

Council for Clean & Reliable Energy

Annual Energy Leaders Roundtable – Penticton

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BMO Capital Markets



Three Key Issues

Complex/Opaque/Discretionary/Politicized Regulatory and Approval Environment

- Impact Assessment Act (still known as Bill C-69)
- Provincial approval processes

Low Relative Returns

- Tax regimes
- Construction cost overruns / cost inflation
- Project approval costs and long lead times

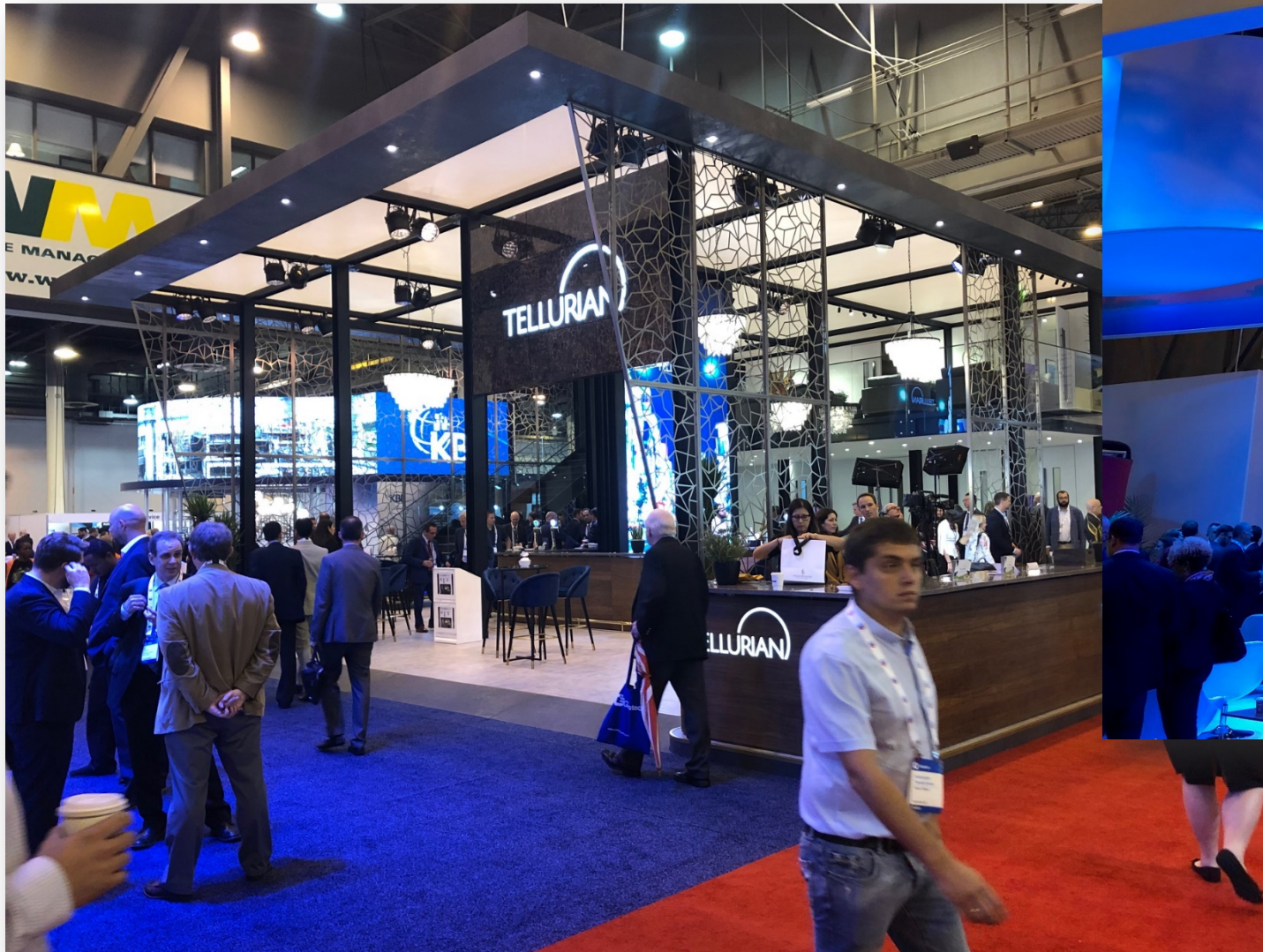
Government Negative on Energy/Energy Infrastructure

- Federal government: “We can't shut down the oil sands tomorrow. We need to phase them out... We need to manage the transition off our dependence on fossil fuels.”
 - Provincial government conditions to support projects
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Projecting a Global Image



Projecting a Global Image



What Kind of Canadian Global Image Projection?



Energy Infrastructure Capital Investment

Foreign Capital:

- Foreign capital staying away – Canada “un-investable”
 - Been that way for some time now... view broadening
 - Capital going to the U.S.

Domestic Canadian Capital:

- Canadian corporate capital focusing on U.S.
- Canadian domestic capital now saying “no”
- Capital going to the U.S.

Common world and now domestic view of Canada:
Poor place to undertake large scale energy infrastructure projects

Capital Investment: Timing is an Issue

- While Canada sorts out how to get projects done, the world moves on
- Canada needs foreign energy markets – foreign energy markets do not need Canada
 - Crude oil and natural gas (LNG) in mid-term over supply... maybe longer?
 - Intense competition for customers – LNG a great example
- Growing environmental movement to eliminate hydrocarbon-based economies
 - Will need for hydrocarbons diminish enough that foreign markets ever need Canada?
- Real risk that Canada remains globally irrelevant with no need for large-scale energy infrastructure development

Need to solve energy and energy infrastructure development issues right away
– risk that energy export expansion opportunities pass us by
