



The City of Saint John



Submission to the House of Commons Standing Committee
on Natural Resources

The Cross-Canada Benefits of Developing the Oil and Gas Industry of the Energy Sector

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Introduction

Mr. Benoit, Chair, Members of Standing Committee on Natural Resources, and panelists, thank you for the invitation to speak today. The City of Saint John is extremely grateful for this opportunity.

These remarks include 4 points: 1) the Saint John Context; 2) the Energy Sector broadly; 3) the Energy East Pipeline; and 4) Natural Gas.

The Saint John Context

Saint John was incorporated in 1785 via Royal Charter. It was the first city to be incorporated in Canada.

From its founding, industry formed the economic backbone of Saint John, beginning with the timber trade and shipbuilding.

Following World War II, a variety of large-scale industrial enterprises emerged and in 1960, a new industry came to our City – oil refining.

The refinery has become the largest in Canada. It has formed the basis for the City's reputation as an energy hub.

The energy sector is key to growing the economy in Saint John.

New Brunswick Premier David Alward has called Saint John the “economic turbine” of the province.

About the Energy Sector in Saint John

The energy sector as a whole has a tremendous impact on the Saint John economy.

For the last several decades, the City of Saint John has played an increasingly important role in regional, North American and international energy markets.

The Saint John region is proud to be home to Canada's largest oil refinery, the first deep-water crude terminal in the Western Hemisphere, Canada's first and only liquefied natural gas (LNG) terminal, and one of the world's first refurbished CANDU 6 nuclear reactors.

The region serves as an increasingly important and diverse energy gateway, linking Eastern Canada to New England, the Atlantic Basin, and beyond.

Our City supported in excess of \$10 billion in energy exports in 2012, accounting for approximately 2/3rds of the Province of New Brunswick's entire export portfolio.

The City's commitment to energy remains strong, and was recently reinforced through the release of the region's renewed economic development strategy, entitled *True Growth 2.0*.

Energy East Pipeline

The City of Saint John is working closely with private sector partners, the City of Calgary as well as federal and provincial counterparts to support the development of the Energy East Pipeline Project and Irving Oil and TransCanada's joint venture to develop and construct the new Canaport Energy East Marine Terminal at the Irving Canaport deep-water marine facility in Saint John.

Energy East is expected to carry up to 1.1 million barrels of crude oil per day through 4,500 kilometers of pipeline from Alberta and Saskatchewan to refineries in Eastern Canada and a state-of-the-art marine export terminal in Saint John.

The Energy East project is estimated to cost \$12 billion to complete and will generate over \$25 billion in GDP growth for the Canadian economy over its 40 year operational life.

Additional benefits may accrue to the Saint John region through multi-billion dollar investments in value-added bitumen upgrading and refining investments once the pipeline is completed.

The Irving Oil Refinery in Saint John is a strong competitor in regional markets. The refinery has a capacity in excess of 300,000 barrels per day and currently accounts for about 64% of Canada's refined petroleum exports to the United States.

Our region's traditional focus on energy is being expanded to capitalize on emerging energy sources, including natural gas, clean energy technologies, energy efficiency, and energy literacy and education.

The sector has created many innovative spin offs including:

- the University of New Brunswick's innovative new Energy Certificate Program, offered by Saint John College; and
- industry partnerships with the Saint John Fire Department will allow the SJFD to provide expertise and training that will enable them to better respond to incidents across the city and generate revenue through training programs.

The Saint John Region remains a focal point within the international northeast region for value-added hydrocarbon processing, electricity generation, head office and back-office energy-related operations, energy transmission, and energy innovation, efficiency and conservation.

We are the only New Brunswick city with a vibrant Industrial and Port capacity, combined with diverse and robust energy and knowledge sectors.

We have proven that we have the social license for major energy projects, which provides an additional, and powerful, competitive advantage.

Natural Gas

New Brunswick's existing natural gas reserves are estimated to be in the range of 80 trillion cubic feet based on current exploration and development activities in southern New Brunswick.

These reserves are recognized as economically significant from a North American perspective, and may become even more significant based on the outcomes of on-going shale gas exploration activities.

The development of these resources also has the potential to support new value-added energy investments in Saint John, including the potential conversion of Canaport LNG to an export terminal and investments in new petrochemical and fertilizer production operations.

Saint John Common Council recently unanimously endorsed a resolution supporting responsible domestic natural gas exploration, and is taking a proactive approach in support of the development of New Brunswick's significant natural gas resources and energy assets.

Summary

Saint John Common Council has submitted a letter of intent expressing the City's interests in pursuing membership in the World Energy Cities Partnership (WECP).

The economic health of our city is a top priority for Saint John Common Council.

The energy sector, and particularly oil and gas, is vital to Saint John. We have benefitted from it greatly and we fully support its further development.