

Canadian Association of Energy Pipelines

Appearance before the House of Commons' Natural Resources Committee – *the benefits experienced across Canada from developing the energy industry with a focus on oil and natural gas*

March 4, 2014

Dr. Brenda Kenny (President and Chief Executive Officer, Canadian Energy Pipeline Association):

Thank you very much.

Thank you, Mr. Chair and members of the committee for inviting me to share the views of CEPA, the Canadian Energy Pipeline Association, on the benefits across Canada from developing the oil and gas industries.

The transmission pipeline industry, which CEPA represents, serves Canadians by safely transporting about 97% of the onshore crude oil and natural gas produced and used in Canada. These pipelines are what we like to call energy highways that are moving across the country, enabling about 20% of Canada's trade value, and allowing basic everyday modern life activities, such as fuelling your car, and economic prosperity through, for example, delivering natural gas to power machines at a manufacturing plant. We currently operate over 115,000 kilometres of transmission pipelines, which involves safely transporting approximately 3.2 million barrels of oil and 14.6 billion cubic feet of gas every day.

We are an integral part of a reliable energy system that enables the quality of life Canadians enjoy and ties our country together. We often talk about how the railways or TransCanada highway were foundational to Canada's economic development. Pipelines are playing that role in modern times.

Over 60 years of practice and growth have our members impacting virtually every kind of community and region you can imagine across this great country. From the Trans-Mountain pipeline and the Alberta to Quebec TransCanada natural gas mainline in the 1950s, Interprovincial's (now Enbridge), Line 9 in the 1970s, the Norman Wells pipeline in the NWT in the 1980s and many other projects in between, pipelines are the backbone of our energy infrastructure today.

But let me move now more specifically to the question at hand with respect to benefits from the oil and gas industries across Canada. These benefits arise in a number of ways from the national to the local level.

Nationally, CEPA members directly employ over 9,000 full-time employees among our companies, but of course that is a very trivial number compared to the many hundreds of thousands of jobs that are enabled by having energy move across the country.

Pipelines are also enablers of Canadian exports. Close to one-fifth of Canada's mercantile trade value today moves by pipeline, so that's \$1 in \$5, or approximately \$100 billion dollars in 2013.

Our member companies contribute both indirectly and directly to the communities they operate in - they paid over \$1 billion in municipal, provincial and federal taxes in 2012 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 the education and arts.

But these national numbers can often obscure how these contributions are felt across the country at a local level. To this end, CEPA commissioned a study in 2013 by Angevine Ltd. to shed more light on the specific regional economic benefits that pipelines across the country currently generate. This study is one of the first of its kind, if not the first, to look at the value being created from the pipeline infrastructure we currently have in the ground. The results showed that the economic benefits of pipelines are spread across the entire country and contribute to the prosperity of all Canadians, despite the perception that may be out there that only Alberta benefits from the energy industry as a whole and from pipelines in particular. We have provided s of this report to the Committee clerk to circulate.

If we start on the west coast, looking at direct, indirect, and induced economic activity, in British Columbia oil and natural gas pipelines accounted for over 2900 full time equivalent jobs and \$645 million in GDP in 2012. In Alberta, it's almost 7600 full time equivalent jobs and close to \$4 billion in GDP.

In Ontario more than 5300 full time equivalent positions, \$1.4 billion in GDP, and over \$85 M in procurement to over 350 local suppliers are the result of transmission pipelines. In Quebec our members generated \$259 million in GDP and 1460 jobs in 2012.

In total, transmission pipeline operations of all types added more than \$8.8 billion to Canada's GDP in 2012 Pipelines also sustained an estimated 25,000 full-time equivalent (FTE) jobs and generated about \$1.9 billion in labour income.

And these numbers don't reflect the potential growth from pipeline projects that have yet to be built. Some studies have indicated that Canada could be losing out on as much as \$50M a day in missed economic activity due to a lack of market access for our energy products.

These are all impressive numbers but at the same time, of course, they are only one component of what we do as an industry. To be the part of the economic engine of the country we have to ensure we maintain the social license to operate. The pipeline industry does this by ensuring the safety of the environment and communities in which we operate. This entails adhering to a world class regulatory system and continuously striving to implement newer and stricter pipeline integrity, damage prevention and emergency response requirements. We are committed to minimizing the impacts and risks to safety. Our members back up that commitment with more than \$1 billion spent each year to ensure that crude oil and natural gas are delivered safely and efficiently.

As an industry and association, we are moving forward on a number of safety measures that go well beyond compliance with regulation, and we are increasing our transparency. This is why CEPA has rolled out our Integrity First® Program. Under the program, we develop best practices and have identified performance indicators that fall under three broad categories: safety, environment and socio-economic issues which includes such areas as minimizing habitat disruption and maintaining good relations with

aboriginal communities and land owners. Pipelines have a 99.99% percent safety record, but we are committed to continuous improvement in our operations.

In conclusion, our members are committed to safety first and foremost for the communities they live and work in. Our social license is determined by the benefits we deliver, not only economic but also the trust we earn through the integrity of our pipeline systems.

The energy pipeline industry is an enabler of prosperity across Canada and continues to be a hallmark of this country's nation-building. We help keep the cars moving, factories running and houses heated, creating jobs and economic activity in every region of the country. I invite the Committee members to visit our website at aboutpipeline.com to find further information on our safety practices and the economic data I've been speaking to.

Thank you.