



**Council of Canadians  
Oral Presentation to the NEB  
Mackenzie Valley Pipeline Hearings**

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Founded in 1985, the Council of Canadians is Canada's largest citizens' organization, with members and chapters across the country. We work to protect Canadian independence by promoting progressive policies on fair trade, clean water, safe food, public health care, and other issues of social and economic concern to Canadians. We are presenting at these hearings representing the concerns of tens of thousands of Canadians across the country.

Individual citizens have advised us that, for them, participation in Energy Board hearings is cost prohibitive and time consuming. Many individuals cannot afford to leave work to attend these meetings. Many individuals cannot afford a lawyer to speak on their behalf. Many individuals are intimidated by this process. In Alberta, many people are attending countless meetings and hearings by the Alberta Energy and Utilities Board and developers. These individuals attend these meetings on their own time and this precludes them from attending at this NEB hearing as well.

With respect to oil, the National Energy Board states that:

“Canada produces enough oil to meet its own needs and has been a net exporter of oil for some time; however, oil is imported to supply both the Atlantic Provinces and Quebec.”

The Proportional Sharing Clause, Article 605, of the North American Free Trade Agreement (NAFTA), restricts our ability to cut back on future oil exports. In other words, the more oil we ship to the United States the more oil we *must* ship. Article 605 of NAFTA obliges Canada to continue exporting non-renewable hydrocarbons to the U.S. in the same proportion of total supply as was sold to the U.S. over the three previous years.

This begs the question, “At what point do we stop increasing the quantity of oil and gas shipped to the U.S. when it is in our best interests to do so?”

On October 3, 2006, Federal Minister of Energy, The Honourable Gary Lunn, released “Canada's Energy Outlook: The Reference Case 2006.”, a report from Natural Resources Canada.

In this report it states:

“Net exports of natural gas will decline to 1.3 trillion cubic feet (Tcf) in 2020, from current levels of 3.7 Tcf.”

“Conventional oil production will decline, but the oil sands are expected to show a significant rise to 2.9 million barrels per day. This will represent about 80 percent of total crude oil production in 2020, more than offsetting the decline in conventional crude oil.”

“Growing energy demand and a changing energy production mix lead to growth in GHG emissions from 758 megatonnes (Mt) in 2004 to 828 Mt in 2010 and 897 Mt in 2020. The 2010 figure is 265 Mt above Canada’s Kyoto target (6% below 1990 levels).”

The Canadian government continues to promote that Alberta’s oil sands and Canada as the largest energy exporter to the U.S. A recent poll conducted for the Canada Institute of the Washington-based Woodrow Wilson International Center for Scholars and the Toronto-based Canada Institute on North American issues shows, “only **one in five** Canadians agree that Canada has an abundance of energy and should be sending more of it to the U.S., compared to 55 % of Americans who say the same thing.” (Globe and Mail, Oct. 5, 2006).

It is clear enough that Canada’s oil exports to the U.S. have been steadily growing. In 2004, 70% of Canada’s oil production went to the U.S. In 1998, the figure was 60%. In 1990 the figure was 50%.

It is also clear that the U.S. is looking at Canada as a key source of their energy. Testifying before Congress in 2002, U.S. Vice-President Dick Cheney declared that the “continued development” of the Athabasca tar sands in northern Alberta could be a “pillar of sustained North American energy and economic security.”

We know that the U.S. was seeking access to Canadian energy through the first Free Trade Agreement. As Maude Barlow wrote in “Parcel of Rogues” (1990): For the United States, the energy provisions of the agreement were crucial....Edward Ney, the U.S. ambassador to Canada, said recently that Canada’s energy reserves were a prime motivation for the free-trade agreement: “The U.S. got access to the great resources which we need.”

Furthermore, the June 2005, “Report to Leaders” on the Security and Prosperity Partnership of North America includes a section on energy. “This section states, “Creating a sustainable energy economy for North America is in the vital interests of all three countries...To that end, we affirm our commitment in pursuing joint cooperation in the areas of: regulation, energy efficiency, natural gas including liquefied natural gas (LNG), science and technology, reliability of electricity transmission grids, oil sands production, nuclear energy, hydrocarbons and energy information, statistics and projections.

The Council of Canadians believes that it is irresponsible of the Alberta and federal governments to be developing continental energy plans without first developing a new,

badly needed Canadian Energy Strategy. Such a strategy must focus on Canada's energy security needs, not just growing U.S. demand for oil and gas. It must make current and future production, distribution and use of Canadian energy environmentally safe and sustainable. And it must reinforce, rather than trump, international environmental, social and human rights obligations.

Of course, such a Canadian Energy Strategy requires that we think about energy security much more broadly.

We need Security of the Environment to address Canadian concerns with climate change and to meet or exceed our commitments under the Kyoto Protocol. Why are we ramping up oilsands production when all the scientific evidence shows we have to cut back on fossil fuels now or it will be too late?

We need Security of Supply to ensure multi-year reserves for use by Canadians in hard times and to assist in transition to greener energy alternatives. Mexico secured an exemption under NAFTA to protect its own supply. Why is Canada simply handing over everything it's got to the U.S.?

We need Security of Production to safeguard Canadian industry. That means provincial and First Nations ownership of energy production, adequate royalties, and making sure jobs stay in Canada.

We need Security of Distribution, which would ensure a west-east energy sharing arrangement, so that Canadians rely more on their own energy and less on off-shore energy suppliers.

Finally, we need Security of Access through programs and regulations designed to guarantee access to energy by residential consumers (especially seniors, persons with disabilities and low income families), and the respect of the right to adequate housing, which is recognized internationally.

The bottom line, no matter what type of energy security we're talking about, is that Canadians should not be at the mercy of the U.S. oil and gas industry. If we tie ourselves to a U.S. definition of energy security, we will lose the ability to make decisions about energy that put the Canadian public first.

The National Energy Board website defines Canadian public interest as:

“The public interest is inclusive of all Canadians and refers to a balance of economic, environmental, and social interests that changes as society's values and preferences evolve over time. As a regulator, the Board must estimate the overall public good a project may create and its potential negative aspects, with its various impacts and make a decision.”



Many Albertans, including former Premier Peter Lougheed, are calling for a slowdown in the development of the Athabasca oil sands. A majority of the gas from the MacKenzie Valley Pipeline will be used to develop the immense oil sands resources.

In conclusion, we ask this board to consider the following:

1. Given the information in this presentation, how can the October 3 Report from Natural Resources Canada be reconciled with the Proportional Sharing Clause of the North American Free Trade Act?
2. Is it in the best interests of **Canadians** to build the MacKenzie Valley Pipeline to transport gas to service the oil sands considering the increase in the GHG emissions and the requests to slow down oil sands development?