



May 31, 2017

Ms. Sheri Young
Secretary of the Board
National Energy Board
Suite 210, 517 Tenth Avenue SW
Calgary, AB T2R 0A8

Dear Ms. Young:

RE: Energy East and Eastern Mainline Projects Draft List of Issues - File No. OF-Fac-Oil-E266-2014-01 02

We appreciate the opportunity to offer Irving Oil's comments and perspective on the draft List of Issues included with the Board's letter dated May 10, 2017 (the "Letter") regarding the Energy East and Eastern Mainline Projects (the "Project"). Specifically, we wish to offer comments on Items C.1(b) and C.3, which are, respectively:

C.1(b) Any changes to the amount of oil consumption resulting from project operations (downstream emissions)

C.3 The potential environmental and socio-economic effects of changes to marine shipping resulting from the Project

We offer our comments on these two Items below.

Item C.1(b): Downstream Emissions

Irving Oil owns and operates Canada's largest oil refinery, located in Saint John, New Brunswick. The Saint John Refinery sources and processes 320,000 barrels per day of crude oil, and produces a variety of petroleum products for distribution to customers throughout Atlantic Canada, Quebec, and New England.

Irving Oil sources crude oil for its Saint John Refinery from crude producers around the world, including offshore Newfoundland & Labrador, the US Gulf Coast, the North Sea (Norway, Denmark, the UK), and the Middle East. For over 50 years, crude oil has been moved from production sites to the Saint John Refinery, primarily using marine vessels.

The Project would represent an important alternative crude oil supply option for Irving Oil and other Eastern Canadian refiners. Being able to efficiently and reliably source crude oil from different production sources is essential to the operation of oil refineries, and the Project would represent an important physical linkage between the refining capacity in Quebec and New Brunswick and the significant oil resources in Alberta. To support the

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Project's development, Irving Oil has entered into a long-term transportation service agreement with Energy East for the delivery of crude oil to the Saint John Refinery.

In the absence of the Project, refiners will continue to source domestic and international crude oil to operate their refineries and supply the petroleum products required by consumers. We expect that the downstream GHG emissions associated with the processing of crude oil and the demand for petroleum products will remain relatively the same whether refineries source crude oil via the Project or whether they continue to source crude oil using existing supply chains. Broader economic and societal factors not associated with the Project – including, but not limited to, demographic trends, economic activity, and energy prices – drive the demand for petroleum products and the associated downstream GHG emissions.

We submit to the Board that while downstream greenhouse gas (GHG) emissions are an important issue that already are and should continue to be considered by regulators and policymakers, the effect of this Project on downstream emissions – whether at specific refinery sites, or further downstream, from consumers – need not be considered by the Board in the context of the Project since the scale of downstream GHG emissions will not be influenced by the Project.

Item C.3: Marine Shipping

As noted above, Irving Oil has an extensive history of sourcing crude oil from around the world to fuel its operations at the Saint John Refinery. The vast majority of crude oil that has been processed at this refinery since it opened in 1960 has arrived via marine vessels passing the Bay of Fundy on route to our marine terminal in Saint John. In addition, since our company exports about 80% of our production, we also rely upon marine vessels to deliver petroleum products from Saint John to international markets.

The combination of importing crude oil and exporting petroleum products using marine vessels translates into a significant amount of experience operating in and around the Bay of Fundy. And we take our operations in the Bay of Fundy – and our relationship with other stakeholders and the natural environment – seriously, and are always looking for new ways to work more closely with other users and stakeholders in the Bay of Fundy.

In the context of the marine shipping in the Bay of Fundy, Irving Oil believes it is important to note the proactive efforts that have been undertaken to ensure that marine operations occur in a context of cooperation and respect for the natural environment. Since 1998, Irving Oil has partnered with the New England Aquarium to monitor and research the North Atlantic Right Whales, an endangered whale species with a critical habitat area in the Bay of Fundy. As a result of these joint efforts, the marine shipping lanes in the Bay of Fundy were proactively moved to reduce the risk of vessel-strikes on Right Whales, an unprecedented step in maritime history at that time. Since that move, there has not been



a vessel-strike recorded in the shipping lanes and ongoing research efforts have shown that the population of the North Atlantic Right Whale has nearly doubled over the last two decades.

A similar proactive approach has influenced our work with regulators on new developments in the Bay of Fundy, and this has included voluntary participation in the Technical Review Process of Marine Terminal Systems and Transshipment Sites, or TERMPOL. This process has been an important, multi-stakeholder process in the context of assessing new projects in the Bay of Fundy with the potential for affecting marine shipping.

A recent example of the TERMPOL process being used to assess a project involved Canada's first LNG terminal, located in Saint John, New Brunswick. Called Canaport LNG and co-owned by Repsol and Irving Oil, this facility was designed to import LNG from international sources and distribute natural gas to customers in New England. Since the LNG arrives on marine LNG carriers, this project effected marine shipping. This project was voluntarily submitted for TERMPOL review, and the resulting review played an important role in ensuring that the interests of a variety of stakeholder were assessed during development, construction, and operations. Similarly, the Energy East Project has also been subject to a voluntary and comprehensive TERMPOL review.

We submit to the Board that changes to marine shipping patterns resulting from the Project are an important consideration, but that they are already being considered as part of the extensive, multi-stakeholder TERMPOL process that has already been led by Transport Canada in conjunction with other regulatory agencies. As such, the consideration of marine shipping changes as part of the Board's review of the Project may be unnecessary given the parallel TERMPOL assessment that have already taken place in connection with the Project.

We are pleased to offer these comments to the Board in connection with the Letter and look forward to future opportunities to work with the Board and other participants in the review process for this important project for Canada.

Sincerely,

Andy Carson
Director, Growth & Strategy
Irving Oil

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