

MINISTRY OF ENERGY AND MINES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Bill Bennett, Minister of Energy and Mines
Honourable Rich Coleman, Minister of Natural Gas Development and
Deputy Premier

II ISSUE: Federal-Provincial-Territorial (FPT) Energy Ministers' Meeting

III BACKGROUND:

The Honourable James Carr, Minister of Natural Resources Canada, has requested a meeting with FPT Energy Minister on November 28, 2016. The meeting is not related to the Energy and Mines Ministers' Conference (EMMC) process.

Minister Carr is expected to provide energy Ministers with an update on the ongoing review of federal regulatory processes, specifically, National Energy Board (NEB) modernization. He will also discuss the Pan-Canadian Framework (PCF) on Clean Growth and Climate Change, in preparation for the December 9, 2016 First Ministers' Meeting (FMM), and will conclude with a discussion on Canada-U.S. energy relations under the new Donald Trump administration. Honourable Cliff Cullen, Minister of Growth, Enterprise and Trade Manitoba, will discuss the joint Canadian Energy Strategy (CES) report to First Ministers.

IV DISCUSSION:

Federal Regulatory Review – Update on National Energy Board Modernization

As part of the federal regulatory review processes, the federal government has established a five-member expert panel to conduct a targeted review of the National Energy Board's (NEB) structure, role and mandate with particular focus on enhancing the participation of the public and Indigenous peoples in regulatory reviews. The panel will provide recommendations on modernizing Canada's federal energy regulator, the NEB.

s.13,s.16

Joint report to First Ministers (on the Canadian Energy Strategy)

A report to First Ministers has been drafted entitled *Report on Collaboration Between Provincial and Territorial Governments and the Federal Government on Specific Actions of the Canadian Energy Strategy and in support of the Pan-Canadian Framework on Clean Growth and Climate Change* (CES Report). Deputy Ministers of Energy have signed off on the CES Report that will

be included for discussion with Energy Ministers on November 28, 2016, in advance of the FMM.

The CES Report outlines areas where the federal government participates in the CES in specific areas in support of the PCF. Areas for initial collaboration are focusing on supporting the PCF in efforts to reduce greenhouse gas (GHG) emissions and increase clean growth opportunities.

With participants on all CES committees and co-chairing two committees (Energy Efficiency and Climate Change), BC officials have had considerable involvement in the review and input for the CES Report. s.13,s.16
s.13,s.16

s.13,s.16

Pan-Canadian Framework on clean growth and climate change – Preparation for the First Minister Meeting

A First Ministers' Meeting (FMM) on climate change is tentatively set for December 9, 2016 to finalize the PCF. The PCF is expected to include a small number of national actions led by Canada, plus several actions to be implemented jointly between Canada and individual PTs. Federal actions are expected to include:s.13.s.16
s.13,s.16

The federal government provided a draft of the Pan Canadian Framework “architecture” document. This is, from the federal government’s perspective, the main deliverable for the FMM. It is high-level and outlines areas where FPT governments can collaborate to reduce emissions and grow the economy.

s.13,s.16,s.17

Canada-U.S. Energy Relations

Canada and BC have strong diplomatic relations with the U.S., which includes the energy and mining sectors. Most people have an expectation that the relationship will be very different under the new Donald Trump administration. The following are some early considerations for BC:

Carbon Pricing and Emissions: Canada, the U.S. and Mexico had already committed to a 40-45 per cent reduction on methane emissions from oil and gas. s.13,s.16
s.13,s.16

Trade and Market Access: Donald Trump has signaled an end to and/or renegotiation of trade agreements, including the North American Free Trade Agreement (NAFTA), World Trade Organization (WTO), and Trans-Pacific Partnership (TPP). He has explicitly said he will use energy as a policy instrument to bring other nations in line, s.13,s.16
s.13,s.16

Donald Trump has signalled stepping back from support for renewable energy and rejuvenating the U.S. coal industry. s.13,s.16
s.13,s.16

The U.S. has become self-sufficient for natural gas and could become self-sufficient for oil in a few years. s.13,s.16
s.13,s.16

Donald Trump has expressed support for oil pipelines, specifically naming Keystone XL. He has suggested that he would invite Keystone XL's proponent, TransCanada Corporation, to reapply, and would ensure that the U.S. received significant profits and ownership rights relating to the project.

V CONCLUSION:

s.13,s.16

ATTACHMENTS:

1. Government of Canada News Release on NEB Modernization
2. Draft Report on Collaboration Between Provincial and Territorial Governments and the Federal Government on Specific Actions of the Canadian Energy Strategy and in support of the Pan-Canadian Framework on Clean Growth and Climate Change

DRAFTED BY:

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Guy Gensey, CIB ✓
Fraser Marshall, ED, CIB ✓
Elaine McKnight, DM, MEM
Dave Nikolejsin, DM, MNGD

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Withheld pursuant to/removed as

s.12;s.14;s.16;s.13;s.17



James Richard "Rick" Perry

Rick Perry (born March 4, 1950) is an American politician (initially a Democrat – switch to the Republican Party in 1989) who was 47th Governor of Texas from December 2000 (succeeding then-president elect George W. Bush) to January 2015. Perry is the longest-serving governor in Texas history. Perry ran unsuccessfully for the Republican nomination for president in 2012 and 2016. He has consistently denied the science behind global warming.

- On December 14, 2016, President-elect Donald Trump announced his intention to nominate Perry as the Secretary of Energy.
- As governor of Texas, Rick Perry viewed energy policy as a tool for economic development and job creation, with investments in renewable wind power as well as traditional fossil fuels. Perry strongly favored expanded fossil fuel production (including the construction of the Keystone XL pipeline), but was also a major supporter of Texas's fast-growing wind industry.
- Trump has described a plan to rebuild the national infrastructure, and Perry has experience building transmission lines and other renewable energy infrastructure.
- **Department of Energy** - the 39-year-old Energy Department's chief role is managing the national nuclear weapons complex, promoting nuclear security and advocating non-proliferation. The Department also had a significant role in negotiations over the Iran nuclear deal. The Department also conducts scientific research—both basic research and applied research—including giving out billions of dollars in grants to help uncover new energy-related discoveries.
 - Trump team memo shows Trump advisers contemplating ways to keep aging U.S. nuclear power plants online, including by addressing concerns about the long-term storage of spent radioactive material (Yucca Mountain).
 - Trump has promised to unleash domestic oil, gas and coal production, largely by rescinding "job-killing" rules and environmental regulations. Although the Interior Department (who oversees federal land management) and the Environmental Protection Agency (who regulates emissions and waste dumping) would be the target for much of that regulatory rollback.

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s.12;s.16;s.13

Based on past statements, Donald Trump **strongly opposes** green energy. This is a **very conservative** position relative to other politicians and is **in line with** general Republican Party policy.

Mike Pence **strongly opposes** green energy. This is a **very conservative** position relative to other politicians and is **in line with** general Republican Party policy.

<http://presidential-election-issues.insidegov.com/l/11/Green-Energy#Issues&s=2076CH>

Exclusive: Trump considering fracking mogul Harold Hamm as energy secretary – sources

Dan Eberhart, an oil investor and Republican financier, said he had been told by officials in Trump's campaign that Hamm, who has been an informal advisor to Trump on energy policy since at least May, was "the leading contender" for the position.

<http://www.reuters.com/article/us-usa-election-trump-hamm-exclusive-idUSKCN10100Z>

It's a campaign with a lot lip service but with little detail. Donald Trump's energy speech in Pittsburgh on Thursday was more of the same — one that promised to put "America first" and to rollback regulations that he says are helping the environment but hurting the country.

<http://www.forbes.com/sites/kensilverstein/2016/09/22/trumps-energy-talk-to-shale-gas-producers-gives-them-the-shaft/#2024c1882166>

Supporting domestic coal production could free some gas for export, meaning more liquefied natural gas going to crowded markets such as Europe. That could also further depress prices for LNG, of which there is a large oversupply globally.

<http://www.wsj.com/articles/oil-coal-seen-as-winners-with-trump-victory-1478693338>

Harold Hamm: No subsidies in the energy sector (Towards the end of video)

<http://www.cnbc.com/2016/11/09/harold-hamm-says-trump-should-start-slashing-oil-and-gas-regulations-here.html>

independence

Trump and Energy

FIFTH, I will lift the restrictions on the production of \$50 trillion dollars' worth of job-producing American energy reserves, including shale, oil, natural gas and clean coal.

★ SIXTH, lift the Obama-Clinton roadblocks and allow vital energy infrastructure projects, like the Keystone Pipeline, to move forward.

<https://assets.donaldjtrump.com/landings/contract/O-TRU-102316-Contractv02.pdf>

Trump's 100 day plan:

<http://www.cnn.com/2016/11/22/politics/trump-first-100-days-plan/>

Putting Americans first

- Production and innovation to happen in the US.

Executive actions day one (through executive order = ne need for congress)

- Issue notification of intent to withdraw from TPP (negotiate individual bi-lateral agreements)
- On energy: Cancel job killing restrictions on the production of American energy, including shale energy and clean coal
- On regulation: for every one new regulation, two old must be eliminated

Foxnews

- Shift in focus from climate change to energy independence – this mean opening areas currently closed for oil drilling (offshore: Pacific, Atlantic and Alaska and opening federal land for fracking) and reviving the coal industry (lift moratorium on new coal leases).
- Renewables might lose their favored status they had under Obama.

<http://www.vox.com/policy-and-politics/2016/12/16/13967888/freedom-caucus-regulations>

Thursday morning (15 Dec), [the House Freedom Caucus](#), the main group representing the far right of House Republicans, released an ambitious regulatory — or, really, deregulatory — agenda for the Trump administration to pursue.

The caucus would scrap a variety of Energy Department energy efficiency rules on washing machines, air conditioners, and dozens more appliances. It would cancel all US contributions to the international Paris climate accord — including aid to developing countries — and eliminate the State Department's special envoy for climate change. And it scraps a Pentagon mandate to pursue biofuels and other energy alternatives.

Todd, Melissa L MNGD:EX

From: Urwin, Mark MNGD:EX
Sent: Tuesday, January 10, 2017 9:53 AM
To: Hansen, Brian MNGD:EX
Cc: Wray, Jennifer MNGD:EX
Subject: s.12
Attachments:

Hi Brian,

Attached is the s.12 for you in Word format.

Mark

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s.12;s.14;s.16;s.13;s.17

Todd, Melissa L MNGD:EX

From: Hansen, Brian MNGD:EX
Sent: Tuesday, January 10, 2017 10:02 AM
To: Anderson, Steve MIT:EX
Subject: s.12
Attachments:

Steve,
Something to guide our discussions today. s.12,s.13
s.12,s.13
Brian

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s.12;s.14;s.16;s.13;s.17

Todd, Melissa L MNGD:EX

From: Hansen, Brian MNGD:EX
Sent: Tuesday, January 10, 2017 11:10 AM
To: Anderson, Steve MIT:EX
Subject: s.12
Attachments:

Steve,
New draft, will call shortly.
Brian

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s.12;s.14;s.16;s.13;s.17

Todd, Melissa L MNGD:EX

From: Anderson, Steve MIT:EX
Sent: Wednesday, January 11, 2017 11:44 AM
To: Hansen, Brian MNGD:EX
Subject: s.12
Attachments:

Hi Brian

s.12,s.13

Thanks for taking the time to chat yesterday

Steve

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s.12;s.14;s.16;s.13;s.17

Todd, Melissa L MNGD:EX

From: Anderson, Steve MIT:EX
Sent: Wednesday, January 11, 2017 12:01 PM
To: Hansen, Brian MNGD:EX
Subject: RE s.12

No worries, was merely curious.

From: Hansen, Brian MNGD:EX
Sent: Wednesday, January 11, 2017 12:00 PM
To: Anderson, Steve MIT:EX
Subject: RE s.12

Don't know who is going, but will find out

From: Anderson, Steve MIT:EX
Sent: Wednesday, January 11, 2017 11:56 AM
To: Hansen, Brian MNGD:EX
Subject: RE: s.12

Thanks. I will find that story this afternoon. I may have missed it in our daily media package. Are you still going to the meeting?
s.13

From: Hansen, Brian MNGD:EX
Sent: Wednesday, January 11, 2017 11:51 AM
To: Anderson, Steve MIT:EX
Subject: RE: s.12

Steve,
s.22 s.12,s.13
s.12,s.13

Will accept these changes and have ready for circulation for the meeting with Kim Friday.
Brian

From: Anderson, Steve MIT:EX
Sent: Wednesday, January 11, 2017 11:44 AM
To: Hansen, Brian MNGD:EX
Subject: s.12

Hi Brian
s.12,s.13

Thanks for taking the time to chat yesterday

Steve

Todd, Melissa L MNGD:EX

From: Hansen, Brian MNGD:EX
Sent: Thursday, January 12, 2017 6:21 PM
To: Anderson, Steve MIT:EX
Subject: Fwd s.12

You up for a call on this and could you take a first crack at adding to the document

Sent from my iPhone

Begin forwarded message:

From: "Nikolejsin, Dave MNGD:EX" <Dave.Nikolejsin@gov.bc.ca>
Date: January 12, 2017 at 6:00:05 PM PST
To: "Hansen, Brian MNGD:EX" <Brian.Hansen@gov.bc.ca>
Cc: "Roberts, Clark MIT:EX" <Clark.Roberts@gov.bc.ca>, "Anderson, Steve MIT:EX" <Steve.Anderson@gov.bc.ca>
Subject: Re s.12

s.12,s.13,s.16,s.17

thanks

Dave Nikolejsin
Deputy Minister
Natural Gas Development

On Jan 12, 2017, at 9:16 AM, Hansen, Brian MNGD:EX <Brian.Hansen@gov.bc.ca> wrote:

Hi Dave & Clark,
s.12,s.13

Brian

Todd, Melissa L MNGD:EX

From: Urwin, Mark MNGD:EX
Sent: Friday, January 13, 2017 1:34 PM
To: Anderson, Steve MIT:EX; Hansen, Brian MNGD:EX
Cc: Quiring, Janel MIT:EX
Subject: RE: s.12

Thanks Steve

Janel – would you have a few minutes to chat this afternoon?

Mark

From: Anderson, Steve MIT:EX
Sent: Friday, January 13, 2017 11:40 AM
To: Hansen, Brian MNGD:EX
Cc: Urwin, Mark MNGD:EX; Quiring, Janel MIT:EX
Subject: RE s.12

Thanks Brian

I have copied Janel Quiring (Director, International Trade) who can work with Mark

Regards

Steve

From: Hansen, Brian MNGD:EX
Sent: Friday, January 13, 2017 11:13 AM
To: Anderson, Steve MIT:EX
Cc: Urwin, Mark MNGD:EX
Subject: FW:s.12

Hi Steve.
s.12,s.13

Brian

From: Nikolejsin, Dave MNGD:EX
Sent: Thursday, January 12, 2017 7:48 PM
To: Anderson, Steve MIT:EX
Cc: Hansen, Brian MNGD:EX; Roberts, Clark MIT:EX; Hammond, James MIT:EX
Subject: Re:s.12

Yes all good points.
I look forward to getting some expert advice.

Good for discussion

Dave Nikolejsin
Deputy Minister
Natural Gas Development

On Jan 12, 2017, at 8:05 PM, Anderson, Steve MIT:EX <Steve.Anderson@gov.bc.ca> wrote:

s.12,s.13,s.16,s.17

Cheers

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On Jan 12, 2017, at 6:21 PM, Hansen, Brian MNGD:EX <Brian.Hansen@gov.bc.ca> wrote:

Thx. Will give some thought to these areas. Do we know when the meeting with Kim Henderson is planned?
Brian

Sent from my iPhone

On Jan 12, 2017, at 6:00 PM, Nikolejsin, Dave MNGD:EX <Dave.Nikolejsin@gov.bc.ca> wrote:

s.12,s.13,s.16,s.17

thanks

Dave Nikolejsin
Deputy Minister
Natural Gas Development

On Jan 12, 2017, at 9:16 AM, Hansen, Brian MNGD:EX
<Brian.Hansen@gov.bc.ca> wrote:

Hi Dave & Clark,
s.12,s.13

Brian