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(Check against delivery)

Good morning, everyone. It is a pleasure to be here with you today in Toronto. Thank you to the Toronto Regional Board of Trade for giving me this opportunity to share a view with you today on Canada's energy industry and what we all need to do together as Canadians to compete on the international stage and bring continued prosperity to this great country of ours.

I would like to start off my talk today with a single word: "collaboration."

One of my favorite quotations is:

*If you want to be incrementally better, be competitive.*

*If you want to be exponentially better, be collaborative.*

I learned about collaboration in 1989 while working as the executive assistant to our then CEO Ken McCready. My job was to assist him on his role as chair of the Alberta Round Table on the Environment and Economy.

Before that experience – as a young economist – my world was about competition. The experience of industry, environmental groups, First Nations and government working together to achieve a vision on sustainability taught me the strength of having the skill to collaborate, to look at things in terms of "both-and," rather than "either-or." Not to find consensus – in my view – a skill that often leads to the least common denominator. Learning how to use the concept of collaboration – which can be defined as a deep collective determination to achieve an identical objective – became a skill that I have used over and over to find new solutions to tough problems.

Today I will speak about the need for national collaboration on a Canadian Energy Strategy and how I think such a strategy will make our country exponentially better.

Canada's vast energy resources power large segments of our economy and sustain hundreds of thousands of jobs, both here in Ontario and throughout the country. Canada is currently the 5<sup>th</sup> largest primary energy producer in the world. Energy is one of our national treasures. But in a highly competitive world of free trade and interconnected economies, our inability to collaborate is delaying Canada's right to greater success and prosperity. Last year the World Economic Forum reported that Canada is slipping in global competitiveness, dropping from 12<sup>th</sup> to 14<sup>th</sup> place. And fewer than 8% of Canadian exports go to emerging markets, which will account for 70% of global trade by 2050. One only has to look to Europe to understand that a

high standard of living is not our entitlement; it is something that has to be fought for and earned.

For Canada to get its energy to markets – whether those markets are in the U.S. or Asia – we need transportation routes that include pipelines, transmission lines, trains, ships and transport trucks. Without that infrastructure, we have energy untapped and jobs not created. Opportunities lost—both for our generation and for those who come after us. It is in everyone’s collective best interest to ensure that effective and responsible energy development is possible in Canada, and it is our responsibility as a nation to ensure it happens. And in my opinion, who better to do that than Canadians. As Canadians we live our values, and our values have always included consideration for societal, economic and environmental aspirations. We are a trustworthy supplier of energy for the global markets, and we should be proud every day to stand up for ourselves in that regard.

It turns out, though, that we don’t have monopoly on supplying the world with energy resources, and the rest of the world is not standing still. Countries that are just as committed as we are to society, environment and their First Nations are driving hard and out-pacing us. So today, I will take you down 4 roads...

- First, I will discuss what is really at stake nationally as far as our energy resources are concerned;
- Second, I will speak about what we all need to do to ensure our respective provincial governments and our federal government know the importance of their collaboration for an aligned approach to public policy on energy development;
- Third, I will discuss the importance of collaborating not only with regulators and government, but also with those groups who grant industry social licence, such as First Nations and environmental groups;
- And, finally, I will talk about the role, we, the public—the owners and ultimate beneficiaries of our resources—have to play.

### **So, what’s at stake?**

Some of Canada’s advantages in the energy sector include us ranking:

- 2<sup>nd</sup> in the world in crude oil reserves (171 billion barrels) and hydroelectric generation;
- 3<sup>rd</sup> in natural gas production (16.2 billion cubic feet per day);
- 4<sup>th</sup> in ethanol production (10,300 barrels a day);
- 5<sup>th</sup> in primary energy production (19.4 quadrillion Btu);

- And the list goes on.

In terms of the future - what is really at risk? In Canada, with responsible energy development we stand to gain:

- \$1.4 trillion dollars in GDP and 6.6 million jobs from the nation's major resource projects over the next 10 years;
- \$1.7 trillion dollars of Canadian GDP and 3.2 million jobs from the oil sands over the next 20 years;
- \$1 trillion dollars of GDP and 6 million jobs from the Natural Gas industry over the next 24 years; and
- \$10.9 billion dollars per year in GDP and 3.1 million jobs from in the sector I work in – the electricity industry between now and 2030.

What is really at stake, then, is the loss of massive government revenues, millions of dollars in GDP, and hundreds of thousands jobs all across our nation. It's the difference between being a country where GDP per person is growing or where it is stagnating.

Energy is a Canadian play. Nearly one-third of the total economic benefits of oil sands investment between now and 2035 will occur in provinces other than Alberta. Ontario is expected to receive 15% of the total economic benefit from the oil sands in employment and manufacturing inputs—with similar benefit from the Natural Gas industry.

Now, when people talk about an Energy Strategy for Canada – what are they really talking about?

For me, it's simple. If we have a strong Canadian energy strategy - as a leader of one of Canada's strongest electricity infrastructure companies - with operations in 5 of the 10 provinces - I'll know what to do, how to plan and where to invest. I'll know how to support the competition for Canadian gigajoules on the international stage. We are the infrastructure behind Canadian energy production and delivery. If we are low cost, timely, reliable and on top of environmental and community issues, we provide the backbone for innovation and growth.

So, for our company—and our ability to serve customers—a strong energy strategy will give us our guideposts. And it will do the same for many of you here in the room today.

It will give us the framework to decide where and how to reinvest our capital to support our national interest. And as a Canadian – we all have only one true interest at heart - what can be

done to make Canada competitive and sustainable in what is increasingly becoming a race for a standard of living.

### **What is holding us back?**

We are a large country ruled by many jurisdictions. We've worked hard to implement shared values on employment, immigration, health care and education. As different as we are regionally, families, communities, schools and hospitals look much the same across this country, from Calgary to Vancouver to Cape Breton. Energy is different in that the gigajoules themselves are distributed across the land. But what we all share is the ability to develop and manufacture innovative technologies; the ability to permit low-cost transportation routes; a highly educated and mobile labor force; strong capital markets; leadership and unique regional skills and attributes that, when combined together, could make us fairly unbeatable.

Think about it:

- **The Maritimes** have ocean access to world markets and a refinery expertise unique in Canada. They have a skilled labour pool ready to work; what they lack is oil to refine.
- **Quebec** is a powerhouse in hydro-electricity and is pursuing a *Plan du Nord* to unlock their northern resource potential. They want to power this through renewable energy – a sector with an increasingly significant supply chain in Canada.
- **Ontario** has a skilled manufacturing sector unlike any other province, positioned to build the infrastructure components supporting the natural resources sector. Energy development means jobs and prosperity in Ontario.
- **Saskatchewan** is home to a vast new energy sector rich in natural gas, which is hungry for new markets.
- **Alberta's** oil sands are vast, economic and today are becoming land-locked. They too need access to refineries and to new markets. Today, every Canadian is losing economic value because of this.
- **B.C.** has shale gas in the Northwest and important LNG access points on the coast. Yet, this province is also home to our sectors' most challenging stakeholder environment, which hinders the progression of new projects.
- And, **The North** has incredible under-developed and untapped energy resources, and some key port access points, including **northern Manitoba** (no I didn't forget them).

Each region owns a piece of the puzzle. The need for governments to work together is clear. We have the energy to sell, the manufacturing expertise to build the infrastructure, a refining capability to grow, and incredible ports to access world markets. We also share the

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longest border in the world with the largest energy consumer in the world. So why are we falling behind and how do we move forward?

We are missing three points from the political perspective that must be reconciled. First, as Canadians, we have to have the *political will* to collaborate; second, we need a cohesive and mutually beneficial *plan*; and last, we need an *infrastructure* that is ready and available. Many of our politicians are calling for a strategy. It's a tall order to bring together the regulatory and public policy framework to build our competitiveness on the international stage, but grandstanding and positional bargaining will not serve us in a complex and increasingly interconnected world.

I've told you what is at stake, it's clear we all have a way to benefit, and we know that our governments have created ways to unite us in shared values in the past and can again if it is the will of the people. So what is our role as industry?

We, as industry, need to do everything that we can to get out in front of this effort and lead the charge in calling for a pan-Canadian energy plan, but we also need supporters and we need to learn to become great collaborators.

One of the greatest challenges in the development of Canada's energy resources is what is commonly referred to as acquiring "social license" to proceed. In the current context, projects need to obtain the right to operate from external stakeholders. If industry and government fail to strike the right deal with the right groups, including First Nations, NGOs and other local stakeholders, their projects frequently reach a stalemate. Our First Nations arrangements are complex. It is the role of the federal government to consult and where necessary compensate. In business, we need to understand our role and build our relationships.

All of us need to start thinking differently about how we approach the process, and this means having all of the parties who grant social licenses, including First Nations, Métis and Inuit, environmental lobbies and local stakeholders, join us at the table—not with "take it or leave it" attitudes, but with the sincere good of our shared future and prosperity in mind.

It is absolutely crucial that we get this right. Energy development in Canada is about much more than just economics – it is about the chance for Canada to be better. An energy strategy will work only if industry is brave enough to include you, and you are brave enough to join us in the process of finding the best solutions.

An energy strategy in Canada requires hard work by industry government and other stakeholders. But the most important player truly is the Canadian public. For too long we in industry have thought of the public as merely customers, consumers of energy. And they are. But their most important role is to hold the shared vision for what Canada can become and then hold all of us accountable for doing what we all do as well as we can.

The Canadian public has a right to the efficient use of our resources to secure stable, reliable supply, and they expect responsible stewardship of one of our national treasures, so that they can benefit from resource rents, the sustainable development of resources, jobs, economic prosperity and environmental sustainability and security of the community. Our ability to collaborate – to drive passionately towards a common objective—will deliver on these rights and expectations.

This issue, maximizing the value of our energy resources, may seem impossibly complex and politically intractable. But I firmly believe we can make a step change improvement if we collectively take a breath, step back, and come at this from an objective and national perspective. In summary, here's what we can do:

1. We need to create a constructive discontent with the status quo, which is our current struggle with developing and leveraging our energy resources, where every proposed approach has an opponent and where the discussion is more about projects than about ideas.
2. To the largest extent possible, we need to set aside positioning and short-term self-interest and marshal ourselves around defining what the national interest looks like for energy. We have to create a picture, supported by solid analysis, of what that optimal energy strategy should be and how it can benefit all Canadians.
3. For industry's part, we need to do a better job at enrolling important players from First Nations and the environmental community in this work. And those engagements, like all relationships, need to take place outside project-related specifics and time-dependencies.
4. There's a huge amount of work to inform the Canadian public about the critical importance of smart energy policy.
5. Increasingly we need to dial-up our advocacy for Canada on the global energy stage, and quite frankly reduce our willingness to accept misinformed, self-serving positions of other nations, while at the same time we must promote the heck out of Canada's energy attributes. And we need to be proud, not apologetic, about Canada's environmental record.

6. Regarding government's role, it is critical that governments develop and maintain a stronger capacity to understand, assess, and act on energy matters at a similar level to what we do on health care or education. Governments are effectively the stewards of our energy resources, which necessitates a very strong presence.
7. We need to get our own house in order energy-wise. There has been some good work done already on this by groups like the Energy Policy Institute for Canada (EPIC) and others.

Some fundamental principles should include:

- Keeping domestic energy supply as reliable and competitively priced as possible
- Ensuring our own long-term energy security
- Developing our energy infrastructure, including pipelines and transmission systems
- Becoming more efficient in terms of our energy use
- Coordinating environmental goals with energy development goals, rather than treating them independently
- Respecting provincial ownership of energy resources while recognizing that unless the national interest is served we will continue to under-achieve.

To realize these will take leadership from all sectors. There are many of us that are interested in contributing to the thoughts behind a Canadian energy strategy - but there are even more of us that are willing to enter into that conversation if we know that our discussions will lead to real action and real progress.

TransAlta is a company that has been engaged in sustainability for well over 20 years. We've transformed ourselves from mostly coal, to coal, gas, wind, hydro and geothermal. We can do even more to ensure the infrastructure supporting Canadian energy development is economic, sustainable and competitive. But to do our best work, we need good fact-based conversations as Canadians on what we can do together. We also need all of our companies, large and small, energy and non-energy, whether they provide the infrastructure, develop the technology, innovate the process, extract or transport the product, to build the public trust and the political will to do what we do well, and with integrity. That, in the end, will procure a strong and secure standard of living for those of us that are here now, as well as those of us that are yet to come.

My message to you today is simple - let's take off the gloves, put aside past differences and stand together as a country to figure out how to collaborate on behalf of a strong and sustainable Canada.

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We're not starting from scratch. There has been plenty of fundamental work done examining the elements of good energy policy. I'm confident that if we frame this energy challenge as a Canadian one – *not* an Alberta one, *not* a western one, *not* an industry one – we'll get on the right track. As I've shown, this is going to mean that all of us—industry, government, First Nations, NGOs, environmental groups and the general public—make a commitment to one another to take a more collaborative approach. We must do this to ensure Canada's competitiveness internationally and our well-being domestically. And we must do this now for the benefit of our great country.

Now, I don't want any of you to forget this discussion. So let me close by something that is very simple to remember.

I am on the board of the Calgary Stampede. Our motto is "we are better together." For the Calgary Stampede it means we are better together when we dance together, dress the same and party for 10 days together. You all have to be sure to come as there is really nothing like it anywhere.

A Canadian energy strategy will make us better together as Canadians. If you remember only one thing out of our discussion this morning— remember – we are better together!

Thank you for your time.