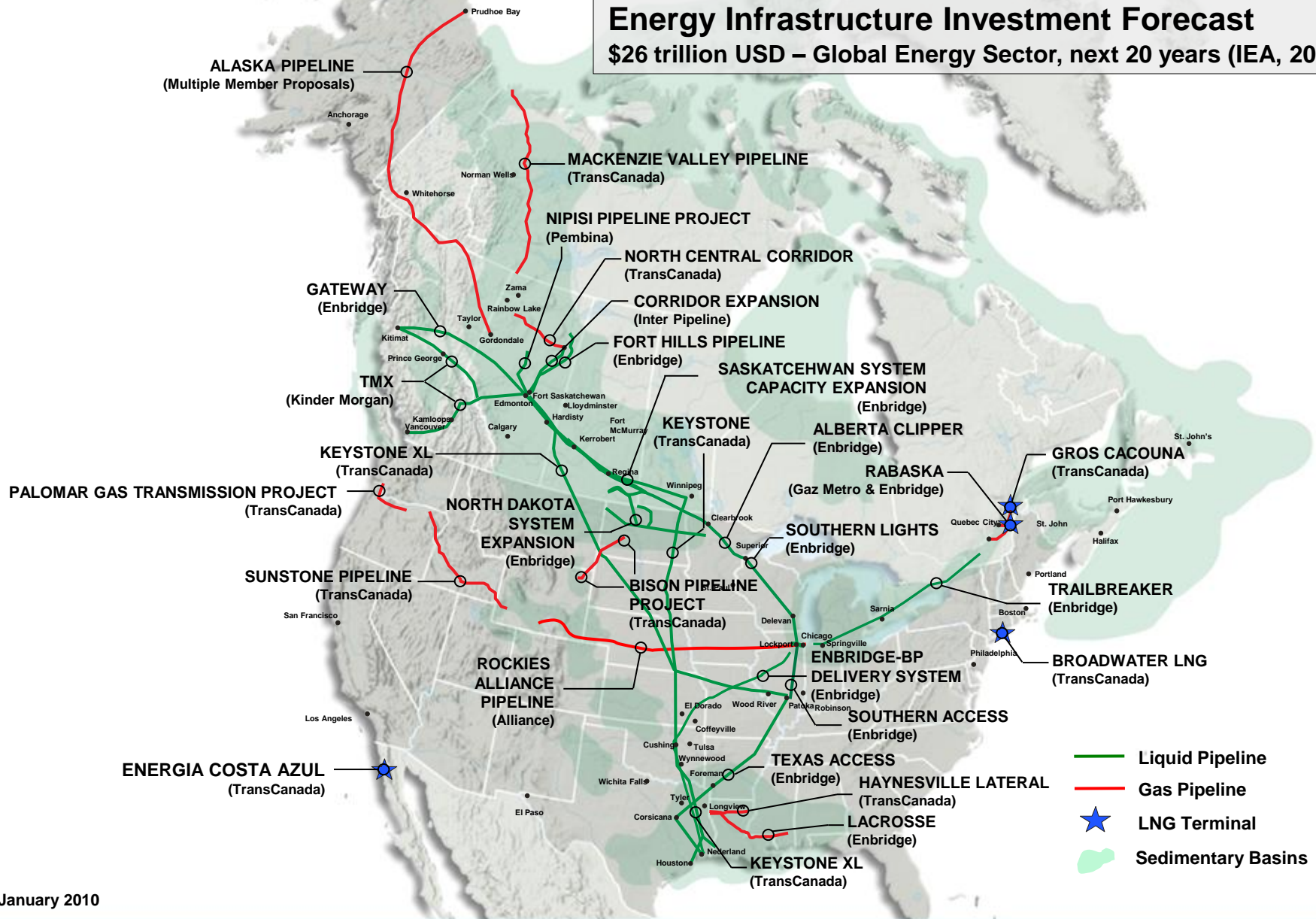
# Pipeline Development Issues

- Oil pipeline system near capacity
- New natural gas supply needs to be connected to existing pipeline systems
- Infrastructure deficit requires significant investment and timely decisions
- Infrastructure = choice and responsiveness = energy security
- Regulatory Reform is sound public policy



# Energy Infrastructure Investment Forecast

\$26 trillion USD – Global Energy Sector, next 20 years (IEA, 2009)



January 2010

# Energy Framework Initiative

Security / Reliability / Affordability / Innovation / Sustainability

## Six Pillars of Policy Activity

1. A Commitment to Sustainable End-use of Energy
2. A Commitment to Sustainable Energy Resource & Extraction, Production & Transmission Capability
3. Ensuring a Sustainable Approach to Energy & Climate Change
4. An Ongoing Social License to Build & Operate
5. A Continuous Improvement in Capacity
6. A Collaborative Approach on Intergovernmental Engagement

Environmental Foundation  
Social Foundation  
Economic Foundation



# What is “Canadian Natural Gas”?

- A nation-wide advocacy & communications initiative supported by the natural gas value chain in Canada to:
  - develop objective, fact-based educational materials on natural gas;
  - raise understanding among decision makers of the role that natural gas should play in achieving Canada’s energy, environmental, and economic objectives; and
  - demonstrate that natural gas is a smart foundation for Canada’s evolving energy mix and encourage supportive policy.
- Sponsored by the Canadian Gas Association (CGA), the Canadian Association of Petroleum Producers (CAPP) and the Canadian Energy Pipeline Association (CEPA), with support from the Canadian Society for Unconventional Gas (CSUG) and the Canadian Natural Gas Vehicle Alliance (CNGVA). Collaborating with Canadian members of ANGA.

# Key Attributes of Natural Gas

- **Canadian** natural gas is a significant contributor to Canada's well-being – it's a job creator, a source of revenue for provinces and the federal government, and produces over \$29.2 billion in exports.
- Canada has an **abundant**, growing supply of natural gas – estimates indicate greater than 100 years worth - in conventional, unconventional, frontier, and LNG resources - a key part of an even bigger continental resource.
- Natural Gas is **clean** – it is an efficient and low-emission end use energy choice. And, environmental responsibility is a foremost priority in its production, transportation, and distribution – on water use, surface impact, emission control, and waste management.
- Canadian natural gas is a **versatile** energy solution – gas and related technologies can improve end use efficiency, contribute to lower emissions, and provide the flexible partner needed in power generation for intermittent technologies like wind and solar, and in transportation.
- Natural gas is the **affordable** choice - used by over 6 million Canadian customers – over 3.2 trillion cubic feet yearly to meet 30% of our energy needs in homes, businesses, and industry;
- Natural gas is **reliable and safe** in its production, storage, transportation, delivery and use by customers in every region of Canada.

# CNGI work program...focus on national level, adapt to each jurisdiction

- Developing an objective fact base
- Improving the understanding of Natural Gas in terms of:
  - the growing robustness of the commercial resource in Canada, and
  - the significance of the current and future gas market to Canada's well-being
- Establishing sound policy foundations for natural gas policy.....addressing economic, social and environmental policy
- Developing specific federal policy options pertaining to:
  - upstream development
  - transmission
  - distribution and end use

# Policy “asks” – Key Focus Areas

- **Natural gas as a foundational element in a clean energy future for Canada and for North America (or “getting natural gas into more visibly into the policy dialogue”)**
- **Broadening end-use**
  - Transportation
  - Power generation
  - Buildings and communities
- **Upstream environmental policy**
- **Underpinned by the following complementary and enabling policy “asks”:**
  - Technology development
  - Regulatory reform
  - Fiscal competitiveness

# Private and Public Interests

- Delivering safe, secure energy for Canadians joint responsibility with both private and public interests
- It is inaccurate and short-sighted to assume government alone is concerned with the public good
- It is in all parties best interests for energy infrastructure to be reliable, safe and environmentally sustainable



# Government and Industry: A partnership

Government decision making enables financial stimulus projects at little to no cost to government

This requires:

- Cohesive policy
- Credible results-oriented regulation



CEPA supports the Major Project Management Office (MPMO)

- Focus on horizontal coordination of federal departments in the review of a major project

# Strategic Goals Must be Clear

- Projects that are determined to be in the public interest must proceed responsibly
  - Focus on outcomes
- Cost of those projects is minimized so as not to burden Canadian consumers and investors with unnecessary cost
  - Balance is needed to both protect the Environment and the Economy while meeting Energy needs (EEE)
- Development timelines are predictable and review processes are effective and efficient
  - Invest in things that matter, not in things that don't, and know the difference

# The Regulatory Imperative

**Key Principles are well known and broadly agreed to; Canada needs a regulatory framework across provinces and federally that delivers:**

- **Coordination** between and within governments, including
  - One project, one assessment consolidation for new projects
  - Coordination of agencies and departments to eliminate duplication, streamline requirements, and share knowledge and expertise
- **Timely and effective** processes
- **Balanced** decision making, integrating environment and economy
  - Using facts and expert decision making
  - Throughout the life of federally regulated facilities
- **Clear accountability** and transparency of government
- **Effective Aboriginal Crown Consultation**
  - Fully addressed across departments and jurisdictions
  - Separates assessment from economic negotiations

# Landowners Feel Safe: *Two Generations of Results*



- 83% – Have a favorable opinion of the energy pipeline industry
- 83% – Have a favorable opinion of the energy pipeline company(s) passing through/on their land
- 94% - State that the pipeline industry is very important to the Canadian economy
- Environment: Nearly  $\frac{3}{4}$  report that pipelines do a good job protecting the environment

# Damage Prevention

- CEPA is strongly committed to damage prevention
- We have been working with others through the Common Ground Alliance (CGA) to strengthen regulations
- Also working with NEB to strengthen enforcement regulations
- CEPA supports a National 811 One-Call system
- Damage prevention saves lives



# EEE Success for Canadians

- Balance: Positive projects and investment to create jobs and future prosperity
- Balance: Effective and efficient environmental protection
- Possibility: A positive future for Canadian energy supply and leadership
- Be intentional

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