



January 8, 2018

Honourable Margaret McCuaig-Boyd  
Minister of Energy  
324 Legislature Building  
10800 97 Avenue  
Edmonton, AB T5K 2B6

Dear Minister McCuaig-Boyd:

Each year at our annual Convention, AUMA members discuss and vote on proposed resolutions related to matters that impact municipalities, but require action by other orders of government. Enclosed for your response is the 2017 resolution that pertains to your ministry:

- AUMA Resolution 2017.E4 – Support for Trans Mountain Expansion Project.

We look forward to your response to this resolution.

If you wish to review the resolutions pertaining to other ministries, they can be found on our website at: <https://auma.ca/advocacy-services/resolutions/resolutions-library>.

Sincerely,

Barry Morishita  
AUMA President

Enclosure

**WHEREAS** energy and its related products are a significant part of Canada's annual exports, which along with metals and mineral products, represent the single largest positive annual contribution to Canada's balance of trade;

**WHEREAS** the National Energy Board (NEB) determined the Trans Mountain Expansion Project (TMEP) is in the Canadian public interest;

**WHEREAS** the Federal Governor in Council approved the project application on November 29, 2016;

**WHEREAS** the Conference Board of Canada conservatively estimates \$46.7 billion will find its way into government treasuries in the form of taxes and royalties from the TMEP during development and over the first 20 years of operations;

**WHEREAS** economic benefits generated during construction and 20 years of operations from the TMEP include:

- \$68.3 billion in additional revenue to Alberta oil producers attributable to Trans Mountain as a result of higher netbacks, over the first 20 years of operations
- \$45 billion GDP effects for Alberta;

**WHEREAS** in addition to benefits created by the TMEP, operations of the expanded Trans Mountain Pipeline will generate \$3.3 billion in taxes over 20 years, with Alberta receiving a \$567-million share;

**WHEREAS** local and regional property tax payments are estimated to go up by a total of \$3.4 million per year, a 116 per cent increase along the Alberta section of the route; and

**WHEREAS** the process does not supercede the importance of the individual land rights.

**THEREFORE BE IT RESOLVED THAT** the AUMA urge the Government of Alberta to continue to support the Trans Mountain Expansion Project so it can meet its commitments to delivering jobs and economic benefits and meeting its regulatory requirements during the construction and operation of the pipeline.

**FURTHER BE IT RESOLVED THAT** the AUMA urge the Federal Government to ensure that all regulatory processes that have been recommended for approval by the NEB and subsequently authorized by the Federal Governor in Council are permitted to proceed.

**FURTHER BE IT RESOLVED THAT** the AUMA urge the Federal Government to exercise ancillary powers in order to enact the comprehensive regulatory scheme for the Canadian public

interest, including the right to timely permitting, thereby enabling the commencement of construction.

#### **BACKGROUND:**

In December 2013, Trans Mountain submitted an application to the National Energy Board (NEB) to expand its existing pipeline system, increasing daily capacity from 300,000 barrels up to 890,000 barrels. The \$6.8-billion Kinder Morgan expansion would triple the capacity of the existing 1,150 kilometre pipeline between Alberta and Burnaby, British Columbia.

Following a 29-month review, the NEB, on May 29, 2016, concluded that the TMEP is in the Canadian public interest and recommended that the Federal Governor in Council approve the expansion. The NEB attached 157 conditions which address issues such as public safety, economic benefits, local job creation, emergency preparedness and emergency response, Aboriginal interests, environmental protection and safety along both the pipeline right-of-way and the marine tanker transport route. The NEB's review was rigorous, involving a record 404 intervenors and more than 1,200 commenters.

On November 29, 2016, the Government of Canada accepted the NEB recommendation, noting that Canada needed to expand the markets for its oil products and saying that the TMEP "will make that possible."

On January 11, 2017, the Province of British Columbia announced that the Project had received its environmental certificate from BC's Environmental Assessment Office subject to 37 Conditions. The Province stated that TMEP met its *Requirements for British Columbia to Consider Support for Heavy Oil Pipelines*, known as B.C.'s Five Conditions.

The Trans Mountain pipeline infrastructure has national economic significance. As Canada's primary energy transmission pipeline, the system is approximately 115,000 km in length, and the total pipeline network is approximately 840,000 km, including regional gathering, feeder and distribution lines. By comparison, there are 38,000 km of primary highway transportation linkages across the country.

In addition to the estimated \$46.7 billion of taxes and royalties the Federal and Provincial governments will recognize from the TMEP during development and over the first 20 years of operations, including \$19.4 billion recognized by Alberta, largely in the form of royalties from producers earning higher netbacks from selling their product into new markets, the project will create 441,000 person-years of employment in Alberta from project development and operations. This includes:

- 14,600 construction jobs
- 13,340 pipeline operations jobs
- 11,200 jobs generated by dividend payments from oil producers
- 400,600 jobs related to additional investment in oil and gas development as a result of higher netbacks to producers.

- Overall, the project generates more than 800,000 person-years of work for Canadians;

Including existing and increased payments, local governments in Alberta will collect \$124 million in taxes over 20 years from operations on an expanded Trans Mountain Pipeline.

Given the significant financial benefit of TMEP to all of Canada, it is incumbent upon the Government of Canada to exercise power to ensure the TMEP is completed, including issuance of all permits.

The Government of Canada, through various regulatory frameworks, has exercised its legislative and jurisdictional authority in the approval and oversight of projects deemed to be in the interest of Canada as a whole, including radio communications, inter-provincial railways, and airports and aerodromes.