



Extension of Northern Gateway's Certificate of Public Convenience and Necessity

Issue

On May 6, 2016, the Northern Gateway Project filed a request with the National Energy Board to extend the sunset clause on their Certificate of Public Convenience and Necessity until December 31, 2019.

If the Sunset clause extension is not granted, Northern Gateway would no longer have the approvals to build this pipeline.

Background

Since 2002, Enbridge has been leading the development of the Northern Gateway Project (the Project) with the support of potential Canadian and international shippers. The Project consists of two pipelines extending from an initiating pump station near Bruderheim, AB to a Kitimat, BC terminal. One pipeline is a 36-inch diameter oil export pipeline, with an average throughput of 525,000 barrels per day flowing west from Bruderheim, ending in Kitimat. The second pipeline proposes 193,000 barrels per day of condensate flowing east from Kitimat to Bruderheim.

In June 2014, the Project received a Federal Order in Council granting the Project a certificate for the construction and operation of the Project subject to 209 conditions. The second of these conditions is a sunset clause which requires construction of the Project commence prior to December 31, 2016. Earlier this month, the project filed a request with the National Energy Board to extend the sunset until December 31, 2019. The request cited "delay in obtaining approvals from other regulators; judicial challenges to required approvals; and changes in market conditions affecting commercial arrangements." as reasons for the delay and that the additional time will also be used to build stronger partnerships with First Nation, Metis and local communities.

During the regulatory review of the Project, Wright Mansell Research was retained to provide an independent assessment of the benefits of the Project from a Canadian public interest perspective. Their report concluded that the project would result in Canadian oil producers' revenues increasing by \$2.39 billion in the first full year of operations and growing to over \$4.47 billion by 2025.

Further, Wright Mansell Research's report concluded that over a 30-year operating period, Canadian gross domestic product (GDP) would increase by \$270 billion. Over the same 30 year period, labour income would be a projected \$48 billion, a result of an additional 558,000 person years of employment. Federal and provincial governments would be positioned to collect an additional \$81 billion in revenue.

From 2010 to 2013, the Project underwent the most comprehensive review in Canadian history. The Joint Review Panel, tasked with reviewing the project, concluded: "we are of the view that...the Enbridge Northern Gateway Project, constructed and operated in full compliance with the conditions we

required, is in the Canadian public interest. We find that Canadians will be better off with this project than without it.”

The Alberta Chambers of Commerce recommends that the Government of Alberta:

1. Write a letter supporting Northern Gateway’s sunset extension request to December 31, 2019, to the National Energy Board prior to the National Energy Board’s letter of comment period.

The Alberta Chambers of Commerce recommends that the National Energy Board:

2. Accept the extension request to December 31, 2019.