



I am pleased to provide the highlights from a busy month at the Energy Council of Canada. Included are updates on the successful event in Calgary on May 9 and 10, recommendations from the first research report on energy policy research, main items from the meeting of the Board of Directors on May 9, and early news about an upcoming breakfast meeting in September with Dr. Christoph Frei, Secretary-General, World Energy Council.

Calgary Event – Responding to Shifting Markets and Changing Policies, May 9 and 10, Calgary

The third Energy Council event for 2016 was organized under the theme of **Responding to Shifting Markets and Changing Policies**. Two keynote speeches looked at energy demand trends and the implications for the Canadian energy sector, and the positive prospects for developing a LNG sector in BC. The sessions which followed focused on three key topics: decarbonization, market access and climate change.

Demand for Western Canada's Heavy Oil for Global Oil Markets

To set the stage, Harold "Skip" York, Vice President of Integrated Energy in Wood Mackenzie's Americas Research Team, shared his insights on the critical trends in energy markets in North America. Global energy demand is expected to quadruple by 2035 driven largely by the growth of Asian economies matched by steadily growing demand for fossil fuels. The heavy oil produced in western Canada is an ideal source of supply to contribute to meeting this demand. One proviso of course is that new pipeline infrastructure needs to be available to access these expanding markets. He foresees an opportunity Canada to meet the growth in energy demand by acting now to create a supply chain from wellhead to wheels with an unprecedented reduction in its environmental footprint.

The **Decarbonization** session was chaired by Gianna Manes, President and CEO of ENMAX. Her wrap-up comments started with the positive observation that there are significant emerging solution elements which include electricity-natural gas convergence, new generation and extraction technologies with superior environmental performance, and the advent of electricity storage. Second, each jurisdiction will have to find the optimum solution matched to the current and desired future configuration of its energy system, the resource opportunities at hand, and its policy preferences; there is clearly no "one size fits all" solution. Third, the challenges ahead are very significant; transforming the electricity mix in Alberta from the current 40% share to zero from coal is a major, long-term undertaking. And fourth, addressing the social impacts on the communities and people affected by the transformation must always be a high priority for governments.

In her summary of the dialogue in the session on **Market Access: How to Change the Conversation**, Session Chair Claudia Cattaneo, National Post, 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 hopefully will 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". Lastly, the progress on "getting to yes" is very fluid, requiring the full engagement and attention of all players, building on the recent positive momentum.

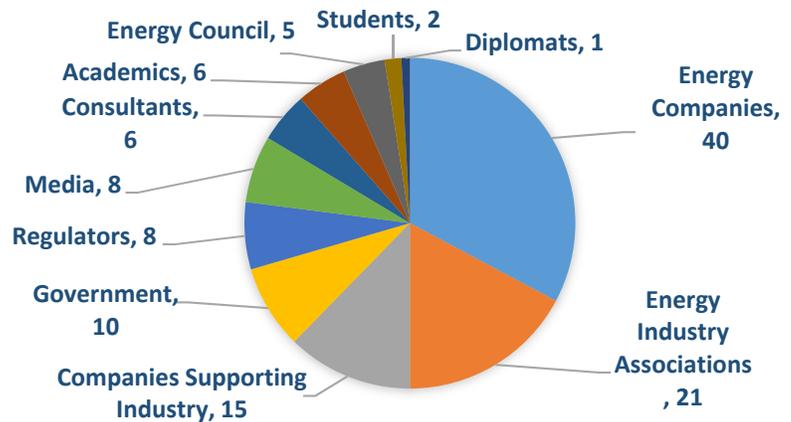
The third session on the topic of **Climate Change** was chaired by Linda Coady, Chief Sustainability Officer, Enbridge Inc. Ms. Coady's wrap-up comments provided an overall positive read on the consultation process and features

of the Alberta Climate Leadership Plan and the end-use sector’s call for harmonized climate policy across Canada. In addition to mitigation policy, more attention should be given to adaptation policies directed to dealing with the impacts of climate change, such as the expected increase in frequency and severity of extreme weather events which put energy infrastructure at risk.

In his luncheon address, David Keane, President of the BC LNG Alliance pointed out several positive factors favouring development of an LNG industry in BC. This included the leadership and support of the BC government, proximity to natural gas resources, robust environmental standards that will make it the “cleanest LNG in the world”, and the economic opportunities opening up for communities in the region through construction, environmental monitoring and operations of gasification facilities, pipelines and marine transportation. The LNG “Pathway to Success” is expected to yield significant growth in investment and family incomes, new jobs, and reduction in programs.

The event attracted 120 attendees, largely from energy companies, energy industry associations, and companies supporting the energy industry.

**RESPONDING TO SHIFTING MARKETS
AND CHANGING POLICIES
CALGARY, MAY 9 AND 10, 2016**



Meeting of the Board of Directors, May 9

Opening the Board of Directors meeting was approval of new members of the Energy Council of Canada: ATCO Group, GE Canada, and Irving Oil. The Chair extended a warm welcome to new Board Members Darren Davidson, Vice President, Power Generation Services, Siemens, Kirk Bailey, Executive Vice President, Alberta Energy Regulator, and Siegfried Kiefer, President and CEO, ATCO Group.

The highlights from the agenda are a decision to proceed with a publication to commemorate Canada’s 150th anniversary, the first review of the proposed program of events and activities for 2017, and an invitation to Board Members to consider taking on the position of Vice Chair, North America Region for the World Energy Council.

Release of the First Research Report Supported by the Energy Council

The Energy Council provides funding to support energy policy research at two universities in Canada – at the University of Waterloo’s Institute of Sustainable Energy (WISE) and at the University of Calgary’s School of Public Policy organized under the Canadian Network for Energy Policy Research and Analysis (CNEPRA).

The first CNEPRA research report has been recently posted. This project examined the issues and implications around energy public acceptance for major energy projects and the significance for regulatory processes. Entitled *Energy Projects, Social Licence, Public Acceptance and Regulatory Systems in Canada: A White Paper¹*, the 102-page report aims to identify and summarize extant research regarding social licence and related concepts, with a

1. <http://www.policyschool.ucalgary.ca/sites/default/files/research/energy-white-paper.pdf>.

particular emphasis on understanding its implication for public acceptance of energy project in Canada, and their related regulatory processes”.

The report contains eight recommendations under headings:

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
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.

Dialogue Amongst Members – May 9 and 10

One action item under the Energy Council’s 2016 – 2018 Strategic Plan is to organize focused discussions with our Members on energy topics they identify in advance.

During the Members’ Roundtable following the Board of Directors’ meeting, Board Members discussed two recently released reports. The highlights of the Trottier Energy Futures Project, entitled Canada’s Challenge & Opportunity: Transformations for major reductions in GHG emissions, were presented by Dr. Oskar Sigvaldason. Eleven scenarios based on different technology pathways were analyzed for their impact on Canada’s emissions to 2015 and the corresponding marginal cost of implementation. The main findings of the CNEPRA report mentioned above were discussed as well, led by Dr. Jennifer Winter and Martha Hall-Findlay from the University of Calgary’s School of Public Policy.

One of the keynote speakers for the Calgary event was invited to meet with the Board Members over a private lunch. David Keane, President, BC LNG Alliance, presented an overview of the opportunities which will arise from development of a LNG sector on the west coast of BC. Discussion addressed the role that governments play in advancing energy projects and the status of dialogue with communities around the projects’ impacts on neighbouring communities.

The feedback from Members following these closed discussions has been very positive. We will be organizing similar opportunities for discussion as we plan future Board meetings and events.

Breakfast Event – Dr. Christoph Frei, September 13

We have learned that Dr. Christoph Frei, Secretary-General of the World Energy Council, will be in Toronto on September 12th - 14th to participate in the *Toronto Global Forum* organized by the sponsored by the International Economic Forum of the Americas.

Dr. Frei is a dynamic speaker and an insightful leader of the World Energy Council. Learning more about his latest thinking on energy trends and issues would be of great interest. An event while he is in Toronto would be informative and attractive for local Energy Council Members and prospective members.

A breakfast event will be held on the morning of September 13th. The 90-minute program would open with remarks by Christoph, followed by discussion and a Q&A. Further details will be provided shortly.

Outreach in May on Behalf of the Energy Council of Canada

Our Chair, Colin Andersen, will be attending the IEFA event in Montreal in early June. In addition, he will be speaking at the *Rethink Sustainability Initiatives* on “Future Energy Systems Transformation” in Toronto June 6th.

I attended three interesting events during the month on behalf of the Energy Council.

The World Energy Council’s Scenarios Study leads presented the draft results of the 2016 scenarios on global energy supply and demand at a one-day seminar in Washington on May 3 and 4. Three scenarios will be presented at the upcoming 2016 World Energy Congress – updates on the recent Symphony and *Jazz* scenarios, and a third entitled *The Blues*. As suggested by the titles, the first scenario is based on a world featuring strong policies to address climate change, and the second is based on outcomes where markets direct energy futures absent strong policy influence. The third scenario is new, depicting energy futures in a largely dysfunctional, laissez-faire energy sector. The dialogue was excellent, with many interventions from attendees from the United States, Canada, and Europe.

I presented Canadian highlights from the 2016 World Energy Issues Monitor at an Ottawa event organized by the German Embassy.

Third, I attended the National Energy Roundtable in Toronto on May 31 on the theme *Intelligent energy design – Canada’s path to prosperity in a carbon constrained world*.

Looking ahead, we will be announcing the recipient of the 2016 Canadian Energy Person of the Year and the plans for the award ceremony in November. The Program Committee is working on the program for the final regional event for 2016. The theme for this Halifax event is A Regional Solution to Atlantic Canada’s Carbon Challenge.

Enjoy the summer!

Graham Campbell,
President