



Presentation to Senate Committee  
on Bill C-69

Paul Barnes, Director, Atlantic  
Canada & Arctic

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The Canadian Association of Petroleum Producers (CAPP) represents companies, large and small, that explore for, develop and produce natural gas and oil throughout Canada. CAPP's member companies produce about 80 per cent of Canada's natural gas and oil. CAPP's associate members provide a wide range of services that support the upstream oil and natural gas industry. Together CAPP's members and associate members are an important part of a national industry with revenues from oil and natural gas production of about \$101 billion a year. CAPP's mission, on behalf of the Canadian upstream oil and natural gas industry, is to advocate for and enable economic competitiveness and safe, environmentally and socially responsible performance.

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## **Introductory Remarks**

- Good afternoon Honorable Chair and members of the Committee.
- I am Paul Barnes, Director, Atlantic Canada and Arctic for the Canadian Association of Petroleum Producers, or CAPP.
- CAPP appreciates this opportunity to provide feedback to help inform your review.
- As you know Tim McMillian, President of CAPP, presented to this Committee on in February and highlighted concerns with Bill C-69.
- My presentation today will focus specifically on concerns related to the offshore.

## **First, a bit about who we are and Canada's offshore.**

- CAPP members produce 80% of Canada's natural gas and oil resources.
- The Atlantic Canada offshore contributes significantly to Canada's oil and gas industry and provides many benefits to Atlantic Canadians. The industry:
  - Directly employs more than 5,500 people and thousands more indirectly;
  - Supports 600 local supply/service companies;
  - Cumulative expenditures by the producing sector in Atlantic Canada since 1996 total more than \$63 billion; and
  - Cumulative royalties paid to the governments of NL and NS since 1996 total more than \$22 billion.
- CAPP members wish to emphasize the importance of establishing and maintaining regulatory processes that provide certainty and consistency. Regulatory processes must have predictable outcomes, costs, timelines and a well-defined scope. Without these

elements, investment in Canada's offshore will diminish. It is vital that Canada's offshore remain competitive with other jurisdictions while continuing to develop our resources in a safe and responsible manner.

**CAPP has five key areas of concern with Bill C-69 from an offshore perspective:**

- Our first concern relates to automatic referral of all offshore activities to a mandatory panel review, as per section 21 of the Bill. As currently written the Bill has no mandated provisions that permit substitution to a panel review.
  - CAPP proposes removing the mandatory panel review in Section 21 of the Bill and opening up all existing process options in the Act to offshore oil and gas activities (IA Agency review, panel review, substitutions and joint panel reviews). This will allow the scale of the assessment to be aligned with the scale of the potential impacts.
  
- Our second concern relates to Timelines. In an amendment for Bill C-69 proposed by the Parliamentary Standing Committee on Environment and Sustainable Development, the timelines for the offshore review panel were proposed to be reduced to 300 days (from 600 days) but may be increased up to 600 days by the Minister.
  - Even with the proposed reduction of the regulatory timeline from 600 to 300 days, with the addition of the Early Planning Phase (180 days) and the potential for extensions by the Minister, it is anticipated the Impact Assessment regulatory process will continue to be longer than other comparable jurisdictions. In fact it could result in a 3.5 year approval process for every project. Extensions to Offshore Review Panel timelines by the Minister should only be granted under extraordinary circumstances.
  - CAPP therefore suggests removing provisions that allow the Minister to establish a time limit that is longer than the 300 days specified as per section 37.1 of Bill C-69.

- An additional concern is the diminished role of the Life-Cycle Regulator in this Bill. In keeping with the intent of the Accord Acts the Offshore Petroleum Boards, must be designated as the Responsible Authorities for all environmental assessment processes in their respective jurisdictions. Not granting this authority goes against the joint management principles of the Accord Acts.
  - Including the life-cycle regulators with minority representation on the review panel, as proposed, does not fully incorporate the expertise of the Offshore Boards in the process. Nor does it respect the provisions of the Accord Acts for the joint management of the offshore.
  - CAPP therefore recommends the IA Act set out clear provisions in Section 21 of the Bill that address these issues and recognize the Offshore Boards as lifecycle regulators.
  
- Another area of concern for industry relates to Regional Assessments. Regional Assessments can be beneficial if developed and used appropriately, but a more structured model of how RAs are to be considered in early planning to reduce duplication of efforts, must be applied. CAPP therefore suggests that provisions should be established that constitute the desired outcome, assessment timelines and the role of the lifecycle regulator. Legislation should also provide clear requirements of operators once the RA is complete.
  
- The final area of concern I'd like to highlight today relates to exploration. Exploration drilling and geophysical programs do not belong on the federal Designated Project List. Emphasis must be placed on those physical activities with the greatest potential to cause adverse environmental effects.
  - Offshore exploration is a short duration activity and the risks are mitigations are well documented and understood.
  - Canada needs to be aligned with other reputable jurisdictions in its approach to exploration assessments. CAPP therefore urges government to exclude

exploration drilling and geophysical programs from the future Designated Project List.

- The Consultation Paper on the Designated Project List (DPL) has not been released. This is unacceptable given that the automatic deferral of all offshore activities on the DPL to a review panel would impose a significant burden on industry.
- CAPP therefore suggests that the Committee should recommend pausing the review of Bill C-69 to allow for a fulsome review of the Consultation Paper on the Designated Project List alongside this Bill.

### **Wrap Up**

- To summarize, CAPP urges the Committee to consider the proposed amendments in their entirety in order to restore investor confidence in Canada's offshore industry.
- Thank you for this opportunity to present.