COVER NOTE

To:

Standing Committee on Energy, the Environment and Natural Resources The Senate of Canada
Ottawa, ON K1A OA4
enev@sen.parl.gc.ca

NuVista Energy is submitting the attached letter to the Senate Standing Committee on Energy, the Environment and Natural Resources as part of its study on Bill C-69 which has been referred to the Committee for review.

We thank the committee, in advance, for its time and consideration of our input and are hopeful that it will be constructive as you evaluate the proposed legislation.

Kind regards,

Jonathan Wright
President & CEO
NuVista Energy Ltd.
February 20, 2019

Standing Committee on Energy, the Environment and Natural Resources The Senate of Canada
Ottawa, ON  K1A OA4
en@sen.parl.gc.ca

Re:  Bill C-69

Dear Senators,

We are pleased to submit this letter on the critically important topic of Bill C-69, which is before the Senate for review.

Let me begin with some brief information on NuVista Energy Ltd. We:

- Are a Calgary based TSX-traded public energy company with assets and operations in NW Alberta near Grande Prairie;
- Have full time staff of 90 individuals plus 35 full time contractors with about 60% in Calgary and 40% in Grande Prairie area of which over 30% are women, including women in senior professional roles in finance, engineering and on our board of directors;
- Were founded in 2003 and we have invested approximately $2.0 Billion to grow our Montney play production in Alberta from nil to 50,000 Boe/d since 2012;
- Are currently spending approximately $325 million per year in capital plus $180 million in operating cost to grow our Alberta Montney business while proudly creating meaningful jobs for Canadians;
- Have annual cashflows of approximately $300 million;
- Have taken out significant export pipeline contracts and gas plant processing commitments to ensure that as we grow, our products are processed and shipped to end markets within Alberta and across North America;
- Have positioned for further growth with an asset capable of supporting long term LNG export. We are also members of an LNG consortium in Calgary who are actively working on creating the next 2 Bcf/d LNG project. However, to achieve that, we will require access to new capital and the ability to see major projects in Canada proceed in a timely and cost competitive fashion;
- Are a responsible operator that leads on sustainability initiatives such as proactive mature well abandonments, GHG emissions reduction, water use reduction and
recycling pilots where possible in order to deliver clean burning natural gas to markets in Canada, the United States and hopefully one day globally. Our GHG emission intensity per Boe of production has reduced 50% since 2012;

- Work closely in partnership with the First Nations in whose traditional territories we operate, proactively seeking economic and capacity building opportunities with them including several million dollars per year in contract work which leads to direct employment; and
- Are critically focused on the fact that new pipelines and infrastructure for Canadian oil and gas are urgently needed by our firm and by our industry in order to survive and continue to grow.

We believe that Bill C-69, if enacted in its current form, will have severe and long term negative consequences for our company, our investors, the communities in which we work, our employees and their families, and for all of the companies with whom we do business.

While we applaud the government’s efforts to build on the success that industry has had in reducing its environmental footprint and establishing continuous improvements in sustainability and consultation practices, we are opposed to this legislation as written. The National Energy Board (NEB) has a long history of successfully approving and overseeing responsible natural resource development and infrastructure projects which have enabled Canada to establish itself as a global leader in socially and environmentally responsible development, transportation and use of energy. I personally have worked in several other jurisdictions in the world and can attest to Canada’s high standards. We acknowledge that the NEB process could benefit from updating but strongly disagree that the NEB has lost the trust of Canadians. We believe that most Canadians know little about the NEB at all, but rightfully trust them to regulate effectively. Canadians would be better served through improvements to the existing process rather than the wholesale restructuring which Bill C-69 contemplates. In analyzing Bill C-69, we would encourage the Senate to carefully consider the decades of success demonstrated by Canada’s resource sector under the existing process.

Should the Senate choose to move forward with Bill C-69, we believe that substantive amendments absolutely must be made in order to have a future for all of Canada’s resource sectors, including oil and natural gas, agriculture, forestry, mining and power, which underpin Canada’s economy. Without significant change, there is a deep and urgent risk that the already-languishing progress on major projects grinds to a complete halt, and that foreign investment and confidence in Canada accelerates its already precipitous decline. We have highlighted below some key issues that we believe must be addressed prior to Bill C-69 proceeding.

Economic Benefits

We were encouraged by the Fall Economic Statement released at the end of 2018 which included the Government’s intention “to enact, as quickly as possible, regulatory and policy changes that will result in a simpler, clearer and more modern regulatory system” while “materially improve(ing) Canada’s ability to attract investment and growth-oriented businesses”. Any change to either the NEB process or implementation of a new process must consider economic benefits as part of a balanced approach to the development, transportation and export of Canada’s resources. Bill C-69’s purpose statements as they relate to the Impact Assessment Act and the Canadian Energy Regulator Act all but ignore the economic benefits of what is being proposed.
and, more importantly, give no consideration to how the Bill can be used to “materially improve Canada’s ability to attract investment in growth-oriented businesses”.

**Ministerial Discretion**

If a new process is intended to reduce the politicization of decision making then the matter of Ministerial discretion must be resolved. The proposed degree of Ministerial discretion introduces significant uncertainty, with limited accountability, which is a key factor for new investment. Our Canadian economy relies on capital investment from domestic and foreign investors to foster growth, contributing to the high standard of living which we have established and which is envied around the world. Investors in turn rely on a stable and predictable regulatory environment to minimize political risk and ensure that the underlying fundamentals of a business are able to be realized. We believe that Bill C-69 will further erode investor confidence given Canada’s dismal recent history on advancing project approvals and the many areas of Ministerial discretion within the Bill which relate to broad public interest decisions. The existing NEEB process provides a framework whereby a committee is able to evaluate and assess the unique circumstances of each project and make recommendations. An opportunity exists to enhance the public policy framework under which a committee or agency approves the project. To assign that responsibility to one individual severely weakens the process and deters investment.

**Enhanced Public Consultation**

Improving the public consultation process is imperative in order to ensure that those directly or adversely impacted are provided with the opportunity to participate and voice their concerns. However, a process which lacks guidance on prioritization of input from affected parties leaves an unfettered and potentially endless process that risks both the minimization of important facts affecting the majority and over-attention to strong opinions from a small minority. For example, Section 22(n) of the proposed Impact Assessment Act requires consideration of comments received from the public without determining if those from the public providing comments would have standing in a review. At a minimum we believe that the legislation should be amended to reflect a “standing test” or define those that are “directly affected” and that there be strict and expedient timelines to the input process. Without clear rules and tight and reliable timelines for public consultation and project approval, upfront investment in kicking off new projects will simply die.

**“Other Factors To Consider”**

The Bill contains a long list of other factors to consider in project assessment which in our opinion goes well beyond reasonable and workable. Many factors remain undefined and some require consideration of “any impacts”. This is open to appeal to argument that something was not considered regardless of whether or not the item is of material consequence to the project. We have seen all too many times how vocal minority groups will use such opportunities to frustrate progress that is in the best interest of the majority. Canada is already a progressive society with significant regulations fostering progress on GHG reduction, gender and ethnic diversity, etc. It is a big step backwards to complicate and bring risk to project approvals by “doubling up” these regulations by including them in project approval criteria.
Canada was always a nation of builders and we are proud to say that NuVista Energy has been a part of that. As a nation we have established multiple sectors within our economy that capture the value of the available resources with increasing environmental efficiency, and already with the best standards in the world. For decades industry and government have worked together to ensure access to markets and to provide the best opportunities for all Canadians, in every province. We believe that Bill C-69, as proposed, severely jeopardizes the ability to continue to do that. There is no good reason for due process, proper adjudication, and public input to take years only to arrive with billions spent and a construction start date still unknown and uncertain.

The Senate has an opportunity to recognize the value in improvements to our existing process but also a responsibility to recognize that, as written, Bill C-69 does not achieve improvements in a way that preserves the economic well-being of Canadians. We believe that it is incumbent on the Senate to either stop Bill C-69 or enact substantive amendments to ensure a regulatory review process that works for all stakeholders and will ensure a better future for all Canadians. Thank you for your consideration of our comments on this critically important issue.

Sincerely,

[Signature]

Jonathan Wright
President & CEO
NuVista Energy Ltd.