

3 June 2011

Mr. Bob Hamilton
Senior Associate Secretary
Treasure Board of Canada Secretariat

Dear Mr. Hamilton,

RE: Regulatory Cooperation Council – request for comments

Thank you for your invitation to share our views on the role of the Regulatory Cooperation Council, announced in the recent agreement between Canada and US, entitled “Beyond the Border – A shared vision for perimeter security and economic competitiveness”. These matters of economic cooperation, regulatory transparency, and infrastructure security are important issues for all Canadians, but have special relevance for Canada’s pipeline sector.

The Canadian Energy Pipeline Association (CEPA) represents companies that transport 97 per cent of the oil and natural gas produced in Canada to markets throughout North America. Canada is the largest supplier of crude oil to the United States, and the second largest global exporter of natural gas. 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 safe, secure reliable supply of energy.

In addressing our responsibilities as “must-run” utilities, safety and security, is job one. A specific comment CEPA offers is related to emergency response. If an incident occurs on either side of the border, it is vital that we pull together as quickly as possible key resources including experts. Having the ability for personnel and equipment to move readily across the border for emergency response would be good for each of our nations, publics and the environment.

On the commercial side, for many years now, trade between our two nations has been founded on NAFTA and on deregulated energy markets. These policies have strengthened our economies and underpinned the concept of a continental energy system that is secure, reliable and fair.

These policies also imply that Canada and the US mutually respect, trust, and honour each country’s domestic regulation of domestic affairs. This is fundamental to addressing the border and trade issues that may arise from time to time between our countries.

CEPA believes that the source of many of the impediments to simpler trade, transparency, and coordination (which the RCC will address) lies with lack of policy coherence and loss of sight of the broader objectives at the implementation level. Simply put, policies form an integrated system of objectives that are agreed at the highest levels of government; they are translated into regulations by legislators; and then, implemented by officials. It is our view that most of the issues RCC will address arise because implementation is mired in process and there is no check-back to the original objectives of the policy to verify that common sense is driving actions, policies are being integrated and rationalized (rather than layered-on), and unintended consequences are avoided.

Aside from specific examples of potential areas for RCC, CEPA suggest that RCC consider organizing its review, regardless of the economic sector or specific issue, around the framework outlined above – using the principles of policy rationalization and coherence, common sense implementation, and avoidance of unintended consequences to examine specific issues brought to RCC's attention. This consistent approach across all issues will simplify the work of RCC and enable its recommendations to be applied widely.

One example is the Canadian Major Projects Management Office addressing regulation of major resource projects. Another which CEPA has been active in is Enterprise Saskatchewan¹, an initiative by the government of Saskatchewan to capitalize on current growth and economic development to enhance opportunities and achieve the best outcomes for the province across all sectors of the economy.

“Enterprise Saskatchewan’s job will be to identify, develop, and monitor competitive advantages and disadvantages in each sector and prescribe action. In short, its role is to continually push the competitive envelope.”

—Premier Brad Wall

The Enterprise Saskatchewan approach has used sector tables to draw on input from leaders in key sectors of the economy. The sector tables advise the government, across departments and agencies, on how to enhance the province's competitive advantages and on how to address issues and challenges that deter investment and opportunity. Perhaps some elements of this model would be of value to RCC as they embark on their 2-year mandate to increase regulatory transparency and coordination between Canada and the US. This could also provide a path for ongoing attention to regulatory cooperation and simplicity.

Going forward, CEPA would be pleased to participate in further discussions with RCC on matters related to energy trade and large scale infrastructure. Thank you again for this opportunity to provide our views. We wish RCC every success in implementation of its mandate and achievement of its objectives.

Yours truly,

[Signed Electronically]

Brenda Kenny
President & CEO

¹ <http://www.enterprisesaskatchewan.ca/>