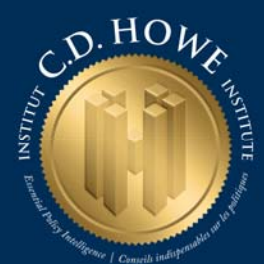


MANDATE LETTERS



As Canada forms its next government, the Prime Minister's Office will be preparing ministerial mandate letters. In this special Intelligence Memo series, policy experts highlight key challenges and priorities in each minister's portfolio.

From: Grant Bishop
To: The Incoming Minister of Natural Resources
Date: October 23, 2019

Canada's natural resources are the bedrock of national wealth and prosperity. Our energy, mining and forestry sectors represent highly innovative industries that have provided employment for millions of Canadian workers, propelled productivity growth and international trade since well before Confederation.

However, confidence for new investments in Canadian natural resource sectors has been [seriously impaired by uncertainty](#) around regulatory timelines and final approvals – particularly for new petroleum extraction projects and consequent bottlenecks for exports of upstream production. Canada's natural resource industries are at forefront of the challenge to reduce nationwide greenhouse gas emissions and Canada's contribution to the international efforts for mitigating climate change.

Within its jurisdiction under the Constitution, the federal government must ensure the development of infrastructure for natural resources, manage impacts from resource development on federal jurisdiction, promote the economically-efficient reduction of greenhouse gas emissions, and advance reconciliation with Indigenous peoples – including satisfying the constitutional duty to consult for any federal approvals. At the same time, it must respect the Constitution's division-of-powers under which production and development of non-renewable natural resources and generation of electricity are exclusively assigned to provincial jurisdiction.

Therefore, as you embark on your term as Minister of Natural Resources, your priorities should be to:

- Manage the effective establishment and staffing of the Canadian Energy Regulator (CER). In particular, you should ensure that this new body effectively builds on the expertise and well-developed processes of the predecessor National Energy Board (NEB). As recommended in [earlier Institute research](#), the new regulator must be able to attract top technical and economic talent in order to support rigorous impact assessments for new inter-provincial pipelines, power transmission projects and offshore exploration. As well, you should formulate policy directions and consider legislative amendments to [establish economic efficiency as the core principle](#) to guidance the CER's "public interest" decisions.
- Work collaboratively with provincial governments to ensure efficient allocation of transport capacity on inter-provincial crude oil pipelines. In particular, you should work with energy ministers in Alberta and Saskatchewan to address issues around verification procedures and market transparency identified in the [March 2019 NEB report](#) on optimizing oil pipeline and rail capacity out of Western Canada.
- Advance market access for crude oil through the prompt construction of the Trans-Mountain Expansion to help mitigate the [significant competitive disadvantage](#) facing Western Canadian oil production because of inadequate pipeline capacity.
- To provide certainty that TMX will be completed, work with the Attorney General and Minister of Justice to expediently resolve the ongoing legal challenges to the adequacy of federal government consultation with affected Indigenous peoples.
- Work with the industry proponent (TC Energy), Minister of Global Affairs and Canada's Ambassador to the United States in order to resolve legal challenges and secure political support for the construction of the Keystone XL pipeline. [Legal uncertainty still surrounds](#) this project, which would provide critical capacity for oil exports to the U.S. Gulf Coast.
- Support provincial governments and the CER to resolve bottlenecks for Western Canada's natural gas production. Alberta's 2018 Natural Gas Advisory Panel (the [Kvisle Report](#)) underscored that constrained export capacity contributes to volatility and large discounts on natural gas production. Therefore, you should act on the Kvisle Report's recommendations for the federal government – in particular, to address regulatory delays for additional pipeline capacity and LNG facilities.
- While respecting provincial jurisdiction for power generation and electricity markets, work with provinces to promote inter-provincial electricity trade. In particular, NRCan's 2018 studies on [Regional Electricity Cooperation and Strategic Infrastructure](#) emphasized the potential for interregional interconnection to enhance reliability and access to low-GHG power. You should support discussions between provinces to align on market rules and [build-out of high-voltage transmission](#) to inter-connect provincial grids.
- Work with the Minister of Environment and Climate Change to ensure efficient, timely and robust assessment for major projects under the new federal impact assessment legislation (passed as Bill C-69). Given perception of [increased political risk](#) for approvals under the new legislation, you should ensure NRCan's Major Project Management Office [streamlines handoffs, eliminates duplication and enforces accountability through federal approval processes](#).
- Support initiatives for demonstration and commercial-scale deployment of small modular nuclear reactors (SMRs), following the collaborative 2018 ["SMR roadmap."](#) In particular, evaluate what time-limited government financial support might be appropriate to accelerate technological development, and address [remaining questions](#) about the regulatory approval processes under the new federal impact assessment processes.
- To leverage Canada's [comparative advantage in forestry](#), work with the Minister of International Trade to advance trade agreements for forest products, and provide appropriate supports for innovation and commercialization.

Grant Bishop is the associate director of research for the C.D. Howe Institute.

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