August 6, 2019

The Honourable Grant Hunter
Associate Minister of Red Tape Reduction
Government of Alberta
Room 130, Legislative Building
Edmonton, AB
T5K 2B6

Dear Minister Hunter:

Thank you for including the Canadian Energy Pipeline Association (CEPA) in the oil and gas industry panel on red tape reduction (RTR). Regulatory burden is a critical issue for the pipeline sector and your mandate to find and implement efficiencies is timely.

Overall, CEPA proposes that the RTR panel focuses on the large-scale issues first and not become overwhelmed by smaller items. To achieve meaningful impacts, tough issues will need to be tackled and tough decisions will need to be made.

Pipelines are vital to the success of the energy sector. However, a changing regulatory environment has clearly eroded the competitiveness of our industry. A 2019 Ernst and Young study commissioned by CEPA compared Canadian and United States (U.S.) regulatory environments for pipeline project proposals. For Canadian projects, the study presented evidence of steadily increasing regulatory timelines, a significant drop in new pipeline applications and shifting of capital from Canada to the United States. As an example, only one major transmission pipeline application has been put forward in Canada since 2016, compared to a total of 14 in the U.S. While many of the regulatory issues identified in the report are federal, Alberta must improve its regulatory efficiency too.

CEPA strongly believes pipeline issues should be prioritized in the red tape reduction process. Specifically, CEPA recommends that the Government of Alberta examines ways to simplify the regulatory review process, harmonize regulations between provinces and communicate to the public. CEPA emphasizes the need to eliminate the “log jams” between the Alberta Energy Regulator (AER), the Aboriginal Consultation Office (ACO) and Alberta Environment and Parks (AEP).

**Simplify the System.**

Many of the structures and processes between AER, AEP and ACO are onerous, complex and uncoordinated. While these agencies deliver regulatory functions in different policy areas, their current arrangement duplicates efforts, and requires pipeline proponents to often seek clarity and authorizations at multiple stages for single projects. For example:

- The AER and AEP are unsynchronized on a number of technical issues impacting pipeline operations. Two examples being the conflicting guidance and definitions for hydrovac slurry management and hardened crossings between the two departments.
- Indigenous consultation processes are fragmented between the ACO, AER and AEP.
Harmonization

The Western Regulators Forum (WRF) was established to promote collaboration and pursue mutual priorities among oil and gas regulators in Western Canada. CEPA believes the WRF is currently underutilized. It should be used to bring meaningful regulatory planning and actions between jurisdictions that avoid duplication, harmonize performance measures, and inspire public confidence. This includes inviting active industry participation to address critical issues, such as increasing the capacity of pipeline systems and removing bureaucratic roadblocks.

Communication

CEPA recognizes that pipelines are the proxy for divisive national debates on climate issues, to an extent that may threaten our national unity. Therefore, every effort should be taken to lower the temperature, encourage constructive dialogs and build public confidence in our industry. CEPA recommends that the Government of Alberta’s campaign against misinformation be accompanied by an effort to collect, evaluate, and communicate energy information that promotes public understanding and sound policymaking. This should also incorporate why red tape reduction is crucial to the energy industry and how Government plans to report on reductions on an ongoing basis.

Conclusion

In closing, the Government of Alberta’s plans to reduce red tape are a needed booster for the energy sector. Your mandate is a positive step towards Alberta regaining its competitive edge and I am honoured to assist you in this important work. I look forward to our meeting on August 8 and to discussing CEPA’s recommendations in greater detail.

Yours sincerely,

Chris Bloomer
President & CEO

Enclosure: EY report, *Regulatory competitiveness in Canada’s pipeline industry*

CC: The Honourable Sonya Savage, Minister of Energy
The Honourable Jason Nixon, Minister of Environment and Parks
The Honourable Rick Wilson, Minister of Indigenous Relations
The Honourable Dale Nally, Associate Minister of Natural Gas