



CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS

Canada's Oil and Natural Gas Producers

June 17, 2016

Mark Cauchi
Executive Director
Oil, Gas and Alternate Energy Division
Environment and Climate Change Canada
351 Saint-Joseph Boulevard
Gatineau, Quebec K1A 0H3
(via email to: ec.egesa-ughga.ec@canada.ca)

Dear Mr. Cauchi:

Re: Trans Mountain Pipeline ULC – Trans Mountain Expansion Project: Review of Related Upstream Greenhouse Gas Emissions Estimates

The Canadian Association of Petroleum Producers (CAPP) appreciates the opportunity to review and comment on Environment and Climate Change Canada's (ECCC) draft of the upstream greenhouse gas (GHG) emissions estimates for the Trans Mountain Expansion (TMX) project.

On April 18, 2016, CAPP submitted comments to ECCC's draft methodology for assessing the upstream GHG emissions from projects undergoing federal assessments, which was published to the Canada Gazette Notice Part 1 on March 19, 2016. We note that the proposed methodology recognizes the evolving and leading nature of climate policies in Canada, which will result in further emissions reductions from domestic upstream oil and gas production.

With respect to the conclusions made by ECCC in the assessment, we support the following key points:

- That TMX is unlikely to impact global GHG emissions due to it having no impact on global oil production, in that what is not produced will be produced elsewhere, and that competing foreign heavy crude oils are similar in GHG intensity to Canadian oil sands.
- That a significant amount of oil sands production is already locked in for the near term (to 2020) because of projects that are under construction with the result that this production will move to market regardless of whether or not a new pipeline is built.
- That rail is viable and capable of transporting rapid growth in oil sands production. Although rail is more costly than pipelines for transport, it will be used when pipelines are not available, subject to rail being economic or rail being needed to move production that will be produced despite a low price environment.

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Thank you for offering us the opportunity to comment on the TMX project's upstream GHG emissions estimates and on the conclusions offered within the assessment. We believe the upstream GHG methodology applied to this project to be inclusive and transparent, while the conclusions drawn are fair and aligned with market realities facing Canada's oil and natural gas industry.

Sincerely,

<signature removed>

Krista Phillips
Manager, Climate & Environment Policy