

Minister  
of Natural Resources



Ministre  
des Ressources naturelles

Ottawa, Canada K1A 0E4

**MAR 15 2019**

Mr. C. Peter Watson  
Chair and Chief Executive Officer  
National Energy Board  
517 Tenth Avenue South West  
Calgary, Alberta T2R 0A8

Dear Mr. Watson:

I am writing to thank you and all those who helped prepare the National Energy Board's (NEB) response to my request on November 30, 2018, for advice on potential options for optimizing oil shipments out of Western Canada. My request came at a time when the oil price differential hit extraordinary levels, impacting workers and families. Pursuant to section 27 of the *National Energy Board Act*, I am asking that the NEB make its report public.

Your report confirms oil pipelines are full and additional pipeline capacity is the best solution for getting Canada's resources to market. That is why the government made market access a priority by approving the Line 3 replacement project and supporting Keystone XL. The government has also taken concrete action in acquiring the Trans Mountain entities that own the Trans Mountain pipeline and the proposed Expansion Project. The Government of Canada understands that partial upgrading produces a higher value product while freeing up space on existing pipelines. That is why the government is investing in partial upgrading innovation.

Your report also identifies areas outside the sole jurisdiction of the NEB where there could be improvements to system processes and overall market transparency. In light of these findings, I am instructing my officials to establish a task team in partnership with Alberta and Saskatchewan, working closely with the NEB, to identify steps to improve the availability of industry data and the verification procedures for accessing space on pipelines. This work will involve consultations with other provincial governments and market players, and I ask that it be completed as quickly as possible.

I have also taken note of the report's finding that shipping crude-by-rail is challenging for smaller companies, and I plan to continue to work with my colleague, the Honourable Marc Garneau, Minister of Transport, on how the federal government could help improve this issue.

Again, I would like to thank the NEB for its report and stakeholders for their participation.

Yours sincerely,

A handwritten signature in black ink that reads "A. Sohi".

Amarjeet Sohi, P.C., M.P.

**Canada**