



July 30, 2019

The Honourable Bronwyn Eyre
Minister of Energy and Resources
Government of Saskatchewan
Room 340, Legislative Building
Regina, SK
S4S 0B3

Dear Minister Eyre:

Thank you for your request for input into the Government of Saskatchewan's next Plan for Growth. The Canadian Energy Pipeline Association (CEPA) is pleased to provide feedback about this important next step for your government.

CEPA believes that any strategy to foster growth and address the challenges faced by growing populations must enable a vibrant energy sector, to which pipelines are critical. Our industry's immediate priorities are **economic competitiveness and regulatory efficiency**.

Saskatchewan's energy sector already has considerable advantages. Producing over one third of Canada's energy, your province is energy-rich, has a highly skilled workforce, and a proven capacity to increase its energy production in an environmentally and economically sustainable manner. Your province's oil production has grown over the past decade and has attracted investment from other jurisdictions. The value received for this is directly related to the ability for your oil resources to access markets through pipelines. Therefore, advocating for market access and pipeline infrastructure is a cornerstone for economic growth. On natural gas, Saskatchewan has moved away from exporting surpluses to now importing it to meet growing demand; especially for power generation. While exploration for natural gas in Saskatchewan remains uneconomic, access to it is vital for Saskatchewan to sustain your expanding population. This means bottlenecks to natural gas imports from Alberta must be eliminated to increase capacity. To make this happen, cooperation across several regulatory bodies must occur in a timely manner, something that must be strongly encouraged by your government.

Pipeline infrastructure is vital to Saskatchewan's growth plans. However, a changing regulatory environment has eroded the competitiveness of the pipeline industry. A 2019 Ernst and Young study commissioned by CEPA compared Canadian and United States (U.S.) regulatory environments for project proposals. 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. Given how integral pipelines are to the energy sector, CEPA strongly believes that impacts on the competitiveness of the pipeline industry should be a foundational consideration in the development Saskatchewan's Plan for Growth. The following recommendations speak to this.



Regulatory Efficiency

The Saskatchewan Plan for Growth must provide confidence that any changes to the energy regulatory landscape benefit the public and protect the environment, but do not impose unnecessary regulatory burdens. It is critical that your government continues to encourage entrepreneurship, investment, and innovation in the energy sector. This is realized by ensuring that Saskatchewan's energy regulatory framework is:

- **Stable and predictable:** Legislation and regulation should reflect the long-term nature of provincial pipeline approvals, construction and operation, and be insulated from changing political dynamics. Regulations should be regularly evaluated at practical intervals to ensure they remains necessary. Any changes should be based on stakeholder expertise, evidence and science. The Saskatchewan Government must always provide the utmost confidence that the outcomes of a regulatory process are impartial and outcomes-based.
- **Timely:** The total time required to undertake regulatory reviews in Canada is undermining competitiveness. Therefore, reviews should be held to practical and realistic timelines that include consideration of commercial requirements and competitiveness. Timelines for implementing new regulations must be adequate to ensure new processes, information requirements and guidance are clearly understood by all stakeholders. Routine matters should be expedited.
- **Clear:** Regulations should be easy for stakeholders and the public to comprehend and follow. Accountabilities and obligations should be made clear through energy policy guidance. The process of developing and reviewing regulations should be inclusive and transparent.
- **Efficient:** A holistic approach to regulatory policy is needed so regulations are not developed in isolation. This must also include routinely comparing federal energy regulations to Saskatchewan's to reduce the risk of regulatory overlap.
- **Innovative:** Energy policies and regulations must be outcomes-based to ensure the maximum degree of flexibility for compliance. Unnecessarily prescriptive regulations should be avoided as they often lead to inefficient and ineffective requirements. Also, outcomes-based regulations encourage cost-effective and innovative compliance approaches that can rapidly embrace new science and technologies.

Cooperation

The Western Regulators Forum (WRF) was established to promote collaboration and pursue mutual priorities among oil and gas regulators in Western Canada. CEPA believes that the Saskatchewan Plan for Growth should embrace the full utilization of the WRF in partnership with other jurisdictions to bring meaningful regulatory planning and actions that avoid duplication, harmonize performance measures, and inspire public confidence. This includes active industry participation to address critical issues, such as increasing capacity on pipeline systems and removing bureaucratic roadblocks.

The Saskatchewan Plan for Growth must also help guide the WRF to develop and agree upon a common regulatory strategy committed to eliminating conflicting regulations, establishing equivalency



agreements and inspiring a high level of confidence for affected parties. **On routine issues, the WRF should work with industry to facilitate timely, responsive, decisive, and simple outcomes to overcome paralysis in the decision-making process between jurisdictions.**

Competitiveness

A provincial government must always consider the impacts on business competitiveness, regulatory efficiency and effectiveness, and economic growth when developing and amending policies for the energy sector. CEPA believes that open, two-way communications with industry is critical to realize this. The Saskatchewan Plan for Growth should stand up a joint government and industry task force which would:

- Provide feedback on the effectiveness of the provincial regulatory framework in encouraging investment and innovation;
- Evaluate Saskatchewan's financial and tax policies against other jurisdictions to recommend opportunities for attracting investment opportunities; and
- Provide input about how to sustain a skilled workforce and where opportunities exist to entice more people into careers in Saskatchewan's energy sector.

Conclusion

In closing, CEPA encourages the Government of Saskatchewan to prioritize economic competitiveness and regulatory efficiency for the energy sector in its next Plan for Growth. This can be realized by leading the revitalization of the Western Regulators Forum and reaffirming a commitment to energy policy and regulation that ensures certainty and predictability for our industry.

Second, we hope that the Government of Saskatchewan makes a clear and bold statement about the importance of pipelines and the resource sector's contributions to Saskatchewan's - and Canada's - prosperity. We need to provide all of industry with the confidence they need; a strong, coordinated provincial and national message that the energy sector matters would tell the world that Canada is still in the energy business.

Yours sincerely,



Chris Bloomer
President & CEO