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July 12, 2013

Cynthia Farmer
Assistant Deputy Minister
Policy Management Office
Alberta Energy
9915 – 107 Street
Edmonton, AB T5K 2C3

Dear Ms. Farmer:

Thank you for the opportunity to provide comments on the ongoing work your department is undertaking to complete the transition to a single regulator model under the new Alberta Energy Regulator. Our comments today reflect the views of the members of the Canadian Energy Pipeline Association (CEPA).

CEPA member companies operate transmission pipelines that carry 97% of the oil and natural gas produced in Canada to markets throughout North America. Our members construct and operate both federally (NEB) and provincially (ERCB/AER) regulated pipelines. In Alberta, our member companies operate over 56,000 kilometres of transmission pipelines, employ 6,400 people, and paid over \$300 million in corporate and property taxes in 2011. Pipelines are vital linear infrastructure that crosses multiple jurisdictions with multiple stakeholders, giving our industry a number of unique characteristics and operating challenges.

CEPA supports the concept of the single energy regulator with consolidated responsibilities for permitting under provincial legislation. Our members are directly affected by the changes to the Alberta regulatory system and have an interest in the challenges facing the Government of Alberta during this time of transition. Many have participated in the public sessions that your department has offered over the past months.

The messages that we heard at those workshops reinforced the need to have flexibility in the regulations and expectations for energy projects. The AER will regulate projects that vary widely in scale and scope to which a “one size fits all” approach will not work. This variation even extends within pipeline projects, as transmission pipelines (those typically operated by our members) are quite different than gathering system pipelines. Transmission pipelines are generally larger diameter, extend longer distances, have a longer lifespan, and operate under higher pressure. As such, proponents must manage them differently and engage with a wider range of stakeholders. The regulatory system must enable “fit for purpose” permitting and full life cycle regulation for pipelines, recognizing that transmission pipelines are different from other oil and gas projects, with much different footprints and surface impacts.

At the same time, the pipeline industry is particularly aware of the multitude of approvals and the wide-ranging consultation and engagement obligations that are required for linear projects. Integrating ESRD and Public Lands permitting with the AER requirements creates an opportunity to establish common standards and approaches for pipeline projects that will truly streamline Alberta's energy regulatory framework. This will also enable integrated decision making which is important to optimized design, operations and sustainable development.

As an additional comment, CEPA would like to flag that we continue to have some concerns with potential overlaps in the mandate of the AER and other provincial bodies. In particular, the focus on the upstream sector under the AER has created confusion with regulatory authority under the AUC for CEPA members with utility pipelines. The utility pipeline operators would like consideration that any technical approvals (e.g. environmental), granted by the AER be accepted by the utility regulator (AUC) in order to minimize duplication. The scope overlap between tolling and facility applications has become a challenge in maintaining a single-window approach between the two regulatory bodies. A clear mandate for the AER and AUC is required for natural gas pipeline regulation.

We have already offered comments on the government's First Nation Consultation Policy, we would like to reiterate how important the interaction and integration between the proposed Consultation Office and the AER are to the pipeline industry. All parties would benefit from clarification by government on the authority of these other agencies and their interaction with the AER.

The challenge of rolling ERCB regulations into AER regulations presents an opportunity to update and modernize the regulatory framework, removing regulations that are out of date or redundant or that reflect technologies that are no longer in use. This change is significant, and the timelines that have been set for the transition are challenging. It is vital that projects already in the review process or soon to be applied for move forward with certainty in this time of transition.

CEPA member companies would be pleased to engage with the AER and your department to address the challenges of change, modernization and integration. We have already participated in the first of your workshops on a common risk management framework and look forward to other opportunities to offer our perspectives and our active assistance in achieving workable approaches for the new regulatory system in Alberta.

Sincerely,



Brenda Kenny
President & CEO