

- 30 yrs involvement as a public servant, with the Energy Sector through the lens of public policy;
- Provided input to Ministers on Atlantic Offshore development;
- Served on Industrial Benefits advisory processes such as the one for the M & NE pipeline;
- Senior Advisor to the Atlantic Canada Energy Roundtable and since I left Government,
- I've Appeared several times before HoC Standing Committee on Natural Resources; and
- I appeared before the NB Shale Gas Commission.
- My blog can be found at: Fairweatherhill.com

Begin Here:

My Thanks to the Panel for giving me the opportunity to present my views this morning.

I will speak to the challenge before you from my perspective as an Atlantic Canadian and as a former public servant, having observed the energy sector for more than 30 years.

While organisational, and process modernisation are key components of your initiative, I believe it is a change in Mandate that should drive ~~any need for~~ organisational and process reform or enhancement.

The historical context for establishing the NEB explains in part the depth of challenge you have today in reframing it as an effective broker in a broader, energy debate.

The NEB was shaped by the West's need to get resources to market in the late '50s.

History buffs will remember the national pipeline debate precipitated by *C.D. Howe who decided that a pipeline to carry natural gas from Alberta to central Canada was a "national necessity"*

((- <http://www.thecanadianencyclopedia.ca/en/article/pipeline-debate/>. Accessed Mar 13th 2017.))

That 1956 debate played out in Parliament and it was bitter. The bill to create Canada's first National Pipeline was approved. But, its passage was blamed for the defeat of Louis St. Laurent's Liberals and the subsequent election of the Diefenbaker conservatives in 1957.

Ironically, Dief was opposed to the TCPL gas pipeline. But once in office he articulated the need for another pipeline, an oil pipeline to the east to provide a market for Alberta's independent oil producers.

These events, we are told, were the impetus for his establishment of the NEB. In the end an all-Canadian oil pipeline to Montreal was never built and cheaper foreign oil continues to drive eastern refineries while Alberta still depends, largely on sales into the US market.

Here in New Brunswick we understand this north south orientation very well. Our local refinery is responsible for about 70% of Canada's refined petroleum product exports, shipped largely by sea into New England. Energy also moves through our province in the form of a gas

pipeline and by wire through electric power interconnections with the State of Maine.

Given the renewed debate about pipelines from the west, it's not surprising that the NEB is still seen by some as carrying out the role intended by Diefenbaker; a pipeline regulator whose job has changed little from when Dief sought the help of Henry Borden to enable a new market for Alberta's oil.

Clearly Much has changed in the last 58 years:

- Energy is much more than fossil fuels;
- Science has improved our understanding of human impacts on our planet;
- a revolution in science and engineering has had profound effect, not only on the way we produce energy but also on its availability;
- Technology has also changed the way we consume energy and has increased the interconnectivity among fuel types;

Electric Vehicles

- EVs for example, have brought electricity into competition with oil in the transport sector;
- Aboriginal rights have been clarified and Canadians expect its government to honour those rights; as well as...
- our international obligations with respect to climate change.

- Yet while our energy horizon has transformed, the public's view of the NEB's role has remained all but constant during that time.

And now we wonder what role if any, the NEB will fulfil in shaping our new energy future if and when we leave the age of oil?

The pipelines the NEB is reviewing today may well see us past peak consumption of oil and may even become stranded or orphaned by change that is increasing in intensity with each passing year.

However, the issues driving this are occurring almost completely outside the traditional mandate and focus of the Board.

If today's government wants the NEB is to be seen as more than a facilitator of pipelines from the West, then its mandate should be rethought in a way that breaks with this tradition.

Frankly it matters not a wit if the NEB returns to more open and accessible public hearing processes, if it remains set the era of the '50's.

Why would you reinvent a buggy whip if there was not a market for it?

However, just as it may be premature to get into the weeds on process issues before addressing mandate, it would also be premature to address the question of Mandate without first looking at what we want to accomplish as a nation in the field of energy and the environment.

It will always come down to the need for a national vision, or a national energy policy, or a national energy framework, or a national energy

program or as one of my former NRCan Deputy ministers frustratedly called it, a “National energy Thingy”.

Well thingy or not, Canada must have

Energy Security Sustainability and Affordability

These 3 goals have always formed the basis of what we thought underlay the need for national energy policy.

But the National Energy Program debate ^{has} poisoned the environment for any national energy vision. *(for the last 30 yrs.)*

Other than a few halfhearted efforts after the NEP was eviscerated in the early '80's, no serious attempt has been made to replace it.

I believe that the lack of a national energy policy means that not only is the NEB without guidance, the public has no context with which to judge the merits of energy development.

Every development that comes before the Board falls into a policy vacuum and is forced to host a debate that re-plays the policy challenges of the day in search of social license.

Today, development decisions must be made with more variables, must be better informed, and must be taken before windows of opportunity close. But without an evergreen energy plan, Canada is missing opportunities and not examining alternatives.

If Canada really is the energy superpower the previous Prime Minister boasted about, and if that status is still based on 165 billion boe in bitumen reserves, then we will cease to be even a minor energy player if the world reaches peak oil demand in less than a decade from now and Canada hasn't developed options.

The National Energy Board is facing change without the remit to address the underlying issues driving it or to resolve the choices we face.

Any modernisation effort that doesn't reflect this changing landscape will fall short.

If I have a single take away from the national pipeline debate it is this:

We cannot expect each successive development review to re-litigate the mountain of unresolved policy questions that have Balkanised public discourse in Canada.

It's not the current responsibility of the NEB to resolve a national policy debate. But a national Energy Policy is clearly a prerequisite for modernising the NEB.

So while I've sprung my own trap with respect to the need for a renewed mandate that must follow from our admittedly nonexistent National Energy Policy, I'll now walk to the end of my plank and propose that in any event, the National Energy Board should be rolled

into a new National Energy Agency with a broader, more balanced focus on all forms of energy development, distribution, and consumption ...And with the ability to work with the provinces on areas of overlapping jurisdiction,

Yes, some of this expanded mandate will appear to create overlap. I'm not suggesting we do that. On the contrary I believe we need to develop a new partnership to reflect our new interconnected, interdependent world of energy. But someone has to lead.

(If out of time stop here I have some general suggestions about what form an Agency might take if there is time later...)

- The new agency should have a policy function one where its operational experience can feed back lessons learned in real time; of course the policy function would still rely on the government of the day for direction and approval.

- The Agency should have an innovation, development, and science program mandate; and a regulatory function. Although, I personally favour separating the health, safety and environmental function from the development review function.
- I believe the new agency should be headquartered in Ottawa and with its operational divisions in three locations; West, Central & East, perhaps sharing some space with the offshore boards.
- Permanent Board Members, if that is the model adopted, should reside in one of the three regional office cities and/or Ottawa.
- AS for public engagement, clearly the changes that locked down public hearing processes ought to be reversed and ongoing engagement with first nations should be strengthened.

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