



Dr. Andrew Leach, Chair
Alberta Climate Change Advisory Panel
11th Floor, South Petroleum Plaza
9915-108 Street
Edmonton, AB T2K 2G8

2 October 2015

RE: Alberta Climate Change Advisory Panel

Dear Dr. Leach,

On behalf of CEPA's member companies, I would like to thank you for the opportunity to participate in Alberta's Climate Leadership discussion, including attendance at the panel on September 11, 2015. CEPA represents companies that operate 115,000 kilometres of transmission pipeline in Canada. Our members transport 97 per cent of Canada's daily natural gas and onshore crude oil production from producing regions to markets throughout Canada and the US in a manner that emphasizes safety, pipeline integrity, and social and environmental stewardship.

Clearly, global reductions in greenhouse gas (GHG) emissions and the related shift in energy systems is a crucial priority. During this ongoing period of energy transition, consumers all over the world will continue to need fossil fuels. Given Alberta's significant energy reserves, and in order to remain a major global energy producer throughout this transition, Alberta must be a world-leader in the advancement and use of innovation to reduce GHG emissions associated with fossil fuel production.

Market access for Alberta's energy will be earned through both responsible transportation options and by responsible development of energy resources. The requirement for leadership has led to the focus on clean energy production and investment in technological improvement. Currently, Alberta's Climate Change and Emissions Management Corporation (CCEMC) has committed \$349.8 million and leveraged the total value to \$2.2 billion in 109 projects underway. Industry's efforts through Canada's Oil Sands Innovation Alliance (COSIA) have enabled the sharing of almost \$1 billion worth of technologies in addition to further investments. As a starting point, Alberta is well positioned to advance leadership in this area. Continued or enhanced climate leadership provides an opportunity for Alberta to improve market access for Alberta energy while maintaining a competitive advantage amongst energy producing regions.

Increased investment and leadership in emission reduction will assist in access to markets, and as such access to global energy prices for Alberta's producers. This not only has an impact on producer revenues, but also provides a considerable lift in government revenues. Experience in recent years, with constrained pipeline capacity and limited market options, left Alberta facing discounted prices and lost government revenue as high as \$5 billion per year.

This \$5 billion gap in government revenues would be closed by accessing global markets through new pipelines enabling increased market access. Given the current environment, the Government of Alberta



could encourage market access by making commitments to reduced GHG emissions in the provincial energy sector. Increased market access will provide the Alberta government with additional revenues necessary to invest more in innovation and GHG reduction, creating a virtuous circle.

In short, we recommend that the Climate Change Advisory Panel continue exploring opportunities for deeper investments in technology, including continued leverage of the CCEMC. Some of those opportunities could be contingent upon gaining access to world markets and global energy prices.

CEPA has genuine interest in being involved in the discussion of opportunities for ongoing provincial leadership on carbon reduction policy. CEPA remains supportive of the government's long term objectives to manage domestic greenhouse gas emissions and we acknowledge the complexity of this challenging task. Government's objective is consistent with CEPA's commitment to minimizing the impact of operations throughout every phase of pipeline operations, as evidenced by our creation of the CEPA Integrity First program. CEPA member companies have already enacted various technological efforts to see reductions in our own emissions, and will continue to do so as technology improves.

We believe that it is possible for any resulting climate change policy to maintain fiscal competitiveness, and to tackle GHG emission reductions in a credible, transparent and effective fashion. Most importantly, this can be accomplished by investing in, enabling and leveraging energy efficiency, technology and innovation.

We look forward to working closely with the Alberta government and stakeholders as this important policy issue advances. Should you have any questions, please do not hesitate to contact me, or Evan Wilson, Manager, Regulatory and Financial, at (403) 221-8772.

Yours sincerely,

Brenda Kenny
President and Chief Executive Officer