

## **34. Support for Enbridge's Line 3 Replacement Program**

### **Issue**

A call for the Federal Government to approve the Canadian portion of Enbridge's Line 3 Replacement Program

### **Background**

Representing \$7.5 billion in investment, Enbridge's Line 3 Replacement Program is one of North America's largest pipeline infrastructure projects. Line 3 currently runs between Hardisty, Alberta, through Saskatchewan and Manitoba, and ending in Superior, Wisconsin. The project will fully replace the fifty-year-old, 1,600 km line with state-of-the-art pipe made with high-strength steel and coating technology and installed using modern construction techniques. Enbridge is voluntarily operating Line 3 at half capacity due to concerns about the reliability. When the new pipeline comes in service in 2019, it will return to the line's original capacity of 760,000 barrels of oil per day, equivalent to about 10,000 rail cars.

The replacement of the aging pipeline will improve safety and reduce disruptions from maintenance activities. It will also stimulate the communities in Alberta and Saskatchewan, provinces that have been several impacted by the global downturn in commodity prices and wildfires. Additional benefits will flow to goods and service suppliers in other provinces. Enbridge estimates that the project will generate \$2.8 billion in GDP throughout Canada during the construction period and \$500 million in tax revenue for federal and provincial governments, and will continue to generate millions more on an annual basis.

This April, the National Energy Board (NEB) ruled that the Line 3 Replacement project was in the Canadian public interest and recommended it for approval to the federal Governor in Council subject to the fulfillment of 89 conditions. The project will now be subject to additional review process implemented by the federal government in January 2016, with the final decision resting with cabinet. The portion of the pipeline in the United States is undergoing a separate regulatory process.

Canada's oil industry is a major driver of Canada's economy, providing jobs, tax revenues and a market for goods and services for businesses across the country. A lack of pipeline infrastructure has been one of the most significant constraints on the competitiveness of the industry. Approval of a project designed to improve the safety of existing infrastructure, that will stimulate provincial economies suffering from a global downturn and improve the competitiveness of a key economic sector would normally be self-evident. However, the current politics around energy infrastructure development means that no project can be taken for granted. This policy resolution calls on governments to support energy infrastructure projects that have passed a rigorous regulatory review and which have been deemed in the best interest of all Canadians.

### **Recommendation**

That the federal government follow the National Energy Board's recommendation to approve the Line 3 Replacement Project.