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# Special Committee on the Economic Relationship between Canada and the United States

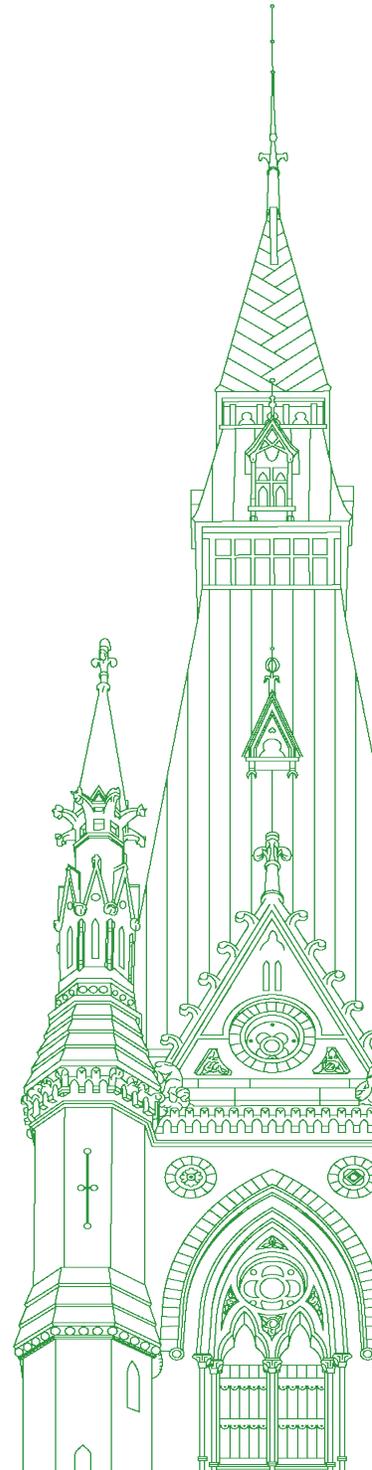
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Chair: Mr. Raj Saini



## Special Committee on the Economic Relationship between Canada and the United States

Thursday, March 18, 2021

• (1510)

[English]

**The Chair (Mr. Raj Saini (Kitchener Centre, Lib.)):** Welcome, members, to the fifth meeting of the Special Committee on the Economic Relationship between Canada and the United States. Pursuant to the motion adopted by the House on February 16, 2021, the special committee is meeting to discuss the economic relationship between Canada and the United States. Given the timelines adopted in the House motion, we remain focused on Line 5 today.

We extend a very warm welcome to our witnesses.

It appears that we have one group here already, LiUNA, and we have a really warm welcome for Joseph Mancinelli, international vice-president of LiUNA, and Jason McMichael, government and community relations director at LiUNA Local 1089.

I cede the floor to LiUNA for five minutes of opening remarks. Again, we extend a warm welcome to both of you.

**Mr. Joseph Mancinelli (International Vice-President, Central and Eastern Canada Regional Manager, Laborers' International Union of North America (LiUNA)):** Thank you, Mr. Chairman and committee members.

I am Joseph Mancinelli, international vice-president of LiUNA, which is the Laborers' International Union of North America. We are headquartered in Washington, D.C., where we represent 500,000 workers, primarily in the construction industry, 140,000 of which are here in Canada, headquartered here in Ontario. I am also vice-president of Canada's Building Trades Unions and vice-president of the Canadian Labour Congress.

I would like to start off by thanking you for the opportunity to present our position on two issues that will impact the economies and jobs in both our countries, the United States and Canada: the proposed closure of Enbridge's Line 5 in Michigan and the "Made in America" campaign of the U.S.

We at LiUNA care deeply about the environment. Our members and their families understand the importance of taking care of our planet. However, we also understand the importance of strong employment and a strong economy.

I wrote Michigan's Governor Whitmer to say that Enbridge's Line 5 is a crucial part of the ability of Canada and the United States to manufacture, to grow food and to build the economies of our communities and our countries. Shutting down Line 5 would have a devastating effect on a number of sectors and would destroy the jobs of millions of workers. At a time when we are coming out

of a pandemic, hopefully, economic growth and stimulus are paramount.

The city of Sarnia, opposite Port Huron, Michigan, has several refineries, 72,000 citizens who rely on Line 5, and 24,000 jobs that directly and indirectly rely on the flow of natural gas and petroleum. In fact, I have with me here today Jason McMichael, one of LiUNA's government relations specialists, who is also the president of the Sarnia and District Labour Council.

In Michigan, LiUNA's 13,000 members would be affected, together with 50,000 other Michigan jobs. The loss of jobs will be felt right across the provinces of Ontario, Quebec and Alberta, as well as the states of Michigan, Ohio, Wisconsin and Pennsylvania. However, the consequences won't be restricted to the states and provinces that are directly affected. The negative impact would be nationwide in both countries.

The agricultural sector in Ontario, for example, represents 38,000 farm businesses that produce food and rely on natural gas. The \$89.5-billion cosmetics industry that uses petroleum for their products would see 700,000 jobs affected. The sporting goods industry is a multi-billion dollar industry that produces products like hockey and football equipment, etc. and relies on petroleum for their products.

The pharmaceutical industry would be affected, and, of course, so would the automobile industry, which uses petroleum by-products like plastic in their cars. For example, electric vehicles are manufactured with 50% petroleum products to keep their weight down. Thousands of jobs in the automotive industry are also at stake.

The \$3.2-billion electronics industry in Ontario, which also relies on the by-products of petroleum, would also be affected. The medical supplies industry, with their 317,000 workers, would be affected. The list goes on and on.

There are those who desperately want to transition into products that do not use petroleum. We may get there one day, but today is not that day. Shutting down Line 5 in May of this year—only a few months away—and pretending that we can continue shipping petroleum by truck or rail is a far worse environmental solution. In Sarnia, for example, it would take 2,000 tank trucks per day to replace the pipeline. There is presently a shortage of trucking in North America. Imagine the gridlock on our roads and at the border.

How can rail be an alternative, when rail has spilled more in derailments than any pipeline? The tragic events of Lac-Mégantic, where 47 people died, should deter this alternative to transporting petroleum and natural gas. The new proposed pipeline would be built a hundred feet below the lake-bed. The pipes will flow through a concrete tunnel, with numerous safety features in place to protect the pipeline from any possible ruptures.

Our concern is also that the U.S. is in contravention of the 1977 bilateral treaty with Canada.

Our other concern is that the U.S. "Made in America" campaign will also affect the ability of companies in Canada to trade with and export to the United States. In fact, this protectionist action also has the potential to hurt U.S. companies that rely on Canadian raw materials and by-products.

Millions of workers and their families are trusting that the right decisions are being made to protect jobs that continue to make our economy strong.

Thank you, Mr. Chair and committee.

**The Chair:** Thank you, Mr. Mancinelli.

We also have joining us today, from Canada's Building Trades Unions, Sean Strickland, executive director.

We wish you a warm welcome, Sean. Thank you for taking the time to join our committee.

We'll give you the floor for five minutes for any opening comments you have.

**Mr. Sean Strickland (Executive Director, Canada's Building Trades Unions):** Thank you very much, Mr. Chair. It's great to see everyone this afternoon. I apologize for the late start. I had technical difficulties, as is the way as we deal with some of these issues through the pandemic. I applaud each and every one of you for having these meetings and forming this committee.

I represent Canada's Building Trades Unions, part of North America's Building Trades Unions. We represent 14 international construction unions with offices in Washington, D.C. and Ottawa. Combined membership of our two organizations is three million unionized construction workers across the U.S. and Canada, including 600,000 members in Canada.

Canada-U.S. trade relations and energy policy have a direct effect on our workers on both sides of the border. The potential closure of Line 5 has the full attention of our leadership in the United States and in Canada, and it is being raised at the highest levels of elected and government officials. Discussions are also taking place to dissuade potential implementation of buy America policies to be recast as buy North America to the greater benefit of both of our countries.

We encourage, in the strongest terms possible, the Canadian government and all elected officials to do everything in their power to prevent the closure of Line 5, and, if the closure becomes a reality, to invoke the 1977 transit pipelines treaty.

You are familiar with the cataclysmic effects such a closure would cause—potential loss of 25,000 jobs and increased prices for gas, propane, and petrochemical products used in manufacturing.

The closure would not end our demand for petrochemical products and fuel but would result in the industry workarounds that you heard about previously from Mr. Mancinelli, which would require upwards of 2,000 trucks a day or 800 railcars and increase the number of barges carrying oil on the Great Lakes.

The environmental impacts of closing the pipeline would be greater than those of continuing to safely operate the pipeline until the new Great Lakes tunnel for the pipeline is built. We must do everything in our power to keep Line 5 operational and fight like hell if the courts allow for the easement to be cancelled.

However, at the same time our unions are progressive enough to realize that the greening of the economy is inevitable and necessary, but we need to be smart about it. We need to operationalize the recently agreed-to U.S.-Canada road map, elevate the discussion, and create a bilateral U.S.-Canada energy policy that addresses our cross-border energy needs and secures the energy future of both the U.S. and Canada. This transition is not turnkey, and it needs to address the thousands and millions of American and Canadian jobs affected.

CBTU recommends that the government establish a task force to examine the future of energy jobs. This task force would focus on developing a bilateral energy policy with the United States; coordinating the new technologies to power our energy future, such as carbon capture and storage, renewable methane technology, small modular reactors, and hydrogen; greening our infrastructure; and, for our members, supporting workers through the transition. This task force would communicate and work in conjunction with the newly formed U.S. Office of Energy Jobs.

To support workers, we recommend higher labour standards and collective bargaining for renewable jobs, like wind and solar projects; a skilled trades workforce mobility tax deduction; the adoption of private member's bill C-275, which would create fairness for workers and support worker mobility; a dedicated visa program that allows skilled trades workers to travel more easily between Canada and the U.S.; and of course government support for retraining energy workers.

Line 5 is crucial to our economy and is an issue we will continue to advocate for. Line 5 needs to be part of a long-term vision that focuses on building the energy future of the United States and Canada so we will not be faced with the same hurdles—fighting to save projects or pipelines—time and time again.

We need a bilateral energy policy to secure both our nations' energy futures and a transition for workers at the same time.

Thank you very much, Mr. Chair.

• (1515)

**The Chair:** Thank you very much, Mr. Strickland. It's great to have you finally join us, even with technical difficulties.

We'll move straight to questions right now. We'll go to Mr. Strahl for six minutes, please.

**Mr. Mark Strahl (Chilliwack—Hope, CPC):** Thank you, Mr. Chair.

It's good to see the witnesses again. We've met several times but never in person. Someday we'll get back to that.

I first of all wanted to thank Mr. McMichael for working with our colleague Marilyn Gladu, the member of Parliament for Sarnia, to raise awareness, start an email campaign and fight for those jobs that are at risk in Sarnia. Ms. Gladu spoke highly of your efforts together, and we're all working together to fight for the right thing here, which is to keep Line 5 operational.

You talked about a bilateral energy task force and energy security for our two countries. Obviously, both LiUNA and Canada's Building Trades had some strong words when another project that involved the energy needs of both the U.S. and Canada was cancelled. I want to read a statement from Terry O'Sullivan, the general president of LiUNA, who said:

The Biden Administration's decision to cancel the Keystone XL pipeline permit on day one of his presidency is both insulting and disappointing to the thousands of hard-working LiUNA members who will lose good-paying, middle class family-supporting jobs. By blocking this 100 percent union project, and pandering to environmental extremists, a thousand union jobs will immediately vanish and 10,000 additional jobs will be foregone...

...In an agreement with North America's Building Trades Unions, the project owner, TC Energy, had committed \$1.7 billion to operate the pipeline with renewable energy and achieve net-zero emissions within two years—all using union workers. Their commitment amounted to the equivalent of taking 650,000 cars off the road, one of the largest renewable energy investments ever.

We support the President's campaign to "build back better." But for union members affected by this decision, there are no renewable energy jobs that come even close to replacing the wages and benefits the Keystone XL project would have provided. Killing good union jobs on day one with nothing to replace them, is not building back better. Hopefully, the Biden Administration will not continue to allow environmental extremists to control our country's energy agenda at the expense of union construction workers being forced to the unemployment lines.

That is perhaps the strongest statement I heard regarding the Keystone XL cancellation.

When we heard from the Minister of Natural Resources, he kind of said these were two completely different things. However, they are doing, in my view, the exact same kind of outreach. They are trying the same plan to ensure that Line 5 stays open as they tried to get the Keystone XL permits to continue. They failed on Keystone XL, though, and have, in my view, kind of thrown up their hands at that one.

From a union perspective, obviously... I'll go to Joseph here. What do you see as the government's role in ensuring that Line 5 continues to operate? Is there anything more the government should be doing?

To me, this is a President and a Prime Minister discussion. Anything else below that is kind of missing the point. From a union perspective, how do you see the efforts that have been made by our

government, both on Keystone and now to protect these good-paying union jobs for Line 5?

• (1520)

**Mr. Joseph Mancinelli:** I think the problem with both projects is that there are a number of folks out there who don't understand the demand for petroleum and natural gas and what they're used for. They make an assumption that you can shut down these pipelines, and future pipelines, because there is no demand, we're transitioning to a green economy and we're already there.

I think the fact remains—and the logic behind this or maybe the illogic behind shutting down these pipelines—that we're not there. We are decades away from transitioning to a green economy. To shut down a line like [*Technical difficulty—Editor*], which has been operating for 67 years, is absolutely ludicrous, especially when the demand for that line to deliver products to [*Technical difficulty—Editor*] the agricultural industry and a whole bunch of other industries. It defies logic to do that right now, and to do it two months from now.

I presented in front of the Michigan Senate committee on energy only a day or two ago, with MPP Bailey from Ontario and Rocco Rossi from the Ontario Chamber of Commerce. It was obvious that a lot of folks just don't know the demand for petroleum and natural gas. They make this assumption that these pipelines can just be shut down with no consequences, but the consequences are big.

Let's take Keystone XL, for example. Keystone XL had the potential to supply North America, the United States and Canada, with enough petroleum to satisfy the needs here at home without having to reach out to Venezuela or to Saudi Arabia for their oil. Cancelling the Keystone XL pipeline didn't diminish the demand for petroleum. The demand is still there. That's the illogical part of all this. In fact, we're still going to get the tankers coming into the Atlantic region. Irving Oil will still be refining oil from Venezuela and a bunch of other countries, including Saudi Arabia.

I don't understand why we're taking those kinds of approaches, instead of using our own natural resources in a safe way. I'm not advocating that we do it any other way. Our members don't advocate doing it any other way. Pipelines are the best way to deliver it. By shutting—

• (1525)

**The Chair:** Mr. Mancinelli, I'm sorry. I have to go to the next questioner. I'm sorry about that. I didn't mean to cut you off. I apologize.

**Mr. Mark Strahl:** Let him finish.

**Mr. Joseph Mancinelli:** No, that's fine.

**The Chair:** Well, he's over time.

The next six minutes go to Mr. McKay, please.

**Mrs. Sherry Romanado (Longueuil—Charles-LeMoine, Lib.):** MP McKay, you're on mute.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Most people consider that to be a good thing.

I appreciate the commentary by Mr. Mancinelli and Mr. Strickland. Particularly, as I sat here for the last four meetings, I felt like I was in some sort of echo chamber. The arguments against shutting this thing down are so compelling that you actually start to search for another explanation, which is beyond the testimony we've heard today.

I've listened to Governor Whitmer being interviewed on various television channels, and I thought she was a very intelligent person. She certainly stood down all the crazy Trumpies. She was at one point talked about as part of the ticket for the Biden presidency.

The economic arguments don't make any sense. The environmental arguments don't make any sense. She has offended Canada. She has offended her fellow state governors. I'm assuming she has some difficulties in her own legislature. I don't quite get this entire process. I don't understand it.

I'll direct this question to Mr. Mancinelli. You were in the legislature yesterday. Surely the people who are really pro-environment don't really believe that shutting down this pipeline actually is an environmentally sensible thing to do, or are we living in a different atmosphere?

I think the committee would be grateful if we could get some sort of reasonable explanation as to the thinking of the governor.

**Mr. Joseph Mancinelli:** I'm not so sure I can answer that, Mr. McKay, because there really is no reasonable explanation. I haven't been able to find one.

At the legislature the other day, the Michigan Senate energy committee, some of the environmental folks who asked questions about it obviously don't realize the dramatic impact this would have on jobs and the environment and a whole bunch of sectors in the economy. I don't think they realize it. Then you have another sector of the environmental group who, quite frankly, don't want oil to be taken out of the ground—completely. They really don't care about pipelines or trucking or rail or shipping. They just don't want to see things used by petroleum.

The fact of the matter is that there's a lot of ignorance out there about what these products are used for. Natural gas, of course, all of our farmers use. Propane is the only form of heating for all those greenhouses we have right across the country. There are 6,000 products that you and I and all of us use daily. Shampoo, toothpaste, cosmetics, lipstick, our shoes and everything else are all made out of petroleum, let alone products—

• (1530)

**Hon. John McKay:** You're preaching to the choir here.

**Mr. Joseph Mancinelli:** Yes.

**Hon. John McKay:** What I don't get is how reasonably well-informed...or how any information to legislators or the governor could be so blatantly ignored. Reasonable arguments are blatantly ignored. There are people on this call from various parties who are

very pro-environment, but this particular decision is not an environmentally favourable decision.

Are we just into an unfathomable well of ignorance on the part of the Michigan legislature and those who are purporting to close this pipeline down?

**Mr. Joseph Mancinelli:** I think both ideology and ignorance are driving this agenda. I think folks don't know the issues well enough and don't know the impact. There's the ideology of, "You know what? I don't care what the impact of shutting down a line will do. I just think petroleum is a bad thing, so I'm in favour of shutting it down."

I think that's what's at play here. It defies logic. It really does. I know you're trying to use a logical approach to why this is happening. I don't think logic has anything to do with it, quite frankly.

**Hon. John McKay:** Mr. Strickland, what are your thoughts?

**Mr. Sean Strickland:** I wouldn't hazard a comment on the state of mind of the Governor of Michigan. You're right in terms of adding up all the scenarios and the potential environmental consequences of closing Line 5. Obviously, it's a political dynamic at play in Michigan. We will have to wait and see how that political dynamic plays itself out within the courts. That's why, on behalf of Canada's Building Trades Unions and North America's Building Trades Unions, we are doing everything we can through advocacy and lobbying to make sure that Line 5 continues operating and that, if the court decision goes against Line 5, we invoke the treaty. We're positioning ourselves for whatever result comes out of the court case.

Going back to Mr. Strahl's question, our strategy is well informed by Keystone. We do not want a repeat of Keystone. It's a different analysis. Keystone was a new pipeline and this is a long-existing pipeline. But we're not sitting idly by while the Governor of Michigan does what she feels is in the best interest of her political future in the state of Michigan.

**Hon. John McKay:** Thank you.

**The Chair:** Thank you, Mr. McKay.

We'll now go to Mr. Savard-Tremblay.

[*Translation*]

You have six minutes.

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Thank you, Mr. Chair.

I'd like to acknowledge my colleagues and thank our witnesses for their time today. I have a question for Mr. Mancinelli of the Laborers' International Union of North America.

We can imagine that the trade unions are in favour of an energy transition, but they are also the defenders of their own members. In this case, you obviously don't want to see job losses. That's understandable, and we applaud your fight in that regard. However, there's something I struggle to understand in this story, and that's the fact that this isn't a debate of opinions. If the Governor of Michigan says one thing and Enbridge claims to have its own studies, then someone is obviously right, objectively speaking. It's not a matter of opinion.

Earlier, you said that the Governor of Michigan's excuses were totally unfounded.

Have any third-party studies been done on this?

[English]

**Mr. Joseph Mancinelli:** I am not aware of any third party investigation or stats that can stand up against what Governor Whitmer has done or what we're saying, either way.

Look, I think that history speaks for itself and the demand for the products speaks for itself. I don't know how you can shut down an existing pipeline that has been around for 67 years when the demand for the product it's delivering is so high.

The only conclusion you can come to is that it has been a political decision, a knee-jerk reaction to the Keystone XL pipeline being shut down only hours before she made the announcement to shut down Line 5. So it's a political decision where she, I think.... I can't read her mind, but in my opinion she tried to ride on the coat-tails of President Biden's announcement to shut down Keystone XL, and shut down Line 5.

They are distinctly two different things. One is a pipeline that's under construction, and the other one is a line that has been delivering product for several decades.

• (1535)

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I understand that you can't read Governor Whitmer's mind, but you suggest that there was probably a desire to exploit President Biden's announcement regarding Keystone XL. What is Michigan's interest in doing this, given that Michigan itself stands to lose jobs?

[English]

**Mr. Joseph Mancinelli:** I'm not sure that she should be proceeding at all. I mean, that's my opinion. First of all, I think she is in violation of a treaty between both of our countries, and I think there should be very strong and vigorous intervention by our Canadian government to ensure that the United States abides by the treaty, which was, hopefully, well thought out back in 1977, and stop this from moving forward.

Second, I was under the impression that pipelines were in federal jurisdiction, and she shouldn't be usurping that power of the federal government, quite frankly, in the state of Michigan.

I think there are ways of stopping this from happening, because I think it will be catastrophic. There are thousands of jobs that will be affected—not just in the construction sector. I want to make that very clear. The number of construction jobs to build the new

pipeline, or even to maintain this pipeline, is minute in comparison to all the other sectors and everything else. This is not a parochial pitch from the construction industry to keep construction jobs open. This is catastrophic for so many sectors.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** What do you think is motivating the State of Michigan to do this with Line 5, which has been in operation for decades? As you said, the Keystone case is different and more straightforward, so it's understandable why President Biden did what he did.

[English]

**Mr. Joseph Mancinelli:** I'm not sure I can answer that. I don't understand it. I think it defies logic, because even from a political point of view I think the effect she would have on the number of jobs in Michigan...would definitely outnumber the environmentalists who are in Michigan as well.

I don't understand the political dynamics. I don't understand the economic dynamics. It's frustrating for us in the construction industry and in the labour movement to understand why any governor would take action like this that would affect the lives of so many people. I just don't see the positives or the logic behind it.

[Translation]

**The Chair:** Thank you, Mr. Savard-Tremblay.

[English]

The final six minutes in the round go to Mr. Masse.

Thank you very much for joining us, Mr. Masse. You have six minutes, please.

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Mr. Chair, and thanks for having me.

I represent Windsor West, which has 35% of Canada's daily trade. Pre-COVID, it was 40,000 vehicles, that being 10,000 trucks and 30,000 cars. We're down to about 5,000 to 6,000 trucks and just a few hundred cars, or a few thousand cars, depending on the day, because of COVID.

The effects on the border community are really paramount to me. For the last number of days, as one of the vice-chairs...and I'm joined by a number of colleagues here from different parties who are also part of that. There is Mr. McKay, and I see Mr. Hoback as well. We have been lobbying Congress for years.

I found, over the last number of days, that there isn't a sophistication level or enough information that has quite reached some of the congressional representatives about the issue. I found that presenting facts and information, as opposed to motivation of individuals, was more effective to get it done, but I'm also concerned about the effects on communities.

I want to ask this of Mr. McMichael, as the district labour council president.

I know that, in our community here, we actually had studies of kids going to school with backpacks to measure the toxins they got from the trucks we have in our community. We're finally building a brand new bridge. What would be the effect of shutting this down and altering the routes for trucks and that type of movement in traffic?

• (1540)

**Mr. Jason McMichael (Director of Government and Community Relations, LiUNA Local 1089, Laborers' International Union of North America):** Thank you, MP Masse.

You're quite correct, Mr. Masse, in that the effects to my community, Sarnia-Lambton, would be profound.

We've heard so eloquently from vice-president Mancinelli and my colleague Mr. Strickland that you'd see an additional 2,000 trucks per day on the roads. What we haven't heard is that Sarnia-Lambton, as a refinery hub already and a border community, has a tremendous amount of truck traffic on the roads.

For example, you mentioned the Ambassador Bridge. The Blue Water Bridge is the second-busiest commercial crossing in North America, seeing about 4,000 trucks per day in non-pandemic times. Conversely to the Ambassador Bridge, that's 4,000 trucks both ways, east and west bound, meaning about 2,000 trucks coming in to Canada per day.

To increase that traffic, to double that traffic, would have a significant effect on the infrastructure, on our main thoroughfares going through to the refineries and on our communities. The environmental effect on our community of an additional 2,000 trucks per day would be profound. This is an issue that will affect, literally, every single level of the economy in Sarnia-Lambton, from....

I'm sorry. Go ahead.

**Mr. Brian Masse:** Mr. Mancinelli mentioned.... This is different from Keystone, which really goes over like a lead balloon when talking to Congress right now. This is different. This is about existing infrastructure. It's ironic. Mr. Mancinelli mentioned that some of these are going for auto parts and other economic commerce.

To Mr. McMichael again, what would be the consequences to other industries of our integrated auto industry having to mix in all those trucks with just-in-time delivery and the other types of materials we need to compete through the North American chain, and suddenly having that as an extra level of congestion?

I fear the repercussions of slowing down those movements, especially as investment decisions are pending and we're competing with the east.

**Mr. Jason McMichael:** Absolutely. Thank you for that question, MP Masse.

As you know, with just-in-time delivery being so crucial to the automotive industry, to further clog our routes with trucks, with the number of trucks that we already have travelling those routes, would have a significantly detrimental effect on a number of industries—not just the automotive industry, but especially the automotive industry, where we rely on just-in-time parts delivery on a daily basis.

It would have a dramatic effect on everything, from automotive to the refinery industry to all of the parts plants that supply both the refineries and the automotive industry. I can't possibly overstate the effect this would have on our economy.

**Mr. Brian Masse:** Additionally, the pounding on the infrastructure we have would be significant. We see that as our roads are ripped apart. I assume that Port Huron—I've been through there many times—would also have, on the American side, repercussions. All those additional trucks would scatter across different communities and neighbourhoods that they were never in before.

To be fair to the governor here, most recently she sided with Canada to stop the Ambassador Bridge from having hazardous materials trucks cross, with her lobbying efforts, because that would have put haz-mat trucks all through communities all over the place.

I fear the same thing here. As we move these trucks off the rail, hazardous materials trucks will scatter across Ohio, Michigan, Indiana and of course Ontario and Quebec.

**Mr. Jason McMichael:** Yes. The irony that is not lost on me, on the border congestion that would be created with this, is that the majority of those trucks.... In non-pandemic times, there were already trucks lined miles back on both the I-69 and I-94 into Michigan. Those trucks already exist on a normal day. To add 2,000 trucks a day to that....

Those trucks are parked literally in the governor's backyard. Those emissions, as those trucks idle on the highway waiting to cross the bridge, will be going into the backyards of her constituents. Then, once they cross that bridge, they enter into our communities. That isn't good for any of us, especially for the folks in Michigan where those trucks would be idling.

• (1545)

**The Chair:** You have 30 seconds, Mr. Masse.

**Mr. Brian Masse:** Thank you.

Just quickly, Mr. Mancinelli, I want to give you an opportunity to talk about the auto parts you mentioned. Ironically, this is for green auto investment. Detroit has had, I think, \$16 billion over the last four or five years for electrification. Can you confirm the impact on that?

I know you have only a few seconds, but I think it's important.

**Mr. Joseph Mancinelli:** You know, the petroleum that's used on electric vehicles makes up 50% of those vehicles. The effect would be devastating on the automotive industry as well. I think Line 5 would have a fairly dramatic effect on Governor Whitmer's economy in Detroit, where a lot of these vehicles are produced.

**The Chair:** Thank you, Mr. Masse.

Colleagues, we're running a little bit short of time. Just to make sure we have one more question for each party, the next questions will be four minutes, four minutes, two minutes and two minutes. That will end the round.

Mr. Lewis, you have four minutes, please.

**Mr. Chris Lewis (Essex, CPC):** Thank you, Mr. Chair.

Thank you very much to each witness for coming forward today. We certainly appreciate your testimony.

My first question is for you, Mr. Mancinelli. Specifically, I really, really appreciate your mentioning, sir, that this is much larger than just petroleum and just oil. It affects so many fronts. It affects our farmers, the 38,000 farmers in Ontario you spoke of; of course the auto industry; and of course our advanced manufacturers, whose motto is really, "We make things to make things."

I also heard you say, sir, that there were 15,000 good-paying union jobs in Michigan. There must be some kind of collective effort to be lobbying Governor Whitmer. What specifically has the Michigan union done to help the cause, going forward? Are they lobbying the governor as well?

**Mr. Joseph Mancinelli:** Yes. There's no question about it. The 15,000 I mentioned in my presentation are just our members, LiUNA members, but I have 15,000 members whom I represent there as well. That does not include all the rest of the building trades unions within Michigan that are up in arms—the UA and the operating engineers and the many, many other sectors of the unionized sector as well. The list goes on and on.

There is a very active lobby going on in Michigan, by all of the trades, talking to Governor Whitmer and sending letters to Governor Whitmer, basically saying what I just said today: This is not a logical solution.

**Mr. Chris Lewis:** Thank you very much, sir.

Mr. Strickland, I really appreciated your saying that there has to be some type of bilateral approach. I very much agree with you that it can't be just the United States or Michigan talking to Canada. It has to be very integrated and very bilateral.

I'm wondering, though, because the Canadian government has fallen, quite frankly, on its face with regard to the oil industry in the west, if you think perhaps that might be an out for the governor to say, "Listen, we can do what we want to do anyway, because you can't even get your own house in order."

**The Chair:** Mr. Strickland, I have a note from the interpreters asking if you could just raise your mike a little bit.

**Mr. Sean Strickland:** Sure. Is that better?

**The Chair:** That's better, yes. Thank you.

**Mr. Sean Strickland:** Great.

No, I don't think that's part of the thinking. I think what's happening in Michigan is made in Michigan.

On your earlier question to Mr. Mancinelli with respect to what we're doing on the States side, the North America's Building Trades Unions and Canada's Building Trades Unions have formed a bilateral committee. We have representation from Michigan building trades, Ohio building trades, Washington and my Canadian office, who are lobbying and advocating for this going forward and doing whatever we can to make sure the easement is not cancelled.

I think it's also important to recognize that the general presidents of our unions have existing relationships with the governor. Meetings have taken place with the governor. This was also raised when

our general presidents had a meeting with President Biden a couple of weeks ago.

As I said in my remarks, this is a high priority for both our organizations on both sides of the border. It has been raised in the highest offices in the U.S. and Canada.

**The Chair:** You have 20 seconds, Mr. Lewis.

**Mr. Chris Lewis:** Thank you, Mr. Chair.

It won't be a question; it will be one very quick statement, the one I really want to lay on MP Masse. He hit the nail on the head with regard to commercial congestion. It hits our nurses, our doctors and our business owners who are trying to cross the busiest international border in North America.

It's much larger, as Mr. Mancinelli said.

I thank the witnesses once again.

Thank you, Chair.

• (1550)

**The Chair:** Thank you, Mr. Lewis.

Mr. Housefather, you may go ahead for four minutes, please.

**Mr. Anthony Housefather (Mount Royal, Lib.):** Thank you, Mr. Chair.

Joe, Sean and Jason, it's great to see all of you. Thank you for coming.

This is one of these rare instances where we have common cause, where all parties and pretty much all Canadians are united in questioning the logic of something that, as you said, will have devastating economic impacts on both countries, particularly workers in trades.

It also has a negligible, if any, environmental benefit. I think the study Enbridge had brought forward in the lawsuit showed that there was a one in 2,000 chance that the four-mile stretch under the Straits of Mackinac could have a leak in a year, and it would only take a couple of years to get the tunnel built.

Again, it's a puzzling thing, and given the fact that you guys have a lot of leverage, in the sense that you have members on both sides of the border, I'm wondering in terms of the intervention, Joe, that you made at the Michigan Legislature a couple of days ago, does the Michigan Legislature itself consider that it has the power to step in to override the governor's revocation of the easement?

**Mr. Joseph Mancinelli:** Now, I'm not sure if the numbers are going to warrant moving forward and stopping it. I haven't analyzed that. I can tell you that the Senate committee I spoke to seemed to be overwhelmingly in support of our position. There were a lot of farmers who are senators on the Michigan side and they are really concerned about the impact it will have on the agricultural industry. They were most concerned also.... A very interesting thing that I learned from the discussion is that they are afraid that if it does go to trucking and to rail, they won't get their agricultural products to market, because petroleum will take precedence over their agricultural products.

I think the Senate is definitely against shutting down. Whether or not they are successful in getting the House in Michigan to successfully defeat the action, I'm not sure.

**Mr. Anthony Housefather:** That's really helpful.

I have a question, then, for both of you.

I'm going to put two questions together, because I only have four minutes. The first relates to your members on both sides of the border. We here are concerned particularly about the Canadian members, but we also care about the union members on the U.S. side. In that case, wouldn't many of them lose their health care and other benefits in the event that they lost their jobs? Here we have medicare so people won't lose their primary health care, but in the U.S. wouldn't many of your members, if they lost their jobs as a result of Line 5 shutting down, actually lose their health care? Shouldn't that be of concern to the Michigan Legislature and Governor Whitmer?

My second question is about the fact that Enbridge had mentioned they were recommending that the Government of Canada, the Government of Ontario and other provinces intervene in the Enbridge lawsuit. Do you have a position on that?

I will go quickly to Sean and then Joe.

**The Chair:** You have less than a minute.

**Mr. Sean Strickland:** One of the advantages of being in a union is that you have health and welfare benefit plans on both sides of the border. The problem would be that, in the U.S., if you're not working, you're not going to be able to contribute to that health and welfare plan, so you could run out of benefits.

In terms of the lawsuit, I would say no. Just like in Canada, there's a distinct process for judiciary and for elected officials. To whatever extent we need to let the judiciary process play out, we need to do so, but we're prepared to do whatever we can based on the results of that judiciary process and lobby to whatever extent we can within the guidelines of the law to make sure we get a favourable result.

**The Chair:** Mr. Mancinelli, you have 20 seconds, please.

**Mr. Joseph Mancinelli:** We in the labour movement pride ourselves on the fact that we don't rely heavily on the government to help our members. From time to time we do, but by and large we have our benefit plans and our pension plans that are completely funded by the industry and by our members.

When you lose your job, you lose the ability to do that, and that puts a greater strain on the government, whether it be Canada or the United States. The domino effects of our members losing their jobs

will have an effect on everybody, including other citizens who aren't our members, and the government as well.

**The Chair:** Thank you, Mr. Mancinelli.

[*Translation*]

Mr. Savard-Tremblay, you have two minutes.

• (1555)

**Mr. Simon-Pierre Savard-Tremblay:** I'd like to go back to the question I asked earlier.

Mr. Mancinelli, you said earlier that it was a totally unjustifiable and unjustified decision. That said, where does the data come from that the governor has put forward about, for instance, capping the pipeline and the fact that there must be a support every 75 feet, but that it isn't there?

[*English*]

**Mr. Joseph Mancinelli:** There are checks and balances in the new pipelines that are being built.

I'll spend a quick moment on the proposed pipeline that's being built. The proposed pipeline is going to be built 100 feet below the lake-bed. It's going to be built within a concrete tunnel. Then the pipeline runs within this concrete tunnel. Then there are checks and balances, and valves that would shut down so many feet in the event of any kind of rupture. Keep in mind that the event of a rupture within a pipeline that's encased within a tunnel that's concrete.... If for the existing tunnel it's one in 2,000, just imagine what it will be for the new tunnel.

It's a very safe alternative and an environmentally friendly one, as well.

**The Chair:** You have 10 seconds, Monsieur Savard-Tremblay.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** If the risk is estimated at one in 1,000 and spread over a number of years, it may still represent a risk that is not totally unrealistic.

[*English*]

**The Chair:** Give a very short answer, Mr. Mancinelli, please.

**Mr. Joseph Mancinelli:** I don't think there is any real great risk here. There's always a risk, but not a great risk.

One in 2,000 is a pretty good number, and I think with the new pipeline it will be far greater than one in 2,000. I don't see this as being any great risk.

**The Chair:** Thank you, Mr. Mancinelli.

Thank you, Monsieur Savard-Tremblay.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** You're talking about the future—

**The Chair:** Thank you, Mr. Savard-Tremblay.

[*English*]

For the final two minutes, we go to Mr. Masse, please.

**Mr. Brian Masse:** Thank you, Mr. Chair.

Mr. Strickland, obviously one of the major concerns here is the environmental consequences. Even outside of Line 5, we're very deficient for oil boom protection in the Great Lakes.

I was just speaking at the Great Lakes and St. Lawrence Cities Initiative. There is a series of things and money that the state and most importantly the federal government in the U.S., and a little bit from Canada.... We're still working on rehabilitating the Great Lakes.

What is Enbridge doing with regard to contributions to this? Are there offsets that are taking place, similar to those for carbon, that are actually going to be made to the Great Lakes in contributions by Enbridge?

**Mr. Sean Strickland:** I'm not 100% sure of the answer to that question, Mr. Masse. I'd say that this would be a question better positioned to Enbridge.

I can say—based on a previous question as well, looking for third party studies of the existing pipeline—that there are third party pipeline studies that have been done in the U.S. I'd be happy to submit those to the committee. The largest and most important third party validator is the U.S. regulatory agency that inspects the pipelines, which has given it a clean bill of health over the last 50 years. So that's really important.

**Mr. Brian Masse:** No, I know all of that.

My point here, though, is that we should all be aware of what Enbridge is doing to enhance the environmental...not only the protection that Mr. Mancinelli has mentioned, which is good. Maybe you want to expand on this. We should be well versed here about what Enbridge is actually doing to improve the environment for the situation. Similar to offsets for carbon, what offsets is Enbridge doing for the Great Lakes? I think that's part of the problem, perhaps, that we don't know those things.

**Mr. Sean Strickland:** That's a great question, absolutely. I'll maybe add something. I think there's an opportunity to green all of our pipelines. Keystone had a proposal to power it with renewables, which would have created 1,600 megawatts of renewable energy.

I think there's an opportunity to talk to Enbridge, TC Energy, Cenovus and other large Canadian energy players that are moving oil and petroleum by-products across the country about doing what they can to protect the environment and the Great Lakes and also to power the pipelines using renewable technologies. I think that's an opportunity there.

• (1600)

**Mr. Brian Masse:** That's all about Keystone. I'm just talking about Line 5. As the Great Lakes critic, I don't know exactly what they're in for in terms of the commitment. That's what I want to—

**The Chair:** Thank you, Mr. Masse.

Thank you very much to Mr. Mancinelli, Mr. McMichael and Mr. Strickland for joining us this afternoon. I really appreciated your insights, and I'm sure the committee is more illuminated after spending some time with you.

Thank you again on behalf of the committee. We're going to ask you to sign off now.

**Mr. Sean Strickland:** Thank you.

**Mr. Joseph Mancinelli:** Thank you to the committee.

**The Chair:** I'd like to suspend for a few minutes just to allow the new witnesses to do their sound checks.

• (1600)

(Pause)

• (1600)

**The Chair:** Welcome to all our witnesses. It's great to have you here to offer your guidance and knowledge on this very important subject we're studying.

Today we have with us Pierre-Olivier Pineau, professor in energy sector management with HEC Montréal.

From the Canadian Propane Association, we have Nancy Borden, board chair and owner of Vancouver Island Propane Services; Dan Kelly, past chair and chief financial officer of Dowler-Karn Limited; Mark Mundy, member and vice-president of logistics at NGL Supply Co. Ltd.; and Shawn Vammen, member and senior vice-president of superior gas liquids at Superior Plus.

From the Explorers and Producers Association of Canada, we have Tristan Goodman, president.

We'll go into the opening remarks.

• (1605)

[*Translation*]

Mr. Pineau, you have five minutes.

**Prof. Pierre-Olivier Pineau (Professor, Chair in Energy Sector Management, HEC Montréal, As an Individual):** Good afternoon, my name is Pierre-Olivier Pineau, a professor at HEC Montréal and holder of the Energy Sector Management Chair, which focuses on energy systems analysis. I'm particularly interested in understanding energy systems, particularly in North America, and I have a personal research interest in the electricity sector.

I know that the focus today is on Enbridge's Line 5. I will focus my remarks on the precedents that this decision could create in connection with the various energy infrastructures in North America.

For the sake of transparency, I would like to disclose that my chair has 10 funding partners, including Enbridge, Hydro-Québec, Boralex, among other Canadian companies. So my chair is financially supported by Enbridge. That said, my comments today are made in my personal capacity, completely independently, and from my perspective as a university professor.

It is extremely important that Canada and the United States have collaborative energy infrastructure and joint planning processes. In this case, it is very important to separate policy issues and decisions from the regulatory planning processes and the common objectives we have for our energy systems.

I find the politicization of this issue very concerning. Michigan had an election campaign in part against this pipeline. Decisions about pipelines and energy infrastructure should be made independently by regulatory agencies, based on long-term planning for energy needs in the United States and Canada, with a view to sustainable development and, of course, climate change.

We know that society must fight climate change and that we will have to electrify our economies much more in the years to come. We are facing challenges with the transmission lines that connect our two countries and even our provinces in Canada. Interprovincial and Canada–U.S. interconnections must result from decisions that follow economic and sustainable development logic, not political logic.

If the issues surrounding Enbridge's Line 5 are politicized, I am very concerned that this political influence will change the normal course of energy studies and infrastructure. That's why I really believe it's very important that Canada clearly articulate the broader interests of both countries in analyzing this infrastructure. Not in a political way, but in a regulatory and planning process that is independent of the political decisions of a governor, a governor, a prime minister, a political party, an election campaign or a promise to voters.

In this regard, it is unfortunately too often possible to polarize public opinion on some very specific issues that focus on only a small portion of global climate concerns, rather than representing them well, while energy systems have huge ramifications that make it very difficult to analyze these issues through a single project.

It's very important to establish processes that will allow us to have robust infrastructure, framed by strong regulatory processes, especially for the future and power lines between Canadian provinces and American states.

I will conclude here because I think my five minutes are up. I will be happy to answer any questions you may have.

• (1610)

**The Chair:** Thank you, Prof. Pineau.

[English]

Now we will hear from the Canadian Propane Association. I understand that Ms. Borden will be speaking.

Are you splitting your time with Mr. Kelly?

**Ms. Nancy Borden (Owner, Vancouver Island Propane Services, and Board Chair, Canadian Propane Association):** Yes, we'd like to.

**The Chair:** That's fine. You have a total of five minutes.

Go ahead, please.

**Ms. Nancy Borden:** *Hiswke*. Thank you.

I acknowledge that I'm speaking to you from the unceded territory of the WSÁNEC first nations. Saanich lies within the territories of the Lekwungen peoples, represented by the Songhees and Esquimalt nations, and the WSÁNEC peoples, represented by Tsartlip, Pauquachin, Tsawout, Tseycum and Malahat first nations.

On behalf of our association members across Canada and my colleagues here today, I want to thank the committee for the invitation to speak to you about the importance of Line 5 to the propane industry and to Canadians.

With over 400 members from coast to coast to coast, the Canadian Propane Association includes producers, wholesale marketers, transporters, retail marketers and manufacturers of propane appliances, cylinders and equipment.

Propane is a multi-billion dollar industry that sustains thousands of jobs right across Canada. Many of our members are community-based businesses that provide good-paying local jobs. You will also know them as members of local chambers of commerce, as volunteers and as sponsors of community groups and local sports teams.

Mr. Chair, propane is a vital part of Canada's energy portfolio for the future. As a source of low-emission energy, propane is a cleaner alternative to carbon-intense fuels such as heating oil, gasoline and diesel, and renewable propane will provide an even lower carbon footprint. Whether it's in its applications for home or commercial heating, agriculture, transportation, construction or mining, propane is a safe, clean and affordable energy choice for Canadians.

When it comes to Line 5, it's important for committee members to know that this is the only supply of propane via pipeline to southern Ontario. Line 5 is an important part of energy security for Canada, as well as cost certainty for Canadians.

Line 5 is the feeder pipe into the Sarnia fractionator, which has over 100,000 barrels of capacity per day. Propane is approximately 70% of that capacity. Any prolonged disruption of Line 5 would have severe and lasting consequences on the supply of propane to Ontario, Quebec and Atlantic Canada.

We have communicated to governments that without proven historical and safe delivery of propane via Line 5 into the Sarnia fractionator, rail and truck modes of transportation will increase dramatically, and with that there would be no expectation that the volumes achieved via pipeline could easily or readily be replaced. Thousands of additional trucks would be required, placing more stress on a rail delivery system that is already near capacity.

In short, the discontinuation of Line 5, in the CPA's opinion, is not an option. The environmental and economic consequences would be devastating for those living on both sides of the border.

Safety is a fundamental priority for the CPA, and we have long supported the safe continuation of Enbridge's Line 5. The plan to replace the existing Line 5 dual pipelines in the Straits of Mackinac with a pipeline secured in a larger underground tunnel deep under the straits meets environmental safety needs while maintaining critical energy infrastructure. Line 5 is vital to meeting our energy needs as Canadians.

I would now, through the chair, like to ask Dan Kelly, past chair of the CPA, to continue these thoughts for you.

• (1615)

**Mr. Dan Kelly (Chief Financial Officer, Dowler-Karn Limited, and Past Chair, Canadian Propane Association):** Thank you, Nancy.

I would like to acknowledge that I am speaking from the traditional territory of the Anishinabe, Haudenosaunee, Ojibwa and Chippewa peoples. This territory is covered by the Upper Canada treaties.

Perhaps some members are surprised by how much they're hearing about the importance and reliability of propane throughout the testimony at this committee. The fact is, as Nancy pointed out, propane is a very important source of energy for Canadians. Over 100,000 homes in Ontario, Quebec and Atlantic Canada use propane as their home energy source to heat their homes and to cook their meals, representing approximately half a million Canadians who rely on propane in their daily lives.

However, propane is relied upon far beyond residential use. For example, 25% of propane that is marketed in Ontario is used in hospitals, schools and businesses. In Quebec, that number rises to 45%. Total daily demand for propane in eastern Canada continues to rise. In Ontario, the average daily demand is nine million litres, approaching 16 million litres during times of high demand. In Quebec, daily demand is three million litres, with a peak of almost five million litres, and Atlantic Canada uses one million litres daily.

Propane is clean, affordable and readily available. Propane is harmless to land, to air and to water. It can greatly reduce the use of carbon-intense fuels in indigenous, rural and remote communities. Many of these communities spend hundreds of millions of dollars on remediating diesel spills when those resources could be used to build more housing, community centres and other important infrastructure.

In addition, an off-oil program across Canada could immediately reduce GHGs by 38%, just by switching to propane. The CPA has been calling for changes to the Greenhouse Gas Pollution Pricing Act that would see an exemption for low-emission propane in farming activities. Changes to the GGPPA are also needed for remote power plant generator operators, which would provide indigenous and remote communities a real choice for cleaner energy.

In short, Canada's propane industry has much to offer Canadians as a safer, greener and more accessible energy option. However,

without Line 5, providing Canadians with this critical source of energy would be significantly more difficult.

Canada's propane industry joins with the countless Canadian voices who have come together to support the safe, continuous operation of Line 5, the closure of which would have catastrophic economic impacts to Canada.

Thank you, Mr. Chair.

**The Chair:** Thank you, Ms. Borden and Mr. Kelly, for your remarks.

We will go to our final opening statement, from the Explorers and Producers Association of Canada.

Mr. Goodman, you have five minutes, sir.

[*Translation*]

**Mr. Tristan Goodman (President, Explorers and Producers Association of Canada):** Thank you very much.

[*English*]

My name is Tristan Goodman. I am the president of the Explorers and Producers Association of Canada. EPAC represents about 139 Canadian-based oil and natural gas companies, from start-ups and juniors to major oil and gas producers, that operate in various provinces and territories across the country.

We represent about 60% of all natural gas produced in this country and about 30% of oil produced in this country, and probably around \$0.25 trillion of market assets within this country, so it is fairly significant.

Let me start by saying that although we believe Canada's oil and gas industry has a constructive and bright future in our country, we also recognize that the nature of energy development is fundamentally changing to drivers like energy transition, global and Canadian climate change expectations, and the importance of genuine indigenous reconciliation.

Decarbonizing the Canadian energy business is well under way. Our industry plays a critical role in meeting Canada's international climate commitments. Not only is the issue of climate important for Canadian governments, voters and the broad Canadian public, but it's also now a key evaluation criterion for most investors.

Although change of this nature is hard for any energy industry, the decarbonization that the Canadian energy industry is now moving through not only presents opportunities for addressing critical issues of anthropogenic climate change, but it can also position our nation to continue economically capitalizing on the very large and positive economic and job contributions from development of oil and gas across this country.

For example, looking forward, we're pleased to see the focus of all governments on the opportunities of Canadian natural gas from large-scale deployment into hydrogen technology, as well as providing tools like carbon capture, utilization and storage to aid our Canadian oil industry.

Many different energy forms are needed around the world going forward, but it's important to take a practical approach to policy development. As recently as two days ago, the highly regarded International Energy Agency released short- and long-term reports that reflect the significant need for oil and gas development going decades into the future.

Turning to the recent changes in the United States with the Biden administration in office, Canada and the U.S. share many energy opportunities and challenges. Ensuring collaboration on the full range of options is imperative. This includes pipeline regulation, market access, energy policy, job creation during a post-pandemic world, and the environment.

One note of obvious immediate concern and of clear discussion today is around Enbridge Line 5, not only on the construction and build-out of that, but also the current situation with the Government of Michigan's concerns with this line. It is critical for Canada to keep moving on some of the positive efforts that have already been undertaken on that, but also to get this line complete and prevent a stoppage. This is not only a concern for Canadian oil and gas producers, Canada and those in refining provinces like Quebec and Ontario, but it could also have significant negative consequences on jobs and large refineries in the United States. It will create other problems across the pipeline network in the U.S.

EPAC and its members are fortunate to have a solid technical and non-partisan understanding of many of the practical changes that face the new emerging relationships between Canada and the United States. Items related to market access, climate policy, prevention of carbon leakage, macroeconomic considerations and national offset/emissions trading policies are just some of the areas of credible expertise that we hope could be valuable.

Personally, I've had the privilege of working in the private sector, non-government agencies, academia and different governments on four different continents, and as an energy executive with a large Canadian energy regulator for over 15 years. I also have solid doctorate-level training in environmental science, policy development, economics and law, so I hope I may be of some use to the committee, my country and to the energy industry that I represent.

Thank you.

● (1620)

**The Chair:** Thank you, Mr. Goodman, for your remarks.

Just as a note to the members, in looking at the time, we will have time only for one full round.

We will start off with Ms. Alleslev, for six minutes, please.

**Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC):** Thank you very much, Mr. Chair.

In the opening remarks from the propane industry, I heard that they are very surprised that suspension of this pipeline is even under consideration. I couldn't agree with you more.

As a Canadian and a member of this committee, I can say that I'm very surprised that this is the only pipeline that provides propane to Eastern Ontario, Quebec and Atlantic Canada. Can you shed some light on whether there have been discussions around an alternate mechanism so that essentially we don't have all of our eggs in one basket?

**Mr. Dan Kelly:** I think it may be best to ask Mr. Mundy to respond to that one.

Mark.

**Mr. Mark Mundy (Vice-President, Logistics, NGL Supply Co. Ltd., and Member, Canadian Propane Association):** Thank you, Ms. Alleslev.

Again, we're talking about a pipeline that provides 540,000 barrels a day. The replacement of that and the lack of infrastructure that exists today is somewhat, I'm going to say, hard to overcome.

We've tried to understand the overall impact, especially to the Canadian Propane Association. When we're talking about 100,000 barrels a day coming out of the Sarnia plant, and when we talk about the logistics and constraints around getting those barrels from, say, east Edmonton across the country to the marketplace, and you're talking about a railway that's already confined and at capacity, I don't think it is easily achievable.

**Ms. Leona Alleslev:** There's no question that, as you guys have said, the railways are not an alternative. I mean an actual long-term solution. I come from a defence and security background, and something as critical as this piece of infrastructure.... The fact that, first, it goes through the United States, which is obviously an area we don't have jurisdiction over, and second, there is only one pipeline, is somewhat concerning. If ever anything did happen to that, the results would be devastating.

I understand that you haven't had conversations about redundancy or a backup plan for that.

• (1625)

**Mr. Mark Mundy:** That's correct.

**Ms. Leona Alleslev:** I would like to share my time with MP Hoback, please.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Ms. Alleslev.

Mr. Pineau, you talked about the regulatory process, how important that is and how we need to depoliticize pipelines and actually go back to using regulations to approve pipelines.

I agree with you 100%. In fact, in Saskatchewan and Alberta we've been very frustrated in the last four years because that's exactly what has not happened. It has been politicalized and we've seen the regulators being readjusted every time along the process, so we didn't even have a stable environment for the regulators to operate in.

How do you see something like what Ms. Alleslev is talking about in regard to Canadian security and making sure that we could always have our product flowing within Canada, so that we always have the ability to make sure that we're taking care of ourselves and not being reliant on a U.S. court, in this case, for our future. How do you react to that?

**Prof. Pierre-Olivier Pineau:** I think there are two parts to my answer.

In the long run, we should really establish a stronger relationship with our neighbour and make sure that Canada and the U.S. operate as an integrated energy market. We have to establish joint institutions so that we are not going into these dead ends where we have countries going different ways. That is the long-term answer.

In the short term, of course, we need to build in some redundancy in infrastructure. To some extent, the railway is providing some of the redundancy. I'm not knowledgeable enough on the railway capacity versus the pipeline capacity for propane, but when the railways were shut down slightly more than a year ago because of the Wet'suwet'en situation, Ontario and Quebec did suffer from a propane shortage. That wasn't due to the pipeline issue; it was entirely due to railway issues.

We do have some level of redundancy in the system, but definitely not enough. Pipelines should be considered more, I agree, for the short-term answers, but in the longer run we really need to build joint institutions to build some level of trust between the two nations.

**The Chair:** You have 30 seconds, Mr. Hoback.

**Mr. Randy Hoback:** How do we [*Technical difficulty—Editor*] members of the propane and [*Technical difficulty—Editor*] pipelines? How do we take something that's become unchecked populistic, where politicians use pipelines as a battering ram to basically say, "Hey, I'm an environmentalist; I'm against pipelines," even though they're actually doing more harm to the environment. You can see the example right now. We're going to throw stuff on rail and trucks instead of sending it through a pipeline.

How do we depoliticize it? How do we actually get back to science and regulators making decisions on whether pipelines should go forward or not?

**The Chair:** Mr. Pineau, give a very short answer, please.

**Prof. Pierre-Olivier Pineau:** It's a very difficult question. I don't have an answer as to how to depoliticize that.

I think we need to educate the population more across energy issues and climate change, and we need to make sure that data is available so that people can understand. We have energy data issues in Canada. I know it's not the topic of the day, but energy information is not as widely available as it should be. I think we should construct that knowledge base among Canadians so that they better understand the situation.

**The Chair:** Thank you very much, Mr. Hoback.

Now we'll go to Mrs. Romanado for six minutes, please.

**Mrs. Sherry Romanado:** Thank you very much, Mr. Chair. I'll be sharing my time with MP Bendantan.

Thank you so much to the witnesses for being here today.

Mr. Kelly, you've brought up a subject that I don't think I've heard yet in terms of the impact of Line 5 shutting down, and that was with respect to the supply of propane to hospitals, schools and businesses. I'd just like you to clarify your comments with respect to the supply to Ontario's hospitals, schools and businesses, and Quebec's hospitals, schools and businesses.

Quebec, my home province, has just crossed the 300,000 threshold in cases of COVID, and the idea of hospitals lacking supply is very concerning in the middle of the pandemic. Could you please clarify that for me?

• (1630)

**Mr. Dan Kelly:** Certainly. I'd be happy to.

Depending on the region you're in, if the location of the institution, whether it's a school, business or hospital, is in a remote region that is not served by natural gas, or where electricity is not a cost-effective solution, propane is being used in those situations.

We also have propane being used as backup power generation for many institutions as well. There are urban centres in Ontario that my company serves, where we have backup storage on site for propane so that, should there be a power outage, that could be used to power the hospitals.

However, there are many remote regions and rural settings where they're using propane to heat the facilities.

**Mrs. Sherry Romanado:** Would it be safe to say that, for citizens in remote communities, not being able to get health care during a pandemic could be a reality?

**Mr. Dan Kelly:** It could very well be.

We faced this during the rail strikes. There was a shortage of propane, and there were times during those periods, whether it was the blockade or the strike, when the availability of propane was getting quite dire and there were some situations where people were running on the bottom end.

A situation like the closure of Line 5, when approximately 50% of the supply comes from there, would have a drastic impact. There are many facilities that are operating in rural areas all across eastern Canada—Ontario, Quebec and the Atlantic provinces—that may run into some great difficulties without the supply of propane.

**Mrs. Sherry Romanado:** Thank you very much, Mr. Kelly.

I'll cede the rest of my time to MP Bendayan. Thank you.

[*Translation*]

**Ms. Rachel Bendayan (Outremont, Lib.):** Thank you, dear colleague.

I would also like to thank all the witnesses we've heard from today.

I have a question for Prof. Pineau, an expert from the École des hautes études commerciales de Montréal, the HEC, an institution that is the pride of the people of the riding of Outremont. I would also like to take this opportunity to thank him for being here. Like him, I would like to stress the importance of energy integration between Canada and the United States.

I want to make sure I understand your point, Prof. Pineau. The Prime Minister recently raised with President Biden the importance of harmonizing the rules surrounding electric vehicles.

I will now come back to Line 5. In your opinion, the decision to close Line 5 could create a precedent that would jeopardize the development of power lines between Canada and the United States. When we think of Quebec's enormous potential for supplying renewable electricity in the northeastern United States, this is a concern.

Since my time is limited, I'll now give you the floor so that you can elaborate on your reasoning.

**Prof. Pierre-Olivier Pineau:** If politicians build an election campaign and win an election on the premise that an energy infrastructure is going to be shut down, then you could imagine some mobilization taking place. Unfortunately, we know that it's possible to mobilize certain segments of voters against certain infrastructure. This has been the case in New Hampshire and Maine, where there have been protests against power lines to bring Canadian hydroelectricity to the United States. Major developments have blocked energy projects that were not only good for the United States but also for Canada.

So it's very important to counter this trend. Otherwise, political mobilizations against projects that may otherwise have significant economic and environmental benefits could become more important than the regulatory and environmental analyses that projects undergo. If we give the impression that we can mobilize against such projects, that can lead to “not in my backyard” syndrome and very significant problems. When we look at the importance of electric power transmission for the decarbonization of our country and

the United States in the future, we see that we are absolutely going to need more interconnections and power lines between our countries. While this is very positive, there may also be people who are against these power lines. So if we leave too much room for political games in these decisions, it could complicate the energy transition enormously.

So it's really the rigour and the overall framework for decision-making that needs to be addressed. This case clearly demonstrates how we could go off track and lean toward a political decision, when the majority of economic, energy and even environmental indications lead us to conclude that this is an infrastructure that has its place in the overall energy infrastructure of our two countries.

• (1635)

**Ms. Rachel Bendayan:** Thank you.

[*English*]

**The Chair:** Thank you, Ms. Bendayan.

Now we have Monsieur Savard-Tremblay.

[*Translation*]

You have six minutes.

**Mr. Simon-Pierre Savard-Tremblay:** Good afternoon. I'd like to thank all of our witnesses.

Mr. Pineau, on the whole, I agree with you that, in the short term, the lesser evil probably lies in maintaining Line 5, while waiting for a real energy transition, of course. When I say “while waiting,” I don't mean it in a passive way. We have to work on it.

Are the facilities currently in good condition, or are they in an antiquated state?

**Prof. Pierre-Olivier Pineau:** I'm not an expert in the operation of pipelines or in assessing their condition. What I do understand about this file is that there have been some challenges and that they have been taken into consideration. Plans are in place to address the issues raised, and a new project can take over to ensure that this pipeline doesn't pose any particular danger to Americans, Michigan, the Great Lakes or Canada. While no means of transportation is safe, pipelines are a safe means of transportation.

Of course, you may need to make an energy transition, but you don't do it by shutting down pipelines, because there are already pipelines closing. That's a position I've held for a very long time. Ironically, the eventual closure of Line 5 could restart the Portland-Montreal pipeline, which runs from Maine to Montreal and is virtually unused. So just because a pipeline is closed one day doesn't mean there is an energy transition, because other options are available, such as tankers, old pipelines, rail and so on.

So environmentalists who think closing pipelines is a step towards energy transition are mistaken, in my opinion. It's a detour from the problem, which is really a problem of overconsumption of petroleum products in North America and Canada. That's the problem that needs to be addressed, not the pipelines themselves, which are merely a symptom of our current situation and consumption.

**Mr. Simon-Pierre Savard-Tremblay:** In other words, it should be done the other way around: They will be closed when they're no longer in use.

**Prof. Pierre-Olivier Pineau:** Absolutely.

**Mr. Simon-Pierre Savard-Tremblay:** That sums up your comments.

Earlier, you talked about some form of cooperation. Did I understand you correctly that you were talking about a neutral entity that could look at most of these projects?

The current dispute is between Enbridge and the Governor of Michigan, who are opposing their respective safety data. It seems that no third party has really looked at this issue, with a view to deciding the issue or determining who is right.

**Prof. Pierre-Olivier Pineau:** Actually, it's completely out of the ordinary for a state governor to be involved in a decision like this.

The United States and Canada should have institutions. That way, premiers and governors would not have to give their opinions on the issue.

Governments should give direction on energy policy, but they should not make decisions about whether to build specific infrastructure. This isn't a policy decision, and governments should not make decisions in this regard.

Of course governments should drive energy policy, but not the very practical investment choices.

It's obvious that there is institutional dysfunction right now. In fact, in my opinion, just talking about it in a House of Commons committee indicates that there has been a slippage in the way institutions operate.

• (1640)

**Mr. Simon-Pierre Savard-Tremblay:** What you're saying makes sense to me. You mentioned the Governor of Michigan's stance, but let's not forget the company's perspective and the interests of the people directly affected. In this case, no one seems to be truly disinterested, and there is a lack of an institution that would have the task of deciding a case like this.

Have you had a chance to imagine what this type of institution might look like? For example, Quebec has the BAPE, the Bureau d'audiences publiques sur l'environnement, which provides a report. It may not be a perfect body, but it's a form of consultation with all the people affected.

Is this a model to follow?

**Prof. Pierre-Olivier Pineau:** The BAPE makes recommendations that the government is under no obligation to comply with. So the direct answer is no, I don't have any suggestions in that regard right now.

If you look at the decisions made by the states and by Canadian provinces, we see that the North American energy sector is extremely fragmented. Each province wants to take advantage of the situation and each state defends its own interests. Fragmentation is a challenge in terms of more comprehensive and rational planning

for energy infrastructure. These are pipeline issues, but also transmission issues.

That's why it's very important to make sure that we build a much more integrated platform for collaboration and planning, because the challenges of the energy transition are going to be such that we won't be able to fight anymore with a multiplicity of agencies or local assessments. We need to build continental institutions to solve these problems. I know it's going to be very difficult, because the political conditions don't necessarily exist for the creation of new institutions. However, dialogue between the countries is very important. We have to find neutral ground on which to make these decisions.

**The Chair:** Thank you, Mr. Savard-Tremblay.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you.

[English]

**The Chair:** For the final six minutes, we'll go to Mr. Masse.

**Mr. Brian Masse:** Thank you, Mr. Chair.

Thank you to the witnesses for being here.

I will put this out for any of the witnesses. The Gordie Howe bridge, which is being built here between Windsor and Detroit, has with it community benefits to offset the negative impacts of hosting a border development. Regardless of the fact that it has some improvements in terms of the current congestion in our corridor of around 40,000 vehicles per day pre-COVID—it's less than that right now, but still in the tens of thousands—there is still an impact on these new areas, be it Sandwich Town, which I represent, or over in the United States in Delray, where there are actual community benefits to offset it.

I've researched this on the Enbridge site. There are a lot of great arguments in terms of the economic and environmental consequences of closing Line 5 like this, but is anybody aware of any of the community benefits that Enbridge is providing to offset some of the criticisms for this being thrust upon people with regard to Enbridge operations currently and the future one with regard to tunnelling? I'm not sure if anybody.... I think it's a problem. You have a lot of witnesses with a lot of reasons for things, but I mean, we're here for a reason. I'm a little surprised by that and, as well, Enbridge hasn't reached out to me. That's the first thing I do; I look to ameliorate the issues that are at hand.

Maybe I will go to you, Mr. Pineau, with regard to your testimony on that. I just want to make sure that I'm clear on this. The United States has a clear path in their origins of state and federal responsibilities that is well marked in terms of why they have even united. Similar to that, in Canada, we have our Confederation process. Cellphone towers require access rights. Fibre optics require access rights. Spectrum auction is something that is in the public domain for our cellphones and that we sell off. We also have transmission lines.

Are you suggesting that there should be no role for the public or elected officials with regard to those things that are actually under the jurisdiction of the public and are public assets? Maybe you can clarify that. I go under that impression, at least for myself, because I believe that citizens have a role and responsibility to be involved and to be included in their democracy in terms of the decision of using a public space for operations, even if it's to their benefit. It's an open debate in terms of how that goes forward, especially when you look at aboriginal rights as well.

• (1645)

**Prof. Pierre-Olivier Pineau:** Absolutely, and I'm definitely not saying that we should not hear from the public. Definitely, public hearings should be organized so that different voices can be heard, but we should also realize that a single project should not be blocked by one community that basically doesn't want that project over its territory. It's a very difficult arbitrage to make and a difficult balance to find between these local interests and the global interests.

If every community is given the right to veto a large-scale infrastructure project, then forget about everything. Forget about pipelines, forget about transmission lines and forget about highways. We have to find a balance. I'm not suggesting that we should not listen to the concerns of these individual communities, but there's a balance to be found.

If we look at the challenges for the energy transition that most of us, at least, want to see happening, then we know that we will need some linear infrastructure to bring the energy from one place to another place. Some people won't like these infrastructures, but we will still need them as a society. We need to find a better balance. If we bring too much politics into it, I think it's a problem. For the policy directions, of course, governments are needed.

**Mr. Brian Masse:** Yes, and that's the whole point of where I'm at, with a bit of concern as to the approach as this goes forward. That's why we created community benefits for hosting a new border crossing, for asking thousands of trucks to come into the community, along with vehicles with emissions and impacts on the community. We actually include them as part of... Actually, the United States does this much more effectively than Canada does, because they have percentages for construction and for inclusion of minority populations, and it's legislated into law. There are offsets for those different things. The one we're getting for the Gordie Howe bridge is very minuscule, but at least it's something. It's \$10 million on each side. That's to actually acknowledge that being the host of these things comes with a consequence.

I understand where you're coming from, but I'm a little taken aback by this. Somebody has to make a decision at some point in time.

If I could pivot really quickly to Ms. Borden, with regard to the propane issue, I think it's one that doesn't get as much attention right now. In terms of Line 5, aside from shortages and so forth, what would be your alternative model? For some of the oil and gas industry and so forth that I'm familiar with, it's to put that on trucks and so forth. Is it a similar experience that you would have? Would it require massive investments and actual vehicles at this point in time? Also, and that's the other thing, where do the vehicles come from at this point in time, in terms of production during COVID? We're even short on auto manufacturing right now because of components and so forth.

**Ms. Nancy Borden:** I like to say to my employees that we don't drive around cotton balls; we transport dangerous goods. The idea of just switching Line 5 into vehicles or train cars is just not possible by May. To have people up and running, multiple extra trucks are needed.

We're Canadian. We're going to get the propane in. If we have a customer who's going to be cold, we are going to get the propane there—don't get me wrong—but the way they are going about this is just completely ineffectual.

What will happen is that in our attempt.... Say, over in B.C., we are going to do our best to support our brothers and sisters across this country. We will always do our best to get the propane to the customers, but the pressure that it puts on and creates throughout the system is absolutely unsustainable. It's not really fair to a very highly skilled group of individuals, highly trained in manufactured parts and in how we transport this product. It's just not doable right away by May.

• (1650)

**Mr. Brian Masse:** Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Masse. Thank you very much.

I'd really like to thank all the witnesses today for a very productive discussion.

Ms. Borden, Monsieur Pineau, Mr. Kelly, Mr. Vammen, Mr. Mundy, Mr. Goodman, thank you so much for spending time with us and contributing your thoughts and opinions to this very important study, not only for Canada but also for the United States. Thank you very much again.

Members, we will suspend for a couple of moments, just so we can sign in to the in camera portion for the next 20 minutes. Thank you, everyone.

*[Proceedings continue in camera]*







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