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May 15, 2014

Aleck Dadson  
Executive Advisor  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto, Ontario M4P 1E4

**Dear Mr. Dadson,**

**Re: Ontario Energy Board Energy East Consultation**

Thank you for the opportunity to provide comments on the Ontario Energy Board Energy East Consultation. I am writing to you today on behalf of the Canadian Energy Pipeline Association (CEPA). Our members transport 97% of Canada's daily natural gas and onshore crude oil production from producing regions to markets throughout Canada and the United States. Our members construct and operate both federally (NEB) and provincially (OEB) regulated pipelines.

All aspects of the life cycle of a pipeline – from design and construction to operation and abandonment – are subject to strict oversight from regulatory agencies and government departments. Extensive federal and provincial regulation assures that the safe and responsible operation of pipelines is in the Canadian public interest.

Pipeline safety is a priority to CEPA and its members. This is why we launched CEPA Integrity First<sup>®</sup>. In addition, stakeholder engagement is also important to our industry. Through active engagement with the Government of Ontario and local stakeholder groups such as municipalities, CEPA understands the importance of positive stakeholder relations. As an industry we strive to go above and beyond expectations from the regulator.

Ontario's Minister of Energy has asked that the OEB consider the implications of four areas of potential impact of the proposed Energy East Pipeline:

1. The impacts on Ontario natural gas consumers in terms of prices, reliability and access to supply, especially for those consumers living in eastern and northern Ontario
2. The impacts on pipeline safety and the natural environment in Ontario
3. The impacts on Aboriginal communities in Ontario, in particular how treaty and Aboriginal rights may be affected
4. The short and long term economic impacts of the project in Ontario

CEPA and its member companies strive to meet the needs of all stakeholders affected by transmission pipeline projects. **We believe that our industry leading practices appropriately address the four areas of potential impact indicate above. This is done through the following actions and initiatives:**

## **1. The CEPA integrity First Program and other industry initiative promote a high industry standard for environmental and human safety**

Transmission pipeline operators are committed to transporting oil and gas products safely. CEPA member companies recognize their critical duty to safety and protection of the environment. In day-to-day operations, nothing matters more. In fact, for Canadian pipeline companies, there are no financial incentives to hold back on safety. All pipeline integrity and maintenance costs flow through the tolls charged to producers, meaning that there is no competitive advantage to cutting corners on safety. In fact, more than \$1.6 billion is spent annually on pipeline integrity measures. Including rigorous safety management, technologically advanced internal inspections and state of the art upgrades.

This money is also spent on important initiatives such as the CEPA *Stress Corrosion Cracking Recommended Practices*, developed in 1997 to provide guidance to the industry on development of a SCC — stress corrosion cracking — management system. This industry leading practice, developed with CEPA members, is recognized around the world, and the second edition published in 2007 is cited in the major Canadian Standard for Pipelines, CSA-Z662, the oil and gas pipeline systems' code.

Crack detection and characterization with in-line inspections is challenging, but great advancements in the technology have been made in the last decade. CEPA member companies continue to drive improvement in this area, and in-line inspection of cracking is now common. In rare cases where inspection is impractical, periodic pressure retesting is considered.

CEPA members have also worked to develop guidelines and recommended practices regarding watercourses, with the objective of protecting the safety of the public and the environment. Our watercourse crossing manual, now in its third edition, sets standards for the directional drilling used to install pipe at water crossings. This manual provides guidance on the best methods for construction of pipelines at water crossings and how best to minimize the impact on the environment. CEPA members have also developed recommended practices for pipeline watercourse management, encouraging the safe and consistent management of hydrotechnical hazards along operating pipelines in Canada. These recommended practices have been developed by CEPA's Pipeline Integrity Working Group and provides guidelines and recommendations on the identification, assessment and monitoring methodologies for watercourses. It will continue to evolve as new advances and opportunities for improvement are recognized, and from periodic reviews.

In addition to the measures taken by pipeline companies themselves, the CEPA Integrity First® Program has been developed by the industry as a management system approach that enables CEPA members to strengthen the pipeline industry's performance, communication and engagement by jointly developing and individually applying best practices and reporting on our performance record.

In 2014, the focus is on pipeline integrity and emergency response. Pipeline integrity involves practices and processes that pipeline operators undertake to ensure that crude oil and natural gas are transported safely and within the intended operating parameters. Emergency response involves the ability for a pipeline operator to respond to an emergency situation using a comprehensive and systematic emergency response plan. In addition, CEPA is developing industry guidance on control room management.

As part of CEPA Integrity First®, our member companies have made the following commitments:

### Pipeline Integrity

1. We strive for zero incidents by applying strict standards and systems in designing, constructing, operating and maintaining our pipelines.
2. We maintain and use detailed information and records to make informed decisions that support our pipeline integrity program.
3. We identify, evaluate and manage risks and hazards to protect the public, the environment, and the integrity of our pipelines.
4. As CEPA member companies, we are committed to continual improvement and we share lessons learned to support the ongoing safe operations of our pipelines.

### Emergency Management

1. We regularly assess pipelines and rights-of-way and apply risk-management practices to minimize adverse impacts to people, property or the environment in an emergency situation.
2. We strive to meet or exceed all new and existing regulations applicable to our operations and to monitor our compliance.
3. We educate and work closely with local emergency response agencies and community members to address their needs and concerns in the event of an emergency.
4. We have emergency response plans in place that follow an internationally recognized emergency response system (ICS).
5. We have the equipment, resources and highly trained emergency response personnel necessary to respond effectively in any emergency.
6. We regularly review our emergency response plans, conduct drills and share lessons learned with our peers to continually improve our response capabilities.

## **2. CEPA's member companies engage with Aboriginal communities through the full life cycle of a project**

Pipeline operators are forming partnerships with Aboriginal communities to minimize the social and environmental impacts of pipeline operations, and to help deliver economic prosperity while preserving traditional culture. By working with local communities, pipeline designers and operators are learning about local traditional knowledge of the land, forest, water and wildlife, and are improving planning, construction and operation of their pipeline projects.

CEPA member companies engage the public and Aboriginal groups in the planning and design of a project prior to submitting an application to the NEB. This allows for direct engagement from interested Canadians which take into consideration local interests. The participation of Aboriginal peoples is an important part of each phase in the lifecycle of a project (i.e. project design, construction, operation and maintenance, and retirement). The impact of this participation should not be overlooked. In 2012, CEPA member companies provided \$150 million of local procurement to Aboriginal communities and groups all across Canada, with \$40 million occurring in the province of Ontario.

However, for our projects to be successful, and for the benefits to be realized, the Crown must carry out its own responsibility to consult. Without the Crown fulfilling these obligations, pipeline projects, and ultimately Canadian public interest, is put at risk. It is important that federal government provides leadership and takes accountability for Crown consultation in order to ensure the certainty of process regarding major federally regulated pipeline project feasibility and timelines. Although the federal government has made improvements in this area, more work is still needed. CEPA has and will continue to encourage the federal government to improve upon the current consultation process. Only by the government moving to action, will project proponents be able to confidently proceed through the regulatory process and take firm commercial decisions regarding major infrastructure developments.

## **3. Transmission pipelines provide lasting economic benefits to all Canadians**

Pipelines carry more than just crude oil and natural gas. They deliver economic benefits to all Canadians, enabling more than one quarter of the value of Canada's goods-producing economy and generating thousands of jobs. In Ontario, our member companies operate over 15,000 kilometres of transmission pipelines, directly employ 700 people and provide total employment for an estimated 5,400 people. In 2012, our members spent \$88 million dollars on local goods and services and paid over \$200 million in corporate and property taxes in Ontario.

For those working directly in the energy sector, salaries and benefits support thousands of families, local businesses and many regional economies from coast to coast to coast. The thousands of local suppliers across Canada, such as welding, steel manufacturing, construction, information technology, and even local hotels and restaurants, are all impacted by the pipeline industry. For those working

outside the energy sector, the strength of our natural resources has generated a reliable stream of tax revenue that supports our quality of life.

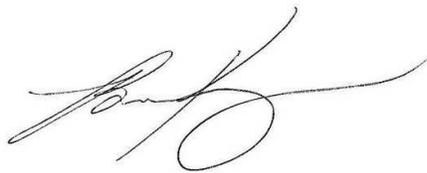
CEPA members are operators of major critical infrastructure that crosses provincial boundaries to deliver energy from producing to consuming areas of Canada. It is our job to be safe and reliable. We provide an essential service that allows our communities and our economy to thrive.

## **Conclusion**

CEPA is supportive of the consultation that the OEB is undertaking and believes that the areas they are addressing are appropriately addressed by CEPA and our member companies through the various initiatives and actions outlined above.

As an active partner with the Government of Ontario and local Ontario stakeholder groups we look forward to the continued dialogue to demonstrate our industry's commitment to pipeline safety through initiatives such as Integrity First® and our commitment to positive stakeholder relations. CEPA appreciates the opportunity to comment on the Ontario Energy Board Energy East Consultation. We look forward to the results of your consultation process.

Sincerely,



Brenda Kenny

President & CEO