



capital region board
regional action. global opportunity.

Senate Committee on Transportation and Communications
September 19, 2016
Opening Statement by Malcolm Bruce CEO

Good afternoon

I am Malcolm Bruce, Chief Executive Officer for the Capital Region Board. On behalf of the Capital Region Board, I thank you for the opportunity to speak with you today on this very important matter.

Before I begin, some background: The Capital Region Board is defined as a Growth Management Board responsible for regional planning and collaboration in the Edmonton Metropolitan Region.

The Region

- consists of 24 municipalities – that is, the City of Edmonton, five counties – one of which is a specialized municipality - and 18 cities, towns and villages within those counties.
- We are now 1.2 million people - with 725,000 jobs.
- This represents 30 % of the provincial GDP.

The Board

- consists of 24 members, represented mostly by the Mayor of each municipality in the Region.
- The Board's mandate is to prepare the Region for responsible growth and continuing prosperity.

- Current projections indicate that, in 30 years, the population will nearly double to 2.2 million - with 1.2 million jobs...essentially the same size as Metro Vancouver today.

Decisions today determine tomorrow.

As you know, this region is hub for the largest petro chemical cluster in Canada. This is a key economic and growth driver - not just for this region and province, but for Canada.

Today I am here today to share the relevant conclusions of a report recently released by the Board, The Energy Corridors Master Plan. It is a unique and foundational document for the Edmonton Metropolitan Region.

At its core, the report recognizes the significant downstream activities that our region provides. Most importantly, it says coordinated planning of pipelines – particularly in the Edmonton Metro Region – is the key to Value Add opportunities...

And coordinated planning of pipelines means opportunities for more clustering and local upgrading that would benefit both the regional and national economies.

Clustering means: efficiencies.

Local upgrading and refining means:

- Local Job creation and Wealth generation
- Industry diversification
- Contribution to national economy

And pipelines are a key enabler of this.

I also want to answer three questions about:

1. Why this plan was commissioned
2. How it is relevant to this committee's study of a national crude oil transportation strategy
3. The role of leadership in creating a national strategy

Question 1: Why the Capital Region Board commissioned the Energy Corridors Master Plan:

In its land use planning capacity, the Board has been increasingly interested in pipelines as the critical component of the energy supply chain.

We learned that Alberta alone has about half of the country's pipeline network and we learned that the highest concentration of those pipelines is in the Edmonton Metro Region.

Of particular interest, we learned about the increasing constraints in the Region that are jeopardizing important growth in the critical northeast Industrial Heartland.

As mentioned, the largest cluster of petro-chemical activity in Canada is found within Alberta's Industrial Heartland, including the newest North American refinery, the Northwest Refinery.

We learned that without a pipeline strategy and policy framework, the northeast of the Region would be completely clogged in just a few years....And, essentially without an efficient means to grow, it

effectively means that, in a very short time, our resources will bypass this Region and flow of this country for market upgrading elsewhere.

The strategy within the Energy Corridors Master Plan emphasizes that coordination of energy corridors is the best way to ensure efficiency and sustainability... to keep business here and also to keep more of the valuable downstream enhancements in this Region.

In short, by establishing and protecting regional energy corridors, future prosperity and sustainability can go hand in hand, contributing to the local and national economies.

And we are promoting this at a difficult time when the politics of energy, and pipelines in particular, is under attack.

A case in point: The Capital Region Board has voted to support both the Energy East and the Northern Gateway pipelines, that remain under review.

Transport Minister Garneau is currently in the process of contemplating a Marine Tanker Ban on British Columbia's North Coast, which would have significant consequences for projects like the Northern Gateway. This ban would severely impede Alberta's ability to diversify markets for our products.

Our message to the Minister was "It's our coastline too!"

Question 2: How does the Plan support a National Strategy to facilitate transport of crude:

Pipelines are another form of nation-building – like rail, roads, and information networks. *It is noteworthy that rail and roads were not without controversy as well.*

Consider these facts:

- More than two thirds of Canada's energy demand is met by natural gas or products made from crude oil.
- Currently three million barrels of crude oil is being transported by transmission pipelines in Canada every day.
- That is the equivalent of 4,200 rail cars, which would create a single train of about 75 kilometers in length

The current difficulty in moving crude oil is jeopardizing important growth through market expansion. In the big picture, the ultimate risk of indecision and/or inaction on the development of a strategy to facilitate transport of crude oil is to accept a lesser position on the economic world stage.

And that risk is much greater than the perceived risks of pipeline development to our quality of life and the prosperity we enjoy in Canada.

Question 3: This is the opportunity for national leadership:

The loss of public confidence in pipelines cannot be overstated. This is a result of a lack of leadership and a coherent narrative in communicating risks against the overwhelming benefits.

The fact is, that despite popular wisdom, the safety of pipelines is equal to or better than rail and roads...

Pipeline transmission accounts for 97% of natural gas and crude oil moved in Canada - with a 99.9995 % safety record!

It is also important to recognize the leadership evidenced in the cooperation of pipeline developers to comply with ever growing conditions imposed on their projects. A good example is the modifications made to the Northern Gateway.

There is now broad public and industry acceptance of the need for sound environmental practices and consultation. Successful energy extraction and market diversification could play a major role in Canada's global environmental leadership aspirations.

A broad strategy is needed.

A broad strategy - that addresses both new growth and the vital Value Add for Canada, and that meets the demands for shipping raw product.

A broad strategy – that will deepen and strengthen our resiliency - our ability to withstand the economic shocks that may occur in one part or another of the energy sector.

Conclusion:

In conclusion, our region's rationale in developing the Energy Corridors Master Plan was a response to the clear need. The Board demonstrated leadership in addressing it.

There is a clear need for further collaboration on pipeline development and a general discussion across the country about energy extraction...

That is, to save us from the devastating consequences of the current misinformation that is being perpetrated, and/or lack of information, and a lack of good planning.

Our research and experience supports the development of a national strategy... *A rising tide lifts all boats.*

We know Canadians want to share in the economic benefits of the energy industry, but only if they know the extraction, distribution, and use of the resources is sound and principled...Canadians need reassurance that is being done.

Strong leadership to send those messages will ensure a successful national strategy for the transport of crude oil to eastern Canadian refineries, and to ports on the east and west coasts of Canada.

As we learned with the Energy Corridors Master Plan, that strategy must first be based on facts, on broad collaboration, and on a shared vision of future prosperity

These are the key elements of a national strategy.

The Strategy must be championed – *and seen to be championed* - by our national, provincial and municipal leaders, and energy stakeholders.

As a personal aside, my military background has given me a perspective that I think is relevant here; that is:

In Iraq in 2006, I was the lead planner for the multi-national Division South, responsible for the four southern provinces.

The critical economic function outcome for me as lead planners was the establishment and security of a pipeline to the Port of Umm Qsar to ensure the Iraqi government received fair market value for their 1.2 million barrels/day that flowed from the oil fields.

My point: They got it. They understood the importance of getting fair market value for their oil.

Thank you – I am happy to take questions.

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