

July 13, 2011

Honorable Joe Oliver
Minister
Natural Resources Canada
House of Commons
Ottawa, ON K1A 0A6

Constituency Office:
511 Lawrence Ave,
Toronto, Ontario
M6A 1A3

Dear Minister Oliver:

I write to you today on behalf of the Canadian Energy Pipeline Association in support of continuation of the mandate and renewal of funding for the Major Projects Management Office (MPMO) in Budget 2012.

The Canadian Energy Pipeline Association (CEPA) represents companies that transport 97% of the oil and natural gas produced in Canada to markets throughout North America. CEPA's member companies currently operate more than 100,000 km of pipelines in North America, transporting oil and natural gas that contribute \$55 billion to the Canadian economy each year. These energy highways are essential for heating homes, generating electrical power, and meeting the needs of North American consumers for a secure reliable supply of energy. CEPA is dedicated to ensuring a strong and viable transmission pipeline industry in Canada in a manner that emphasizes public safety and pipeline integrity, social and environmental stewardship, and cost competitiveness.

MPMO was created almost three years ago, within NRCan, in response to concerns that major resource development projects were being unduly delayed in the environmental assessment and regulatory processes. These delays and uncertainty about processes were becoming an impediment to investment in Canada, at a time when private-sector natural resource investment could contribute greatly to our recovering economy. MPMO was established with two primary mandates:

- in the short-term, to improve the mechanics and timeliness of project reviews within the existing regulatory framework by effective leadership through MPMO and better coordination between departments, and
- looking longer term, to consider and recommend broader changes to the regulatory framework to make more fundamental and enduring improvements.

In the past three years, 10 pipeline projects (of a total of 89 MPMO projects) have entered the MPMO system, including: Bakken oil pipeline, Groundbirch natural gas pipeline, Horn River natural gas pipeline, Keystone XL oil pipeline, Komie North natural gas pipeline, Leismer-Kettle River pipeline, Northern Gateway pipeline, Northwest Mainline pipeline expansion, and the Vantage ethane pipeline. While these projects vary greatly in size, the issues they present are often similar.

Our member companies have been active in working with MPMO staff to advance these projects, to build understanding of industry best practices, and to engage MPMO leaders on key issues that have arisen. CEPA-member companies believe that MPMO has made progress in reducing overall project timelines and in understanding and coordinating federal Crown consultation obligations. More remains to be done before we can say these objectives have been fully achieved.

Timelines must be transparent and reasonable; a published 'service standard' approach would align well with other federal agencies. A 2-year process for complex pipeline projects with significant issues is a good objective, but simpler projects should be able to progress even more quickly. CEPA believes this should be achievable now that the mechanisms for project agreements and departmental accountability are in place.

Crown Consultation remains an issue of great concern to CEPA-member companies, and we believe the coordinating role of MPMO should be enhanced to include stronger leadership in implementation of federal guidelines and agreed approaches. CEPA-member companies are committed to working collaboratively with MPMO to continue to build on these initial successes.

CEPA has a particular interest in MPMO's mandate for regulatory improvement. In the past year or so, some beneficial changes have been made. Transport Canada has developed a new Minor Works Regulation that, when promulgated, will relieve unnecessary permitting for pipeline crossings of many water courses. Recognition of substitution of the National Energy Board's (NEB) regulatory process for review panels under the *Canadian Environmental Assessment Act* (CEAA) has moved major pipeline projects one step closer to the objective of 'one project – one review'. However, we should not forget that substitution has been a part of the CEAA since its creation and has only now, after more than 15 years, finally been implemented. Extension of substitution for the NEB to screenings and comprehensive studies under CEAA would be a truly significant process improvement.

CEPA will continue to encourage MPMO to consider bold options for regulatory change. We believe the Deputy Ministers' committee, which oversees MPMO operations, is an ideal forum for consideration of innovative, system-wide change. We also believe that the objective of MPMO's mandate should be a modern framework of linked or integrated environmental legislation that is focussed on outcomes, not process. That type of framework would allow companies and government the means to balance and optimize benefits by achieving better environmental protection, while ensuring that our economy continues to grow. With several pieces of legislation¹ being considered for amendment or review in the coming months, there is a real opportunity to adjust the regulatory framework.

For pipelines, CEPA believes that the key to this objective is integrated decision-making within a full life cycle regulator, such as the NEB. NEB, among few other regulators, holds a mandate to consider all aspects of the public interest in its decision-making, thereby addressing sustainability through evaluation of economics, social factors, and environmental protection in one process.

¹ *Canadian Environmental Assessment Act, Migratory Birds Convention Act, Species at Risk Act, Fisheries Act*

We encourage you, as Minister Responsible for the MPMO, and your Cabinet colleagues to renew the mandate and funding for the MPMO, at least for the next 3-5 years, and with the assistance of MPMO to actively pursue regulatory improvements that result in better outcomes for all Canadians.

I would be pleased to discuss and elaborate on these ideas with you or your staff at any time.

Yours truly,

[Signed Electronically]

Brenda Kenny
President & CEO

c.c:

Hon. Peter Kent, Minister of the Environment
Hon. Denis Lebel, Minister of Transport, Infrastructure and Communities
Hon. John Duncan, Minister of Aboriginal Affairs and Northern Development
Hon. Keith Ashfield, Minister of Fisheries and Oceans and Minister for the Atlantic Gateway
Hon. Jim Flaherty, Minister of Finance
Hon. Christian Paradis, Minister of Industry and Minister of State (Agriculture)
Hon. Tony, Clement, President, Treasury Board of Canada
Mr. Paul Boothe, Deputy Minister, Environment Canada
Ms. Claire Dansereau, Deputy Minister, Fisheries and Oceans Canada
Mr. Richard Dicerni, Deputy Minister, Industry Canada
Mr. Serge Dupont, Deputy Minister, Natural Resources Canada
Mr. Michael Wernick, Deputy Minister, Aboriginal Affairs and Northern Development Canada
Ms. Yaprak Baltacioglu, Deputy Minister, Transport Canada
Ms. Elaine Feldman, President, Canadian Environmental Assessment Agency
Mr. Bob Hamilton, Sr. Associate Secretary, Treasury Board of Canada
Dr. Michael Binder, President, Canadian Nuclear safety Commission