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# Presentation to the Standing Senate Committee on Energy, the Environment and Natural Resources

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Vice President & COO



## Speaking Notes: Standing Senate Committee on Energy, the Environment and Natural Resources

Mr. Kim McCaig, Vice President & COO

Thank you and good afternoon. It is a pleasure to appear before you to share some of the views of the Canadian Energy Pipeline Association. CEPA President Brenda Kenny has had the privilege of appearing before this group numerous times and sends her regrets that she's not able to be here today. I will do my best to fill her shoes and answer your questions.

CEPA represents companies that transport 97 per cent of the oil and natural gas produced and used in Canada. Our membership currently operates more than 110,000 km of pipelines in Canada, transporting over 3.2 million barrels of oil and 14.6 billion cubic feet of gas every day, while employing over 8,000 full time employees. Pipelines are the only feasible, and the safest, means of transporting large volumes of crude oil and natural gas over land.

In delivering Budget 2012, Minister Flaherty acknowledged that the natural resource and energy sector *"are driving economic growth across the country. They are creating good jobs not only directly but also indirectly, in manufacturing, clerical work, skilled trades, and financial services. Canada's resource industries offer huge potential to create even more jobs and growth, now and over the next generation."*

The Responsible Resource Development provisions of C-38 put in place the enabling conditions to realize these opportunities, and we believe C-45 is a further positive step in this direction. CEPA has been a strong supporter of the objectives behind regulatory reform – namely improving the efficiency of, and environmental outcomes from, environmental assessment and regulatory review of major infrastructure projects. We do not believe that environmental protection has been 'watered down' or impaired in any way by these changes. Rather, for the pipeline industry, the processes enabled through CEAA 2012 and amendments to the NEB Act reduce duplication, ensure timeliness, and allow government, industry and stakeholders to improve outcomes by focusing assessments on key environmental concerns, using best practices to avoid significant adverse environmental effects, and allocating resources more efficiently. These changes have strengthened, focussed, and clarified the purposes of Canada's environmental legislation and set the scene for enhanced environmental outcomes going forward.

C-45 makes a number of further important contributions toward these objectives through changes to clarify interpretation of the new provisions and the transition arrangements to the current review system, all of which will provide greater certainty for all parties.

There are many elements to these changes, but I would like to take a few moments to talk specifically about the repeal of the *Navigable Waters Protection Act* and its replacement with the new *Navigation Protection Act*. We have seen a lot of commentary on this change, and I'd like to speak briefly about how it affects the pipeline industry. In C-38, an important amendment was made to give the National Energy Board responsibility for assessment of navigation-related impacts of



pipeline watercourse crossings during the review of pipeline projects. The *Navigation Protection Act* completes this change by updating the definition of waterbodies that require permits and clearly acknowledging the consolidation of responsibility with the NEB for watercourse crossings on pipelines under their jurisdiction as primary regulator for the sector. CEPA believes this is a positive step to create a more efficient permitting process, but will help create a better outcome by reinforcing accountability with a single regulator, and building on the industry's record of safety and performance in construction and operation of watercourse crossings. An integrated approach to the navigability assessment, taking into account the full range of safety and environmental concerns of a pipeline watercourse crossing, will allow both industry and the regulator to work together more effectively in achieving better results.

Canada has been fortunate in weathering the economic troubles that have challenged the rest of the world. This is due in large part to the role that the resource and energy industries have played in the economy. The process set in motion by government to reform the regulatory system is important to ensure Canada can retain and attract the investment necessary to develop pipeline infrastructure. This infrastructure will support growth in the natural resource sector and the diversification of Canada's markets. Commitments by the federal government to ensure that these regulatory changes are effectively and fully implemented to deliver better environmental outcomes, and that regulators have the necessary resources and tools to perform their roles are important steps to make this happen. These steps are supported and reinforced by our industry's commitment to safety, and environmental protection and performance.

Last year, our member companies spent \$600 million to ensure the safety of their pipelines and the communities in which they operate. Pipeline operators monitor their pipelines 24 hours per day, seven days per week. Over the past 10 years (2002 - 2012), CEPA member companies have averaged three significant incidents per year on both oil and natural gas pipelines. This translates into a reliability factor of 99.9985%. But, no incident is acceptable to us or our member companies.

One of the ways in which we are trying to improve our safety record is through our recently announced CEPA Integrity First® program. This program is an industry-wide initiative based on sharing best practices and the application of advanced technology. Our member companies first priority will be to focus on programs and processes related to the safe operations of their pipelines and also the steps involved in responding to a potential pipeline spill.

Our member companies are committed to learning from their mistakes and improving their practices in a more open and transparent manner. They will continue to work closely with all stakeholders to ensure that Canada's energy pipeline network remains amongst the most environmentally sound and safest in the world.

For the pipeline sector, the regulatory changes that the Government of Canada has made express confidence in the ability of our industry and our regulator to manage the environmental issues that challenge us as we continue to build Canada's energy highways for the 21<sup>st</sup> century. Through these changes, we will pursue



opportunities to work with Aboriginal and stakeholder groups to create positive environmental outcomes that build from, rather than end with, regulatory compliance.

Thank you for this opportunity to speak to you today.