

05 May 2025

The Honourable Mark Carney, P.C., M.P.
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street,
Ottawa, ON K1A 0A2

RE: Seizing the Opportunity; Rebuilding Pipeline Investor Confidence in Canada

Dear Prime Minister Carney;

Congratulations on your electoral success and that of your caucus colleagues.

Energy Connections Canada (ECC) represents the interests of energy transmission companies that transport a majority of Canada's crude oil and natural gas to markets across North America and beyond. Our members are global leaders in the safe and responsible delivery of energy products that fuel life in Canada and around the world

Canada's unique ability to provide its citizens and the world with reliable, abundant, and valuable energy creates an incredible opportunity for our country. Canada also has the unique potential to ship key decarbonizing molecules like carbon dioxide and hydrogen, which we also know are a priority of yours and your government. As you have stated, Canada is truly an energy superpower.

However, Canada faces a challenge seizing its potential due to barriers building needed energy infrastructure.

These are recent challenges. We believe they are resolvable. Broadly speaking, the challenges relate to 'regulatory churn and routing', but they are significant enough to impact investor confidence in our industry and in our country.

As you are aware, Canadians, Canadian premiers and business leaders have expressed strong support for building energy infrastructure as a means to fortify our economy and to find new export markets¹. To seize upon that momentum and the opportunity, we need to rebuild investor confidence in Canada's pipeline industry.

The following further explains the opportunity, the recent regulatory and policy challenges faced by our industry, and concludes with specific recommendations that we want to work with you and your colleagues to implement.

Canada's Opportunity in a Dynamic Energy Landscape

Rising global energy demand and geopolitical instability have created a pivotal opportunity and responsibility for Canada. While countries across Europe and Asia face growing uncertainty with their energy supplies, Canada possesses not only the resources but also the expertise and willingness to provide some of the world's most reliable and ethically produced energy.

At the same time, Canada's ability to expand its energy exports to new international markets is critical to shoring up both our economic sovereignty and global energy security.

However, new, duplicative and cumbersome regulatory frameworks and policy challenges are hindering this opportunity. Protracted approval processes, ambiguous policies, and infrastructure bottlenecks have placed Canada behind global competitors like the United States, which has rapidly advanced its capacity to deliver energy to the world.

A System in Need of Renewal

Currently, Canada's regulatory environment is ill-equipped to meet the demands of modern energy infrastructure. The country does not have a good reputation for enabling responsible projects to get built. Our competitors - like the United States, Australia and others - do. Inefficiencies in permitting and approval processes mean critical projects face avoidable delays, which in turn leads to setbacks and diminished investor confidence.

To put this into perspective, consider the experiences of two recent pipeline projects in Canada.

Prior to 2015, Canada had a regulatory and policy framework that enabled the efficient, safe, and competitive construction of energy infrastructure. The Alliance Pipeline - a 3,808-kilometer greenfield project, stretching from northeast British Columbia to Illinois - progressed from inception to operational status within just four years, delivering natural gas to markets efficiently. Alliance Pipeline filed for regulatory approval to the National Energy Board in July of 1997 and was approved in November 1998. The Alliance Pipeline regulatory review process took **16 months**.

By contrast, after 2015, projects like the Trans Mountain Expansion Project faced a regulatory climate fraught with delays, uncertainty and inefficiency. The Expansion Project involved the addition of new pipeline – primarily within the right-of-way of the *existing* pipeline – roughly half the length of the Alliance Pipeline, but which took an astounding **11 years** from the time of its application to its operational status.

It is also true that post-2015, a number of pipeline projects considered in Canada were simply abandoned.

Canada's barriers to infrastructure underscores the critical need for an improved regulatory and policy framework. Without these reforms, Canada's infrastructure challenges will continue to obstruct progress, jeopardizing both our energy independence and our ability to remain competitive on a global scale. Without reform, Canada will continue to suffer with a poor reputation for getting responsible projects built.

The Path Forward: Resolving the Challenges of “Regulatory Churn and Routing”

ECC is advocating for urgent, tangible steps to address Canada's energy infrastructure challenges. By modernizing or even eliminating policy that presents barriers to pipelines, Canada can unlock its potential as a global leader in safe, ethical, and efficient energy delivery and in the delivery of 'future molecules':

Immediate Actions

- 1) Communicate support for the responsible development of Canada's oil, gas, and pipeline industries as opposed to statements suggesting Canada eliminate hydrocarbon production by 2050. Our industry needs to know that there is a future in Canada. If a policy goal is to decarbonize Canadian energy, then pipelines for carbon dioxide (CO₂) sequestration or for hydrogen (H₂) production are key to that goal. The development of pipelines for these molecules also requires federal policy and regulatory certainty.

- 2) Revisit and reassess the government's approach to industrial decarbonization. At present, Canada's pipeline companies are impacted by **three** federal carbon policies: a *Pan-Canada Approach to Pricing Carbon Pollution*, an *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulation* and a *Clean Electricity Regulation*. Coherence and simplicity in carbon policy are needed in order to rebuild investor confidence in Canada.
- 3) Announce changes to legislation ensuring timely federal project decisions and incorporating economic benefits in project reviews.

Medium-Term Actions

- 4) Repeal Bill C-48 (*Oil Tanker Moratorium Act*) as this act is a clear obstacle to west coast oil export, even though Canada's enables imports of oil on its east coast and oil travels down Canada's west coast from Alaska.
- 5) Repeal Bill C-59 (changes to the *Competition Bureau Act*), as these changes are unclear and create unnecessary risk given Canada's need to attract capital.
- 6) Revise the *Impact Assessment Act* to end the creation of a new regulator and withdraw cabinet approval. Instead create a mechanism to forebear to the appropriate, existing provincial or federal regulator to conduct the necessary review. This would involve empowering a lead regulator (e.g. Canada Energy Regulator in the case of pipelines) to direct the timely participation of others (e.g. Department of Fisheries and Oceans, Department of Transportation, etc.), or for the lead regulator to assume the roles of others within its processes.
- 7) Undertake a red tape review to ensure regulations are relevant, efficient and are not duplicative. This red tape review would also encompass federal regulators, like the Canada Energy Regulator.
- 8) Encourage Indigenous co-investment opportunities. Indigenous co-investment is as a key step towards economic reconciliation and builds upon the profound successes that have occurred across numerous Indigenous Communities and responsible energy developers.
- 9) Create a fair, predictable and timely mechanism for consultation with Indigenous Peoples.
- 10) Remove tariffs from countries that produce pipeline grade steel (Japan, Germany, China and India). Current tariffs leave Canadian owners procuring from few remaining local firms or from the U.S.
- 11) Revise the Regulatory Impact Analysis Statement (RIAS) process to ensure it creates reliable advice to policy-makers. Recently, the Parliamentary Budget Officer confirmed that the *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulation* would result in reduced energy production, which ran counter to the assurances provided when the regulation was announced.ⁱⁱ

Benefits of New Pipeline Projects for Canada

In conclusion, we seek to work with you on these preceding changes to rebuild investor confidence and to deliver benefits to Canada and Canadians from coast to coast, not the least of which include:

- 1) **Reduce Canada's energy imports from the U.S. and foreign sources like Russia:**
 - "In 2023, Canada imported 0.5 MMb/d of crude oil. Of this, 80%, or 0.4 MMb/d, came from the U.S. Crude oil imports from the U.S. were valued at \$14 billion in 2023".ⁱⁱⁱ
 - "CBC News's visual investigations team, in collaboration with the Centre for Research on Energy and Clean Air (CREA), found that since the start of the Ukraine war roughly 2.5 million barrels — or \$250 million worth of refined petroleum products like gasoline, diesel and jet fuel — have ended up in Canada (from Russia)."^{iv}
- 2) **Fortify a pillar of Canada's GDP at a time of geopolitical instability and when tax review will be needed to sustain support programs for Canadians:**
 - Oil and gas exports remain Canada's largest export by value.
 - Canada holds the 4th largest worldwide reserves of oil and 5th largest reserves of natural gas
 - 900,000 direct, indirect and induced jobs are tied to Canada's energy industry^v
 - \$34 billion in royalties were collected in 2022. \$8 billion in income taxes collected in 2023^{vi}

- Pipelines are massive employers. The Trans Mountain Expansion Project created 37,522 construction jobs; ~15,000 during peak construction. Coastal GasLink created 25,700 construction jobs; ~6000 during peak construction.

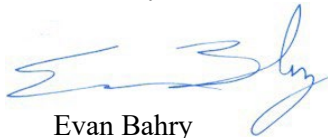
3) Advance decarbonization:

- 464 kilometers of pipelines are shipping CO₂ in Canada today, sequestering 7 megatonnes of CO₂/year^{vii}. 24 carbon capture and pipeline projects are proposed in Alberta alone^{viii}.
- Pipelines are the most economic vehicle for transporting hydrogen^{ix} at a large scale, as the production, distribution and export of that molecule develops across Canada.
- Developing pipelines for shipping future molecules in Canada also requires investor confidence. Pipelines proposed for any commodity in Canada require policy coherence, timely and improved regulatory processes and assistance in securing rights-of-way.

Once again, congratulations on your electoral success.

We look forward to working with you on your colleagues to ensure Canada can seize upon this important opportunity.

Sincerely,



Evan Bahry
Executive Director

ⁱ “79% per cent of Canadians agree the country needs to 'ensure it has oil and gas pipelines running from sea to sea across the country.’ From Angus Reid survey, via Chris Varcoe in The Calgary Herald, February 06, 2025

ⁱⁱ [Impact Assessment of the Oil and Gas Emissions Cap – Factual information](#)

ⁱⁱⁱ [CER – Market Snapshot: Overview of Canada-U.S. Energy Trade](#)

^{iv} [Banned Russian oil is coming to Canada. Here's how | CBC News](#)

^v [CAPP Data Centre - CAPP | A Unified Voice for Canada's Upstream Oil and Gas Industry](#)

^{vi} [The-Economic-Impact-of-Canadian-Oil-and-Gas.pdf](#)

^{vii} [CER – Market Snapshot: Canada is expanding its CO₂ pipeline network](#)

^{viii} [Carbon capture, utilization and storage – Carbon Sequestration Tenure | Alberta.ca](#)

^{ix} [review of hydrogen storage and transport technologies | Clean Energy | Oxford Academic](#)