



Introduction

At the close of the 2015 Energy and Mines Ministers' Conference, federal, provincial and territorial governments committed to:

"...collective actions to promote Canada's role as a secure supplier of natural resources globally and to ensure long-term economic stability and prosperity for all Canadians. ...Together, these actions will provide Canadians with increased economic opportunities while protecting their safety, security and environment, build Canada's competitive advantage in a rapidly changing global marketplace, and improve living standards for Canadians."

Energy Ministers have clearly recognized that an essential component to moving ahead with major energy projects is support from communities, governments, First Nations and municipalities potentially affected by project-related impacts.

In addition to a project's contribution to Canada's energy infrastructure, regional development, social benefits, employment, and balance of trade, energy projects also have impacts on the land and its traditional uses, impacts on the local and regional environment, impacts on the economic and social development of communities, and positive impacts on employment and social development of remote communities.

Recently, public acceptance has become an important ingredient in moving ahead with major energy projects. Earlier major infrastructure projects, such as the continent-spanning network of gas and oil pipelines, hydroelectric developments, and path-breaking oil sands projects, went ahead following approvals under the regulatory review processes of the day. Today's processes are much more complex due to:

- the public's views on the pros and cons of major energy projects;
- the environmental impacts arising from the project itself and from the implications for upstream resource development if the project is approved;
- the interests and expectations of Canada's First Nations; and,
- the perceived risks to public safety and environmental quality in the event of an incident in the future.

Finding ways to achieve public acceptance has become a central critical issue that Canada faces in order to ensure that future additions to Canada's energy infrastructure, and the provincial, regional, and national benefits arising therefrom, can be achieved. This year's EMMC theme of *"Public Confidence in Energy and Mining Development"* reflects the central importance of strengthening public trust in energy and mining developments.

Dialogue Facilitated by the Energy Council of Canada

Achieving a better understanding of public acceptance in all dimensions, and finding practical ways to achieve it, have been focal points for the Energy Council of Canada's recent events and activities organized on behalf of its members and the energy community in Canada.

In a series of events starting in June 2014, the Energy Council has covered:

- the evolution of the concepts behind public acceptance;
- the nature of public attitudes around energy in general and energy projects in particular;
- the needs and expectations of First Nations communities;
- the results of academic research funded in part by the Energy Council; and,
- the key ingredients needed to achieve public acceptance for current and future energy projects.

This brief report summarizes the insights, observations, and recommendations made by our keynote speakers, Session Chairs and panelists during the energy dialogue that takes place at these events.

Setting the Stage

In his keynote address at the award ceremony for the 2015 Canadian Energy Person of the Year, the Honourable James Carr, Minister, Natural Resources Canada, set out the Government of Canada’s approach to energy issues. His remarks on public acceptance set the stage for this EMMC:

“At the heart of any effort to develop our energy resources is public confidence. If we’re going to build the infrastructure to move our energy to market or attract investment, we need to develop it. We have to have Canadians behind us. ...

I do see a brighter future ahead — a future built on innovation, adapting to changing times. A future with greener ways to extract and develop our fossil fuels. A future that makes greater use of renewable sources of energy. A future where energy efficiency plays a more important role. A future where we engage Canadians on how to generate the energy we need while preserving the planet we cherish. ...

And I believe we can work together to get through this tough period and position Canada to prosper by building the sustainable and resilient energy sector of the future.”

(Award Ceremony – 2015 Canadian Energy Person of the Year – Calgary – November, 2015)

Understanding Public Attitudes

A first step to understanding public attitudes towards major energy projects is to understand attitudes towards the energy sector in general.

An insightful presentation was given on public attitudes regarding resource development projects by Greg Lyle, Innovative Research Group. Mr. Lyle pointed out several features of how public opinion develops around energy projects:

- public opinion is dynamic, changing quickly;

Appreciation

The Energy Council of Canada greatly appreciates the insightful contributions made by the following individuals to the dialogue on earning public support.

- The Honourable James Carr, Minister, Natural Resources Canada
- Claudia Cattaneo, Western Business Columnist, National Post
- Michael Cleland, formerly Nexen Executive in Residence, Canada West Foundation, now Senior Fellow, Positive Energy Project, University of Ottawa
- Matthew Coon-Come, Grand Chief, Grand Council of the Cree
- Juan Eibenschutz, Director General, Mexico National Commission on Nuclear Safety and Safeguards
- JP Gladu, President, Canadian Council for Aboriginal Business
- Richard Grant, Partner, Gowling Lafleur Henderson LLP
- Martha Hall Findlay, Executive Fellow, School of Public Policy, University of Calgary
- Robert Hornung, President and CEO, Canadian Wind Energy Association (CanWEA).
- Greg Lyle, President, Innovative Research Group
- The Honourable Kevin Lynch, Vice Chair, BMO Financial Group, former Clerk of the Privy Council, former Secretary to Cabinet
- The Honourable Margaret McCuaig-Boyd, Minister of Energy, Alberta
- Kim Rudd, Parliamentary Secretary to the Minister, Natural Resources Canada
- Dr. Jennifer Winter, Assistant Professor in Economics, Director of the Energy and Environmental Policy Area, University of Calgary

- there is no blank slate since people typically have entrenched opinions on the local implications;
- the public needs to be reminded constantly about the need for the project and its value to the community;
- the public will be more willing to accept a project if the leading executives are closely and genuinely associated with the project from the beginning;
- many people are supportive of resource development projects in general, but the support falls dramatically if the project will directly affect the community or local environment where they live; and,
- since the public tends to make up their minds about a project well before it is announced, it is essential to initiate dialogue with affected communities around the general features of resource development and the positive impacts such developments may have.

(Transformations Across the Energy Sector: Past, Present and Future – Calgary – June 2014)

A sense of trust between the public and the energy sector is a key precursor to a dialogue around a major energy project.

Mr. Kevin Lynch, Vice Chair, BMO Financial Group, former Clerk of the Privy Council, and former Secretary to Cabinet, emphasized that trust is key in managing matters involving diversification and change. To move public opinion there must be a broad, factual and meaningful discussion among citizens. Such public engagement is deemed necessary for major changes concerning energy infrastructure and projects. The energy industry can look to the electronic technology sector for guidance given the high level of trust this industry has with public stakeholders. He believes that the energy sector does not tell this story well and this must be addressed as it is a fundamental part of the Canadian way of life.

He closed by noting the fact that public trust in the energy industry has been reported to have declined significantly over the years which is a major concern.

(2015 Canadian Energy Industry: Updates and Insights – Ottawa - February 2015)

Two important aspects were pointed out by Michael Cleland, then the Nexen Executive in Residence, Canada West Foundation, 2015 Canadian Energy Person of the Year. He stated that there is abundant evidence that the public does not trust the energy industry or governments or regulators, or anyone else for that matter. His second point was that the public's knowledge of the energy system, its complexity, and its continent-spanning dimensions is limited. He went on to say that people will not become energy literate because we harangue them. They may do so because it is in their interests to do so. And, it is more likely to be in their interests to the extent that they are part of the decision process and perceive themselves to be beneficiaries.

(Award Ceremony - 2015 Canadian Energy Person of the Year – Calgary November 2015)

The Government of Canada is committed to rebuilding public trust by improving transparency, as described by Ms. Kim Rudd, Parliamentary Secretary to the Minister of Natural Resources Canada. Ms. Rudd emphasized the federal government's commitment to consult and collaborate with provinces, territories, Indigenous groups, stakeholders, and industry representatives. Other elements in building trust are to strengthen the credibility of environmental assessments and regulatory processes, and to include Aboriginal traditional knowledge and science in decision-making processes.

(2016 Canadian Energy Industry: Updates and Insights – Ottawa – February 2016)

Terminology - From Social Licence to Earning Public Support

In the course of the Energy Council's dialogue on this topic over the last three years, there has been significant progress made in finding appropriate terminology. We have witnessed the transition from the misleading term "social licence" to more appropriate terms.

The evolution of the terminology has been thoroughly explored in the recently-released research report produced by the University of Calgary's School of Public Policy under the auspices of the Canadian Network on Energy Policy Research and Analysis. Entitled *Energy Projects, Social Licence, Public Acceptance and Regulatory Systems in Canada: A White Paper*, the report provides eight recommendations made by the Study Panel:

1. **Governmental coordination** – greater coordination of regulatory processes between federal and provincial governments;
2. **Stakeholder engagement** – a consistent, transparent and rigorous system for identifying and reaching out to stakeholders;
3. **Social Licence as a Concept** – needs to be further analyzed and used with care;
4. **First Nations** – federal and provincial governments should take ownership of this duty;
5. **Changes to the NEB Act** – calls for an independent review of the changes to the NEB Act;
6. **Make Broader Use of Information Gained During Assessment Processes** – energy regulators should report recurring concerns that are outside of their mandates;
7. **Compliance After Project Approval** – publicly available, timely and relevant data relating to the compliance and post-approval status of projects; and,
8. **Cross-Examination in Regulatory Hearings** – extensiveness of permitted cross-examinations needs to be proportionate to the magnitude of the impacts of the ultimate decision.

The report and its implications were discussed by the Energy Council's Members and CNEPRA representatives Dr. Jennifer Winter and Martha Hall Findlay. Funding supporting the cross-Canada CNEPRA research collaborative is provided by the Energy Council of Canada.

(Members' Roundtable Dialogue – Calgary – May 2016)

A senior energy official from Mexico, Juan Eibenschutz, Director General, Mexico National Commission on Nuclear Safety and Safeguards, stated clearly that the use of the term "social licence" should be abandoned since it suggests a formalized licensing process that includes a list of requirements, and some sort of an approval process by an issuer.

(Transformations Across the Energy Sector: Past, Present and Future – Calgary – June 2014)

A more appropriate phrase was suggested by Michael Cleland, then Nexen Executive in Residence, Canada West Foundation, is "earning public support for resource development projects". Mr. Cleland explained that this term conveys the key requirement for the proponent to earn public support before proceeding with a project. Although the public recognizes the value of resource development, there is a low level of public confidence that projects will be done in a manner that takes account of local and regional interests. Concerns arise around health and safety, impacts on the local and regional environment, and impact on communities. As a result, local resistance causes delays, heightened confrontation, and a loss of public support and confidence.

(Transformations Across the Energy Sector: Past, Present and Future – Calgary – June 2014)

Views of Canada's First Nations

First Nations have interests and expectations associated with every major energy project in play at present. The presentations from two prominent First Nations leaders contributed in a major way to

describing the expectations and needs associated with major energy projects on traditional lands and treaty areas.

A perspective on the ingredients for successful energy developments and Canada's First Nations was presented by Matthew Coon-Come, Grand Chief, Grand Council of the Cree. He explained that First Nations see the proper relationship with energy developments as being a pathway to nation building, a channel for implementing self-governance, a means to achieve remediation of the social and environmental impacts arising from energy projects, and an instrument for protecting Cree culture.

The James Bay Agreement has brought positive results through creating a framework which allows the benefits of resource developments to flow, and at the same time, fostering healthy and stable communities. This Agreement sets a precedent for First Nations people to become participants in energy projects in a manner that demonstrates dignity, respect, cooperation and harmony. This exemplifies how Canada can develop better fundamental aboriginal relations, honour treaties and rights, and implement aboriginal participation, all leading to a win-win outcome.

(Transformations Across the Energy Sector: Past, Present and Future – Calgary – June 2014)

First Nations have recognized that energy projects can bring economic and social benefits for their communities. JP Gladu, President of the Canadian Council for Aboriginal Business, leads an organization with a mandate to build relationships between indigenous and non-indigenous business. He pointed out the incredible business growth in First Nations companies, and emphasized the thirty-billion-dollar contribution from indigenous people to the Canadian economy this past year, led by a 5.7% growth rate. Indigenous people are the strongest, youngest growing demographic in this country.

With respect to the types of business arrangements, Mr. Gladu indicated that an equity interest was a good start. Equity arrangements create engagement in the community and provide a source of income to support community development. Such engagement will reduce potential resistance to the project.

In addition to equity, the CCAB aims to embed sustainable jobs in the community which will generate employment in long term.

He pointed out that there is no "one size fits all"; there are different perspectives across this country. Not one of the six-hundred and thirty-three First Nations communities are the same, and they have differing economic aspirations. The key is to find a way to empower these communities to make their own decisions.

Three examples of successful community energy projects were cited. The Whitesand First Nation has developed an energy project that includes a biomass combined heat and power plant to provide electricity to three nearby communities and to provide power and heat to a wood pellet manufacturing plant. This initiative creates a bridge to build an economic relationship which benefits and empowers the community.

The businesses in Cold Lake provide oil and gas services work adding up to about \$350 million dollars a year, and employ First Nations people from across Canada.

The Bouchier Group in Ft. McMurray is a leading provider of integrated site services to the Athabasca Oil Sands region, partnered with Carillion, holding 51% of the partnership. Their workforce is 70% indigenous.

Concluding his remarks, Mr. Gladu said that the opportunities are endless, as broad as our imagination. The relationship with government bodies is critical, and that we should not take anything for granted. He

advocated for continuing to build relationships and to be vigilant in nurturing the relationships once they are formed because this will make the difference between success and failure.

(Energy Infrastructure: Developments, Issues and Opportunities - Toronto – March, 2016)

What will it take to earn public confidence?

Public expectations are increasing for a greater involvement in energy decision-making. As a result, public engagement in major energy projects is becoming a more substantive aspect of the project approval process. Most major energy projects directly involve pre-approval engagement with Canada's First Nations, with local communities, and with provincial and municipal governments. Securing public support for energy projects is now recognized as an essential, and early, requirement. Earning and maintaining public trust was mentioned frequently as an area where improvements are needed and challenges and uncertainty remain.

The current major energy pipeline projects under consideration are designed to provide access to new export markets for oil and gas resources in Alberta and British Columbia. A supporting factor in enabling these projects to move ahead is earning public acceptance.

Margaret McCuaig-Boyd, Minister of Energy, Alberta, sees market access as a key challenge for Alberta, which the government of Alberta is committed to address in a meaningful, responsible way. In her remarks, she described the unfair criticism of the oil and gas industry and the need for more accurate dialogue about energy:

"...we've had years of drama and conflict about the environmental impact of our oil industry. That conflict has resulted in an unfair reputation of our oil and gas industry – and an undeserved and inaccurate label has been applied to our oil.

The good news is that there is a way forward. There is a way to shed that undeserved reputation, and to change the national and international conversation about our industry."

Minister McCuaig-Boyd broadened the scope of building public acceptance to include other important elements:

- open and transparent conversations around energy;
- the importance of progressive environmental policy as a key ingredient in earning international support for major energy projects, in reference to Alberta's Climate Leadership Plan; and,
- intergovernmental collaboration.

Her closing remarks underlined the need for mature dialogue, strong government policy, and collaboration:

- *"Adult conversations — less heat and more light. That is an excellent description of what we hope to do here in Alberta.*
- *By taking action on climate change (via the Alberta Climate Leadership Plan), we can move forward in working collaboratively, with low drama, toward building new pipelines to tidewater.*
- *I'm looking forward to working with our federal government to build a stronger energy sector in Alberta, and a stronger Canada as a result."*

(Award Ceremony – 2015 Canadian Energy Person of the Year – Calgary – November, 2015)

The essential first step is opening up dialogue with communities affected by resource development projects well ahead of consideration of a particular project as underlined by Richard Grant, Partner, Gowling Lafleur Henderson LLP. He described three recommended stages towards working together in partnership with the communities to earn their interest, engagement and support.

The first stage of dialogue should be focused on building a respectful relationship, developing an understanding of the community, and listening carefully to their aspirations and expectations as a society. In this context, First Nations should be seen as a government representing the interests of their community.

In the second stage, dialogue could commence on the nature of the proposed project, and the potential opportunities and implications for the community. As dialogue proceeds around a specific project, the proponent should be prepared to share a portion of the jobs, economic benefits and long-term revenues with the community, for example through Industrial Benefit Agreements, and also to modify the configuration and timing of the project in order to align the interests of the community and the project proponent.

Third, a key requirement on the part of the proponent is a willingness to be patient and take the time necessary to work things out with the community.

[\(Transformations Across the Energy Sector: Past, Present and Future – Calgary – June 2014\)](#)

Best practices for energy project development through enhanced community engagement were also shared by Robert Hornung, President and CEO, Canadian Wind Energy Association (CANWEA). He explained how community support is crucial for all energy projects. In order to have successful projects, organizations must strive to meaningfully engage, work and share benefits with communities. Transparency, openness and frequent communication are fundamental elements of this dialogue: community concerns often arise from an absence of information and often, this vacuum is filled with misinformation. Industry's role, he explained, must be to help communities to understand the realities of these projects and to address legitimate concerns in a meaningful way.

[\(Transformations Across the Energy Sector: Past, Present and Future – Calgary – June 2014\)](#)

The role of the main players was laid out by Michael Cleland, then Nexen Executive in Residence, Canada West Foundation. Of the three main players, industry, government and local communities, the dialogue needs to be started by the project proponent, by parsing the issues and focusing attention on four key pillars:

- the implications and benefits for the local economy;
- maintaining community integrity;
- dealing with the impacts on the local and regional environment; and,
- fostering genuine engagement with the people and governments affected by the proposed project.

[\(Transformations Across the Energy Sector: Past, Present and Future – Calgary – June 2014\)](#)

Providing for thorough public engagement in the review of major energy projects will extend the timeline at the “front end”. Michael Cleland, the Energy Council's 2015 Canadian Energy Person of the Year, advised that as we look to the future we may have to look for processes to:

- be slow, requiring much more deliberate approaches;
- to involve broader distribution of benefits; and,
- sometimes produce smaller and less economic projects.

He pointed out that if this approach along these lines is not taken, the result could be no project at all.

Additional costs will be incurred due to the slower processes. These higher costs could result in fewer economic projects. Broader distribution of benefits will further burden project competitiveness. The net effect will be to reduce the economic rents accruing to governments and to local communities that aspire to share in those rents. Mr. Cleland closed by pointing out that this is a reality that most Canadians seem to have missed.

(Award Ceremony - 2015 Canadian Energy Person of the Year - Calgary - November 2015)

Looking ahead, Michael Cleland raised several critically important questions regarding the risks associated with not developing clearly understood ground rules and the implications for energy in Canada.

“Respecting public confidence, the old way of doing things necessarily had to change. Canadian communities are no longer willing to be passive hosts for energy projects whether pipes, power lines, power plants (of any sort) or oil and gas operations. But a necessary corrective to this situation risks turning into a rout in which “communities”, however defined, become the granters of “licence”, however defined, and traditional permission granting authorities – governments and regulatory bodies – are reduced to being observers or simply one of the steps along the way to a wildly risky future.”

“How do we manage the necessary corrective respecting the role of citizens and local communities in determining our energy future? Communities and citizens have to be more fully and effectively engaged. But at the same time we need to respect the bargain of Confederation. And we need to maintain public approval and regulatory processes that acknowledge that there will be some unavoidable disruption of the landscape and some risk and that respect the need to move energy over long distances, attract investment and get the job done in a timely fashion.”

(2016 Canadian Energy Industry: Updates and Insights - Ottawa - February 2016)

Finding ways to make progress on creating new pipeline infrastructure to increase the flow of western Canada’s production of oil and natural gas to new export markets is a central issue in western Canada and nationally. Recent difficulties have been encountered in earning public acceptance for major energy projects; the fate of proposed energy infrastructure projects remains uncertain.

A session during the Energy Council’s recent Calgary event focused on “how to change the conversation” with respect to earning public support; in essence, finding a way to make decisions on major energy infrastructure projects in the best overall interest of Canada.

Claudia Cattaneo, Western Business Columnist, National Post, and her panelists discussed a number of positive developments which will improve the conversation.

A frank observation is that a change in behaviour is a centrally important factor to change the conversation, such as through: building respectful relationships between the parties involved in the market access dialogue; objectively assessing performance once a project is underway, for example, via third party verification; and, telling the story about how the transition to a lower carbon economy will be impacted by the project in question.

Three of the key players have distinct roles to play:

- policy-makers, to set clear and consistent policy directions;

- the industry, to achieve high standards of public safety, environmental protection and respectful engagement with people affected by their operations or projects; and,
- regulators, to carefully consider the project’s full cycle encompassing design, construction, operation, and monitoring.

Stepped-up communication with all those affected during the project’s full cycle is recommended.

The pipeline industry has an established track record in moving energy commodities to market: close to 100% of throughput is delivered without incident, the sector has achieved high levels of reliability and safety, and recent MOUs have been signed with local fire chiefs to ensure prompt and effective response if an incident does occur. It is important to get the message about this high standard of performance inserted into the ongoing dialogue around proposed pipeline projects.

While many First Nations communities are positive about resource development within their vicinity, there are strong interests and expectations around protection of the land, the form and outcomes of consultations, opportunities for employment, business development, and community benefits. The recent pattern shouldn’t continue, calling for respectful dialogue at the earliest stages of project development.

In her closing remarks, Ms. Cattaneo was positive that progress is being made towards “getting to yes”. The new political leadership federally and in Alberta has substantially changed the conversation in the direction of more inclusive engagement with all parties with interests in a project, concerted climate policy actions and international engagement that will hopefully lead to greater support for resource development, and, stepped-up federal-provincial dialogue as well. Second, in addition to political engagement, “getting to yes” will require all stakeholders - industry players, First Nations, ENGOs - to show leadership, understanding of others’ views, and a degree of flexibility. Third, once thorough consultations and dialogue have been done, it is then time to make a decision; it is important to respect when “enough is enough”. And lastly, the progress on “getting to yes” is very fluid, requiring the full engagement of all players.

(Responding to Shifting Markets and Changing Policies: Decarbonization, Market Access, Climate - Calgary - May, 2016)

Closing Thoughts

Today’s issues around energy projects are complex in nature and directly involve many vested interests ranging from those of governments facilitating responsible resource development, of First Nations, of communities affected by the project, of environmental groups, and the industry.

The challenges are significant: production of energy that is clean and sustainable; the availability of affordable energy to drive economic growth; and, a vibrant energy sector capable of providing employment and revenues to support education, health care, and social programs. There are no simple, isolated linear problems and certainly no simple, single-faceted solutions. The key to finding solutions acceptable to all stakeholders is open dialogue with all parties at the table.

Several key ingredients have been identified in the series of events organized by the Energy Council of Canada, ranging from improving the understanding of earning public acceptance to practical ways to achieve it.

Ingredients, Practical Steps	Observations
Essential to earn public support for major energy projects	Energy plays a central role in economic development, social opportunities, environmental impacts and community and regional development. Addressing the public acceptance issue is essential so that sustainable development of Canada's rich fossil and renewable resources can proceed in a manner that meets the needs and expectation of industry, communities, First Nations and governments.
Many more players are now directly involved	Communities, First Nations and the general public are now active participants, expressing concerns and advocating for their expectations.
It starts with trust	Strengthening the general level of trust between stakeholders and the energy sector is essential, in a general way and well ahead of dialogue on an energy project.
Continuously Track Public Attitudes Towards Energy	Addressing public concerns starts with an up-to-date understanding of public attitudes which is key to designing public outreach initiatives.
Many First Nations are advocating a balanced approach	A positive, beneficial outcome will feature a well-crafted balance between protection of the land and traditional values, sharing of benefits and business opportunities, and enhancement of social and economic well-being.
Patience, Flexibility, Monitoring	The requisite multi-player dialogues will have a greater potential to succeed if dialogue starts early, if flexibility and patience prevail as the project is shaped, and if monitoring of the performance of all stakeholders is done frequently and transparently during construction and after the project is operating.
Intragovernmental Collaboration	No one government has the sole responsibility for advancing public acceptance. Federal, provincial and First Nations government organizations will need to work in close collaboration.
Improving the terminology	Significant progress has been made in finding appropriate terminology to describe the broad goal of basing decisions on energy projects on sound and comprehensive information from traditional and scientific sources, open and thorough participation by those involved or impacted by the project, and a system for careful regulation and monitoring. Moving on from the inaccurate "social licence", participants have suggested "public acceptance", "public confidence", and "earning public support for resource development projects" as terms which capture elements of what's needed.
Changing the conversation	Stakeholders, project proponents, First Nations communities and governments have an opportunity to approach major energy projects in a different way. Starting dialogue early, respecting and responding to each others' concerns and requirements, being patient and flexible, and working towards a balanced menu of impacts and benefits are elements of changing the conversation.

The Energy Council of Canada appreciates this opportunity to bring these insights and suggestions to the attention of Canada's energy Ministers. We hope that this report will further inform this important dialogue.

Graham Campbell
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 Energy Council of Canada