

PIPELINE

CANADIAN ASSOCIATION OF ENERGY AND PIPELINE LANDOWNER ASSOCIATIONS

OBSERVER

HOLDING THE NEB UP TO THE LIGHT

Can the National Energy Board
truly act in the public interest?

PETROLEUM POWER

How fossil fuels have
cleaned up our cities

SKY'S THE LIMIT

New partnership is looking
at aerial leak detection

PROPERTY RIGHTS

Expropriation alternatives
could benefit everyone



E=

Road trip. We didn't choose the perfect playlist. Or program the GPS. But we did fuel the car that made you realize there are no wrong turns, only new adventures. When the energy you invest in life meets the energy we fuel it with, amazing journeys happen.

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Aiming for a Win-Win

Agreements that benefit both landowners and pipeline companies are CAEPLA's goal

PIPELINES are no longer “out of sight, out of mind.” That is evident from the stories we see on TV news, in the papers and all over social media.

With their seemingly never-ending protests and applications to intervene at National Energy Board hearings, the anti-pipeline movement has succeeded in whipping up the public like never before. It has also managed to create a lot of anxiety among landowners, judging by the increasing number of calls CAEPLA is getting these days from farmers and ranchers.

The vast majority of calls we get at CAEPLA are not against pipeline projects per se. They are from landowners who have heard that they might be getting new pipe across their land, or that old pipe on their property is going to be abandoned or replaced.

In most cases, they are not worried about the project itself so

much, but are more concerned about ensuring the pipe they do get is safe and won't disrupt their farming operations or disturb their soil. They wonder what they can do to get a contract that will protect their property, and get a good deal from the pipeline company.

As you can imagine, all of the anti-pipeline hype we are bombarded with generates a lot of extra anxiety among even the most conservative landowners.

Along with being put in place as new routes to transport Canada's energy, new pipelines are being built to replace old, aging pipe. We see this as good news — if you are worried about the condition of aging pipelines, many of which are half a century old, you obviously want to see new, state-of-the-art lines replace them.

Meanwhile, landowners are busy doing what they do best — making a living farming, ranching or running

wood lots on their land — but are coming to the conclusion they need a professional organization with the expertise to help them negotiate a business contract. This is much the same as when they seek out other professionals like accountants, lawyers, realtors or agrologists to help them with other aspects of their family business.

This is what CAEPLA does well. We realize that a landowner on his or her own is not on a level playing field when dealing with a pipeline or power transmission company. So we encourage landowners to work together as a group with their neighbours and have CAEPLA help negotiate a win-win business agreement — one that works equally well for you and the company — that will form the basis of a prosperous partnership for decades to come.

Our goal is to help level the playing field when dealing with the energy transport sector — which,

when push comes to shove, is all too often backed by government's willingness to expropriate your land and turn it over to the company if you balk at its offers.

Over the past 25 years, the pipeline landowners movement has negotiated win-win business agree-

“We realize that a landowner is not on a level playing field when dealing with a pipeline or power transmission company.”

— CAEPLA COO & DIRECTOR OF LANDOWNER RELATIONS ANNETTE SCHINBORN

ments for thousands of landowners across Canada on both pipeline and power transmission projects.

Many of these deals have been precedent-setting, and have protected landowners, their families and their investments in a variety of ways. They have defined construction practices clearly, and provided

construction monitors who work for landowners to ensure projects proceed according to contract terms. They have provided for the formation of joint committees of landowners and company representatives, to which landowners can go for resolution of any problem they may be experiencing, and they've included an array of other benefits.

Earlier this year, CAEPLA ratified another precedent-setting contract on the Enbridge Line 3 Replacement Project. This agreement commits Enbridge to a first-in-industry clubroot biosecurity protocol developed by Prairie farmers and CAEPLA members like you. We have also reached an agreement on decommissioning that includes independent research to resolve the concerns landowners have about being left with deactivated pipe.

By engaging proactively with companies, through these agreements CAEPLA is working on your

behalf to improve landowner-industry relations.

Of the many calls CAEPLA receives, the most gratifying are the ones thanking us for the peace of mind that comes with negotiated settlements, a reassurance that helps them sleep better at night knowing their families and investments are protected. ●

— Annette Schinborn is COO and Director of Landowner Relations at CAEPLA. Before joining the team at CAEPLA, Annette worked with grassroots nonprofits including the Canadian Taxpayers Federation, Prairie Centre Policy Institute and the Western Canadian Wheat Growers Association. She has worked closely with landowners, farmers and ranchers on issues of concern that have affected them — tax policies, agricultural policies and now pipeline and property rights issues.

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Enbridge and EVRAZ: a Partnership Forged in Steel

Who says safety doesn't pay?

A

COMMITMENT to thicker, state-of-the-art pipe is creating economic spinoffs — and peace of mind for landowners and a public demanding greater safety in energy transport.

Steel manufacturing giant EVRAZ North America announced earlier this year that it would invest about \$200 million in its Regina operations over the next two years.

The investment, the biggest in EVRAZ North America's history, paves the way for:

- the installation of a two-step large-diameter pipe mill, enabling the production of thicker-walled pipe;
- state-of-the-art steelmaking and rolling mill upgrades; and
- the ability to manufacture 100 per cent made-in-Canada pipe through industry-leading technology.

Enbridge has purchased more than 1.6 million tons of carbon-steel pipe from EVRAZ since 2006 — that's more than 7,100 kilometres' worth — and nearly all of the large-diameter pipe Enbridge will use for its large slate of energy infrastructure growth projects in the near future, including the proposed Line 3 Replacement Program, will come from EVRAZ.

"We're delighted to be part of a Saskatchewan success story," Enbridge CEO Al Monaco said. "EVRAZ is a proven partner, and we've built a long-term relationship on our shared commitment to making safety and quality the highest priorities."

EVRAZ employs more than 1,000 people in Regina, and creates mas-

sive indirect value — about \$600 million a year — from regional economic spinoffs, including purchase of goods and services, raw materials and contractor services.

Enbridge is an integral part of that economic picture. In 2014, it purchased 86 per cent of the line pipe made by EVRAZ in Regina.

Enbridge and EVRAZ have a shared commitment to pipeline safety and operational reliability.

“We are committed to a strong future producing pipe that meets increasingly stringent industry standards.”

— EVRAZ NORTH AMERICA
PRESIDENT AND CEO
CONRAD WINKLER

"The heart of Enbridge's business is the pipe in the ground. Safety and quality are the highest priorities when it comes to our pipeline steel, and we share a common bond with EVRAZ in that regard," said Dave Lawson, Enbridge's vice-president of major project execution.

Enbridge's specifications exceed industry demands, Lawson explained. "We look for higher-quality pipe that undergoes more rigorous and more frequent testing — and our inspectors have unlimited access to EVRAZ facilities through the manufacturing process."

EVRAZ North America president and CEO Conrad Winkler says both

companies share a set of core values. "Like Enbridge, safety and quality are our highest priorities — as our Regina investment reflects, we are committed to a strong future producing pipe that meets increasingly stringent industry standards," Winkler said.

Dave Core, president and CEO of the Regina-based Canadian Association of Energy and Pipeline Landowner Associations (CAEPLA) said the EVRAZ-Enbridge announcement is a win across the board for landowners, the public, industry and the economy.

"Thicker, higher-quality pipe will provide added peace of mind for pipeline landowners," he said. "And it's a bonus anytime you see industry investment in safety benefit the economy like this."

Meanwhile, between 94 and 96 per cent of EVRAZ steel is made of recycled content, purified with some raw iron ore and fortified with alloys such as manganese, silicon and molybdenum.

EVRAZ and Enbridge also announced that the two companies will partner on a joint research and development program to enhance pipeline performance. Along with industry and academic institutions, EVRAZ and Enbridge will help to drive continuous improvements — with the ultimate aim of optimizing industry-wide safety and reliability.

Added Lawson: "We are constantly looking for ways to enhance pipeline safety for landowners and community residents — and our R&D program with EVRAZ is an excellent example of that." ●



Controlling Biosecurity Risks

A new standard for energy development

FARMERS across Canada are becoming increasingly concerned about the introduction and spread of noxious weeds and other pathogens and the potentially disastrous consequences

of these biosecurity risks for annual crop production. From clubroot in the West to soya bean cyst nematode in Eastern Canada, government agencies, producer organizations and farmers are all focused on controlling these biosecurity risks.

In a national biosecurity standard developed for the grains and oilseeds industry, the Canadian Food Inspection Agency (CFIA) has

identified various “pests” that have the potential to decimate the multi-billion-dollar grains and oilseeds export market and domestic industry.

CFIA describes the movement of soil and plant material on equipment moving between fields as a primary biosecurity risk factor in the introduction and spread of these pathogens, and recommends inclusion of “equipment cleaning requirements and defined levels of cleanliness in land access agreements.”

Considering risks posed by equipment access not directly related to agricultural activity, CFIA specifically identifies oil and gas well and pipeline development,

and comments that “the activities of pipeline or other soil-movement activities may pose a significant risk of moving pests to the farm (via soil and plant debris).”

With respect to such activity by pipeline companies and utilities (electricity, gas, water), the CFIA advises that “biosecurity risks that are present, but not clearly identified and understood, cannot be effectively contained from moving within the farm.... An important part of minimizing the spread of pests is early detection and clear identification of the problem.”

The Canadian Association of Energy and Pipeline Landowner



Associations (CAEPLA), the Manitoba Pipeline Landowners Association (MPLA) and the Saskatchewan Association of Pipeline Landowners (SAPL) have recently developed, in conjunction with Enbridge Inc., an innovative and comprehensive Clubroot Biosecurity Agreement.

The agreement will help identify, assess and mitigate clubroot contamination risks related to Enbridge's proposed Line 3 Replacement Program across Alberta, Saskatchewan and Manitoba, along with Enbridge's future mainline corridor pipeline maintenance activities.

The soil-testing and equipment-cleaning protocol prescribed under this agreement applies to all agricultural lands affected by Enbridge's operations and will be reviewed and updated by agreement of the parties at five-year intervals.

It requires clubroot risk identification on each property prior to equipment entry and specifies cleaning and disinfection measures corresponding to identified clubroot risk. The protocol is subject to third-party independent audit to ensure its implementation and, in the event of default, provides for additional testing and a process for dispute resolution.

In connection with proposed new Line 3 construction, clubroot risk is determined through intensive soil testing at primary and auxiliary agricultural and Enbridge right-of-way access points, and along the length of both existing and new right-of-way.

Soil sampling is in a 50-metre W pattern with about 52 sample points per quarter-section on cultivated lands. Soil sampling test results are deemed valid for a period of 18 months, with provision for additional sampling thereafter if necessary.

Depending upon the location and number of clubroot "hits," each property is then classified as high-, moderate- or low-risk. Before leav-

ing a high-risk property, equipment is to be "fine cleaned" (pressure washed, steamed and disinfected) at a station erected at the property boundary for this purpose.

Alternatively, if the adjacent property is also high-risk, the equipment will be mechanically cleaned with compressed air and disinfected. Where the adjacent properties are owned by the same landowner, the landowner will have the option of locating the mechanical cleaning station adjacent to the clubroot "hit" to prevent spread of clubroot on the property.

“An important part of minimizing the spread of pests is early detection and clear identification of the problem.”

Before leaving moderate-risk properties, equipment will similarly be mechanically cleaned at the property boundary. Low-risk properties have no additional cleaning requirements beyond rough cleaning (scraping and brushing).

These mitigation measures apply to all equipment where construction proceeds in non-frozen conditions. In frozen conditions, they apply to earth-moving equipment, with non-earth-moving equipment requiring rough cleaning at the property boundary.

In connection with Enbridge's future mainline corridor maintenance activities, prescribed soil testing and mitigation measures similarly apply to all agricultural lands. Again, intensive soil testing will be undertaken at both on- and off-easement access points, along the access route and at the dig site.

Soil test results are deemed valid for a period of 12 months (unless there is a material change in the

access or dig site location). While mitigation measures are the same as for Line 3 construction on high-, moderate- and low-risk properties, fine and mechanical cleaning may be conducted at a central location, provided the equipment is rough cleaned and all reasonable efforts are made to remove soil residue before transport.

An independent third-party testing auditor and construction monitor are to ensure proper implementation of the soil testing and mitigation protocol during Line 3 construction. Similarly, an independent third-party construction auditor is to ensure proper implementation of soil testing and mitigation requirements on future integrity digs.

In the event of default, Enbridge and landowner representatives are to agree on corrective action, which may include additional soil sampling. In the event of dispute, issues may be referred to a committee that includes landowner representatives or mediation for resolution.

The CAEPLA/MPLA/SAPL-Enbridge agreement establishes a new standard for the identification and mitigation of clubroot biosecurity risks. For landowners concerned about the introduction and spread of pathogens to their property as a result of pipeline and hydro transmission development, it provides a useful precedent to assist them in implementing CFIA national standard requirements to control biosecurity risks. ●

— Paul G. Vogel is a partner in the London, Ont., law firm of Cohen Highley LLP. He practises in the area of commercial litigation and environmental law.



Biosecurity and You

7 things farmers need to know about clubroot



IN 2014, with the spread of clubroot from Alberta eastward into Saskatchewan and touching into Manitoba, concerned CAEPLA landowners along the proposed Enbridge Line 3 Replacement

Project knew that a robust clubroot biosecurity protocol needed to be in place to protect landowners from the spread of this soil-borne disease.

Biosecurity in food production has become important to agricultural producers in Canada — and to the general public. Simple, effective protocols have been put in place for many diseases plaguing animal production, and similar plans can also mitigate risks in plant diseases.

Clubroot is a soil-borne disease of canola caused by *Plasmodiophora brassicae*. It was first found in western Canada in 2003 near Edmonton, but it has remained relatively isolated until now.

Its most recent appearance in

areas of Saskatchewan and Manitoba has shocked many in the canola industry who believed the disease would remain a local problem. Since its spread, canola growers have been advised to become familiar with clubroot and how to manage it.

SEVEN IMPORTANT FACTS TO KNOW ABOUT CLUBROOT

1 The greatest spread of clubroot is caused by soil that is transported on equipment. Avoid the introduction of clubroot by cleaning, monitoring or restricting equipment entering and leaving the field.

2 Soil conservation practices are important to reduce erosion that spreads clubroot via wind and rain. Minimal disturbance also keeps infected spots local within a field.

3 Once present, clubroot spores can live for up to 20 years in the soil. It takes at least four years to reduce the spore count in the soil by half, but infected plants can increase levels rapidly.

4 Clubroot can completely devastate a canola crop, killing all the plants and reducing yield to near zero. While this level of severity is rare, significant economic losses can occur.

5 Clubroot infects all plants in the Brassicaceae family, including weeds like shepherd's purse, stinkweed, flaxweed, wild mustard and volunteer canola — meaning weed control is very important.

6 Prevention is key! Now that new clubroot strains have overcome clubroot-resistant crop varieties, there are no effective control measures. Cultural control is limited to crop rotation and there are no fungicide options.

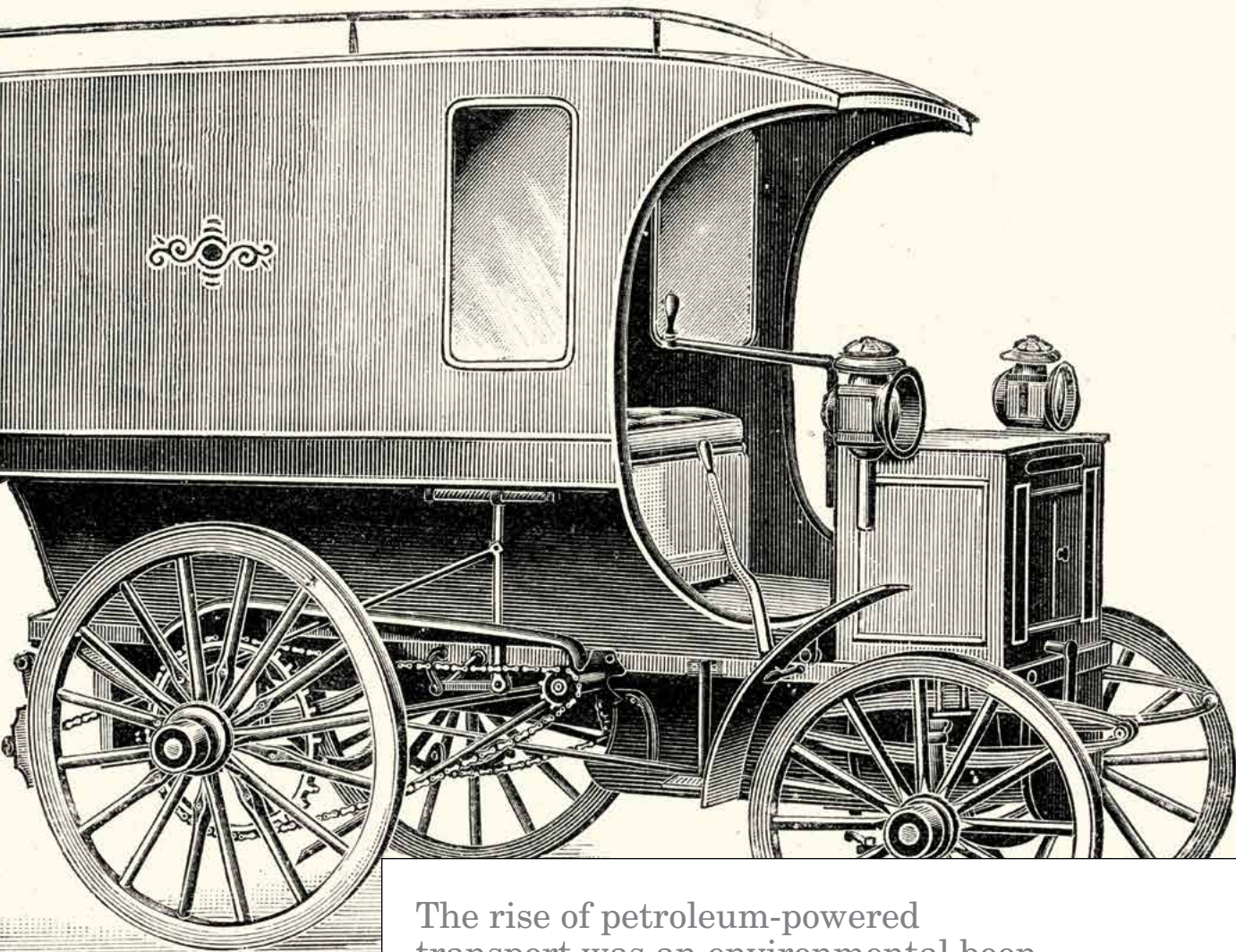
7 Above-ground symptoms are often attributed to other diseases like sclerotinia or blackleg, and it takes six to eight weeks from initial infection to gall formation underground. It's best to scout suspicious plants two weeks before swathing or right after swathing.

More information on clubroot can be found at clubroot.ca, and soil testing for clubroot is available commercially. ●

— *Andrea De Roo has a BSA in Agronomy and is an M.Sc. candidate pending P.Ag. A proud farmer, she is also the daughter of Wayne De Roo, who along with Gerry Demare and Daniel Hacault was part of the CAEPLA negotiating team instrumental in developing the robust clubroot biosecurity protocol recently negotiated with Enbridge on the Line 3 Replacement project.*



Oil Power: An Eco-Revolution



The rise of petroleum-powered transport was an environmental boon

LAURA INGALLS WILDER'S *The Long Winter* is generally regarded as the most historically accurate book of her semi-autobiographical Little House on the Prairie series. *The Long Winter* tells the story of how the inhabitants of De Smet (present-day South Dakota) narrowly avoided starvation during the severe winter

of 1880-81, when a series of blizzards dumped nearly three and a half metres of snow on the northern plains — immobilizing trains and cutting off settlers from the rest of the world.

Faced with an imminent food shortage, Laura and her neighbours learned that a sizable amount of wheat was available within

20 miles of their snow-covered houses. Her future husband, Almanzo Wilder, and a friend of his risked their lives in order to bring back enough food to sustain the townspeople through the rest of the winter. With the spring thaw, the railroad service was re-established and the Ingalls family enjoyed a long-delayed Christmas celebration in May.

The Long Winter is a valuable reminder of how lethal crop failures and geographical isolation could be before the advent of modern farming and transportation technologies. Not too long ago, subsistence farmers across the West had to cope with the “lean season” — the period of greatest scarcity before the first availability of new crops.

As some readers may know, in England the late spring (and especially the month of May) was once referred to as the “hungry gap” and the “starving time.” One problem was the cost and difficulty of moving heavy things over often muddy and impracticable dirt roads; three centuries ago, moving a ton of goods over 50 kilometres on land between, say, Liverpool and Manchester was as expensive as shipping them across the North Atlantic.

The development of coal-powered railroads and steamships revolutionized the lives of our ancestors. Among other positive developments, landlocked farmers could now specialize in what they did best and rely on other farmers and producers for their remaining needs. The result was not only more abundant food at ever-cheaper prices, but also the end of widespread famine and starvation as the surplus from regions with good harvests could now be shipped to those that had experienced mediocre ones. (Of course, a region that experienced a bumper crop one year might have a mediocre one the next.)

In time, petroleum-derived products such as diesel, gasoline, kerosene (jet fuel) and bunker fuels (used in container ships) displaced coal because of their higher energy density, cleaner combustion and greater ease of extraction, handling, transport and stor-

age. Nearly two thirds of the world’s refined petroleum products are now used in land, water and air transportation, accounting for nearly 95 per cent of all energy consumed in this sector.

Despite much wishful thinking, there are simply no better alternatives to oil-powered transport at the moment. For instance, despite very generous governmental subsidies, battery electric, hybrid electric and plug-in hybrid vehicles have repeatedly failed to gain any meaningful market shares against gasoline-powered cars. This is because of their limited range and power, long charging time, bad performance in cold weather, security concerns (especially in collisions) and inadequate electricity production and delivery infrastructure.

CLEAN, CONVENIENT CARS

WHILE THE CONVENIENCE of cars is obvious, few people grasp their historical significance in terms of public health and environmental benefits.

The best historical anecdote on the topic goes something like this: In 1898, delegates from across the globe gathered in New York City for the world’s first international urban-planning conference. The topic that dominated discussions was not infrastructure, housing or even land use, but horse manure.

The problem was that just as a large number of people had moved to cities from the countryside, so had powerful workhorses, each one of them producing between 15 and 30 pounds of manure and one quart of urine every day. For New York, this meant well over four million pounds of manure each day, prompting claims that by 1930 it would rise to Manhattan’s third storey.

At about the same time, a contributor to *The Times* of London estimated that by 1950 every street in London would be buried nine feet deep in horse manure. Unable to think of any solution, the New York delegates called it quits after three days, as they concluded that

“Despite much wishful thinking, there are simply no better alternatives to oil-powered transport.”



“*The Times* of London estimated that by 1950 every street in London would be buried nine feet deep in horse manure.”



urban living was inherently unsustainable.

Paradoxically, much of the urban-manure problem had been created by the advent of the railroad, and other technologies such as canning and refrigeration. On the one hand, it had cut into the profitability of manure-consuming farms, located near cities, by delivering cheaper perishable goods (fruits, vegetables, meat and dairy products) from locations that benefited from better soil and climate.

On the other, because rail transport was not flexible enough to handle final deliveries, railroad companies often owned the largest fleets of urban horses.

Apart from their stench, urban stables and the manure piles that filled practically every vacant lot were prime breeding grounds for house-flies, perhaps three billion of which hatched each day in American cities at the turn of the 20th century. With flies came outbreaks of deadly infectious diseases, such as typhoid and yellow fever, cholera and diphtheria.

Workhorses' skittishness in heavy traffic also meant that they stampeded, kicked, bit and trampled bystanders. According to one estimate, the fatality rate per capita in urban traffic was roughly 75 per cent higher in the horse era than today. The clatter of horseshoes and wagon wheels on cobblestone pavement was also incredibly noisy.

They also created significant traffic congestion. A horse and wagon occupied more street space than a modern truck, while a badly injured horse would typically be shot on the spot or abandoned to die on the road, creating a major obstruction that was difficult to remove in an age without tow trucks.

(Indeed, street cleaners often waited for the corpses to putrefy so they could be sawed into pieces and carted off with greater ease.)

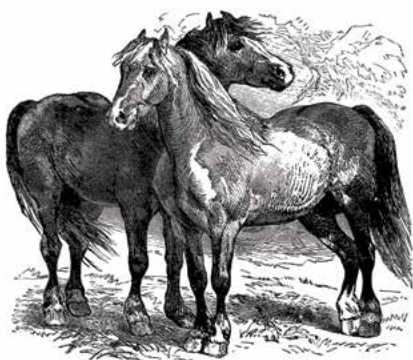
The impact of urban workhorses was also felt in the countryside. First, workhorses ate a lot of oats and hay. One contemporary British farmer calculated that one workhorse would consume the produce of five acres of land, which could have fed six to eight human beings. In the words of transportation historian Eric Morris: "Directly or indirectly, feeding the horse meant placing new land under cultivation, clearing it of its natural animal life and vegetation, and sometimes diverting water to irrigate it, with considerable negative effects on the natural ecosystem."

So, while early 20th-century cars were noisy and polluting by today's standards, they were a significant improvement on the alternatives. In later decades, advances such as the removal of lead from gasoline and the development of catalytic converters would essentially eliminate their more problematic features. Although not completely green, today's petroleum-powered cars remain one of humanity's most underappreciated environmental successes.

Railroads, ships and trucks also delivered significant environmental benefits. One longstanding problem, as the Marxist theorist Karl Kautsky observed in his 1899 classic *The Agrarian Question*, was that as "long as any rural economy is self-sufficient it has to produce everything which it needs, irrespective of whether the soil is suitable or not. Grain has to be cultivated on infertile, stony and steeply sloping ground as well as on rich soils."

In many locations without much prime

“Although not completely green, today's petroleum-powered cars remain one of humanity's most underappreciated environmental successes.”



The Arteries of Our Civilization

Landowners' part in energy transport is key to prosperity

To people who lived through them, the "good old days" were more akin to Hobbesian trying times where life was much more solitary, poorer, nastier, brutish and shorter

than it is today. Suffice it to say that barely more than two centuries ago, the fewer than one billion human beings on earth were, for the most part, malnourished and had a

life expectancy that hovered around 30 years in the world's most advanced regions.

There are now more than seven billion of us, and even in less-advanced economies, life

expectancy is now typically well beyond 60 years.

Many factors, such as the development of modern medicine and agricultural technologies, explain the remark-



agricultural land, primitive technologies ensured not only that at least 40 acres and a mule were required to sustain a household, but also that much environmental damage, primarily in the form of soil erosion, was done in the process. Fortunately, Kautsky observed, modern transportation had made possible the development of regions like the Canadian Prairies and brought much relief to poorer

soils in Europe, where more suitable forms of food production, such as cultivating orchards, rearing beef cattle and dairy farming, could now be practised sustainably.

Over time, the concentration of food production in the world's best locations allowed a lot of marginal agricultural land to revert to a wild state. For instance, France saw its forest area expand by one-third between 1830 and

“Over time, the concentration of food production in the world's best locations allowed a lot of marginal agricultural land to revert to a wild state”

able progress made in terms of life expectancy, income per capita, hunger, infant mortality and reduced child labour in the recent past. (For a fascinating collection of facts on this issue, visit the website humanprogress.org.)

Underlying all this, though, was coal, petroleum and natural gas, for nothing else would have been possible without

the plentiful, affordable, reliable and scalable energy provided by fossil fuels. For instance, refined petroleum products made it possible to produce ever more food at ever more affordable prices through the development of cost-effective long-distance transportation.

This made it possible to concentrate food production

in the world's best locations while drastically increasing the amount of food produced on a piece of land through a wide range of technologies, from tractors and synthetic pesticides to plastic sheeting and veterinary medicine.

Unfortunately, in a world where no good deed goes unpunished, hydrocarbons and the people who locate, refine

and deliver them in usable forms — including those who allow others to move them across their property — are loudly condemned as toxic threats by activists who would rather have energy-starved masses consume small, distant, costly, intermittent, unreliable and low-density alternative (wind and solar) cupcakes.



“Unfortunately, activists are often blind to the environmental benefits of petroleum-powered transportation.”



→ 1960, and by a further quarter since 1960. This so-called “forest transition” occurred in the context of a doubling of the French population and a dramatic increase in standards of living.

Reforestation — or an improvement in the quality of the forest cover in countries such as Japan where it has no room to expand — has similarly occurred in all major temperate and boreal forests. Every country with a per-capita GDP now exceeding \$4,600 — roughly equal to that of Chile — has experienced this, as have some developing economies ranging from China and India to Bangladesh and Vietnam. (Of course, the replacement of firewood and charcoal with coal, kerosene, heavy oil and natural gas was also significant.)

The modern logistics industry further allowed the production and export of food from locations where water is abundant to consumers living in regions where it isn’t, thus preventing the depletion of surface waters and aquifers in drier parts of the world. It also made possible a drastic increase in the size of our cities.

In the words of economist Ed Glaeser: “Residing in a forest might seem to be a good way of showing one’s love of nature, but living in a concrete jungle is actually far more ecologically friendly.... If you love nature, stay away from it.”

To put things in perspective, cities now occupy between two and three per cent of the Earth’s surface, an area that is expected to double in the next half century.

And in roughly half of the world today, far more agricultural land has been reverting to wilderness than has been converted to suburbia.

Unfortunately, activists are often blind to the environmental benefits of petroleum-powered transportation. Countless local-food activists have embraced the notion of “food miles” — the distance food items travel from farms to consumers — as the be-all and end-all of sustainable development.

However, as has been repeatedly and rigorously documented in numerous studies, the distance travelled by food is unimportant. For one thing, producing food typically requires much more energy than moving it around, especially when significant amounts of heating and/or cold-protection technologies, irrigation water, fertilizers, pesticides and other inputs are required to grow things in one region but not in another. Reducing food miles in such circumstances actually means a greater environmental impact.

The distance travelled by food also matters less than the mode of transportation used. For instance, moving food halfway around the world on a container ship often has a smaller footprint per item carried than a short trip by car to a grocery store to buy a small quantity of these items.

To most of us, the notion that we can have our cake and eat it too is mind-boggling. Yet, in many respects, this is what petroleum products in general and modern transportation technologies in particular have actually delivered. Until something truly better comes along, they remain essential for the creation of a wealthier, cleaner and more sustainable world. ●

— *Pierre Desrochers is associate professor of geography at the University of Toronto.*

Modern society, they claim, is “addicted” to oil, implying that anyone remotely connected to the industry is, if not a kingpin like Big Oil, something akin to a drug dealer or a pusher. But this is utter nonsense.

Consuming heroin on a regular basis is described as an addiction because the practice has adverse consequenc-

es. By contrast, consuming bread or milk on a regular basis supports life and good health through necessary nourishment. Bread and milk provide sustenance. The same has proven to be true of coal, petroleum and natural gas.

Of course, fossil fuels are not perfect, but until something better comes along, they create lesser problems

than those they have allowed us to solve, and our world is richer, cleaner and healthier than it would otherwise be in their absence. And for the moment, nothing is superior to pipelines in terms of moving large quantities of hydrocarbons safely, reliably and cost effectively over long distances.

Far from being something

to be deplored and blocked at every turn, pipelines should be recognized for what they truly are: the arteries of our modern, vibrant and healthy civilization.

— *Pierre Desrochers*

View from Above

Pipeline industry players take an aerial approach to leak-detection research

IN COREY DRAKE'S opinion, the sky's the limit for this project.

In late April, Enbridge Pipelines Inc., TransCanada Corp. and Kinder Morgan Canada announced a joint industry partnership to evaluate aerial-based leak-detection technologies, and their possible application on crude oil and hydrocarbon liquids pipelines.

Testing and analysis will be carried out by C-FER Technologies (1999) Inc. of Edmonton, a leading-edge engineering firm with a world-class laboratory and a first-rate reputation.

This project will test the boundaries of scientific innovation — because, to this point, the available technologies have not been tested on such a large scope, or in such fine detail.

“The main challenge here is that the vendor focus to date has been largely on gas pipelines. There is no ready, out-of-the-box solution for aerial leak detection on crude oil and liquids pipelines yet, as far as we know . . . and that's what makes

it so exciting,” says Drake, C-FER's lead engineer on this aerial leak-detection project, which also includes data analysis by Alberta Innovates Technology Futures.

“We'll need to put these technologies through some rigorous third-party testing and evaluate their sensors for the purpose. Collaboration with the vendors, through sharing of test results, will go a long way in advancing the technology for liquid pipeline leak detection,” Drake adds. “Once we reach the stage of full-scale testing, it will be pretty thrilling to see these technologies perform in the field, get them mounted on aircraft — and, ultimately, improve pipeline safety.”

Currently, representatives of C-FER Technologies, Kinder Morgan, TransCanada and Enbridge are determining the viability of airborne technologies for detecting small leaks from pipelines. From there, a set of suitable vendors will be determined. Project research and field trials in the Edmonton area are tentatively planned to follow in late 2015, based on the readiness of the technologies.

Potential technologies to be tested may include infrared camera-based systems, laser-based spectroscopy systems and flame ionization detection systems with sensors suitable for mounting on light aircraft or helicopters.

“Enbridge puts much of its pipeline safety focus on prevention, but we're also committed to identifying and testing new technologies in the area of leak detection,” says Tania Rizwan, a senior research engineer with Enbridge's Pipeline Control Systems and Leak Detection (PCSLD) department.

“We're hopeful that this aerial-based leak detection project will eventually result in another layer of public safety and environmental protection that can be used industry-wide.” ●

— About 15 to 20 employees from C-FER, Kinder Morgan, Enbridge, TransCanada and Alberta Innovates Technology Futures are expected to be involved through the life of the aerial leak-detection test project.

Eyes in the Sky

Drones show promise for improved safety, cost savings and early detection of infrastructure issues

S

MALL MOTORS and colourful electrical components cover every surface in what, to the casual observer, looks like your average home.

That's because for Chris Procaulo and other members of a Winnipeg-based drone think-tank, there isn't a lot of difference between the boardroom table and the kitchen table when it comes to innovation.

"Every day there is some new technology that's available, that's

been developed or finally become affordable for those experimenting with unmanned aerial vehicles — what most people just call UAVs," Procaulo says.

A Winnipeg *Sun* photojournalist by day, he immediately saw the potential UAVs, or drones, had for photography.

"Getting a different angle, looking top down or getting close to something like a fire or spill, that just wasn't possible before. Not unless you wanted to hire a helicopter or hop in a Cessna," he says.

But the potential of these compact portable aircraft extends far beyond photography.

Any type of imaging system can be attached to the platform — be it infrared, thermal or multi-spectrum. With the right imaging system, everything from potato fields to pipelines could be inspected, Procaulo says, adding that already many farmers are making use of the technology to monitor crop growth patterns and fine-tune inputs.

THE BIG PICTURE

"Instead of walking or driving miles to find a broken fence, you can just fly the perimeter or, if a rancher is missing cattle, they can do an aerial search. There is so much opportunity," Procaulo says.

David Weber has been involved with the think-tank team for more than a year, and has found UAVs helpful in his architectural work.

"It really allows me to get the big picture, visualize the whole structure, see an entire project in one shot," Weber says. "Plus, every roof we don't have to climb up on is one roof we can't fall off of."

Procaulo agrees that increased safety is the greatest potential advantage UAVs offer.





“Over water or dense forest, if there is a hazardous material spill, you can get in close and stay safe. If you’re working with oil and gas, this gives you an option to inspect infrastructure and prevent accidents before the risk even occurs,” he says. “Security is another application, identifying trespassers or strange vehicles. I don’t think you can overstate the potential these aircraft have to provide peace of mind.”

DETECT AND PREVENT

Not only do they provide reassurance to businesses, drones also help to assure the public that a company has the ability to respond swiftly and responsibly to emergencies. Or better yet, Procylo adds, having regular UAV inspections of infrastructure such as pipelines could prevent accidents before they occur.

“They are your eyes and ears when you can’t get to where the action is,” he says. “And it’s better to learn you have a crack during a flyover than to hear you have an oil spill on the 6 o’clock news.”

But getting off the ground is always an

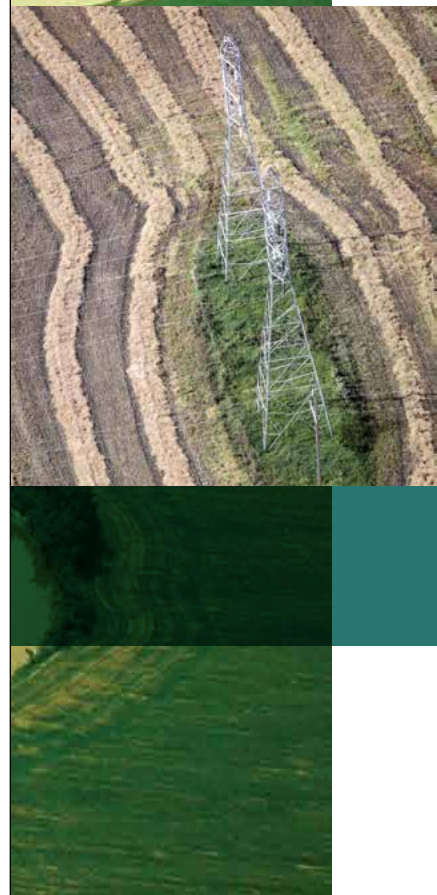
evolving process, say UAV users and builders. Sometimes the right tool for the job is a custom-made aircraft, other times it’s a prefab UAV or a standard aircraft that’s been modified, or as Weber puts it, “hacked.”

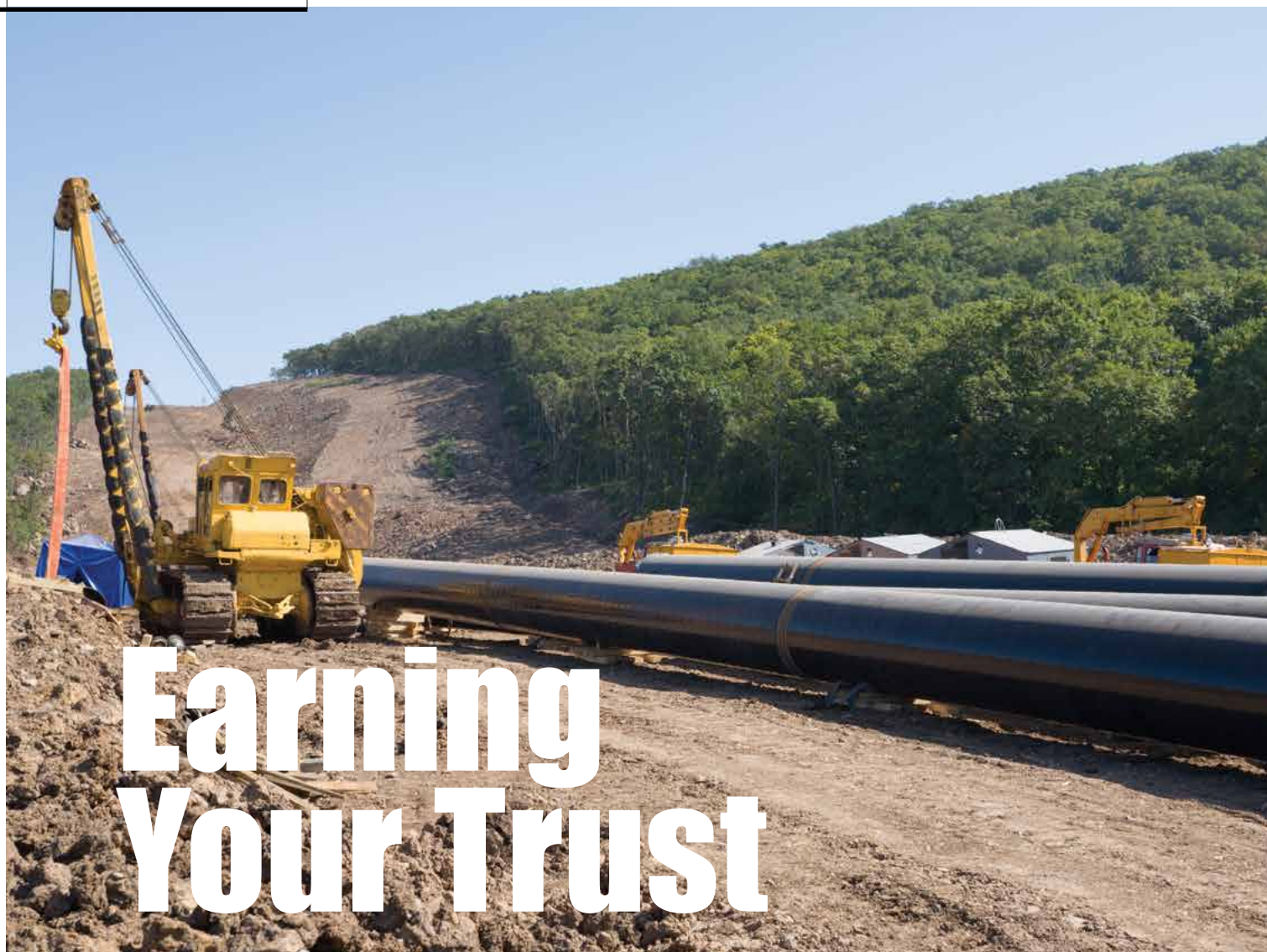
“We’ve spent a lot of time at the drawing board, and while we don’t currently have any industry partners, we’re at a place where we’re ready to launch,” Procylo says. “It’s an area that’s developing really quickly.”

Currently, Transport Canada requires drones to be operated within sight of the operator. Video piloting or FPV (first person view) is technically possible, but not yet legal in Canada.

To test some models in the field, Procylo travelled overseas last summer to Tunisia, where restrictions are almost non-existent.

“There are also some just spectacular things to photograph there,” he adds, noting it won’t be long before more possibilities open up at home. “One day the sky really will be the limit.” ●





Earning Your Trust

Pipeline companies are working hard to improve relationships with landowners

GLOBAL DEMAND for oil and natural gas is set to grow over the coming years, and Canada needs to build new pipelines and facilities to meet that demand. But this development will directly affect the

families who live along rights of way.

That's why the Canadian Energy Pipelines Association (CEPA) and its members are focused on improving relationships with Canada's landowners, building trust, ensuring our industry is safer and better prepared than ever and making

interactions with landowners a lot simpler.

CEPA is a nonprofit organization whose members are owners and operators of transmission pipelines. Transmission pipelines are critical energy infrastructure. They transport virtually all the natural gas and crude oil produced in Canada to markets across North America.

"One of our many roles at CEPA is supporting open and honest interactions and conversations between pipeline operators and landowners, always taking landowners' interests

into account," says Jim Donihee, CEPA's chief operating officer.

EARNING THE RIGHT TO OPERATE

CEPA knows it needs to earn the public's trust and the continued right to operate, and one of the ways it will achieve that is by reaching its goal of zero incidents. Over the past decade, CEPA members had a safe delivery record of 99.999 per cent — but no incident is acceptable.

"When it comes to doing things

safely, protecting the environment and people's property, we want landowners to feel well informed and know that the industry is listening," Donihee says. "The cooperation and relationships our industry has formed with landowners over the years are extremely valuable, and we really do want to be able to call ourselves trusted neighbours and trusted business partners."

COMMITTED TO CONTINUOUS IMPROVEMENT

Through a new program called CEPA Integrity First, our members are making a commitment to continuous improvement in safety, environment and the socio-economic impacts of our industry. They're initially focusing on improving performance in pipeline integrity, emergency management and control-room management, sharing best practices along the way to improve our industry's performance.

"Zero incidents is our goal, and from our perspective, there is no such thing as competition when it comes to acting in the best interests of Canadians, including landowners," Donihee says.

SUPPORTING THE 'POLLUTER PAYS' PRINCIPLE

CEPA supports the "polluter pays" principle — a commonly accepted practice in which a company that produces pollution should bear the costs of managing it.

Over the past two years, CEPA and its members have worked closely with Natural Resources Canada, industry and a wide range of stakeholders to develop the Pipeline Safety Act (Bill C-46). The bill received widespread political support and was brought into law in June 2015. It mandates increasing the number of inspections and audits by



“When it comes to doing things safely, protecting the environment and people's property, we want landowners to feel well informed and know that the industry is listening.” — JIM DONIHEE

the National Energy Board.

"The new law requires pipeline companies to have a minimum of \$1 billion available to respond to any incident," Donihee says. "It gives assurances to landowners that emergencies will be dealt with, with no expense spared."

IMPROVING EMERGENCY RESPONSE

Another step forward in improving safety is CEPA's Mutual Emergency Assistance Agreement (MEAA), which formalizes the existing practice of companies helping each other out in the case of a major incident by sharing expertise and equipment.

CEPA members conducted a joint emergency management exercise in Edmonton in 2014, testing the ability of companies to follow procedures, putting a call out for assistance and executing the MEAA in real time. Lessons learned are being used to improve processes and procedures in every response.

ONE RIGHT-OF-WAY AGREEMENT FOR ALL

As well as its focus on safety, the industry is looking to improve its approaches and interactions with landowners. To make sure they are being treated consistently, landowners requested the development of a standard easement agreement. This agreement is intended to be the resource document for use in land discussions in an effort to ensure that common principles and language are maintained.

"Landowners asked industry for

standardization and we delivered," Donihee says.

Written in plain language, the agreement has been available for use by CEPA member companies since April 2015. The agreement will be reviewed after one year to determine if it's being used appropriately.

BUILDING BETTER RELATIONSHIPS

In an effort to make sure that interactions with landowners are respectful, consistent and transparent, CEPA has also introduced the Canadian Land Representatives Industry Orientation for Federally Regulated Pipelines (Land Representatives Industry Orientation). This code of conduct sets out common principles, expectations and values that land agents have to read and understand before engaging with landowners.

"By improving mutual understanding we're hoping any potential concerns can be avoided," Donihee says. "Positive communication and open dialogue are critical to building trust and good relationships with landowners."

CEPA members include Access Pipeline Inc., Alliance Pipeline Ltd., ATCO Pipelines, Enbridge Pipelines Inc., Inter Pipeline Ltd., Kinder Morgan Canada, Pembina Pipeline Corp., Plains Midstream Canada ULC, Spectra Energy Transmission, TransCanada PipeLines Ltd., TransGas Ltd. and Trans-Northern Pipelines Inc. ●

— For more information on CEPA, the Canadian Energy Pipelines Association, visit aboutpipelines.com.

What Landowners Like You Are Saying About CAEPLA...



I WOULD highly recommend CAEPLA to anyone who has property along a pipeline or energy corridor.

“CAEPLA is a pro-energy-development organization, as long as the property rights of individual landowners are respected and compensated for accordingly as partners in these projects.

“As a result of joining CAEPLA we were successful in achieving a precedent-setting agreement with Enbridge, both from a monetary and issues point of view.

“Success is achieved with strong membership numbers, good negotiating skills and good legal counsel. Unless you have had personal involvement in these dealings, it is difficult to comprehend the time, money and expertise required in dealing with these large energy companies. Joining CAEPLA saved us many hours of time and provided a sense of security.

“CAEPLA’s involvement is ongoing and is not confined to negotiations alone. As time goes on, we in agriculture want to be good stewards of the land and are relying more and more on various organizations and professionals. Professionals like CAEPLA, who are providing an important service in a very big and complex industry.

“CAEPLA, thanks for what you have helped accomplish to date and your continued efforts.”

— Don Bates, Windthorst, Sask.

“One of the things CAEPLA taught us is there is strength in numbers. An individual landowner doesn’t

have much power over a huge energy company or a government regulator. Membership in CAEPLA is definitely worth every penny — I can relax and leave negotiations and dealings up to them. Thank you all. Together we win.”

— Linda Mann, Dinsmore, Sask.

“In 2010, we heard whisper of a proposed pipeline project across our ranch. We discovered that our property rights effectively no longer existed. Government regulators have the power to give our private property over to private corporations.

“We as landowners have been completely sold out by our own government. Because of all the corrupt regulations and legislation we were seen and treated as an obstacle to the pipeline project rather than as a partner in it.

“The entire negotiation process was trying. I can’t imagine having gone through it without support and guidance from CAEPLA. They understand the legislation and are constantly working to get it changed for the better. They are knowledgeable, professional and hardworking. CAEPLA is the only organization I would trust to advise us on energy projects.”

— Stephanie Fradette,
Lake Alma, Sask.

“By working together our landowners group was able to create a groundswell of knowledge and information-sharing that industry and regulators simply couldn’t ignore.

“The idea that no segment of society should unfairly bear the burden

of utility infrastructure will only be heard when landowners stand in unison in defense of our property rights. CAEPLA helped us do that. They can help you, too.”

— Wade Watson,
Medicine Hat, Alta.

“My family has a number of pipelines crossing its land in Ontario, and I own farmland in Saskatchewan. Because I am a farmer at heart, my first thoughts are always with you, the landowner, concerned about family and business.

“You have the right to the use and enjoyment of your family’s property, to freedom of association and the right to enter into voluntary business agreements that work for you. These are the principles CAEPLA was founded upon.

“As the founding president and current CEO of CAEPLA, I and our Board of Directors remain committed to those founding principles and look forward to working with you and advocating on behalf of you and all landowners.”

— Dave Core, CAEPLA CEO and
Director of Federally
Regulated Projects

Get the peace of mind you deserve. Join the thousands of landowners who recommend CAEPLA and have discovered the strength in numbers and sense of security you get when working with Canada’s leading grassroots property rights organization. Benefit from CAEPLA’s experience, professional guidance and support at the bargaining table. ●



Better Access, Better Projects

Northern Mat & Bridge offers smart, safe, cost-effective solutions



NORTHERN Mat & Bridge (NMB) specializes in providing safe, cost-effective temporary access products and solutions

for energy industries across North America, including transmission and distribution, pipeline, oil and gas, wind, potash, forestry, LNG and more. Our products and services deliver safe access to otherwise impassable terrain for reasons such as poor ground conditions, weather, sensitive farmland and grasslands, and traditional land-use areas.

Guaranteeing access to a job site using NMB is the smart choice to safeguard against injury, damage, liabilities and delays. We call the use of matting “access insurance,” as it allows for the extension of construction, exploration and drilling seasons with minimal impact on the environment. We have an integrated solution of highly qualified personnel, the right machines and products that perform, working together to meet your specific needs. Benefits of working with Northern Mat & Bridge include:

- **REDUCED COSTS** – Reduce costs with the largest inventory in Canada: More than 150,000 access mats, 2,000 rig mats and 300 portable bridges. We handle large-scale matting and bridge jobs with ease and assurance.

- **CANADA WIDE** – Mats, equipment and crews are placed

strategically throughout the country to reduce transport costs, time and save you money.

- **MODERN EQUIPMENT** – We own and operate a modern fleet of equipment and trucks capable of servicing all of our customers’ delivery and installation requirements. Having more than 100 pieces of specialized equipment, we complete jobs efficiently and avoid operational-related down time.

- **TURN-KEY** – With only one phone call we deliver a turn-key service, providing you with complete access support through the entire life-cycle of your project. Our dedicated account managers manage our 250-plus employees so that our clients only deal with a single point of contact.

- **EMERGENCY ACCESS** – **Northern Environmental Access Services (NEAS)** helps prepare for environmental emergencies, minimizing public scrutiny and costly down time.

Our core values direct us toward innovation in the industry and protection of the environment. NEAS is a new and independent group of NMB that is designed specifically to prepare your company for accessing sensitive terrain, such as farmlands and native grasslands, as well as respond to environmental emergencies. Being prepared allows you to minimize environmental impacts

that heavy machinery can have on the soil. It also allows you to reduce the environmental and public damage of hazardous breaks, spills, train derailments and natural disasters, in turn avoiding costly downtime.

NEAS also offers mat-washing services with state-of-the-art technology. NEAS’s 100 per cent portable mat-washing units help to minimize cross-contamination issues by following a three-step cleaning process, recognized by the Canola Council of Canada. Our mat-washing process can significantly extend the life of the mat; in turn reducing the use of valuable resources, while saving time and money.

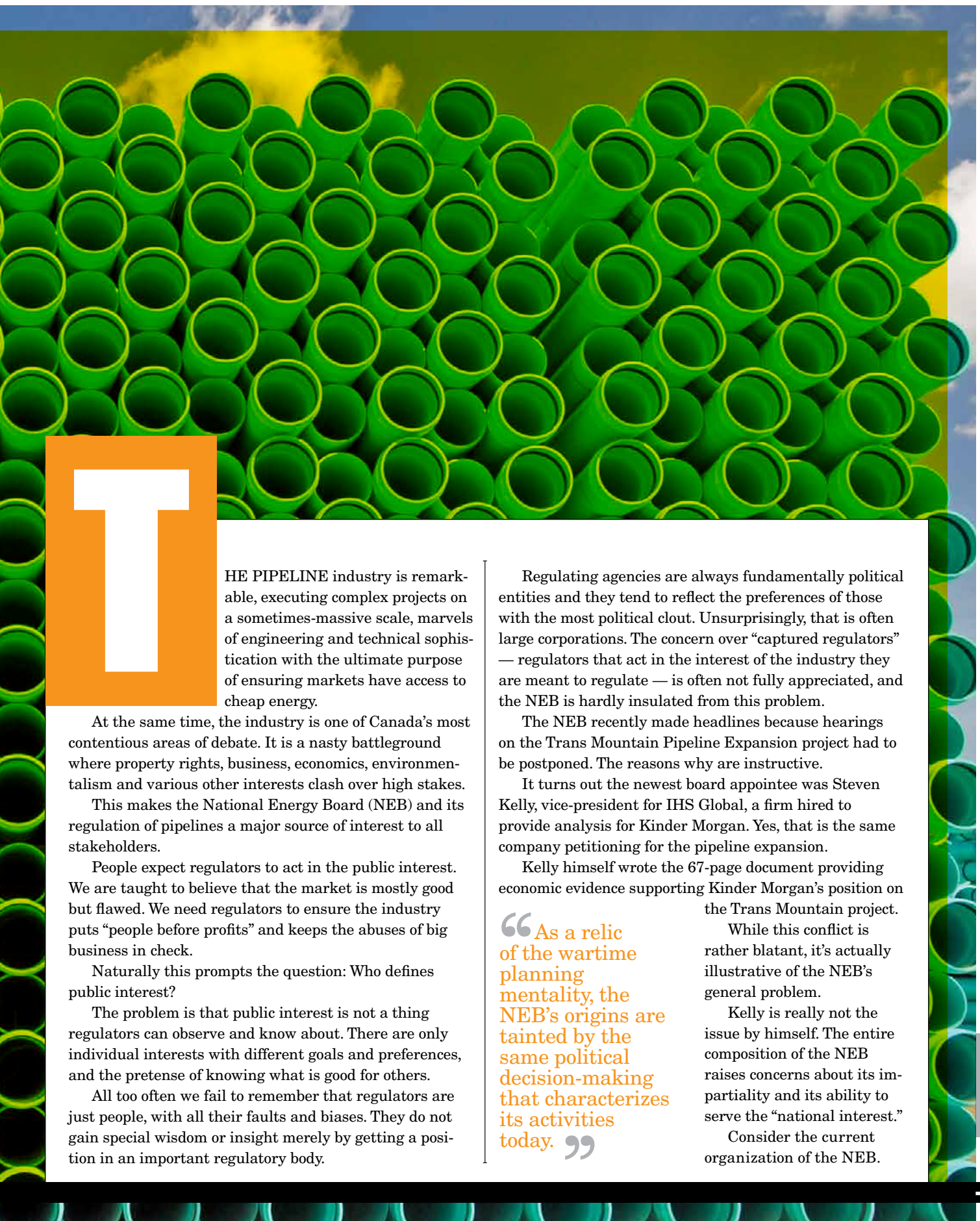
Overall both the matting and mat-washing services offered by Northern Mat & Bridge allows energy/pipeline/T&D etc. companies to commit to zero disturbance practices on sensitive land and native grasslands and gives private land owners the confidence to know that their land is being properly protected during industrial activity. ●

All matting and bridges are available for rent or purchase. Northern Mat & Bridge provides attractive lease-to-own options, as well as many other options that can be discussed. For more information on Northern Mat & Bridge’s products and services, visit northernmat.ca or call 1-800-354-4144.



Does the National Energy Board Serve the Public Interest?

IS THAT EVEN POSSIBLE?



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HE PIPELINE industry is remarkable, executing complex projects on a sometimes-massive scale, marvels of engineering and technical sophistication with the ultimate purpose of ensuring markets have access to cheap energy.

At the same time, the industry is one of Canada's most contentious areas of debate. It is a nasty battleground where property rights, business, economics, environmentalism and various other interests clash over high stakes.

This makes the National Energy Board (NEB) and its regulation of pipelines a major source of interest to all stakeholders.

People expect regulators to act in the public interest. We are taught to believe that the market is mostly good but flawed. We need regulators to ensure the industry puts "people before profits" and keeps the abuses of big business in check.

Naturally this prompts the question: Who defines public interest?

The problem is that public interest is not a thing regulators can observe and know about. There are only individual interests with different goals and preferences, and the pretense of knowing what is good for others.

All too often we fail to remember that regulators are just people, with all their faults and biases. They do not gain special wisdom or insight merely by getting a position in an important regulatory body.

Regulating agencies are always fundamentally political entities and they tend to reflect the preferences of those with the most political clout. Unsurprisingly, that is often large corporations. The concern over "captured regulators" — regulators that act in the interest of the industry they are meant to regulate — is often not fully appreciated, and the NEB is hardly insulated from this problem.

The NEB recently made headlines because hearings on the Trans Mountain Pipeline Expansion project had to be postponed. The reasons why are instructive.

It turns out the newest board appointee was Steven Kelly, vice-president for IHS Global, a firm hired to provide analysis for Kinder Morgan. Yes, that is the same company petitioning for the pipeline expansion.

Kelly himself wrote the 67-page document providing economic evidence supporting Kinder Morgan's position on the Trans Mountain project.

While this conflict is rather blatant, it's actually illustrative of the NEB's general problem.

Kelly is really not the issue by himself. The entire composition of the NEB raises concerns about its impartiality and its ability to serve the "national interest."

Consider the current organization of the NEB.

“As a relic of the wartime planning mentality, the NEB’s origins are tainted by the same political decision-making that characterizes its activities today.”

“If the Northern Gateway route only touches Alberta and B.C., why can’t it be resolved between those two provinces? Why should a biased federal regulator have the power to interfere?”



At various levels, the regulator is an assortment of executives and consultants from industries regulated by the NEB, corporate lawyers with extensive energy industry connections, central planners drawn from various regulatory agencies— and overall, numerous people whose networks include the organizations that are supposed to receive impartial treatment.

One cannot overlook the personal side of things. When tracing out different connections, people always find the business world is an astonishingly small place. There are webs of friendships and professional linkages. The regulators and the regulated may have worked together previously. They might attend the same social functions, put their kids in the same private schools, golf at the same country clubs and so on.

Members of the NEB want to be seen as “doing the right thing” among their peers so they can be considered for other positions in the future, whether corporate board directorships, executive and consulting roles or other well-paid, high-level regulatory jobs.

All involved want their team running things at the NEB. Obviously, the pipeline industry wants to be represented, as do those selling the product that needs to be transported.

On the other hand, landowners don’t want their legitimate rights sacrificed so that certain businesses can have their way. Many environmental extremists detest oil and the pipelines that deliver it, and would love to have more allies on the board to kill projects. Meanwhile, First Nations also want their values fairly considered. And so on.

What is the solution? There might be no rational way to decide what the NEB should look like. Should it have more marine biologists? Should it have more tort lawyers? More Aboriginal people? More energy industry professionals? Should property rights get a higher priority? Why or why not? For regulators, these questions are answered by institutional incentives rather than real considerations of efficiency and justice.

Despite complaints over how this or that government has contaminated the NEB with an unspoken favouritism, nothing has really changed. As a relic of the wartime planning

mentality, the NEB’s origins are tainted by the same political decision-making that characterizes its activities today.

It started in 1957 with a government commission, as these things usually do. The goal was figuring out a way to juggle competing interests between politically connected international oil producers and less-influential Western Canadian producers. Some wanted a pipeline from Edmonton to Montreal, while other interests preferred that Alberta export to the U.S. and Eastern Canada be supplied from abroad. The commission, full of appointees with predetermined conclusions, elected to favour non-Canadian interests.

Furthermore, despite appearances, it’s questionable whether the NEB even helps the energy industry overall. It delays and interferes with good projects, and gives weight to numerous arguments from groups that are not legitimate stakeholders. When it favours some interests, what alternatives are foregone?

If the NEB’s decisions are largely political, then its decisions are not about what is most efficient for energy markets, but instead who has the most influence. This raises the danger of a future government loading the NEB up with radical environmentalists or people who want to crush the oil and gas industry.

We also need to ask why the provinces can’t figure out their own pipeline issues. If the Northern Gateway route only touches Alberta and B.C., why can’t it be resolved between those two provinces? Why should a biased federal regulator have the power to interfere?

Canadians should start questioning the role of the NEB, so that the strength of the pipeline industry and the legitimate rights of stakeholders can be harmonized. As it stands, the NEB is wholly unsuitable when, more than ever, we require efficient energy markets that serve everybody. ●

— C. Kenneth Reeder is a financial analyst providing mergers and acquisitions advisory services for mid-sized, privately held companies in Western Canada. He works with many clients in the oilfield services sector. He is the editor and publisher of *CanadianMarketReview.com* and managing editor at the forthcoming *Energy Market Review*. He lives in Calgary.



CAEPLA Connects with Common Ground Alliance

Damage-prevention process is a key to safety

OVER THE PAST 18 months, the Canadian Common Ground Alliance (CCGA) has expanded its board of directors to realize its goal of becoming the voice of damage prevention in Canada.

But there was still one key element missing — the alliance needed to engage landowners.

Generally, landowners and homeowners aren't frequent diggers, digging only once every five to 10 years, but considering roughly 30 per cent of all locate requests across Canada originate from landowners during the annual digging season, the volume of landowners carrying out ground disturbances is quite large.

"Initiating the damage-prevention process prior to every ground disturbance is the key to safety," says Nathalie Moreau, vice-chair of the CCGA and director-general of

Info-Excavation, Quebec's One-Call centre. "But there's a lot more to effective damage prevention than simply 'Call or Click Before You Dig.'"

The Canadian Association of Energy Pipeline Landowner Associations, or CAEPLA, advocates on behalf of landowners, with its main focus on transmission pipelines. The association's membership and alignment with core public safety values made it natural for the CCGA to reach out to it.

"Landowners are important," says Dr. Dave Baspaly, executive director of the B.C. Common Ground Alliance and chair of the CCGA. "CAEPLA's reach continues to grow. The landowner stakeholder group is firmly within CAEPLA's wheelhouse, and in order to achieve our collective goals of damage prevention and public safety, we needed to align. It was really that simple."

Moreau says the relationship is

very similar to that with the Canadian One-Call Centres Committee.

"The CCGA routinely makes decisions that it believes are in the best interest of the Canadian One-Call Centres, but until that stakeholder group was meaningfully engaged and represented on the board of directors, we were only guessing," she says.

CAEPLA leaders recently met with CCGA leadership and are quickly learning the scope of work that lies ahead with the CCGA. The proposed federal damage-prevention legislation, the National Best Practices, the Damage Information Reporting Tool and Societal Costs initiative require resources and engagement to be completed.

"Time is always difficult to manage," Baspaly says. "But the CCGA has made some enormous strides on a shoestring budget and the board fully expects that trend to continue. Our ability to travel light, engage and challenge stakeholders and complete tasks is our greatest asset." ●

— Mike Sullivan is the president of Alberta One-Call Corp. and executive director of the Canadian Common Ground Alliance.

"There's a lot more to effective damage prevention than simply 'Call or Click Before You Dig.'"

— NATHALIE MOREAU



'Manitoba Hydro Bullies Farm Families'

Opposition critic blasts NDP government for attack on property rights

Q&A BY MARTY GOLD

B

LAINE PEDERSEN is the Progressive Conservative agriculture critic in the Manitoba Legislature. Because the brunt of the governing NDP's controversial BiPole III power line project has so far been

borne by rural farmers, Pedersen has also become the Official Opposition's point man on that controversial file.

Speaking to CAEPLA, Pedersen launched a blistering attack on the ethics behind the treatment of farm families in the path of BiPole III, saying "the impact on the mental and physical health of victims has been enormous."

Pedersen, MLA for Midland, said direct pressure from the NDP government of Premier Greg Selinger has emboldened the Crown monopoly to toss aside all considerations that would impede the project, respect for property rights being chief among them.

CAEPLA: Manitoba Hydro's dealing with landowners along the BiPole III route has flown largely under the radar. Why do you think Hydro turned a deaf ear to the requests of farmers to have property rights negotiated on their

behalf by CAEPLA and MBLC? Is it because of political interference?

BLAINE PEDERSEN: Manitobans are paying more and getting less as Manitoba Hydro is under the direct orders of the NDP government to build the west-side waste line no matter what. The NDP is building BiPole III and Keeyask generating station as part of their plan to Americanize Manitoba Hydro in a failed effort to create government revenues.

CAEPLA: It seems this issue has been unreported on Winnipeg TV and radio. Do you think residents of Winnipeg, where BiPole will finally land, would speak out on behalf of affected landowners if they knew this type of bullying was the tactic behind their electricity being delivered?

BP: The NDP are well aware of the relatively small number of affected landowners and the fact it doesn't hurt their traditional voters. They are also counting on apathy of Manitobans. All these factors were calculated in their decision to proceed with the west-side waste line.

CAEPLA: Productive farmland was taken by Hydro's actions and now weeds grow instead of food, and there are reports Hydro is not observing prevention and is spreading diseases like clubroot. How did Hydro respond to the biosecurity protocol presented by CAEPLA and farmers?

BP: Manitoba Hydro's dismissive attitude was predictable. Monopolies operate differently from private-sector companies. With the incredible pressure to build from their NDP political masters, Hydro's response was to produce a biosecurity document, wave it about like they meant business, then ignore it and move on. Their biosecurity protocol is a talking point, not an action plan.

CAEPLA: What does this say to Manitobans about the NDP's environmental protection policies?

BP: NDP environmental policy is to steal private property away from farm families and let the weeds and diseases grow, instead of working with farm families who continue to produce food for a hungry world. If the NDP truly cared about the environment, why would they build a transmission line an extra 500 kilometres longer, running through some of the most productive farmland in the world, only to sell power at a loss into the U.S.?

CAEPLA: The Selinger cabinet expropriated 120 farmers. Can you describe some of the hardships this has caused farm families? In some cases this land has been worked for generations.

BP: I know first-hand the stress this NDP bullying has put on farm families. I will not share names to protect their privacy, but I can tell you the impact on the mental and physical health has been enormous. Part of my job as MLA has been to give positive reinforcement to the many landowners who have taken the brunt of shady Manitoba Hydro land agents and NDP bullying.

CAEPLA: The principle of notice before expropriation was usurped by a cabinet order, but Hydro got away



“This is the predictable reaction from a desperate NDP government who can only blame everyone else rather than take responsibility for its own actions.”

— BLAINE PEDERSEN

without being held accountable. The minister, Eric Robinson, seemed to defend this in the legislature by referring to being an “expert” on “land being stolen” because of the province’s history with First Nations. Was he somehow blaming modern-day farm families for something they had no role in to justify secretly taking title to tracts of private farmland? Is this reverse racism?

BP: This is the predictable reaction from a desperate NDP government who can only blame everyone else rather than take responsibility for its own actions.

CAEPLA: BiPole III resulted in 120 expropriations by stealth of some of the most productive farmland in the country, and is spreading disease. This is the 800th anniversary of Magna Carta, yet here is the provincial NDP government taking land, and doing it in a way that is denying farmers and all Manitobans their property and human rights to freely associate and bargain collectively. How can Manitobans show support for fairness and demand MLAs from all parties do the same?

BP: How ironic, on the 800th anniversary of King John signing the Magna Carta pledging to guarantee private land ownership and to stop unfair taxation, we once again have a government breaking the very contents of the Magna Carta. Manitobans will have to do as the barons of King John’s time did and boot this tired, out-of-ideas, fiscally bankrupt NDP government out of office. All Manitobans deserve to be treated with respect and fairness. ●

— *Manitoba’s most outspoken broadcaster, Marty Gold is host of City Circus, seen weekly on channel 9 in Winnipeg.*

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BRANDON, MAN.: TUESDAY, NOV. 25, 10:30 A.M. – 1 P.M., ROYAL OAK INN
REGINA, SASK.: WEDNESDAY, NOV. 26, 10:30 A.M. – 1 P.M., DELTA REGINA HOTEL

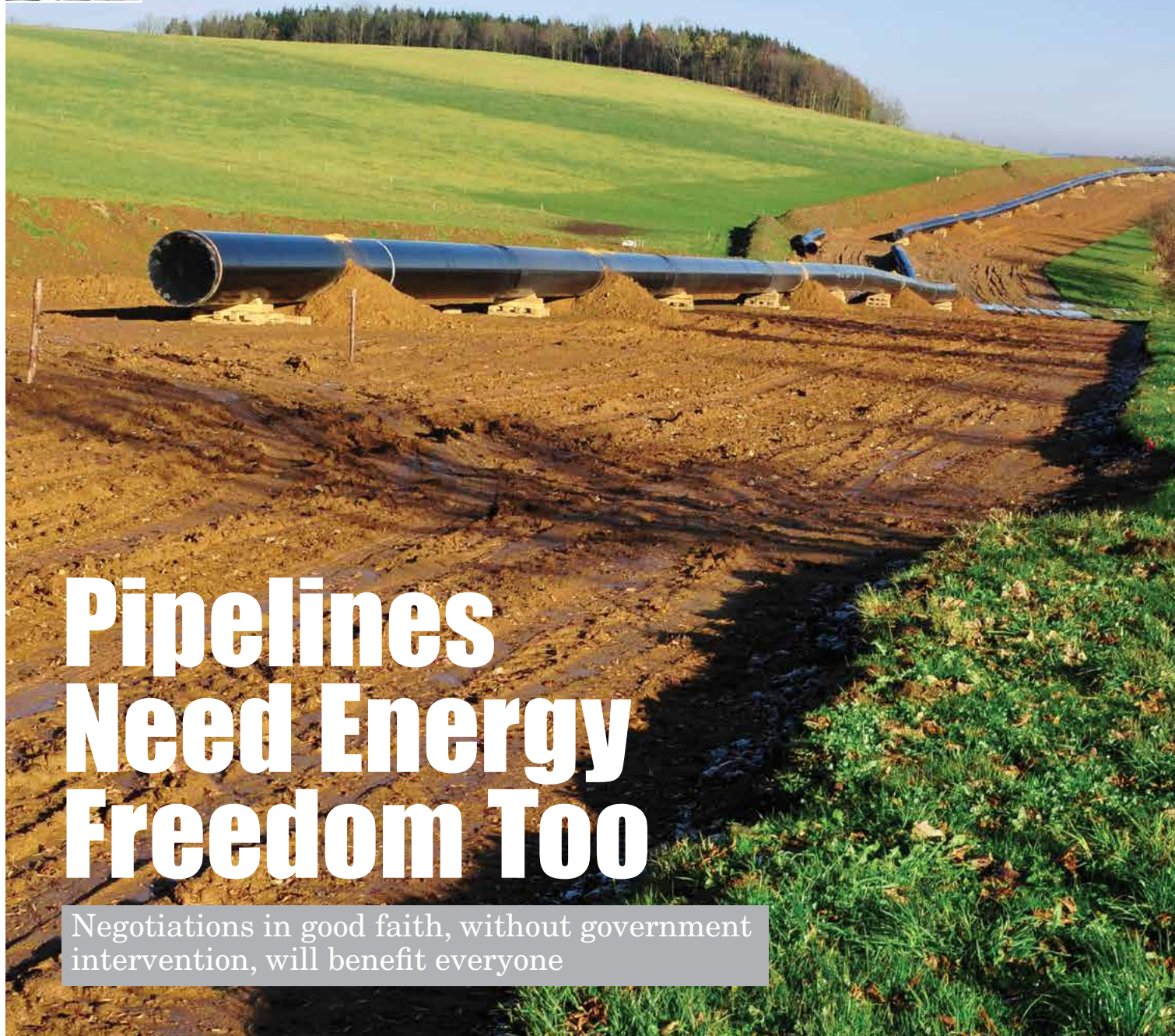
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Pipelines Need Energy Freedom Too

Negotiations in good faith, without government intervention, will benefit everyone

W

HILE THE “shale gale” has greatly increased North American energy supplies, it also has been a boon to the legal profession. Lawyers for energy companies and landowners have filed suits in several states and provinces, including Virginia, West Virginia, Nebraska, Michigan, Quebec and Alberta, over fracking and the proposed routes of new pipelines.



“Some landowners, emboldened by the environmental left, appear to have joined the anti-fossil-fuel crusade in spirit, if not in theory. One wonders what might come next.”

In some cases, landowners have held protests, brandished fire-arms and refused to allow pipeline surveyors to come onto their property in violation of state law. John DeVries, who has represented about 20 pipelines during the past 40 years, went so far as to declare, “This is the first time, on one pipeline project of many that I’ve

worked on, where surveyor permission has been denied.”

Part of this conflict is pent-up opposition to eminent domain law (expropriation in Canada), which allows the pipeline to file for condemnation (right of way) should the landowner refuse its final offer of payment for the right to use his or

her property for the public purpose. Such resort engenders ill will, making a case for legal liberalization to create true free market transactions.

Technology, too, could come to the rescue where underground boring can bypass surface access entirely — a subject for another day.

But something else is at work. Some landowners, emboldened by the environmental left, appear to have joined the anti-fossil-fuel crusade in spirit, if not in theory. One wonders what might come next: payments from environmentalists to landowners to obstruct?

Meanwhile, demand for energy — and the infrastructure behind it — is growing. The Census Bureau projects the U.S. population could increase 40 per cent to approximately 450 million by 2050, depending on immigration policies. According to the National Oceanic and Atmospheric Administration, more Americans are moving to the coasts, which

are home to around 40 per cent of the population.

U.S. shale energy, however, is being produced in the country’s mid-section, requiring fuel to be transported from where it is produced to where it is needed. Whether it is for vehicles or electricity, it requires transportation by pipelines, power lines, barges, trains or trucks.

The White House acknowledges the importance of energy transportation and has announced a program to modernize and expand energy infrastructure. This multi-billion-dollar plan is expected to increase employment in energy transportation from a million jobs in 2013 to 2.5 million in the transmission, distribution and storage sectors in the energy industry.

But at the same time, the administration is expected to announce carbon-emission regulations this summer that will close dozens of coal-fired power plants. A study by the Institute for Energy Research (where I am CEO) found the proposed regulations could reduce the nation’s electricity by up to 130 gigawatts, which is enough to meet the residential needs of one-third of the U.S. population.

That lost power will have to be replaced. Although wind power has tripled and solar power has grown 20-fold since 2008, they won’t be able to do it alone. They generate electricity only intermittently — when the wind blows and the sun shines — and require backup power generation, fueled by coal or natural gas, to supplement their contributions to the grid.

The continuing need for coal, natural gas and oil is anathema to environmentalists like the Sierra Club. In their quixotic quest to “save the planet,” fossil fuels must stay in the ground, not to be produced, transported or refined. Thus energy infrastructure must be thwarted — and particularly the construction of pipelines.

Both groups are working with landowners in Virginia who claim the Atlantic Coast natural gas pipeline will pollute the water, destroy the community’s heritage and not provide any benefits to those in the pipeline’s path. A study by ICF International refutes that claim, indicating that Virginia and North Carolina residents would save about \$377 million annually in lower electricity costs from more gas-fired generation.

Everyone, including environmentalists, needs reliable and affordable electricity to turn on the lights, produce heat for homes and businesses and power the communications devices that keep us connected. The masses must also have fuels for the conveyances that move people as well as goods and services.

It’s understandable that landowners might object to having a construction project on their property. Negotiations must ensue in good faith between buyer and seller with less intrusion from both government and fossil-fuel enemies. Without eminent domain expropriation law, pipelines will have to get started sooner and employ neighbourly practices.

Reliable, affordable, domestic energies, from heating oil to electricity, require more pipelines and transmission systems to be built — and sooner rather than later. That will require new ways of doing business in place of the easy out of expropriation law and regulatory hearings. Mutual respect and cooperation, and market remuneration for rights-of-way, point the way forward. ●

— Robert L. Bradley Jr. is CEO of the Institute for Energy Research and author of numerous books on energy history and public policy.



Replacing Expropriation with Voluntary Exchange

A process truly compatible with the free market would replace regulatory hearings with a property rights approach

W

HAT IS THE BIGGEST economic and environmental problem that needs to be solved in Canada? For me, that's an easy question. Our biggest problem is that we don't have strong and secure property rights in this country.

In many cases, resource users don't have clearly defined, exclusive, perpetual, transferable, enforceable rights. Property rights internalize the costs and benefits of resource use — they ensure

that people experience the consequences of their actions. As a result, they create incentives for sustainable use. Property rights also provide tools to protect resources from outside threats. They give people the legal right to say “no” to developments that harm them, their land or their water.

Even when people do, nominally, have property rights, their rights aren't secure — they can be expropriated.



“When landowner buy-in is required, proponents have to take care to avoid damage. They have to build reputations as companies that landowners want to deal with.”

The developers of pipelines, transmission lines, and sprawl-inducing highways likewise take land, or an easement on it. Large-scale water diversion projects — an issue many environmentalists are especially concerned about — could never go ahead without expropriation.

There's another environmental problem that grows out of expropriation: It diminishes developers' incentives to take care. In the 1970s, when pipeline companies had carte blanche to take the land they

needed, they were notorious for riding roughshod over landowners. A lawyer for one company actually told an expropriation judge: “We can go in and make a wasteland of these farms if we want to.”

When landowner buy-in is required, proponents have to take care to avoid damage. They have to build reputations as companies that landowners want to deal with. And so they have to site, construct and operate their projects more respectfully.

Expropriation isn't just bad for the environment. It's also bad for the economy. It creates an artificial decision-making process, where full costs can't be known. It doesn't reveal the cost to the person who is losing his land. The market value compensation he gets is often well below his subjective value.

As a result, expropriation reduces the cost to the party that is getting the land. It's a subsidy — it allows developers to acquire land at below-market prices. It's important to remember this: Expropriation isn't just a taking — it's also a “giving.”

This may lead to inefficient decisions. Owners may well value their land more than the parties that are benefiting from the takings. That doesn't happen under the free market. Voluntary exchanges move land to its highest-valued use.

It's no exaggeration to say that the history of environmental law is a history of expropriation. Governments have used pollution permits and liability limits to expropriate our common-law property rights to clean air and water. This was the focus of my first book, *Property Rights in the Defence of Nature*.

My current focus is on the expropriation of land — the taking of land without the permission of the owner. Why should an environmentalist be concerned about this? First, environmentally destructive mega-projects often rely on expropriation. The developers of hydro-dams expropriate the land they will flood.





As with any subsidy, expropriation can lead to an oversupply of a good. You get more of a subsidized good than you would in the free market — more development, more roads and longer transmission lines.

Subsidies encourage rent-seeking or wasteful investment in political lobbying. The subsidies provided by expropriation can be worth millions, and can provide one

party with a significant competitive advantage. This gives parties a big incentive to obtain the power to expropriate.

It leads to attempts to influence those who might give it to them — through lobbying, threats to relocate and,

of course, campaign contributions. This has the potential to corrupt the political process.

Widespread expropriation also has an insidious effect on the economy by undermining investors' confidence that their property will be secure. This encourages short-term rather than long-term thinking.

Expropriation also saps public morale. I recently reviewed thousands of comments about an expropriation in Ontario. What struck me was the palpable sense of bitterness — the sense that the citizen had no chance against the state. As one

writer put it: “It’s David vs. Goliath, but Goliath always wins.”

There are virtually no rules governing takings. Everything is left to the discretion of governments. The federal Expropriation Act authorizes the Crown to expropriate any interest in land that, in the opinion of the minister, is required for a public purpose.

In Alberta, for instance, the Expropriation Act doesn’t even require a public purpose. The act does provide for public hearings into proposed expropriations, but the hearings don’t allow owners to challenge the objectives of the expropriating authority. And they aren’t binding on the expropriating authority — indeed, their findings are routinely ignored.

Across the country, a number of laws give private parties the power to expropriate. Energy companies can expropriate for projects that the National Energy Board has approved. In Ontario, the same is true for projects with Ontario Energy Board approval. New Brunswick doesn’t just give this power to energy companies — it allows “any person ... who requires an expropriation for commercial, industrial or utility purposes” to file an application for an expropriation by the government.

Our laws provide expropriators

with extraordinary latitude. They replace the rule of law with something arbitrary and capricious. They also blur the distinction between private and public land. They tell us that our property doesn’t exist independently of governments — the government can giveth, and the government can taketh away.

If expropriation is bad for the environment, the economy and public morale, this raises the question: Can development ever be truly sustainable if it relies on expropriation? I’m not sure it can be.

So how might we begin to curb the use of expropriation?

One approach that developers might explore is the reverse auction. In the last 15 years, governments and the private sector have used this tool to procure goods and services. Why not try it for land? Landowners could vie for the opportunity to sell land or easements. This process would keep costs competitive while ensuring that exchanges leave both buyer and seller better off. If both parties don’t think they’ll benefit, they won’t sign the deal.

If a developer isn’t able to acquire the land it wants at a reasonable price, so be it. It may have to work around an owner who refuses to sell. Or it may have to locate its project elsewhere.

Things get murkier when we start talking about roads, railways, pipelines, transmission lines — projects one economist calls “long thin things.” Some of these projects are very important to our economy, and serve a genuine public purpose. In some cases, alternatives aren’t readily available. We worry that one “holdout” can stop a project or make it prohibitively expensive.

On the other hand, respect for property rights is a fundamental principle of a free and prosperous society. If property rights mean anything, we have to figure out how we can respect them in these difficult situations.

“Who knows what alternatives might emerge if proponents of projects couldn’t expropriate?”

In order to do this, we have to grapple with a couple of issues. First, we should be looking at whether holdouts — the most common justification for expropriation — are a serious problem. There isn't a lot of evidence that holdouts are — or are not — a genuine threat to development.

Some scholars point out that holdouts don't prevent private developers from assembling large parcels of land. But developers often use buying agents who don't reveal the nature of the project. Secret assembly is neither feasible nor appropriate for many linear developments.

Still, a proponent can take a page from the developers' book. It can purchase options on land along several different routes. If it runs into a holdout along one route, it can choose a different route instead.

It's important to remember that holdouts have power only if no alternatives exist. A landowner can hold out only if he can act as a monopolist. If a developer can go around him, or choose another route, the holdout loses his advantage. It's also important to remember that strategic holdouts aren't going to demand too much for too long. Landowners will understand that if they demand too much, the project won't go ahead — or it will go around them — and they'll get nothing.

So are holdouts a fatal problem? We don't have enough information to know for certain. There's some evidence that suggests "no." Private toll roads have been built using voluntary sales. And private power producers have negotiated easements for transmission lines. One told me that landowners usually want the extra income a line will bring. But they also want to negotiate the exact location of the line and its proper construction and maintenance. The key thing is that they have to be in control.

But what if the holdout problem does exist? If that's the case, we

should be investigating ways to get around it. There are many things that could be tried — but no one with the power to expropriate has an incentive to do so. Expropriation is like that — it stifles innovation. Who knows what alternatives might emerge if proponents of projects couldn't expropriate?

The answer may lie in more generous compensation formulas. Compensation generally reflects the land's current market value, rather than the value of the land once it has been developed. It's the expropriator that captures the extra value. This isn't fair — many people invest in land, expecting to eventually reap a surplus from trade. Perhaps we should consider tying compensation to the benefits that the new use will create.

Another option that might be worth exploring is the combinatorial auction, where groups of landowners would put together bids to host facilities. Combinatorial auctions have been used for spectrum rights, airport time slots and bus routes. I haven't heard of the concept being applied to corridors of land, but one economist thinks it might provide a workable alternative to expropriation.

Another possibility might involve using property tax breaks to elicit the promise of cooperation from landowners well in advance of any specific project. Landowners could opt in to future land sales at x per cent above assessed value — the higher the compensation demanded, the lower the tax break.

A siting process that is truly compatible with the free market would replace the current regulatory hearings approach with a property rights approach. It would be a voluntary siting process in which proponents acquire land or easements from willing sellers on the open market. It would doubtless be difficult and expensive. But the current regulatory process is cum-

“Another option might involve using property tax breaks to elicit the promise of cooperation from landowners well in advance of any specific project.”

bersome, it's costly, it's not bringing people on side, and it's not moving projects forward quickly. A voluntary siting process might actually be faster and more effective.

In the end, under a property rights approach, there would doubtless be some genuine holdouts — landowners who refuse to sell not for strategic reasons but because their land is priceless to them. If they really value their land that much, expropriating them could be inefficient. The projects might not be worth the costs, making them socially undesirable.

A property rights approach might mean that some projects wouldn't go ahead. More often, I suspect, we would simply get crooked developments — pipelines that zig and zag, and roads that twist and turn. These developments might seem more expensive — pipelines might require more pumps at the corners, and traffic might have to slow on highways. But in fact, they wouldn't be more expensive overall — it's just that the developers and the users, rather than the landowners, would be bearing the costs.

The theory is enticingly simple: respect for property rights and markets; voluntary, rather than forced, exchanges; no subsidies for land acquisition; no arbitrary exercises of government authority. The application will be hard — really hard. But it's a challenge worth taking on. ●

— Elizabeth Brubaker is executive director of Environment Probe and author of *Expropriation in Canada: Discretion Masquerading as Law*. Visit environmentprobe.org.



An Energy Superpower in Waiting

Respecting property rights is the first step to rally public support for projects



Q

UEBEC is sometimes a very difficult place to understand, even for residents of La Belle Province themselves.

And when it comes to the energy sector in this province, it becomes more difficult still.

Many reasonably think that people in Quebec are anti-development and anti-energy — given the exaggerated media coverage of anti-pipeline activists opposing TransCanada's Energy East, among other projects.

In fact, it's the opposite. Especially when pitched the right way, people in Quebec are very receptive to energy projects. Even politically, after some policy mishaps in the last few years, the leadership of all three major parties in the Quebec National Assembly are realistically keen on more energy development, as seen with the oil projects at Anticosti Island.

Energy and natural resources development is not something foreign to Quebec. Quite the contrary. Hydro-Québec is one of the world's

biggest hydroelectricity producers, and mining and forestry are the lifeline of entire regions.

Yet it's nonetheless true that pipelines and energy development are still very hot "wedge" issues these days — a political minefield

where the search for support is more important than any other consideration in a rational, clear-eyed debate.

What explains the failure of many projects (such as the shale gas experiment) in Quebec is a mixture of bad communication combined with bad policy, despite the fact most of the public are very pragmatic and no-nonsense when it comes to energy.

The notion of a "silent majority" in Quebec is very much a reality. The tragic events at Lac-Mégantic are a good example of this mindset — people are justifiably angry at the deaths resulting from bad management by the oil-by-rail company, but on the other hand have not lost sight of the fact that the energy sector is something that brings jobs and more prosperity to them and their neighbours.

But winning the public-opinion war remains important in Quebec,

and there is no doubt that anti-energy fear-mongers are eager to push their agenda. Which means that in order for a company like Trans-Canada to succeed with its Energy East pipeline project in Quebec, the industry will have to up its PR game considerably.

One approach would be to ally with small and medium-sized businesses to remind the public how essential energy is to local economic prosperity and quality of life.

Another long-lasting fear in the Québécois psyche is that "strangers" are coming to grab "our" natural resources for "cheap." Anyone who wants to invest in the energy sector in Quebec must find ways to counter these arguments. It's easier said than done, but there are ways to approach the discussion, such as emphasizing the benefits to the local workforce that ultimately profits from investments in energy development and transport.

The shale gas fiasco in Quebec has exposed another long-lasting problem in the province — the lack of property rights, especially with the Crown "owning" what's underneath the land of farmers and ranchers in Quebec (as is the case in most of the rest of Canada.)

These archaic laws are probably one of the best arguments against shale gas development in Quebec. They encourage a "tragedy of the commons" fear among landowners that oil companies are getting a free pass courtesy of cronyism in their government. The same goes for the looming threat that the National Energy Board could expropriate land needed by pipelines instead of respecting property rights.

Indeed, it's not surprising that people worry about the impact of pipelines or energy extraction on water or soil when government policy effectively encourages reckless use of expropriated land. Working directly with landowners with an emphasis on good communication is

key to winning locals and the general public over to these important developments.

If the subsurface were owned by local or other investors instead of by the Crown, and if landowners had property rights protecting them from expropriation by government, the benefits of these developments would be seen as flowing from the bottom up.

The opportunity for local private landowners and investors to be seen as partners in high-profile energy projects like Energy East would go a long way to creating buy-in from the Quebec public.

Until property rights are strengthened in Canada, it will be difficult for Quebec to aspire to become an energy superpower like a Pennsylvania or North Dakota.

Until then, the best approach for the energy industry, including energy transport, would be to respect landowners as if property rights were legally protected. This would build local support, which would reassure the people of Quebec that "outsiders" are not exploiting them and that the environment is being looked after.

Quebec does not need to be a lost cause for energy and pipelines. Building public confidence will make it easier to attract investment and get political approval for the projects necessary to help turn Quebec into a superpower in energy, just as it is already in hydroelectricity, forestry and mining. ●

— Mathieu Vaillancourt is a writer and policy analyst with a B.A. in International Development from the University of Ottawa. A proud Franco-Ontarian, he has a keen interest in Quebec politics.

“The best approach for the energy industry, including energy transport, would be to respect landowners as if property rights were legally protected.”



Property Rights Mean Prosperity

Central planning is no way to run the energy sector

A

PREVAILING myth or half-truth in Canada is that minimal government interference and the presence of considerable oil and gas resources combine to make individuals in Alberta wealthier than residents in other provinces. While geological assays confirm massive reserves in Alberta, the proposition about minimal government interference is false. The consequences are profound.

At least three dozen times in his various books, essays and other pub-

lications, economist Ludwig von Mises described the incontrovertible fact that the foundation of every civilization, including our own, is private ownership of the means of production. When individuals are coerced with respect to the use of their bodies, their property and in their interpersonal exchanges, it reduces the sphere of private resource ownership, it impacts the pattern of production and consumption and it erodes the foundation of civilization.

“Our country is filled with farms and other developments on acres assembled without government expropriation.”

Indeed, the devastating failure of centrally choreographing the lives of individuals is the great lesson of the 20th century.

This context is essential to understand the nature of economic activity in Alberta pertaining to oil

and gas. In Alberta, subterranean oil and gas deposits are not privately owned. As such, the rate and extent of their exploitation is determined by central authorities.

The process of rendering them closer to final goods for consumers through extraction is orchestrated by government agents, as ordered by government directives. Those wishing to develop the subterranean oil or gas deposit under these conditions must also pay a royalty for the right to do so. The royalty is fixed by central authorities at a politically determined level related to their perception of the benefits obtained from the right to develop the oil or gas deposit.

In the absence of private ownership of subterranean deposits, prices do not and cannot arise for the right to develop the oil or gas resources. Royalties are not prices arising through market processes; instead, royalties, like taxes, are coerced takings.

After a developing firm acquiesces to all the demands of various central authorities, extracts and takes ownership of the oil or gas resource, the end uses to which these primary products are put is influenced by innumerable interventionist policies at every stage of production. The petro-chemical marketing channel retains the appearance and terminology of the pure market economy, while production activities and product allocations at every stage of production are swayed by government orders, which all are bound to obey.

Few people would disagree about the net negative effects of government coercing involuntary contributions of income and directing interpersonal trade. However, with glaring cognitive dissonance, many of the same people would agree some projects require government to expropriate private property for particular uses against the owners' consent so that public welfare can be enhanced.

Overwhelmingly, these supposedly special needs justifying the exercise of special powers are infrastructure projects that require the acquisition of large contiguous tracts of land. Pipelines and transmission lines are obvious examples.

According to this view, if the social welfare is best served by building a line from point A to point B, then all the land along the route must be acquired. The concern is without power of government to expropriate, private landowners could scuttle the project, and social welfare gains would be lost.

It's quite possible that some real-world situations could correspond with this view. But it is implausible to suppose that government needs, or should be entrusted with, a land-seizing power that no property owner would entrust to somebody else.

One reason is that entrepreneurs routinely assemble large contiguous

tracts of land without relying on expropriation. Our country is filled with farms, other business enterprises and housing developments on acres assembled without government expropriation.

A second reason is the power to seize someone else's property is both dangerous and tempting to those who legally possess it. It's dangerous not only for the economic reasons above, but also because it puts political freedoms in jeopardy. Government powerful enough to give people everything they want is a government powerful enough to take away from people everything they have.

Because individuals are coerced at every stage of value-added from in situ oil and gas to the more than 6,000 final consumer goods made from oil and gas, the building blocks of civilization — liberty and private resource ownership — are circumvented or absent. And this has important consequences for all of us over time and space.

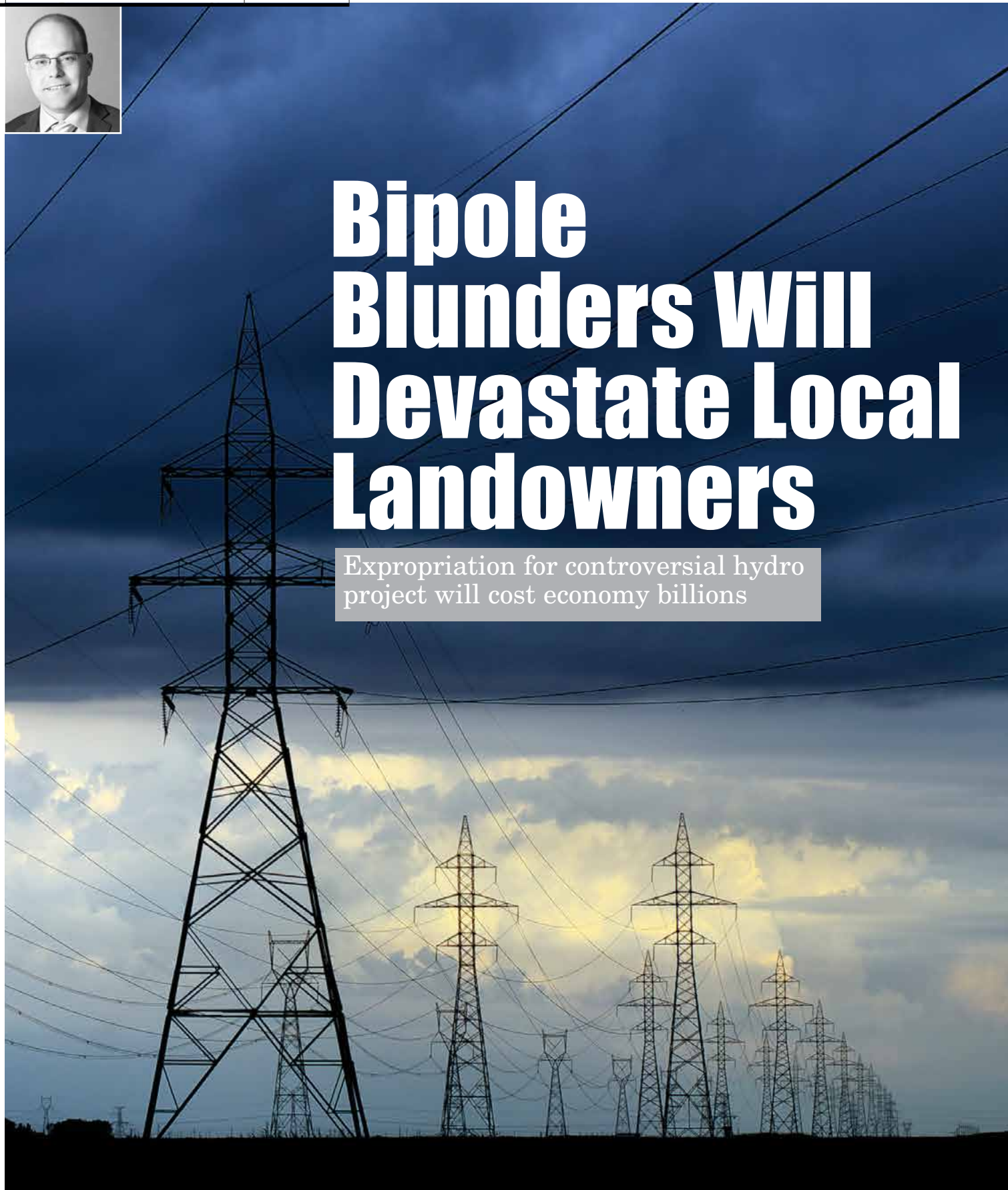
Despite attempts to invalidate this argument, the reality remains indisputable: Unhindered market processes tend to put every means of production to the use in which it is most beneficial for the satisfaction of human wants. When authorities interfere with this process to bring about a different use of productive factors it can only impair the supply, not improve it. Impaired supply does not make people richer; it makes us poorer, both here in Alberta and everywhere else. ●

— Danny Le Roy is an assistant professor of economics at the University of Lethbridge and coordinator of the Agricultural Studies program. Danny's research focuses on identifying, delineating and quantifying the effects of interventionism in agricultural commodity markets in Canada. He lives in Lethbridge with his wife, Julie, and their children, Nathan and Sarah.



Bipole Blunders Will Devastate Local Landowners

Expropriation for controversial hydro project will cost economy billions





OR YEARS, Manitoba landowners and taxpayers have been puzzled by the provincial government's stubborn insistence on forcing Manitoba Hydro's newest transmission

line, Bipole III, down the western side of the province. On almost all fronts — economic, environmental, landowner rights and First Nations relations — the longer western Bipole route comes out at best as a draw when compared to the 500-kilometre-shorter route east of Lake Winnipeg. Financially, the western route is mind-bogglingly worse.

So why does the government persist with a strategy that costs ratepayers billions more than needed and forces hundreds of farmers to turn over their property to Manitoba Hydro? To understand this ill-conceived decision, the route needs to be put in the broader context of Manitoba Hydro's risky development plan and the provincial government's quest for short-term, allegedly "stimulative" economic growth.

Spurred by the Manitoba government, Hydro is spending billions on three new projects that are geared toward exporting power to the United States for many years.

“This will impact not just landowners on whose property the Bipole towers are constructed, but hundreds more farmers whose land is adjacent to the line.”

These projects are a new hydroelectric plant, the Keeyask dam, and two transmission lines needed to carry that power—the Bipole III and Manitoba-Minnesota transmission lines. The projects will cost \$11 billion, the bulk of which will be incurred from 2015 through 2018.

In each of those four years, Hydro's spending on these three capital projects equals or outstrips projected economic growth. In other words, if Hydro's projects are delayed or

cancelled, Manitoba's economic growth in any of the coming years could fall substantially, or even be eliminated.

While the figures are projections and may change, they highlight the fact that Manitoba's economic growth in the next few years is strongly dependent on constructing these three hydro projects.

This explains why Hydro continues to forge ahead with the western Bipole III route. Shortening the route by 500 km would shave hundreds of millions of dollars off the project's price tag and, by extension, hamper economic growth in the next few years. In fact, just delaying the project could cripple economic growth and employment in the short term, at exactly the same time the provincial government wants to boast about Manitoba's economic record.

This ill-advised strategy may also explain Hydro's decision to refuse any collective negotiations with hundreds of landowners who voluntarily united to ensure fair and equal treatment by the Crown corporation. Good-faith negotiating may have slowed the project, again putting at risk Manitoba's GDP and job-growth figures.

While all Manitobans will pay a long-term price for this bungled Hydro project, a small group of citizens will pay far, far more: the hundreds of agricultural landowners in the unfortunate position of lying in the path of the longer western Bipole route. Forced expropriation of thousands of acres of farmland — very likely at a price far lower than its true economic value — will permanently decrease their ability to earn a living from their farms.

Expropriating strips of land from within larger fields limits the ability of landowners to effectively manage crops, which will increase the chance of lower yields. For example, farmers will lose the ability to aerially apply crop inputs on thousands of acres of

farmland along the Bipole III right-of-way.

This will impact not just landowners on whose property the Bipole towers are constructed, but hundreds more farmers whose land is adjacent to the line.

The Bipole III Coalition estimates the economic impact of just this one restriction to be in the billions of dollars over the lifetime of the Bipole line. By comparison, Hydro initially planned to spend roughly \$35 million on compensation costs just to landowners whose land the Bipole line transects. No tower? No compensation.

Landowners also face additional risks with weed and disease control due to Hydro's need to access the Bipole III line. Diseases like clubroot in canola have devastating consequences on crop production and are easily transferred on equipment that is not properly cleaned. With more Hydro equipment crossing their land, the risk of spreading new diseases or weeds to their fields increases substantially. This is a risk that Hydro seems unwilling to take seriously.

Manitobans understand that sometimes sacrifices must be made for the greater good. Many landowners have done just that during major floods in the past decade. But the Bipole III land expropriation isn't for the greater good, it's to achieve the Manitoba government's proclaimed goal of immediate economic growth — regardless of the cost. For a group of southern Manitoba landowners, the price will be devastating. ●

— *Elliot Sims is the Manitoba Director of Provincial Affairs with the Canadian Federation of Independent Business (CFIB). He can be reached at msman@cfib.ca. CFIB is Canada's largest association of small and medium-sized businesses with 109,000 members (4,800 members in Manitoba) across every sector and region. To learn more, visit www.cfib.ca*

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RE YOU a conscientious property owner who recognizes the responsibility you have to preserve your capital investment as well as your family's legacy and quality of life?

Do you want to maintain the operational efficiency and integrity of your business operation?

Do you believe your property rights give you the right to say "no thanks" to a bad deal — just as any other business owner can?

Do you agree that expropriation is simply a subsidy for big business that you are forced to pay for?

Do you believe in a level playing field when it comes to dealing with energy transport companies, and that the government should not interfere in your relationship with them?

Do you agree that working with your neighbours is the best way to protect your own and everybody's property values?

Would you prefer to be treated as a partner in the energy transport industry instead of as an obstacle or an afterthought?

Do you believe experience matters when it comes to negotiating win-win business agreements with the pipeline and power line companies?

If you answered yes to any of the questions above, CAEPLA is the place for you and your neighbours.

Of course, the choice is yours.

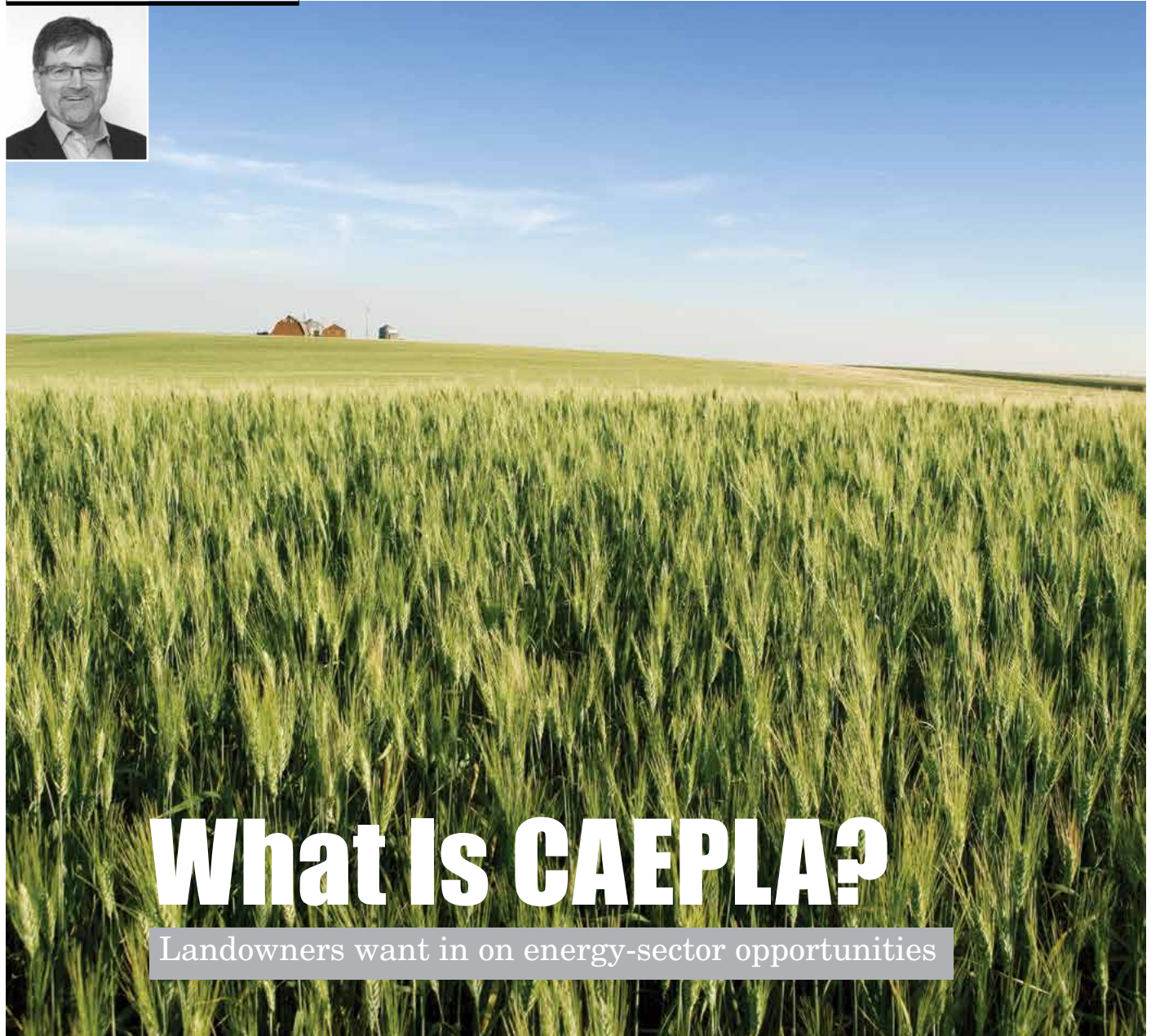
You can choose to sit passively on the sidelines.

Or you can choose to do the right — and profitable — thing for your home, your family, your business, and your neighbours. You can work with your neighbours and put CAEPLA to work for you.

Your choice is clear — support CAEPLA. ●

What Kind of Landowner Are You?





What Is CAEPLA?

Landowners want in on energy-sector opportunities

T

HE Canadian Association of Energy and Pipeline Landowner Associations, CAEPLA, is Canada's leading national grassroots property rights organization.

Landowner-driven, CAEPLA advocates on behalf of farmers, ranchers and other rural landowners to promote property rights. We also represent directly affected landowner groups in negotiations for mutually beneficial business agreements on linear projects with pipeline and power line companies. In addition, we hear regularly these

days from a growing number of urban residents concerned with family farms, acreages and other projects as development encroaches on them.

We are pro-development, and, like all of you, we believe protection of family, business and land values comes first. We believe that if those values are respected, then local pipeline safety and environmental issues are also addressed as a consequence. This, in turn, will help rebuild public confidence in the safety of the energy transport sector.

Since our early beginnings,

CAEPLA and our founding landowner directors have attended many regulatory hearings and negotiated many precedent-setting win-win contractual agreements for landowners and pipeline companies on projects across Canada, from coast to coast. A few well-known major projects are the Enbridge Southern Lights, Alberta Clipper, Line 3 Replacement projects and the TransCanada Keystone, Keystone XL and Groundbirch pipelines in Western Canada. We've worked on pipeline and power projects in B.C.,





Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick.

CAEPLA exists to advocate for the interests of landowners and believes that a greater respect for property rights is the best way to address pressing issues such as safety and environmental stewardship.

On behalf of landowners like you across the country, CAEPLA and our member associations have actively done research on pipeline issues for more than 20 years and at great cost — millions of dollars, in fact.

Our organizations have hired engineering and legal experts to produce evidence on how pipelines

impact landowners from a safety and environmental perspective. That research has included pipeline loading and crossing issues, corrosion, abandonment, stress corrosion cracking, decommissioning, construction practices, depth of cover, thickness of pipe, crop loss, historical contamination and remediation, abandonment funding, biosecurity protocols, soil admixing and remediation, responses to the NEB LMCI,

legislative change ... and the list goes on and on. This research and study have been done to solve the sorts of problems you, the pipeline landowner, have brought to our attention day after day for almost a quarter century now.

More and more, today's property owners are thinking like business people. The question asked repeatedly is why should our businesses, when imposed upon by a pipeline, be exempt from contract law and the courts that every other business in this country enjoy?

And more and more, the conclu-

sion seems to be that the regulatory regime, its administrative law, its issuing of Right of Entry orders, is the problem.

Right of Entry distorts and disrupts the natural relationship between landowners and industry, between tenant and landlord, if you will, between prospective business partners.

Right of Entry orders also signal to the public that agreements are not exactly voluntary and that industry is not acting in good faith and can't be trusted.

Today, we are also witnessing the alienation of the public from the regulator, with trust in the National Energy Board (NEB) at an all-time low. Regulators are seen either as serving industry or government, or as being too remote or slow moving to address issues in a meaningful way.

Worse yet, many now see the regulatory regime succumbing to the wishes — if not yet outright capture — of interests who would be happy to suspend our prosperous energy resource economy altogether — and it will be farmers and ranchers and others who have invested their lives in the land who suffer first.

We need to depoliticize and “de-bureaucratize” the process. We need to liberalize the system to provide landowners and industry the freedom to negotiate win-win business agreements on a level playing field.

Indeed, we are already seeing industry lean toward this way of thinking. Pipeline companies are beginning to realize that in order to secure the “social licence” they need to win approval for their projects, they must engage directly and constructively with landowners and the public.

As an example of this new thinking, and how landowners and pipeline companies can work together like the participants and prospective partners in any other industry would, we can point to our recent

dealings with Enbridge.

That company has recently agreed to work with CAEPLA to produce much-needed research on the pressing issues of pipeline decommissioning and corrosion.

Another benefit of the common ground we have found with Enbridge is the creation of a precedent-setting settlement agreement on the Line 3 Replacement from Hardisty, Alta., across Saskatchewan to Gretna, Man., along with a farmer-drafted clubroot biosecurity protocol, sure to become the industry standard across Canada.

We believe Enbridge's new working relationship with CAEPLA demonstrates a newfound respect for landowners' property rights and environmental stewardship, and signals a sincere commitment to safer pipelines. This is a trend that CAEPLA's member pipeline landowners are ready to embrace. We believe it will result in safer, more environmentally friendly pipelines.

Yet, many challenges remain. Important landowner issues still need to be addressed. But we are committed to working on these issues incrementally, one by one, to achieve win-win business agreements.

A tag line I use to sign off emails I send on behalf of CAEPLA is “Landowners Want In.” What this means is landowners want in on the opportunities presented by a prosperous energy transport sector. We are confident we can achieve this, with the support of conscientious landowners like you. ●

— Dave Core is founding president and CEO of the Canadian Association of Energy and Pipeline Landowner Associations. Dave has been active in the pipeline landowners movement for nearly three decades.

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