

Ontario Energy Board Energy East Consultation Part One Summary

July 2014



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Executive Summary

In November 2013, Ontario’s Minister of Energy asked the Ontario Energy Board (OEB) to examine and report, from an Ontario perspective, on TransCanada PipeLines Limited’s (TransCanada) proposed Energy East Pipeline.

To support the preparation of the report, the Minister asked the OEB to consult with Ontarians. The purpose of this consultation is to provide a forum for Ontarians to express their views on the proposed Energy East Pipeline. These views and advice from the OEB’s external technical advisors will inform the OEB’s report to the Minister.

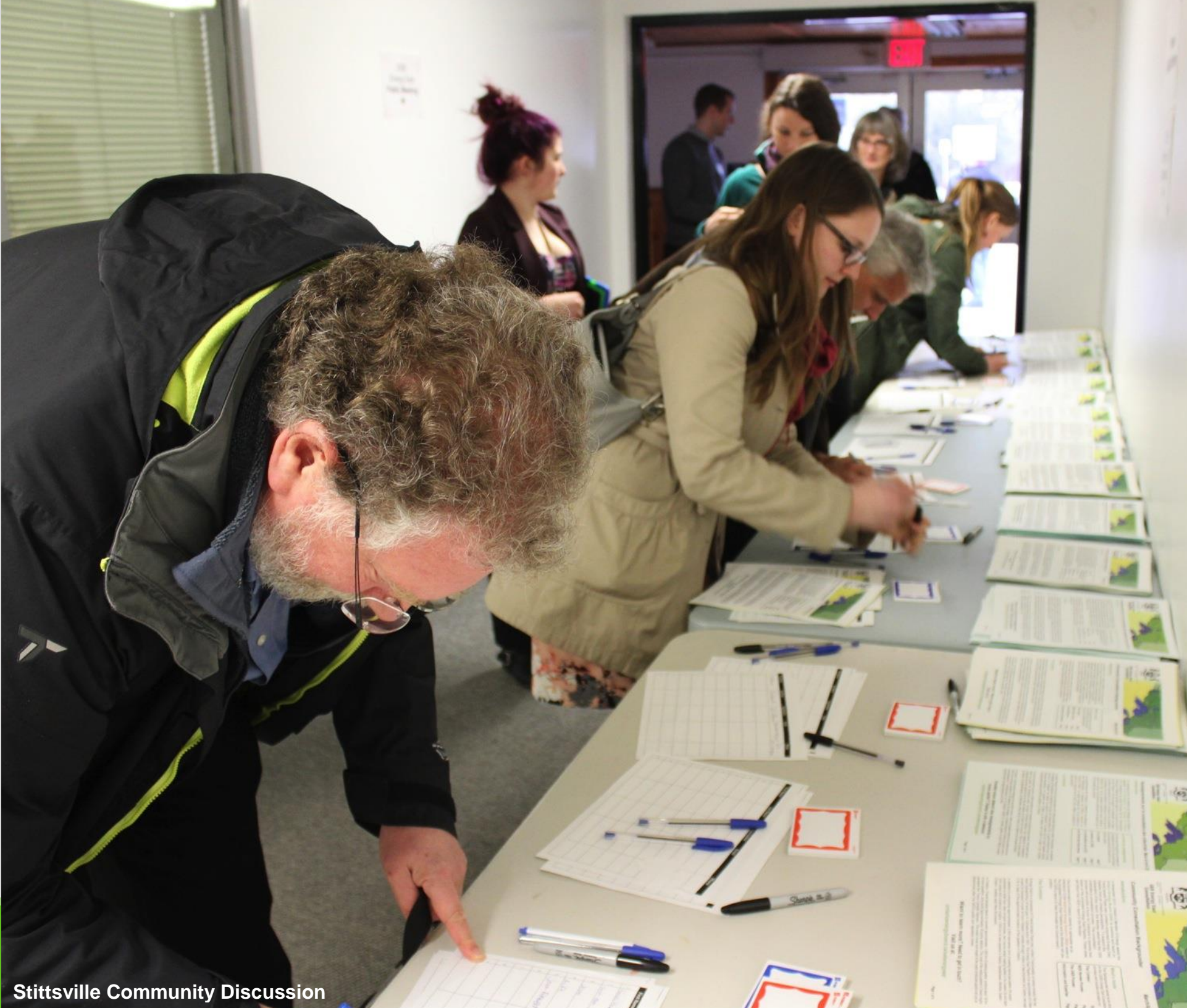
The OEB Energy East Consultation is taking place in two parts. Part One of the process ran from January to May 15th, 2014 and was focused on **the Impacts Important to Ontarians**. Part Two of the consultation process will take place in the summer and fall of 2014 and focus on **the OEB’s Understanding of the Impacts**.

This summary provides a synthesis of the perspectives shared by Ontarians during Part One of the OEB Energy East Consultation. Their perspectives on the potential impacts generally fell into the seven key themes below:

1. Impacts on Water and Other Environmental Risks
2. The Importance of Jobs and Other Economic Impacts
3. A Range of Confidence in Pipeline Safety
4. Interest in a New National Energy Strategy and Concern about Climate Change
5. Impacts on Natural Gas Prices and Access to Supply
6. Impacts on Aboriginal Communities
7. Process Concerns

This summary was written by Swerhun Facilitation, a third-party facilitation firm hired by the OEB to provide independent facilitation services. The intent of this summary is to capture the full range of perspectives that were shared. It does not assess the merit or accuracy of any of these perspectives nor does it indicate an endorsement of any of these perspectives on the part of the OEB or its advisors.

26	# of Organizations at Province-Wide Stakeholder Meeting
780	# of participants at Community Discussions
239	# of Written Submissions received
1212	# of Form Letters/Petitions received
Types of Organizations that Participated in Part One:	
Academic Community	Mining
Agriculture	Municipal Government
Business	Oil/Gas Industry
Community Associations	Organized Labour
Construction	Public Health
Electricity Distributors	Religious Institutions
Environment	Residential Gas Consumers
Large-Volume Gas Users	Social Justice
Landowners	Tourism



Consultation Overview

When Ontario's Minister of Energy asked the OEB to examine and report on TransCanada's proposed Energy East Pipeline, he requested the OEB consider the implications of four areas of potential impact, including:

- Impacts on Ontario natural gas consumers, particular for those in Eastern and Northern Ontario, in terms of prices, reliability and access to supply
- Impacts on the natural environment and pipeline safety in Ontario
- Impacts on local communities and Aboriginal communities in Ontario
- The short and long term economic impacts of the project in Ontario

The Government of Ontario intends to participate as an intervenor in the National Energy Board's (NEB) review of the Energy East project. The Government of Ontario's position will be informed in part by the OEB's report and the perspectives of Ontarians heard through this consultation process.

The federal government will make the final decision about whether the Energy East Pipeline can proceed based on the NEB's recommendations.

A Two Part Process

The OEB Energy East Consultation is taking place in two parts. In Part One – ***The Impacts Important to Ontarians*** – the OEB did two things:

- Sought the views of Ontarians on the types of impacts (both positive and negative) that are important to them;
- Shared a high-level view of the key considerations and the potential impacts in Ontario of TransCanada's Energy East proposal, drawing on the Energy East Project Description filed with the NEB, existing documentation concerning other pipeline projects and the professional expertise of a small team of technical advisors.

Participants' views and perspectives in this part of the consultation process are helping to inform the work undertaken in preparation for Part Two of the consultation process.

In Part Two of the consultation process – ***The OEB's Understanding of the Impacts*** – the OEB will do two things:

- Share its preliminary understanding of the impacts, informed both by participants' Part One feedback and by a technical assessment of TransCanada's comprehensive application for the proposed Energy East Pipeline that will be filed with the NEB;
- Seek participants' input on this preliminary understanding.

The input received during the second part of the consultation process will help the OEB formulate its response to the Minister of Energy regarding the matters outlined in the Minister's November 2013 Letter.

Part One Engagement Activities

In Part One of the OEB's Energy East Consultation, Ontarians had the opportunity to participate in a number of engagement activities. These included a Province-Wide Stakeholder meeting, seven Community Discussions, seven First Nations and Métis meetings, signing up for E-Updates, and the submission of written responses via the discussion guide, conversation toolkit, by email, mail, or fax and through the comment form on the OEB's Energy East Consultation website (ontarioenergyboard.ca/oebenergyeast). In total, approximately 2,500 people participated through one of these methods, with many participating through multiple methods. A full list of participants who signed up for E-Updates, submitted a written response or signed in at a Community Discussion is available in the Appendices to this summary.

Province-Wide Stakeholder Meeting

On January 23rd, the OEB hosted a meeting in Ottawa for stakeholder organizations from across the province. This was the first of several stakeholder meetings planned to take place over the course of the OEB Energy East Consultation. The purpose of this first meeting was two-fold: to introduce and seek feedback on the consultation process and to introduce and seek feedback on areas of potential impact in Ontario of TransCanada's proposed Energy East Pipeline project.

Fifty-three stakeholder organizations were invited and twenty-five of them participated. The first meeting was attended by representatives from a wide range of organizations, including environmental groups, social justice groups, health organizations, research bodies, municipal organizations, tourism associations, the mining industry, the oil and gas industry, consumer advocacy groups, large volume gas consumers, and electricity distributors.

A summary of feedback received at this meeting that includes a full list of invited and participating organizations is available on the OEB's Energy East Consultation website (ontarioenergyboard.ca/oebenergyeast).

Community Discussions

Between March 25th and April 8th, 2014, the OEB held Community Discussions in seven municipalities along the route of the proposed Energy East Pipeline: Kenora, Thunder Bay, Kapuskasing, Timmins, North Bay, Stittsville and Cornwall. The meetings followed the same basic structure, starting with introductions, an agenda review, and a briefing by a representative of the OEB with an overview of its Energy East Consultation process. This was followed by an opportunity for local organizations and municipal officials to make brief presentations, and then a facilitated discussion during which any participant could provide their perspectives to the full room.

During the facilitated discussion, participants were asked to respond to two focus questions:

- What are the impacts (positive and negative) that you see in connection with TransCanada's proposed Energy East Pipeline: In your community? Province-wide?
- What are the impacts that you think the Ontario Energy Board should most closely focus on in its report to Ontario's Minister of Energy?

Approximately 780 people attended these Community Discussions, with about one third identifying themselves as being affiliated with an organization (e.g., environmental organizations, local businesses, academic institutions, mining organizations, oil and gas companies, construction companies, unions, community associations, agricultural and recreational interests, members of local councils and municipal organizations), and about two-thirds not identifying any affiliation. Representatives of the Ontario Ministry of Energy and TransCanada also attended all seven Community Discussions.

A high-level summary was produced after each Community Discussion and each of these summaries were reviewed by the participants prior to being finalized. These high-level summaries and other materials from the Community Discussions are available on the OEB's Energy East Consultation website (ontarioenergyboard.ca/oebenergyeast).

First Nations and Métis Meetings

To better understand the potential impact on treaty and Aboriginal rights, meetings were held specifically for First Nations and Métis communities between March 25th and April 8th in Kenora, Thunder Bay, Nipigon, Timmins, North Bay, Kanata and Cornwall/Akwesasne. They were led by John Beaucage, a principal of Counsel Public Affairs Inc. and former Grand Council Chief of the First Nations of the Anishinabek Nation (Union of Ontario Indians). These meetings provided an opportunity to hear the views of the community to better understand the potential impact on treaty and Aboriginal rights and to identify issues that are of particular concern to specific Aboriginal communities across Ontario.

At the meetings, discussions began with three general questions, although responses about any areas of concern/interest were encouraged. The three questions were:

- Are there impacts on traditional territories, and/or treaty and Aboriginal rights?
- What are the impacts that you think the Ontario Energy Board should most closely focus on in its report to the Minister of Energy?
- What impacts and/or opportunities are created for Aboriginal communities by TransCanada's Energy East Pipeline project?

While members of First Nations and Métis communities did attend the broader Community Discussions, and some participants at these meetings provided input on the potential impacts on Aboriginal communities (which are summarized in the detailed feedback section in this summary), a full summary of the perspectives shared at the First Nations and Métis meetings has been separately prepared and is available on the OEB's Energy East Consultation website (ontarioenergyboard.ca/oebenergyeast).

The First Nations and Métis meetings that were held do not fulfill in any way the duty to consult with First Nations and Métis communities that may rest with the federal government or any other entity to whom that obligation is delegated.

Discussion Guides, Conversation Toolkits and Written Submissions

In addition to providing feedback by attending and participating at an in-person meeting, Ontarians had the opportunity to make a written submission to comment on the impacts important to them. Ontarians had the option to make these submissions in a number of formats, including:

- Filling out a Discussion Guide – The Discussion Guide offered an overview of the consultation process, information about how and when decisions about the proposed pipeline will be made and who will make them, and posed the same to questions to participants as those posed at the Community Discussions. The Discussion Guide was distributed at the Community Discussions and was available for download on the OEB Energy East Consultation website.
- Filling out a Conversation Toolkit – The Toolkit contained instructions on how Ontarians could use the Discussion Guide and other resources available on the OEB Energy East Consultation website to host their own discussion with family, friends, neighbours, co-workers, etc. and share the results of this conversation with the OEB. The Conversation Toolkit was also made available at the Community Discussion and for download on the OEB Energy East Consultation website.
- Using the comment form on the OEB Energy East Consultation website.
- Sending a written submission by email, mail or fax to the OEB’s independent third-party facilitator.

A total of 237 written submissions were received, including 48 Discussion Guides, 50 via email, 112 through the website comment form, and 27 from stakeholder organizations (including one Discussion Guide and one Conversation Toolkit). In addition to these written submissions, 1,212 form letters and petitions were received, with 64 form letters (10 of them included additional comments) and a 407-person petition from Sustainable North Grenville, 100 form letters from the Council of Canadians, and 641 form letters from Environmental Defence (215 of them included additional comments). All written submissions are included in full in the appendices to this summary.

Key Themes

The perspectives shared by Ontarians during Part One of the OEB Energy East Consultation generally fell into the seven key themes below. A detailed summary of the perspectives under each of these seven themes is provided on the following pages of this summary.

Impacts on Water and Other Environmental Risks

The Importance of Jobs and Other Economic Impacts

A Range of Confidence in Pipeline Safety

**Interest in a New National Energy Strategy and
Concern about Climate Change**

**Impacts on Aboriginal
Communities**

**Impacts on Natural Gas
Prices and Access to Supply**

Process Concerns



Detailed Feedback

The following is a summary of the perspectives shared by Ontarians during Part One of the OEB Energy East Consultation. More detailed summaries of each of the seven Community Discussions and the Province-Wide Stakeholder meeting can be found on the OEB's Energy East Consultation website (ontarioenergyboard.ca/oebenergyeast). All written submissions received during Part One can be found in the appendices to this summary.

1. Impacts on Water and Other Environmental Risks

Impacts on Drinking Water

Participants at many of the Community Discussions (Kenora, North Bay, Stittsville and Cornwall), as well as many of the participants who provided written submissions felt that the proposed Energy East Pipeline would pose a risk to their drinking water.

- There were participants who stated that access to safe, clean drinking water is a basic human right that is non-negotiable.
- Some of the specific sources of drinking water that Community Discussion participants felt were threatened by the proposed pipeline included North Bay's Trout Lake, and the Nepean and Oxford Aquifers in the Ottawa area.
- Participants who provided written submissions identified additional specific rivers that provide drinking water that they felt the proposed pipeline threatened, including the Montreal, Madawaska, Mississippi, Rideau and South Nation Rivers, all of which are tributaries to the Ottawa River.

Impacts on Wildlife, Habitat and Recreation

Participants at Community Discussions and those who provided written submissions were also concerned about the potential impacts of an oil spill on the recreational uses of water (e.g., paddling, eco-tourism), fish and wildlife and their habitats.

- Participants in Thunder Bay felt that even if an oil spill were to occur away from one of the many rivers that the pipeline would cross in northern Ontario, it would still pose a risk to many outdoor activities, including hunting, fishing, and trapping.
- Participants who provided written submissions identified a number of specific bodies of water with recreational uses, fish and wildlife populations and habitats that they felt would be threatened by the proposed pipeline, including: the Rideau Canal, Ottawa, Mattagami, Missinaibi, Moose, Groundhog, and St. Lawrence Rivers, Lake of the Woods, Lake Superior, Lake Temiskaming, Lake Temagami and Trout Lake.

Impacts on Heritage-Designated Water Systems

At the Stittsville and Cornwall Community Discussions, participants wanted to understand how the heritage attributes of the Rideau Canal, a UNESCO-designated World Heritage Site, might be impacted by an oil spill.

Participants who provided written submissions also expressed concern about the potential impacts on the heritage qualities of the Rideau Canal.

Impacts on Agriculture

A number of participants who provided written submissions expressed concern about the risks a potential spill would pose to agricultural resources.

- They felt that a spill could contaminate the land and water resources used to grow the crops that feed livestock and people.
- As a result, they felt that the potential for a spill may threaten farmers' ability to provide local food to Ontarians.

Oil Spills More Damaging than Natural Gas Leak

Concerns were raised by Community Discussion participants that the impacts on surface or ground water due to an oil spill would be greater and longer lasting than a natural gas leak.

- Some participants (at Community Discussions in Kenora and Stittsville) were particularly concerned with how diluted bitumen would react in water, with questions about whether it would float or sink and how spills would be remediated.
- Participants who provided written submissions also expressed concerns about the effects of a spill of diluted bitumen on water systems and the broader environment.
- These participants felt that in many aquatic spill scenarios, not all oil can be effectively recovered through cleanup efforts, with the remaining oil causing a lasting harm to the ecosystem and presenting a potential chronic chemical exposure to humans and wildlife.
- These participants cited pipeline leaks in Kalamazoo, Michigan and Mayflower, Arkansas as examples of the persistence of diluted bitumen in the environment following a spill.

Other Means of Transporting Oil Pose Risks to Water

At the Cornwall Community Discussion, one participant noted that a significant amount of imported oil is transported by water and that this risk to water would be reduced or eliminated through the development of the proposed Energy East Pipeline.

Actions Suggested by Participants

TransCanada

- Better define what is meant by "Significant Water Crossing" – there are many bodies of water in Ontario that would be crossed by the proposed pipeline that are not identified as 'significant' in TransCanada's Project Description.
- Designate Trout Lake as an area of special concern in need of more detailed examination and analysis.

- Build a state-of-the-art pipeline on a new route on top of the escarpment north of Trout Lake (although some felt that even a new, rerouted pipeline would pose an unacceptable risk).
- Install emergency shut-off valves on both sides of all significant water crossings and test these valves semi-annually.
- Devise source water protection plans for all source water protection areas crossed by the proposed pipeline.
- Consider seeking local environmental information from groups like the Mushkegowuk Environmental Research Council (based out of Timmins and made up of all Treaty 9 First Nations).
- Commit to providing clean and healthy drinking water to all those affected by a spill until their source water is restored to its original state.
- Make detailed maps of the pipeline route publicly available including the locations of all water crossings, wetlands, source water protection areas, groundwater reserves, and ecologically significant areas.

Ontario Energy Board

- Ensure the report to the Minister of Energy includes reference to impacts on aquifers, source water and wells.

Government of Ontario

- Provide assistance to the North Bay-Mattawa Conservation Authority to undertake a scientific review of TransCanada's proposed pipeline so that it can fulfill its statutory responsibilities under the Clean Water Act, 2006 for protecting the sources of North Bay's drinking water.
- Conduct a wellhead protection assessment for Source Protection Regions crossed by the proposed pipeline.

Federal Government

- Reinstate Trout Lake on the list of federally protected bodies of water.

2. The Importance of Jobs and Other Economic Impacts

Job Creation from the Pipeline

Participants at many of the Community Discussions – as well as some who provided written submissions –felt that the proposed pipeline would create new local jobs.

- They felt that the construction of pump stations and supporting infrastructure along the proposed pipeline would generate near-term local jobs and the ongoing maintenance of the pipeline would provide longer-term local jobs.
- Some felt that there is a greater need for a boost in local jobs in some areas of the province and that significant construction projects – like the pipeline – are few and far between.

Participants at many Community Discussions and some of those who provided written submissions felt that the proposed pipeline would create additional jobs not directly related to pipeline construction or maintenance. These participants noted that pipeline workers purchase supplies and services locally and that new segments of pipeline and pipeline components may be manufactured in Ontario.

Other participants at many of the Community Discussions and some participants who provided written submissions were skeptical that there would be any significant job creation as a result of the proposed pipeline. They felt that any jobs created would only be short-term and would likely go to non-local workers.

Job Creation from Alternative Energy Projects

Amongst those participants who were skeptical of the proposed pipeline's ability to generate jobs, several felt that investments should instead be made in non-fossil fuel alternative energy projects (e.g. wind, solar, hydroelectric and biogas).

- These participants felt that investing in alternative energy projects would create at least seven times more jobs than an equivalent investment in fossil fuels.
- They also felt that this would mitigate climate change and move the province away from a fossil fuel-dependent.

At the Cornwall Community Discussion, both those who favoured the proposed pipeline and those with concerns felt that federal leadership and investment would be required to spur job creation through alternative energy projects.

- One participant noted, for example, that if Canada were to prioritize upgrading millions of homes to LEED standards, the private sector would make significant investments in training to meet the challenge.
- This participant also noted that investments in alternative energy projects were already occurring, with TransCanada taking a leading position in building solar farms in Ontario.

A few participants at the Community Discussions – as well as some of those who provided written submissions – raised concerns about the sunk costs of investments in fossil fuel projects.

- They felt that choosing to invest in skills related to fossil fuels meant forgoing investments in skills better suited to alternative energy projects, that it would make investments in alternative technologies more costly and that fossil fuel projects would need to operate for decades before the investors could see a return on their infrastructure investment.
- They were concerned that other countries had begun to reduce carbon emissions and that Canada would lag behind economically should international markets for oil decline over the life of the pipeline.

An Increased Tax Base for Municipalities

At several of the Community Discussions (Kapuskasing, Timmins, Stittsville and Cornwall) there were municipal elected officials (speaking on behalf of local communities, the Federation of Northern Ontario Municipalities and the Northeastern Ontario Municipal Association) and a union representative (speaking on behalf of the Building and Construction Trades Council) who felt that the proposed pipeline would provide an increase to the tax base of hosting municipalities.

- They felt that this additional tax revenue could be used to pay for municipal services and local infrastructure.

- The increase in tax revenue that the proposed pipeline could bring would be particularly important for those municipalities that have faced a reduction in their tax base (in some cases between 20-30%) as a result of the closure of large-scale manufacturing and processing businesses.

Province-Wide and National Economic Benefit

Participants at the Community Discussions and those who provided written submissions had a range of views on whether the proposed pipeline could provide province-wide and national economic benefits.

- Some participants felt that the proposed pipeline would provide broader economic benefits through cheaper fuel costs and reducing Canada's dependency on foreign oil.
- Others questioned this assertion, noting that there is a lack of refining capacity along the route of the pipeline and stating their belief that the pipeline was ultimately export-oriented.
- Amongst those who questioned the broader economic benefits, some felt that the proposed pipeline could invite global criticism of Canada for facilitating further Greenhouse Gas (GHG) emissions, and that this poses a long term reputational risk that could result in economic costs to the country.
- Still others felt that those areas that bore the greatest risk would receive little reward from the pipeline.

A number of participants who contributed written submissions felt that the pipeline specifically, and oil production more broadly, could harm other areas of the economy.

- They felt that making investments in infrastructure that would increase Canada's reliance on the oil market would increase financial risks in other sectors of the economy, such as manufacturing.
- They also felt that the need to ship diluents back to Alberta by rail would further reduce the railway capacity required for the shipment of grain and manufactured goods.
- There was further concern that new pump stations would require a large amount of new electrical capacity and that this new demand would increase prices for other industrial sectors in the north such as mining and forestry.

Calculating Economic Benefits

A participant at the Stittsville Community Discussion wanted to better understand how the economic costs and benefits of the proposed pipeline were calculated. This participant felt that particular methodological choices can skew these calculations (overestimating job creation and wealth generation), while minimizing or obscuring externalities and risks (to human health, the environment, and community sustainability).

A number of participants who provided written submissions also had concerns about how economic costs and benefits were calculated.

- They felt that the value of environmental and natural resources (and the risks to these resources) should be taken into account in determining the economic costs and benefits of the proposed pipeline.



- They also felt that if the economic benefits of the pipeline included upstream considerations, then upstream environmental and social impacts should be also be considered when weighing its costs and benefits.

The Economic Impacts of a Spill

Participants at many of the Community Discussions (Kenora, Timmins, North Bay, Stittsville, Cornwall) were concerned about the financial and economic impacts of an oil spill from the proposed pipeline.

- They wanted more information and assurances about who would pay for first responder training, emergency management, clean up and remediation, and compensation for economic losses resulting from damage to property and impacts on businesses and livelihoods (e.g. tourism, fishing, and farming).
- These participants did not want municipalities or taxpayers to be responsible for such costs – they felt that the potential environmental remediation costs will outweigh the economic benefits and did not want to see the privatization of gains and the socialization of losses.

There was also concern that even when pipeline companies assume full responsibility for the financial and economic impacts of an oil spill, the pipeline companies may not fulfil this responsibility in the event of such a spill.

- Some participants at the Community Discussions and those who provided written submissions were concerned that companies can minimize their liability through bankruptcies, limited liability partnerships and holding companies, that insurance claims could be litigated for many years and that any eventual settlement would be far too little and far too late to adequately benefit the affected individuals, business and communities.
- Other participants who provided written submissions were confident in the ability of TransCanada's and its insurers' to cover the costs of a spill.

Actions Suggested by Participants

TransCanada

- Support long-term employment and economic growth by encouraging users of the pipeline to upgrade and process bitumen within Canada.
- Hold an insurance policy to cover the cost of cleanup and closure in the event of a spill. This insurance policy should be reviewed on an annual basis (some felt that no amount of insurance would be able to cover the contamination of drinking water sources).
- Post letters of credit and establish reserve funds (in addition to holding an insurance policy) to ensure that adequate funding is available (although some felt that this would not be sufficient).
- Set aside money in an escrow account for cleanup should a spill occur.
- Compensate municipalities and those who live close to the pipeline for their increased economic, social and environmental risks (e.g. pay rent to municipalities and individual landowners).

Ontario Energy Board

- Examine the economic benefits of investments in alternative energy projects.
- Examine the economic impacts of upstream GHG emissions.
- Utilize the United Nations Ecosystem Services Economics¹³ approach to evaluate the proposed pipeline so the valuation of ecosystem services can be included (i.e. the benefits that ecosystems naturally provide to humankind such as the provision of drinking water).

Government of Ontario

- Be clear in identifying why Ontario should take on the environmental risk in the absence of strong economic benefits.
- Identify ways to maximize any revenues that would flow to the Province from the proposed pipeline.
- Seek both royalties from the proposed pipeline and the establishment of a \$1 Billion fund paid for by TransCanada to be used for spill cleanup in the event of a pipeline leak (some were concerned that that the NEB had ignored Ontario's requests in the past, including the request that Enbridge perform hydrostatic testing to ensure pipeline integrity as part of its proposed Line 9 Reversal project).

Federal Government

- Provide support to Ontario's green energy projects and the development of chromite deposits in Northern Ontario in a manner equivalent to the support provided to the development of Alberta's oil sands.

3. A Range of Confidence in Pipeline Safety

Integrity of Existing Pipeline

Participants at several of the Community Discussions and some of those who provided written submissions were concerned with the integrity of the existing pipeline. The concerns of these participants included:

- The age of the pipeline (e.g. in some places the pipeline is 20-30 years old).
- The high number of failures on the existing pipeline.
- The pipeline's joints and materials are decaying and prone to failure.
- The tar coating used to protect against corrosion becomes ineffective over time.
- The pipeline bedding and padding may have eroded in some places due to sub-surface waterways and as a result, the pipeline in these places would be lying on bedrock, causing elevated risks of failure from puncture and metal fatigue.
- Seismic activity along the Ottawa River Valley may cause additional risk of pipeline failure.
- The construction and operation of proposed wind turbines in close proximity to the pipeline may affect its integrity.
- A pipeline leak is inevitable, whether the pipeline is old or new.
- With the proposed volume of oil to be moved through the Energy East pipeline, even with a 99.99% reliability record, the remaining 0.01% represents a significant volume of spilled product.

Other participants were confident in the integrity of the existing pipeline.

- They were impressed with the proposed pipeline's engineering standards, noted that a well-maintained and professionally-serviced pipeline can be safely operated for an indefinite period, and that Canadian pipelines operate with a 99.5% reliability record.

Effects of Switching from Natural Gas to Oil

Participants at many of the Community Discussions (Kenora, Thunder Bay, Kapuskasing, Timmins, North Bay, Stittsville) and participants who provided written submissions felt that converting a natural gas pipeline to transport oil would compromise the pipeline's integrity and safety. Specific concerns included:

- The possibility that the pipeline could sink. Oil weighs more than natural gas and that this may cause the pipeline to sink in wetlands, bogs and other areas with less bedding, affecting the integrity of the pipeline.
- The pressure of the pipeline. Oil requires greater pressure (compared to gas) to pump it through the pipeline. Also, the different types of oil and different compositions of diluted bitumen may require different amounts of pressure – the variable pressure that the pipeline will be subjected to may increase the risk of a rupture.
- The corrosiveness of diluted bitumen. Diluted bitumen is more corrosive than other petroleum products and may require a special type of pipeline.
- The composition of diluents used in diluted bitumen are proprietary, carcinogenic, flammable and explosive, and that material safety datasheets are unavailable. Also, these diluents are and will continue to be shipped by rail, posing a risk to the communities through which these rail cars pass.

Pipeline Inspection and Leak Detection

A number of participants at the Community Discussions were not convinced that TransCanada's pipeline integrity testing methods (e.g., integrity digs, in-line testing) were comprehensive enough. They were particularly concerned that integrity testing methods may not completely discover corrosion or cracks, particularly on the outside of the pipeline.

Some of the participants who provided written submissions were concerned about the capabilities of leak detection systems that would be employed on the proposed pipeline. Some of their specific concerns included:

- Undetected leaks. Where leaks have occurred on other pipelines, they initially went undetected for a number of hours, leading to slower response times and larger spills.
- Leak detection technology. The very best leak detection technology is only able to detect leaks above a certain percentage of total volume of product shipped, raising the possibility that small leaks could occur daily and go undetected.
- Regulatory reporting requirements. Leaks under 1,500 litres do not have to be reported to the NEB, to first responders or to the public.

Other participants who contributed written submissions were confident in both TransCanada's testing methods, and in the training and competence of the pipeline maintenance personnel who would carry out this testing.

Emergency Response

Several participants at the Community Discussions and those who provided written submissions were concerned about the adequacy of emergency response measures in the event of a spill. Their concerns included:

- The difficulty of coordinating emergency response across numerous jurisdictional boundaries.
- The preparedness of local municipalities for the level of clean up required.
- The availability of Material Safety Datasheets. The proposed pipeline will carry products that vary in chemical makeup and that the Material Safety Data Sheets for these products will not be made available to first responders.
- The location of on-call emergency response staff. The proposed pipeline will pass through many remote and difficult to access areas in Northern Ontario, reducing the likelihood that on-call staff will be stationed in close proximity to every part of the pipeline to quickly mitigate the damage of a spill.
- The effectiveness of emergency response measures to protect drinking water sources. The best emergency response measures may not be good enough to comprehensively respond in enough time to prevent contamination from a leak near municipal drinking water sources.

Pipelines are a Safe Alternative to Rail

Participants at several Community Discussions - as well as participants who provided written submissions - felt that transporting oil by pipeline is safer than doing so by rail.

- These participants felt that the transportation of oil was inevitable and that if pipelines were rejected it would happen by rail. The rail lines used to ship oil tanker cars often run through the centre of or immediately adjacent to cities and towns, posing a more direct threat to residents than a pipeline.
- However, there were some participants who felt that, should the pipeline go ahead, there would be no guarantee that rail transportation would stop or decline.

Trust in TransCanada

Participants at many of the Community Discussions (Kenora, Kapuskasing, North Bay, Stittsville, Cornwall) - as well as those who provided written submissions - expressed distrust with TransCanada. Specific concerns included:

- A lack of information regarding oil leaks and natural gas explosions on existing pipelines.
- The treatment of TransCanada employees that raise red flags with regards to pipeline quality management.
- A culture of non-compliance as demonstrated by a recent NEB audit in which TransCanada was found non-compliant in four of nine areas investigated.
- TransCanada has described its Keystone pipeline in the United States as 'state-of-the-art', predicted to spill no more than once every seven years and yet within its first year of operation there have already been a number of spills.

- TransCanada's communications campaigns are misleading, inaccurate and company staff are uninformed of important watersheds and potential impacts along the route.
- Insufficient response to landowner concerns regarding issues with existing pipelines.

Other participants at many of the same Community Discussions (Kenora, Kapuskasing, Timmins, North Bay, Cornwall) – as well as participants who provided written submissions – expressed trust in TransCanada's safety and maintenance record.

- These participants often cited direct experience with TransCanada's operation and maintenance of the existing pipeline, its emergency planning and training, and its working relationship with local communities.
- They felt that TransCanada is transparent and accountable, is one of the most demanding pipeline companies in terms of health and safety requirements, has one of the lowest incident rates in the industry, and has often set the industry standard in pipeline safety, employing regular maintenance and state of the art technology.

Actions Suggested by Participants

TransCanada

- Build a brand new, half-inch thick, double-walled pipe for the entire length of the proposed pipeline. This would be safer and would create more jobs than pipeline conversion.
- Demonstrate that the highest safety standards will be employed (including advanced pipeline and leak detection technology, seismic monitoring and redundant control centres in Ontario).
- Make publicly available all information on testing, monitoring and pipeline operations, as well as emergency response plans and data and information on follow-up actions regarding spills and incidents.
- Establish community/ecosystem-specific emergency preparedness procedures, provide funding and training for emergency response teams (including pipeline maintenance personnel), and communicate regularly with local authorities and first responders.
- Test the integrity of the pipeline with in-line inspections on at least one-quarter of the pipeline annually.
- Test the integrity of the bedding and padding of the pipeline trench to determine where it is in need of replacement.
- Provide material safety data sheets for all of the products that will be shipped through the pipeline.
- Develop a credible model of risk assessment and failure.
- Publicly disclose all pipeline 'incidents' both large and small.
- Employ a third party to conduct research on the impacts of the proposed pipeline and publicly disclose the results of this research.
- Immediately resolve landowner concerns and reports of damaged equipment.



Ontario Energy Board

- Assess the differences between current population and settlement patterns and those at the time the pipeline was built to understand if the pipeline meets all current safety standards.
- Include a list of all the spills and leaks that have occurred on TransCanada pipelines in the OEB's report to the Minister of Energy.

National Energy Board

- Conduct an independent engineering assessment of the proposed pipeline.
- Ensure that all spills are immediately reported to the public.
- Assess the differences between current population and settlement patterns and those at the time the pipeline was built to understand if the pipeline meets all current safety standards.
- Include a list of all the spills and leaks that have occurred on TransCanada pipelines in the OEB's report to the Minister of Energy.

National Energy Board

- Conduct an independent engineering assessment of the proposed pipeline.
- Ensure that all spills are immediately reported to the public.

4. Interest in a New National Energy Strategy and Concern about Climate Change

A New National Energy Strategy

Participants at a number of Community Discussions and a few participants who provided written submissions expressed an interest in a new national energy strategy that would help move the country from a fossil-fuel dependent economy to a green energy economy.

- Participants described this new national energy strategy as an approach to long-term, sustainable energy production that would provide a framework to assess energy infrastructure proposals in an objective, non-partisan way.
- They felt that it should put a price on carbon or cap carbon emissions and reduce the export of raw materials while adding value to resources in Canada.

These participants recognized that such a transition would involve a lengthy and difficult process – everyone has a carbon footprint – but felt that the country needs to have a debate about climate change and undertake this transition. There were some participants who felt that until the transition is made, it will be important to continue to provide access to a secure supply of oil that this proposed pipeline would provide.

The Oil Sands, the Proposed Pipeline and Climate Change

Participants at many of the Community Discussions (Kenora, Thunder Bay, Timmins, North Bay, Stittsville) and many participants who provided written submissions expressed concern about the climate change impacts they felt would result from the approval of the proposed pipeline.

- These participants felt that the proposed pipeline would facilitate the continued development of the oil sands and that the oil sands are a significant contributor to climate change.
- They felt that the proposed pipeline would thus run counter to the most recent advice from the United Nations and International Energy Agency regarding climate change and fossil fuels usage and would ultimately contribute to the undermining of efforts currently underway to tackle climate change.
- There were those who felt that these climate change impacts outweigh any economic benefits and that, based on climate impacts alone, the proposed pipeline should not be allowed.

There were a few participants at the Community Discussions – as well as a few participants who provided written submissions – who felt that the proposed pipeline would not play a significant role in determining the pace of oil sands production as it is only one of many options for transporting oil to markets.

Decreases in Ontario's GHG Emissions Offset by Oil Sands

Participants at several Community Discussions (Kenora, North Bay, Stittsville, Cornwall) and a few participants who provided written submissions were concerned that Ontario's progress in reducing GHG emissions by closing coal-fired power plants would be offset by the increases in GHGs associated with the increased oil sands production that would be facilitated by the proposed pipeline.

- They felt that the proposed pipeline would be inconsistent with Ontario's Green Energy and Economy Act and provincial planning policies (e.g. the Provincial Policy Statement, 2014 and the Growth Plan for Northern Ontario, 2011).
- Furthermore, it would contradict the advice of Ontario's Environmental Commissioner, who has recommended prompt action by all societal actors to reduce GHG emissions.

Actions Suggested by Participants

Ontario Energy Board

- Consider the Pembina Institute's report on the upstream GHG emissions of the proposed pipeline.
- Consider climate change and upstream GHG emissions amongst the environmental impacts of the proposed pipeline in the report to the Minister of Energy (other participants thought that the upstream impacts of the oil sands do not fall within the four areas of potential impact identified in the letter from Ontario's Minister of Energy that initiated the OEB's Energy East Consultation process and that it is also important to understand that the National Energy Board does not consider upstream impacts when it reviews pipelines).

- Consider outlining how the proposed pipeline is compliant or non-compliant with Ontario's existing climate change policy in the OEB's report to the Minister of Energy.

Government of Ontario

- Act as a 'visionary steward' of the environment by continuing to follow the Province's existing policy framework and its leadership on GHG reductions.
- Take climate change research into account when intervening in the NEB's hearing process on the proposed pipeline.

5. Impacts on Natural Gas Prices and Access to Supply

Participants at several Community Discussions - as well as participants who provided written submissions - raised concerns about the risk of reduced access to natural gas and a resulting increase in price. Participants felt that an increase in price would be particularly difficult for consumers in northern and eastern Ontario. Amongst the concerns mentioned by these participants were:

- The conversion of the mainline would result in a 30% - 40% reduction in the amount of natural gas flowing west to east and that this reduction would increase the price of natural gas.
- Additional natural gas pipeline capacity would have to be built and the costs of these new pipelines would be recovered from consumers.
- The price of gas from northeastern United States would increase as new regulations affecting natural gas fracking practices take effect in the coming months.
- TransCanada's Mainline is not underutilized in the Eastern Ontario Triangle area and that the conversion of this particular section would lead to a shortfall in natural gas pipeline capacity. Others were encouraged by TransCanada's plans to construct a new pipeline between Markham and Iroquois to alleviate this potential shortfall.

Some participants who provided written submissions were confident that TransCanada would fulfill its contractual responsibilities to transport natural gas and will not increase the cost of transporting natural gas on their pipeline system.

Actions Suggested by to Participants

Ontario Energy Board

- Consider the impact on natural gas transmission of the conversion of one of TransCanada's Mainline pipelines to carrying oil and the construction of new Energy East assets.
- Consider the impacts of the removal of Mainline assets on the flexibility of Ontario's energy system.
- Analyze the long-term impacts of the removal of natural gas transmission service on the prices of electricity and natural gas.

6. Impacts on Aboriginal Communities*

At Community Discussions in Kenora, Thunder Bay, Timmins and Kapuskasing, members of Aboriginal communities expressed concern about some of the impacts of the proposed pipeline on First Nation and Métis communities, including:

- Engaging aboriginal communities. TransCanada's process for engaging these communities lacks transparency, does not engage clan mothers and women, and (as per a participant who provided a written submission) needs to allow time and resources for First Nation leaders to consult their membership as part of the right to free, prior, and informed consent .
- Lack of recognition that First Nations never agreed to TransCanada's Mainline in the first place.
- The proposed pipeline would result in social, psychological and spiritual impacts, increased rates of morbidity and mortality, and impacts on herbs and natural medicines that grow in the vicinity of the pipeline.
- The long-term impacts on water and food – that everyone's children will inherit the decisions that are made today, and that these decisions may result in contaminated water and food.

At the Timmins Community Discussion, a member of a First Nations community strongly opposed TransCanada's proposed Energy East Pipeline and stated that many people were prepared to stage non-violent resistance to stop it.

One participant in Kapuskasing felt that the proposed pipeline could result in increased employment, business and partnership opportunities for First Nation and Métis communities.

Actions Suggested by Participants

National Energy Board

- Ensure that TransCanada secures free, prior and informed consent from the Aboriginal people whose territories are crossed by the proposed pipeline.
- Add Aboriginal representation to the National Energy Board.

* The perspectives summarized in this section reflect the views of participants who attended Community Discussion or provided written submissions. Meetings specifically for First Nations and Métis communities were held between March 25th and April 8th and a full summary of the perspectives shared at these meetings has been prepared separately and is available on the OEB's Energy East Consultation website (ontarioenergyboard.ca/oebenergyeast).

7. Process Concerns

Participation in the NEB Hearing Process is Limited

Participants at a number of Community Discussions (Kenora, North Bay, Cornwall) and some of those who provided written submissions were concerned that the National Energy Board (NEB) hearing process does not adequately take the concerns of citizens into account. They felt that the process is flawed, unjust and undemocratic, assigns too high a standard on what counts as expertise, and places onerous restrictions on participation by individual members of the public (e.g. permits only those “directly affected” by the proposal to participate). Further, the Issues List for the Energy East hearing was finalized without input from potential intervenors.

Trust in the National Energy Board and Federal Government

Some participants at Community Discussions and those who provided written submissions felt that the federal government was not fulfilling its role in making decisions for the common good and that economic development was placed ahead of environmental protection and climate change mitigation.

- These participants stated that they are losing trust in the NEB, were concerned that the NEB has not yet considered the upstream and downstream climate change impacts of pipeline projects (and that the upstream and downstream climate change impacts were excluded from the NEB Energy East Issues List) and concerned that the NEB has never disallowed a project.
- Participants who provided written submissions were also concerned with recent staff and program cuts at Environment Canada as well as changes to environment, health and safety laws and regulations (including the Fisheries Act, the Navigable Waters Protection Act and the Canadian Environmental Assessment Act). They felt that these changes were made to favour the resources industry.

Others, including a few of those who provided written submissions, held the perspective that the NEB is not a ‘rubber-stamp’ agency – that it is progressive in its outlook and takes into account the economic benefit of projects to all citizens.

Role of the Province

Participants at the North Bay Community Discussion (including the Mayor of North Bay) – as well as a few of those who provided written submissions – suggested that the Province has a role to play in providing technical resources to municipalities (including engaging the Environmental Commissioner of Ontario).

- These technical resources could be used to provide a third-party assessment of TransCanada's technical submissions to the NEB, and to ultimately assist municipalities in developing their own submissions to the NEB.
- These participants felt that the Province has role to play in using its influence, expertise and technical resources to protect both the Province and North Bay.

Participants at several of the Community Discussions and a few of those who provided written submissions felt that the Province should undertake an Environmental Assessment of the proposed pipeline that takes into account trans-boundary impacts such as climate change and allows for the examination of a full range of alternatives.

Actions Suggested by Participants

National Energy Board

- Ensure that hearings are held in northern Ontario – one in the northwest and one in the northeast.
- Impose requirements that the proposed pipeline employ Canadians and use Canadian steel and other manufactured goods in its construction.
- Conduct an independent engineering assessment of the proposed pipeline.



