

*A Matter of*  
**TRUST**

THE ROLE OF COMMUNITIES  
IN ENERGY DECISION-MAKING

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## CANADA WEST FOUNDATION & UNIVERSITY OF OTTAWA

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This report was prepared by Michael Cleland (Senior Fellow, University of Ottawa) for the University of Ottawa and the Canada West Foundation. Co-authors Stephen Bird, Stewart Fast, Shafak Sajid and Louis Simard made substantial contributions. We would like to thank those who agreed to be interviewed for this study. Their insights and contributions were invaluable in preparing this report.

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Copies of the report and the six case studies are available for download on the Canada West Foundation and Positive Energy websites.

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# EXECUTIVE SUMMARY

Energy development sometimes faces powerful local opposition in communities across Canada. Energy companies have found themselves under the microscope and regulators have been forced to confront their evolving role in this new context. Our new research shows, however, that the nature of this opposition, and the underlying concerns, are often not what opinion leaders and political decision-makers have assumed. Importantly, local opposition is not restricted to pipelines and oil sands, and it is often not about climate change.

This is the second and final report from a project designed to understand what drives community confidence in energy project decision-making processes. The project aims to: develop a better understanding of the relationship between local communities and public authorities in energy development; identify reasons for shortcomings; and, develop ideas for restoring that trust and confidence.

Two closely linked research questions were explored in this study:

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- *What is the level of local community confidence in the actions of public authorities towards new energy infrastructure?*

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  - *What are the factors that lead to greater satisfaction in local communities with the energy infrastructure siting process?*

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Our findings tell the story of residents, largely in small or rural communities, several of them Indigenous communities, and their experience with regulatory processes.

Our research shows plainly that opposition to energy projects in Canada extends well beyond the oil sands and associated pipelines, to various types of energy projects. A number of our case studies look at electricity projects – a power line, a hydroelectric dam, gas-fired power plants and a wind farm. Some were approved and some were not. Some were built with community support and some over the protest of communities.

While many commentators continue to assume that concerns about climate change drive local opposition, our research shows that this is not the case. Other factors have emerged as being far more important, including: safety, need, distribution of benefits, local environmental impacts (e.g., water contamination), restrictive consultation/communication practices, and local involvement in decision-making. From shale gas exploration on the East Coast to wind farms in central Canada to a proposed pipeline terminus on the West Coast, local authorities and communities are demanding an increasing role in how economic and environmental decisions by third parties affect their future. One thing seems very clear: The world of elite, centralized decision-making without local engagement is fast becoming a thing of the past.

*Engaging the community should be about more than notices and a few town hall meetings. It should involve real consultation with the possibility that plans may change.*

## What we found

It is difficult to capture the insights from six diverse case studies in a few words, and readers who want greater detail are encouraged to read the full case studies, which are published separately. In brief terms, however, we can make the following observations:

- **CONTEXT MATTERS.** In all the case studies, various contextual factors governed the degree of community confidence in the process and outcome. Key factors include legacy experiences with past projects, and the local and rural culture that creates a context in which the energy project and regulatory process are inherently intrusive. We need to build flexibility and understanding into processes to respond to diverse realities.
- **INTERESTS, WHILE IMPORTANT, PLAYED A SECONDARY ROLE TO VALUES.** Negotiable factors, such as jobs, community investment and resource rents, were secondary compared to values. There are cases where deeply held values – such as a natural environment, traditional lifestyles or the importance of being treated openly and fairly – dominate community views. It is clear that speaking to economic interests alone will not shake people from these values.

- **INFORMATION MATTERS BUT ENERGY LITERACY IS NOT THE ISSUE.** Broadly speaking, the case study communities acted to inform themselves and approached the issues with some measure of objectivity, but the timing, channels, sources, and the nature and quality of the information affected community confidence in the decision-making process. While there is no ideal information strategy, the “information about information” – who has it, where it is, how one gets it – matters from the outset.
- **ENGAGEMENT HAS TO BE REAL AND EARLY IN THE PROCESS.** Across the six cases, engagement took many different forms but came up short in several respects. Engaging the community should be about more than notices and a few town hall meetings. It should involve real consultation with the possibility that plans may change. Going further, it can involve true collaboration, with the community acquiring a substantive role in the process, including the creation of the regulatory framework and possibly a direct stake in the project.

## **RECOMMENDATIONS: Rethink, rethink and rethink again**

Arguably, at the core of all of this is the widespread and seemingly growing perception that many of the institutions whose deliberations and decisions will determine our energy future lack the independence or competence to do their jobs – put simply, are often not trusted. At the deepest level, Canadians have a shared interest in restoring that trust. Our recommendations centre on that basic goal.

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### **01 WE NEED ONGOING CAPACITY TO ENGAGE CITIZENS IN THE THOUGHT PROCESSES ABOUT OUR ENERGY FUTURE**

Communities, and especially Indigenous communities, will insist – and do so with success – that the public policy rationale for new projects be well-articulated and debated in the public domain. It is unclear how far policy clarity will go toward defusing local, project-specific objections but at least it would provide a better foundation for objective debate. Aside from big questions about climate change and the future of Canada's single largest export industry, there are many public policy debates that warrant larger discussion, including the distribution of benefits; regional planning; finding an appropriate balance between local concerns both substantive and procedural and the larger public interest in providing access to energy supplies.

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### **02 WE NEED TO FUNDAMENTALLY REFORM THE STRUCTURE AND OPERATIONS OF ENERGY REGULATORY BODIES**

The regulatory system is complex, with many different bodies interacting with each other and with the policy system. Governments have in recent years attempted to develop one-stop-shopping, simplifying the system and making it more expeditious. The results, however, have in many cases been counter-productive. If anything, future systems will be more complex and multi-dimensional and the challenge will be to plan for that rather than have it happen willy-nilly.

We need to rethink the basic idea of the independent regulator, and the means by which regulators are appointed, restoring legitimacy and ensuring effective and productive relationships between regulators and policy-makers. We need to develop new, flexible and credible means of engaging outside the formal processes, and innovative approaches, such as regulatory co-creation, to include civil society organizations and communities within formal processes.

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### **03 WE NEED A FUNDAMENTAL RETHINK OF THE “ROLE OF LOCAL”**

Indigenous governments and local (municipal) governments<sup>1</sup> are taking a growing role in thinking through their economic and energy futures, but government decision-making processes were established long before this reality emerged. We need to think through the fundamental importance of community planning and the appropriate powers and roles of local authorities in project decision-making. Further, we must consider the means by which

<sup>1</sup> We in no way intend to conflate Indigenous and municipal governments, which have very different legal positions but for the purposes of energy project decision making they are essentially “local” authorities.

Indigenous and municipal authorities are directly engaged as part of the larger decision process as partners, resources and advisers. Set against that is the question of when and under what circumstances it is the responsibility of a local community to defer to the interest of the broader society.

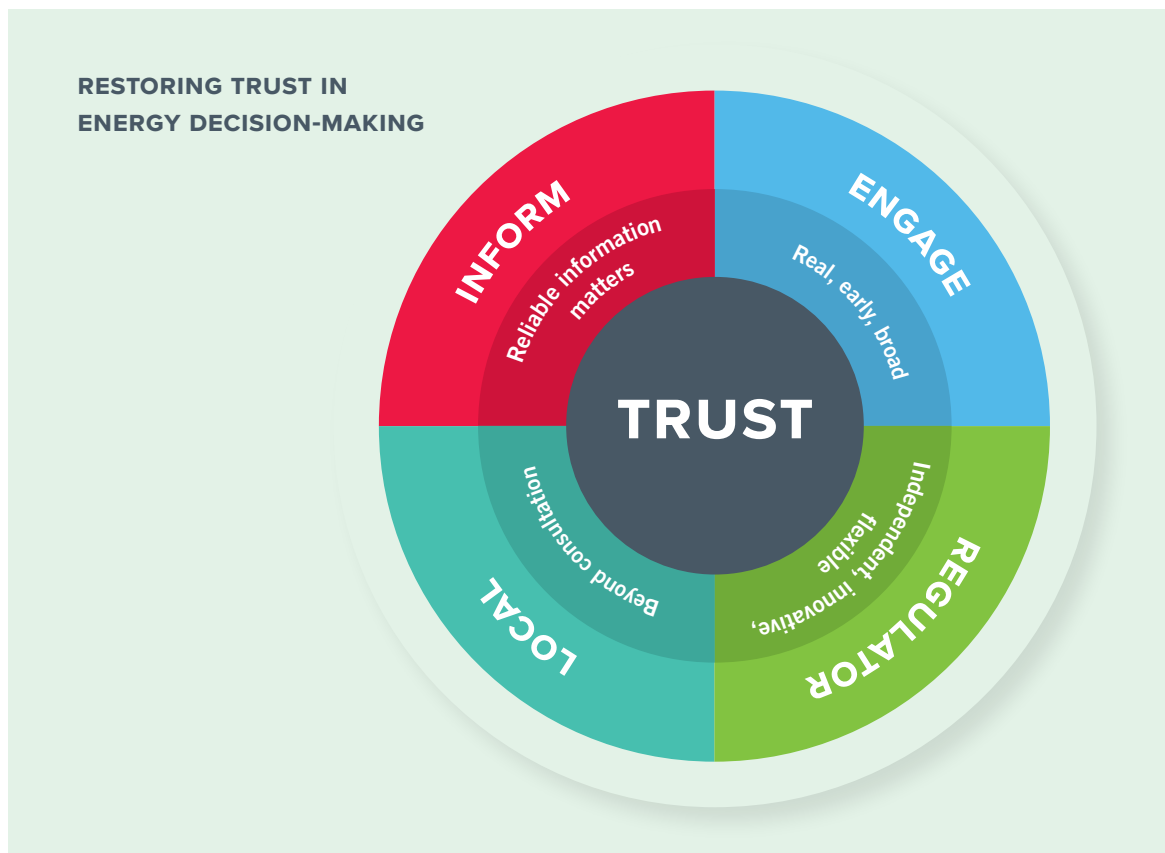
**04**

**WE NEED A RETHINK OF HOW INFORMATION AFFECTS THE DECISION PROCESS**

Canada, for all of its aspirations on energy, is somewhat poverty-stricken with respect to energy information, particularly compared to the United States. More information will not by itself overcome problems of trust or failure to design viable decision processes but its absence will almost certainly make problems worse.

That is why there is a need for a better Canadian energy information system, and a need for every decision process to be accompanied by a strategy specifically aimed at establishing a trusted information system, ideally one focused on engagement.

None of this will come about easily or without cost. These sorts of decision processes will be more time-consuming, may constrain political choice and require administrative resources. They will entail potentially significant additional costs for projects to accommodate local concerns. They will require patience, particularly as Canadians contemplate the transformation of their energy systems to low-carbon configurations. And they will entail tough political choices when real trade-offs have to be made or when the wishes of local communities cannot be reconciled with the interests of the broader society.







## *Introduction and Recap of*

# INTERIM REPORT

This project arose from one primary observation: That the growing national debate about confidence in energy project decision-making processes has too few voices from local communities themselves. In other words, while many local communities are raising concerns about specific projects, those concerns are not necessarily being translated into broad insights or conclusions that could be applied across other projects or communities. There is also much talk and conjecture about what communities think, why they respond in particular ways to energy project decision-making processes, and the role of regulators, proponents, policy-makers, local leaders and local or regional and national NGOs in the process. There is relatively limited empirical knowledge of what happens on the ground in communities. Given this, we set out to undertake a series of community-level case studies.

The preliminary research undertaken in advance of the detailed case study research was captured in an interim report entitled, *Fair Enough: Assessing community confidence in energy authorities* (Cleland, Nourallah, & Fast, 2016). It drew on a series of interviews with energy leaders across the country and a review of academic literature to establish the analytical foundation for the case studies.

## **The sources for the interim report**

The literature review conducted for the interim report indicated that the core concept running throughout the discussion was the absence of “trust and confidence” in many, if not most, decision processes (Nourallah, 2016).

A series of senior-level interviews<sup>2</sup> complemented the literature review, and afforded insights into the workings of the decision system, including affirmation that public trust and confidence in the system is at a low ebb. Leaders identified a range of reasons for this state of affairs, including policy gaps on climate change, relations with Indigenous communities and cumulative/regional effects, as well as weaknesses in regulatory processes, information availability and proponent practices.

The second phase of our research involved in-person interviews and public opinion polling of residents in six communities that were facing, or had faced, energy infrastructure development. That is the subject of this final report. One of our aims with the detailed investigations was to assess the extent to which the high-level understanding of the issues from senior level observers was borne out in communities themselves. We found there were some areas of alignment but also some notable disconnects.

<sup>2</sup> Twenty interviews were completed with senior leaders across Canada from federal, provincial and municipal government and regulators, industry, ENGOs and Indigenous representatives.

## THE ANALYTICAL FOUNDATION: Key elements

### UNDERSTANDING COMMUNITIES

The concepts of trust and confidence ran through all the literature (Nourallah, 2016) and the vast majority of the senior-level interviews. By itself, however, the lack of trust and confidence tells us little about what to do. More tractable insights can be found by projecting our understanding through the further lens of “fairness” and organizing our approach to that term under four dimensions as outlined below. The analysis of the six community case studies that are the focus of this report is organized as such.

### UNDERSTANDING PUBLIC AUTHORITIES

The case studies reflect both strengths and weaknesses of proponent or project developer practices. Much has been said and written on how proponents might contribute to better decision processes (e.g., Owen & Kemp, 2013; Wolsink, 2010). For the purposes of this

project, however, the focus is principally on the roles and actions of public authorities. These are defined as any agency whose mandate derives ultimately from a legitimate electoral process – whether directly, as with a legislature, or indirectly, as with unelected public officials or appointed bodies, such as regulatory tribunals.

There was consensus in the interim report interviews that there is a growing problem and that the problem begins not with regulation but with policy; particularly with unresolved policy issues (most notably climate change and relations with Canada’s Indigenous peoples) that cascade onto regulatory processes. These demand far more of regulatory processes (i.e., energy project assessment processes) than they are designed to bear. In the views of the senior interviewees, these policy issues fall into three broad categories: climate change, relations with Indigenous Canadians, and regional scale issues and cumulative effects management. The case studies here both contradict and affirm those conclusions.

**TABLE 1: FOUR DIMENSIONS OF COMMUNITY TRUST AND CONFIDENCE**

<b>DIMENSIONS CONTRIBUTING TO TRUST AND CONFIDENCE</b>	<b>KEY CHARACTERISTICS</b>
<b>Context</b>	The nature of the community and the project, important external influences, including experience elsewhere and the planning and regulatory frameworks.
<b>Values and interests</b>	Multiple and often contradictory. Perceptions of costs, benefits and risks. Negotiable and non-negotiable aspects.
<b>Information and capacity</b>	Public use of, and trust in, the information underlying the decision-making process. Ability to gain and use appropriate information.
<b>Engagement and participation in the decision-making process</b>	The opportunity for the public to meaningfully participate in, and influence, decisions.

At the same time, there is much about the regulatory system *per se* that needs modernizing (Cleland, 2016). Three broad topics all have important bearings on public confidence:

i

**The way regulators interact with policy-makers in both directions; how policy shapes and directs (or interferes with) regulation; and, how regulators and their activities inform policy**

ii

**The way regulators engage informally with civil society and especially with local communities outside formal regulatory processes**

iii

**Formal regulatory procedure concerning individual applications**

Finally, one topic rests neither entirely with policy-makers nor with regulators. This is information: its availability, accessibility, comprehensibility and credibility. This ranges from broad-based energy information through to specific project information and the results of ongoing monitoring.

Thus, there are some tools in the hands of regulators but others that depend on policy-makers' actions regarding policy, planning, information and the establishment of administrative relationships. The case studies offer numerous insights into how this decision system functions, where it has been relatively successful, and where not.

## UNDERSTANDING THE PROBLEM


Our conclusions and recommendations point to a fundamental rethink of energy project decision processes. It is critical to determine whether there really is a systemic problem, or whether we are witnessing a few high-profile anecdotes whose import is greatly distorted by attention in the media. There is, to our knowledge, no systematic work showing that project approval processes have recently become more protracted, controversial or likely to result in failure (variously defined). There is, however, an abundance of relevant evidence that strongly indicates this is the case.

- Since the touchstone for our analysis is the question of trust, it is worth recapping some recent research. According to the Edelman Trust Barometer (2016), trust in government and government institutions in North America is low. More granular work such as that commissioned by the Canada West Foundation in collaboration with several partners in 2013 showed low levels of trust in various federal and provincial agencies with responsibilities affecting the environment, as well as low levels of satisfaction with the way governments (federal and provincial) balance economic growth and environmental protection and respect the views of local communities (Canada West Foundation, 2013).
- Although our primary focus here is public authorities, it is also worth noting that trust in industry, in particular the energy industry, is also very low, as revealed by Canada West Foundation research undertaken in 2014 (Sajid, 2014).


- As outlined in the interim report<sup>3</sup> and noted above, our informants – representing the perspectives of regulators, policy-makers, industry, environmental groups and Indigenous people – were universally of the view that there is indeed a problem, that it is widespread and general and that it is growing.
- While the anecdotes about high-profile cases are just that, they nonetheless produce an impressive collection, covering all manner of energy projects in all parts of Canada and under the responsibility of both federal and provincial agencies.
- The case studies themselves illustrate: relatively successful cases; highly controversial cases that eventually sorted themselves out; and, cases that were both controversial and led to a messy, politically unsatisfactory outcome (perhaps the best definition of “failure”). In all instances, they point to ways that decision processes could be substantially improved.
- And finally, in the specific case of Indigenous Canadians whose communities are most often exposed to both the costs and the benefits of energy resource development, there is clearly a growing determination of those communities to be heard, to be partners in processes, to shape outcomes and to benefit from them.

In short, despite the absence of systematic, definitive evidence, we believe we can say with confidence that there is a problem, that it is growing and that it points to the need for fundamental change in decision systems.

<sup>3</sup> Cleland, M. with Nourallah, N., & Fast, S. (2016). *Fair Enough: Assessing community confidence in energy authorities*: Canada West Foundation and the University of Ottawa. [https://www.uottawa.ca/positive-energy/sites/www.uottawa.ca.positive-energy/files/nrp\\_fairenough\\_report\\_11apr2016-1\\_0.pdf](https://www.uottawa.ca/positive-energy/sites/www.uottawa.ca.positive-energy/files/nrp_fairenough_report_11apr2016-1_0.pdf)



*Indigenous governments and local governments are taking a growing role in thinking through their economic and energy futures but government decision-making processes were established long before this reality emerged.*



## *Methodology and Features of*

# THE CASE STUDIES

Our work proceeded from the premise that the “problem” was not attributable to any one part of Canada, jurisdiction and type of energy development, or any one part of the energy project decision-making system. For that reason, we set out to identify case studies that would give us coverage:

- Across Canada, involving diverse communities: small towns, rural, urban, affluent, economically disadvantaged, familiar and not familiar with industrial development
- Involving Indigenous and non-Indigenous communities
- Involving diverse regulators at both the national and provincial levels
- Touching on linear projects (i.e., extending over hundreds or thousands of kilometres, such as pipelines or electricity transmission lines), as well as geographically contained (regional or local)
- Involving both electric power systems and fuel systems, and both fossil and renewable energy
- Projects that were both successfully sited and others still opposed or abandoned (whether permanently or for some unspecified period)
- Several high-profile projects (New Brunswick shale gas exploration, Northern Gateway pipeline, Oakville gas plant), but also some projects successful from the community’s perspective or lesser known outside of the immediate community

or region in question (King Township gas plant, Wuskwatim hydroelectric facility, Western Alberta Transmission Line, St-Valentin wind farm)

## **Methodology**

The approach taken for each case study was as follows:

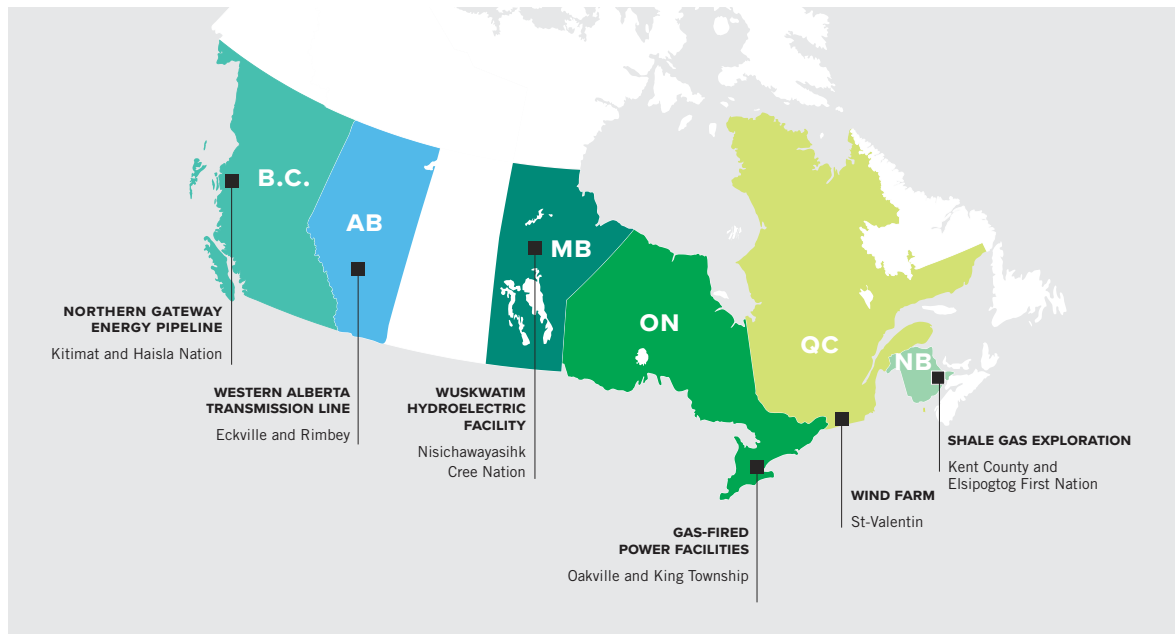
- Initial reconnaissance, including an extensive review of public record to establish baseline information about the project
- Interviews with between six and 20 key informants in each community carried out between March and June 2016
- Quantitative surveys undertaken between July and September 2016 in five communities of sufficient population size to permit a statistically valid sample (Kitimat, Eckville and Rimbey, Oakville, King Township, Kent County and Elsipogtog First Nation); the goal of these surveys was to assess the extent to which the perspectives revealed during interviews reflected the views of the general population within each community
- A synthesis capturing the essence of the above elements and incorporated in a companion document as a full case study

Full methodological details, including survey questions, interview guide, recruitment procedures, and sampling strategy for interviews, can be found in Appendix 1.

**TABLE 2: CASE STUDIES EXAMINED**

<b>PROJECT AND COMMUNITY</b>	<b>APPROVED OR NOT, BUILT OR NOT</b> <i>(if built, when)</i>	<b>PRIMARY JURISDICTION RESPONSIBLE</b>	<b>LINEAR/ REGIONAL/ LOCAL</b>	<b>POWER/FUEL; FOSSIL/ RENEWABLE</b>
<b>NORTHERN GATEWAY ENERGY PIPELINE</b> <i>Kitimat and Haisla Nation</i> British Columbia	Approved but not (yet) built	Federal government	Linear	Fuel transport; fossil
<b>WESTERN ALBERTA TRANSMISSION LINE (WATL)</b> <i>Eckville and Rimbey</i> Alberta	Approved, built and in service December 2015	Alberta provincial government	Linear	Power transmission; fossil and renewable
<b>WUSKWATIM HYDROELECTRIC FACILITY</b> <i>Nisichawayasihk Cree Nation (NCN)</i> Manitoba	Approved, built and in service June 2012	Manitoba provincial government	Local	Power; renewable
<b>GAS-FIRED POWER FACILITIES</b> <i>Oakville and King Township</i> Ontario	<i>Oakville</i> – not approved. <i>King</i> – approved, and in service May 2012	Ontario provincial government	Local	Power; fossil
<b>WIND FARM</b> <i>St-Valentin</i> Québec	Not approved	Québec provincial government	Local/regional	Power; renewable
<b>SHALE GAS EXPLORATION</b> <i>Kent County and Elsipogtog First Nation</i> New Brunswick	Not approved	New Brunswick provincial government	Regional	Fuel; fossil

**FIGURE 1: COMMUNITY CASE STUDIES**



## Community case study summaries<sup>4</sup>

### NORTHERN GATEWAY ENERGY PIPELINE

*Kitimat and Haisla Nation*  
British Columbia

Northern Gateway is the name given by its sponsor Enbridge to a proposal for a pipeline linking Bruderheim, Alta., and Kitimat, B.C., to carry 525,000 barrels a day of diluted bitumen. The pipeline would traverse 1,176 kilometres, mainly in northern B.C., touching on the territories of more than 50 Indigenous groups in northwestern B.C. The delivered product would be transshipped onto oil tankers at the deep-water port of Kitimat and the tankers in turn would traverse the Douglas Channel before reaching open water.

The principal regulatory authority in this case was the National Energy Board (NEB), which established and implemented a Joint Review Panel (JRP) under the authority of both the NEB Act and the Canadian Environmental Assessment Act (CEAA).

The project became one of the most controversial energy projects in Canada in recent years. It faced opposition from its inception through the regulatory JRP process, and from different groups, including many ENGOs (environmental non-governmental organizations), Indigenous communities and residents in communities affected by the project. Despite receiving conditional approval from the JRP, the project has not gone forward. Its future prospects are heavily clouded by a proposed federal ban on tanker traffic on the north coast of B.C. and a June 2016 court ruling that the government did not meet its duty to consult with affected Indigenous groups.

<sup>4</sup> Separate reports on the community case studies, including references to cited decision documents, are available on the website. [cwf.ca/research/publications/a-matter-of-trust-the-role-of-communities-in-energy-decision-making](http://cwf.ca/research/publications/a-matter-of-trust-the-role-of-communities-in-energy-decision-making)



Key observations:

- It was apparent in the interviews and polling that the community was split on the project. One in two of the polled Kitimat residents support or somewhat support the Northern Gateway project, while two in five oppose or somewhat oppose it.
- Concerns in the affected communities covered by this case study (Kitimat and Haisla Nation) centred on safety and spill risk. Three in four residents agreed or somewhat agreed that the pipeline increases the risk of an accident that could harm the environment in their community and beyond. Other communities along the pipeline route were also concerned about spills, as well as disturbance of relatively untouched wilderness.
- Overall, Kitimat residents had a fairly low level of confidence in public authorities; 54 per cent of polled residents did not trust the regulators to make decisions about energy projects.
- As the opposition to the Northern Gateway project grew, it became about more than just the project. For groups outside the directly affected communities, the project became a vehicle to raise broader issues, such as linking shipment of fossil fuels with climate change.
- The possibility of a refinery changed the discussion in Kitimat. Many in Kitimat thought that, when exporting Canada's resources, it is important to extract as much value and as many jobs as possible from that commodity. There is a narrative on the West Coast that can be summarized as, "bitumen is bad, refined product is good."
- In the eyes of the community, both the proponent and the regulator failed on the engagement front. The factors highlighted were the method, timing (not early enough time), and lack of genuine engagement with the community.

- One of the biggest failures of the project, identified by project supporters and other interview participants, was the lack of sensitivity to community context and a local voice on the project to advise the proponent and regulators along the way.

## WESTERN ALBERTA TRANSMISSION LINE (WATL)

### *Eckville and Rimbey*

Alberta

The Western Alberta Transmission Line (WATL) is a 500 kilovolt direct current (DC) power line between Genesee and Langdon, Alberta. WATL was built and is owned by AltaLink Management Ltd., Alberta's largest regulated electricity transmission company. The initial WATL project application was submitted in 2011. However, the WATL was preceded by AltaLink's north-south transmission project, which was initiated in 2004 and went to Energy and Utility Board (EUB) hearings in 2007. This process was highly controversial and led to eventual suspension of the project; it had an important influence on the attitudes toward the subsequent WATL project.

One unusual aspect of the case was a scandal in 2007. It was revealed that the EUB hired private investigators to eavesdrop on the landowners who were opposed to the north-south transmission project. Coupled with other concerns, the incident damaged the EUB's credibility as an independent quasi-judicial board, leading it to be disbanded. The project was marked by shifting regulatory process, institutions, and legislative changes. WATL was eventually approved by the Alberta Utilities Commission (AUC, the successor organization to the EUB) following a new round of hearings, but the controversy over the previous proposal made the project politically charged and eroded some of the provincial government's historic political support in rural areas.

Key observations:

- The single biggest concern landowners had with the project was the decision not to conduct a public needs assessment at the time the project was brought forward. Landowners felt the line was simply unnecessary and therefore not worth the disruption it would create. More than half of the polled residents said a fair needs assessment demonstrating the necessity of the line would have changed their support for the line. After needs, the major concern was the impact of the line on property values and agricultural operations (62 per cent agreed or somewhat agreed).
- There was broad agreement in the interviews that the community and landowners did not trust the regulator to make a fair decision in the public interest of Albertans. There was a general sense that the process was “rigged” from the beginning and the regulator was not independent from industry and government. Sixty per cent of residents that were polled did not trust public authorities making decisions about energy projects and thought the regulator is not independent from government and industry.
- Trust, once lost, is hard to regain. In the minds of interview participants, the experience with the EUB in the ill-fated initial process could not be separated from the subsequent WATL project. Feelings of mistrust and disrespect lingered throughout the WATL process, despite efforts to address some problems that were initially encountered. Today, 71 per cent support or somewhat support the WATL line but 58 per cent don’t think regulators are independent in their decisions.
- The case study identified a disconnect between regulators and rural Alberta. Most notably, landowners highlighted the regulator’s lack of understanding of the rural farmer context (e.g., scheduling hearings during peak harvest season).

## WUSKWATIM HYDROELECTRIC FACILITY

### *Nisichawayasihk Cree Nation*

Manitoba

The Wuskwatim project was initially conceived as a generating station and power dam on the Burntwood River in northern Manitoba. Over the course of consultations on the project, it was significantly redesigned as a low head dam (i.e., low fall of water) project with negligible flooding and a reduced generating capacity of 200 MW. The proponent was Manitoba Hydro, wholly owned by the Government of Manitoba. There was a joint regulatory process in this case, primarily in the hands of the Manitoba Clean Environment Commission (CEC) in co-operation with the federal Department of Fisheries and Oceans.

Wuskwatim was the first example in Canada of a utility company (Manitoba Hydro) and an Indigenous community (Nisichawayasihk Cree Nation [NCN]) entering into a partnership to develop a major generating station. The community was divided; while many community members valued the economic benefits and job opportunities, numerous issues were brought up during the hearings. These included environmental concerns about the project’s impact on habitat, animals and water quality. A recurring theme was the legacy of mistrust based on adverse impacts from previous hydro projects, including increased flooding and a belief that Manitoba Hydro had broken promises. This sentiment was strong not only within NCN but also in other nearby Indigenous communities.

Key observations:

- Nisichawayasihk Cree Nation input during the design and planning phase of the project led to significant redesign. Input included combining the integration of traditional knowledge with scientific knowledge during the environmental assessment studies.
- Engagement did not stop with the construction of the project. For instance, traditional ceremonies were conducted before starting construction and continued throughout the six-year construction period. There was ongoing engagement with NCN about the monitoring and evaluation process.
- The proponents had to adapt to changes in regional power markets, which altered the projected profits and economic benefits for the community. This involved further consultations and changes to the project agreement. Changes included additional investment options and clarification of the jobs provision of the original agreement.

## **GAS-FIRED POWER FACILITIES**

### *Oakville and King Township*

Ontario

This case study compared two natural gas electricity generation plant sites in the outskirts of the Greater Toronto Area. The proposed gas plants in the Town of Oakville (west of Toronto) and King Township (north of Toronto) were part of a province-wide initiative to upgrade and increase generation capacity in the wake of decisions to close coal-fired plants and lay-up a number of nuclear generation stations. Through 2006-07, the Ontario Power Authority (OPA) engaged in a broad integrated power system planning process to determine the need for new facilities, including these two.

\* In addition to support from Canada West Foundation and Positive Energy, Stephen Bird's research on gas-fired power plants was supported in part by Fulbright Canada as Research Chair in Governance and Public Administration at the University of Ottawa (Fall 2016).

The power system planning process resulted in the siting of more than 30 electricity generation and transmission projects from 2006 until 2014. There were competitive procurement processes, in which various developers put together differing solutions (sites, facility design, locations) in response to a request for proposals. The province then determined the winning proposals through a point-based assessment process. Many (but not all) of the concerns discussed in this case study were ultimately addressed by a set of recommendations for planning and siting, by the OPA and the Independent Electricity System Operator (IESO) in 2013 and by the merger of both entities in 2015.

### *Oakville*

In August 2008, the Ministry of Energy directed the OPA to competitively procure an 850 MW combined cycle gas generation facility in the region. Oakville residents organized resistance to the plant primarily after TransCanada Corporation won the competition. In March 2009, Oakville passed an interim control bylaw to suspend progress while also engaging in substantive opposition activities based on environmental concerns. The Ontario Municipal Board upheld Oakville's bylaw in December, and a variety of other regulatory processes were used by Oakville to slow or stop the process. In October 2010, the Ontario government cancelled the plant and engaged in negotiations and planning with TransCanada for an alternate location in Napanee, where the plant will be operational in 2018.

### *King Township*

The need for the King Township generation facility was generally identified in 2005 as part of an Ontario Energy Board request to the OPA to address growing needs in the broad North York Region (and later as part of the broader Ontario Energy Plan). Throughout 2008, the OPA engaged in a competitive

procurement process, ultimately deciding on the York Energy Centre in King Township. As Oakville had done, the municipality passed an interim control bylaw in January 2010. In July, however, the Ontario government passed Order in Council Regulation 302/10 that exempted the generation facility from the *Planning Act* (specifically as concerned siting in the Greenbelt, an environmentally protected area) and also from local regulations (e.g., changes in local zoning or planning rules). Lawsuits and other administrative procedures were unsuccessful; the plant was built and began generating power in March 2012.

Key observations:

- Both cases were characterized by significant concerns with political interference and lack of regulatory independence. These concerns were expressed both during and after the procurement processes. Similar concerns were expressed about the cancellation of the Oakville plant, and regulations to exempt the King plant from environmental regulations, or municipal laws. More than 65 per cent of residents expressed concerns for regulatory independence from government or industry.
- Many stakeholders complained that no comprehensive process existed to integrate concerns for safety, need, economics, environmental impacts, and community qualities. Many aspects of the siting process either minimized certain kinds of impacts or did not allow them to be considered. These kinds of concerns were the basis for opposition for more than 60 per cent of the residents who were opposed. More than 70 per cent of all respondents were concerned about local environmental impacts.
- The competitive procurement process created a dynamic in which potential participants were

forced to pay attention to multiple possible sites and developers, making it difficult to devote appropriate resources to the siting process. Residents also complained that consultation did not occur, and that communication was one-sided. More than half of residents were concerned about the lack of opportunity to influence the process, especially early on.

- Residents complained extensively about the difficulty of getting detailed information from the regulators and developers. Forty per cent of residents had concerns about the lack of information availability.

## WIND FARM

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### *St-Valentin* Québec

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The TransAlta St-Valentin project was selected by Hydro-Québec in 2008 from a call for tenders for wind power production in Québec (2005-2007). The project was to be situated in the southern part of the province, 50 kilometres from Montreal, providing a total capacity of 51.8 MW from 19 turbines of two MW and six turbines of 2.3 MW. A change of proponent during the project<sup>5</sup> – known as a “flip” – undermined relations with stakeholders. (Flipping is frequent in the sector and involves the sale of the project to a new proponent after a procurement contract is secured but before the implementation phase.)

St-Valentin, with 500 inhabitants, is the smallest of the 14 municipalities that comprise the Haut-Richelieu MRC (Municipalité Régionale de Comté). The main economic activity in the municipality and surrounding region is agriculture. The large areas of flat agricultural land are considered among the best in Québec. St-Valentin is situated along the Richelieu River, near the municipality of St-Paul-de-l'île-aux-Noix and close to Lake Champlain. It is a popular boat access point to the United States.

<sup>5</sup> The project was initiated by Air Énergie TCI in 2006. Subsequently, a partnership was created with Canadian Hydro (Venterre) in 2007. Venterre was purchased by TransAlta in 2009.

After a series of meetings starting in 2006 with landowners (on whose lands the turbines would be installed), followed by the formal support of the municipality (and an official royalty agreement), and the awarding of a procurement contract by Hydro-Québec in 2008, the environmental impact assessment was undertaken in 2010. The *Bureau d'audiences publiques sur l'environnement* (BAPE) was responsible for the public hearings, the Environmental Department for the general process and the provincial government for the final decision.

Minimal consultation and potential for project modification led to opposition from St-Valentin's citizens and a coalition of the mayors of surrounding municipalities. The BAPE recommended the project be rejected and the provincial government did so in July 2011, based on the judgment that it fundamentally lacked the social acceptance necessary for sustainable development. The decision by the BAPE combined with lower demand for wind power, because other projects had been developed as part of the government's second call for projects, led to the project's cancellation.

Key observations:

- At the outset, the wind power sector was driven by purely political decisions aimed at the economic development of a specific region (Gaspésie), and by an important member of the Québec government. Both factors eroded the perceived legitimacy of the sector.
- The project was proposed during the development phase of the wind energy sector. The procedures and the rules were not clearly defined, especially at the regional/local level.
- The consultation and decision processes:
  - Were not adapted to the regional scope and impact of the project, i.e., they were not open

enough to municipalities neighbouring St-Valentin. Furthermore, consultation and negotiation were too restrictive to allow for modification of the project from a citizen perspective.

The two-step process of a decision to award procurement tenders and then a final governmental authorization interacted with the “flip” to a new proponent and undermined the trust in both the proponent and public authorities.

- The opposition was well-organized, with regional, provincial and international expertise and experience. The BAPE public hearings created conditions favourable to the opponents.

The estimated impact on the landscape made the project incompatible with the agricultural nature of the area and country living. The project was very close to the Richelieu River with its rich biodiversity. The presence of a number of prosperous local farmers and retired professionals at the hearings reinforced this effect.

## SHALE GAS EXPLORATION

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### *Kent County and Elsipogtog First Nation* New Brunswick

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As part of attempts to participate in the continental growth of the shale gas industry in 2010, the New Brunswick government awarded Texas-based SWN Energy Co. licences to explore 20 per cent of the province for shale gas potential, including large parts of Kent County in southeastern New Brunswick. This area, chosen for the case study, features a mix of coastal and inland villages, forested areas and the Elsipogtog First Nation reserve community, which makes up approximately one-tenth of the 30,800 residents in Kent County. The context of Kent County includes a history of expropriation, low literacy rates

and a blend of Acadian, Anglophone and Elsipogtog First Nation cultures. Persistent protests and blockades of exploration activity occurred throughout the summer of 2013 in Kent County, culminating in violent clashes in fall 2013. As part of the protest, Mi'gmaq people from across the Maritimes claimed treaty obligations to protect the area.

After exploration licences were issued in 2010, public protests in different exploration areas across New Brunswick, including Kent County, caught regulators (Department of Energy and Mines and Department of the Environment and Local Government) flat-footed. The province introduced a series of rules in 2011 and again in 2013 to address water contamination concerns, but public opposition remained high. A new provincial government elected in October 2014 carried out its promise to place a moratorium on hydraulic fracturing in December 2014. The new government appointed a commission to hold hearings across the province throughout 2015 to find out more about the root issues underlying public concern. The commission issued its report in early 2016 and in May 2016 the government extended the moratorium indefinitely.

Key observations:

- Interviews and survey questions revealed high levels of opposition to fracking for shale gas (70 per cent opposed or somewhat opposed). They also revealed that water contamination concerns were the most important issue for community members. Opposition levels reached 80 per cent for Indigenous residents.
- For some involved in the industry and in the business community, the fact that shale gas extraction, including hydraulic fracturing, had taken place in the southern Sussex region of the province without incident meant that risks were known and manageable and offered economic development benefits.

- Interviews and survey questions revealed a general lack of confidence in the ability of regulators to oversee a relatively new technology like hydraulic fracturing to extract shale gas. A majority (59 per cent) expressed low confidence in the capacity of the regulator to enforce rules. Some also saw a problematic dual role played by the Department of Mines and Energy as both a proponent and regulator of the shale gas industry.
- Public trust in authorities was eroded as prominent public authority figures were forced to resign in scandal or were perceived to have been fired for criticism of shale gas development.
- Two-thirds of Kent County residents reported an increase in their level of confidence in public authorities responsible for shale gas regulation as a result of the moratorium decision.
- In the final analysis, publicly elected representatives decided the shale gas energy resources could not be developed in a way that would garner social acceptance.

### Cross case study survey results

Two important survey results should be considered going forward. The first is the community position on the energy projects (Table 3). This shows that some projects are supported by the majority of the population and some are opposed by the majority of the population. Thus, there is mixed evidence for oft-made claims of a “vocal minority” of opposition dominating headlines over a “silent majority” of support. More troubling is the second key result (Figure 2) showing consistently low levels of trust that communities have in energy decision making authorities.

**TABLE 3: COMMUNITY POSITION ON PROJECT**

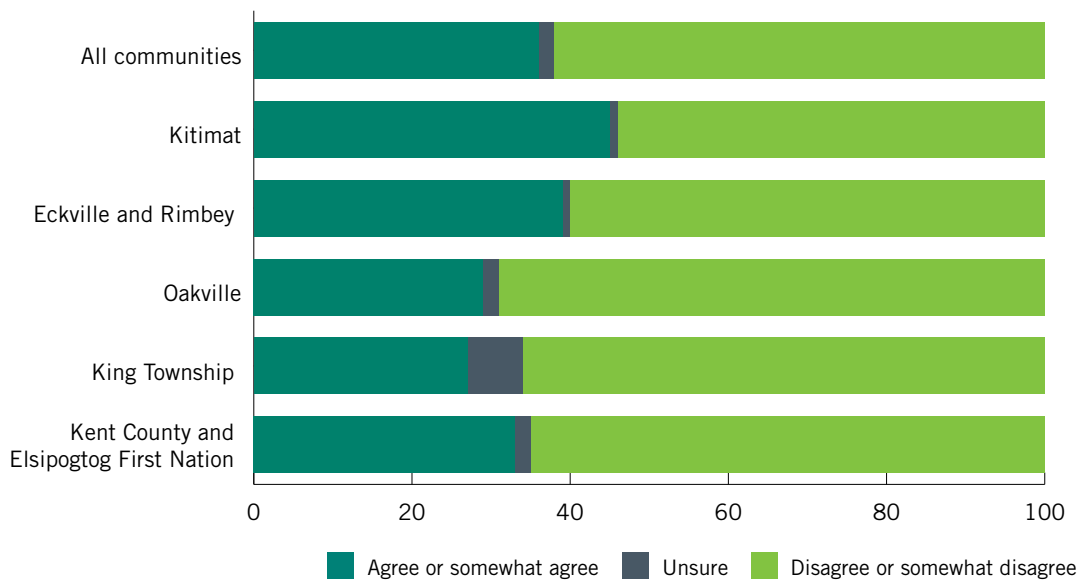
Question: Today do you support, somewhat support, somewhat oppose or oppose [energy project]?<sup>6</sup>

	<i>Kitimat</i> <b>NORTHERN GATEWAY PIPELINE</b>	<i>Eckville and Rimbey</i> <b>WESTERN ALBERTA TRANSMISSION LINE</b>	<i>Oakville</i> <b>GAS PLANT</b>	<i>King Township</i> <b>GAS PLANT</b>	<i>Kent County and Elsipogtog First Nation</i> <b>SHALE GAS EXPLORATION</b>
<b>Support or somewhat support</b>	<b>54%</b>	<b>71%</b>	<b>34%</b>	<b>54%</b>	<b>27%</b>
<b>Oppose or somewhat oppose</b>	<b>40%</b>	<b>22%</b>	<b>58%</b>	<b>37%</b>	<b>70%</b>

Source: Nanos Research

**FIGURE 2: LOW LEVELS OF TRUST IN ENERGY DECISION MAKING AUTHORITIES (%)**

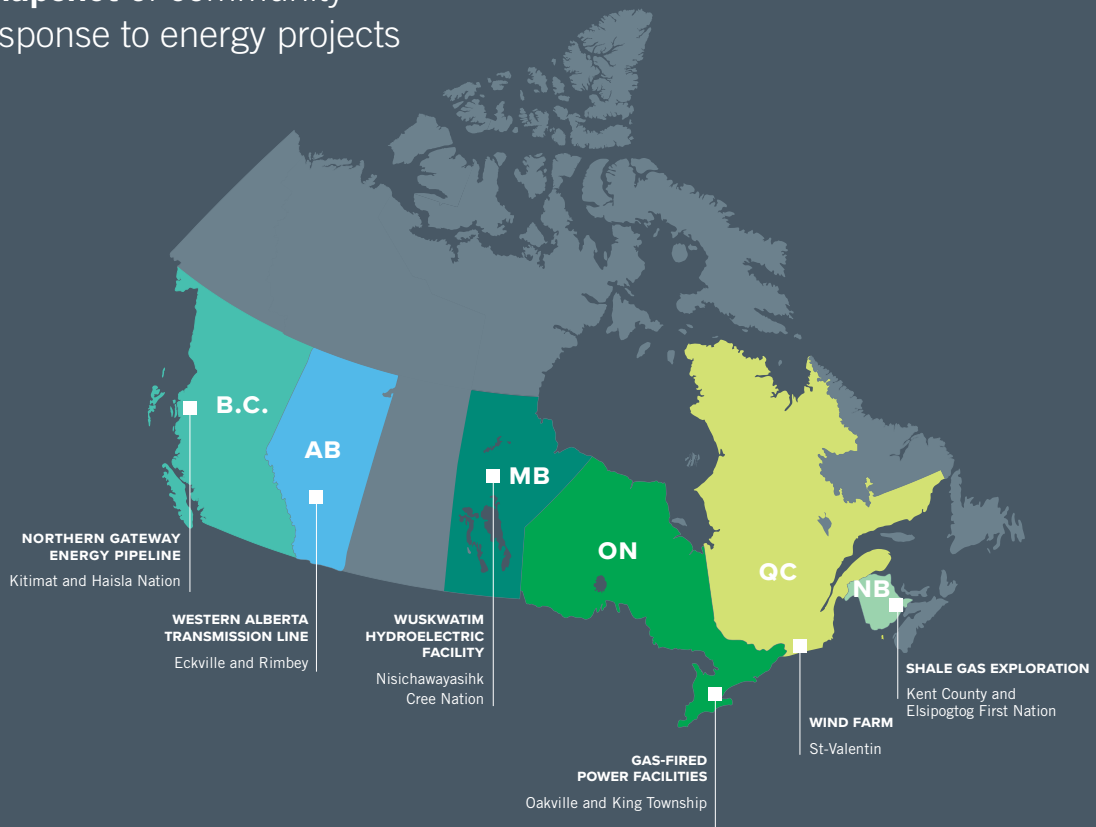
Response to statement “I trust public authorities making decisions about energy projects”



Source: Nanos Research

<sup>6</sup> Margin of error for this and all of the other survey results in this report are as follows: +/- 5.3 Kitimat; +/- 5.4 Eckville-Rimbey; +/- 5.0 Oakville; +/- 7.0 King Township; +/- 4.4 Kent County – Elsipogtog First Nation.

Snapshot of community response to energy projects



*Kitimat*

**1 in 2**

support or somewhat support Northern Gateway

*Eckville and Rimbey*

**More than 1/2**

of residents said a fair needs assessment showing the need for WATL would change their support

*Nisichawayasihk Cree Nation*

**COMMUNITY INPUT**

during design and planning led to significant redesign

*Oakville and King Township*

**More than 70%**

were concerned about local environmental impacts

*St-Valentin*

**THE "FLIP"**

to a new proponent undermined trust in both the proponent and public authorities

*Kent County*

**59%**

expressed low confidence in the capacity of the regulator to enforce rules

Nanos Research on behalf of the Canada West Foundation and University of Ottawa's Positive Energy project conducted surveys between July and September 2016 with 1,775 respondents to assess views within each case study community on the role of local in energy decision-making.



## Evaluating

# THE CASE STUDIES

As noted in the introduction, the interim report for this project was organized around a few key concepts. The concepts are used in this report to frame discussion of the case study findings, always mindful that the case studies would likely reveal different concepts or ways of organizing our understanding. It is important to re-emphasize that our purpose is to understand the energy project decision-making process as viewed through the eyes of local communities. Consistent with our wish to keep the focus on communities, we most often refer below to the community names throughout the following section as opposed to the names of the projects. For ease of reference, we use short forms as follows:

- **NORTHERN GATEWAY ENERGY PIPELINE**  
*Kitimat and Haisla Nation* (B.C.)
- **WESTERN ALBERTA TRANSMISSION LINE**  
*Eckville and Rimbey* (Alberta)
- **WUSKWATIM HYDROELECTRIC FACILITY**  
*Nisichawayasihk Cree Nation*,  
short form *NCN* (Manitoba)
- **GAS-FIRED POWER GENERATION FACILITIES**  
*Oakville and King Township* (Ontario)
- **WIND FARM**  
*St-Valentin* (Québec)
- **SHALE GAS EXPLORATION**  
*Kent County and Elsipogtog First Nation*  
(New Brunswick)

## CONTEXT: Policy failures, but not the ones you might think

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*“The landscape was the most important opposition element. The landscape – a peaceful and quiet place, it is small, patrimonial and agricultural. (It is populated by) retired professionals, not far from Montreal and farmers with very good conditions who don’t need this kind of project.”*

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### Proponent

*St-Valentin*

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*“Ten years earlier, we didn’t have a good relationship with the local people and did not have collaboration of any kind, and we were seeing this was not an effective way to move projects forward in the modern era and we had to do something different. We decided that besides consultation and benefits, an equity partnership was something worth trying.”*

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Ed, former proponent

*Nisichawayasihk Cree Nation*

## INDIGENOUS CANADIANS & ENERGY PROJECT DECISION-MAKING

The six communities and projects selected for this research include three that involve Indigenous Canadians: The Haisla Nation in British Columbia, the Nisichawayasihk Cree Nation (or NCN) in Manitoba and the Elsipogtog First Nation in New Brunswick. Only in the NCN case did the project bear primarily on an Indigenous community. In the Haisla and Elsipogtog cases, the projects and the controversies swirling around them involved both Indigenous and non-Indigenous communities. All local communities are concerned with costs, benefits, and risks from energy development and with the decision processes associated with them. Indigenous (or Aboriginal, the term most often found in legal language) communities have the same concerns. Additionally, they have a distinctive history and a unique legal position; their expectations reflect that position.

While it would be impossible in a study of this sort to delve in depth into either the history or the legal position of the three Indigenous communities, a brief summary may be instructive:

As with other First Nations in B.C., Haisla does not operate under a “final” treaty but rather under an Incremental Treaty Agreement (ITA) arising from the 1991 B.C. Treaty Process and signed in 2015. It is legally binding and entails land transfer and benefits to the community.

The NCN is the only one of the three operating under what might be called a conventional treaty, which was signed in 1908. It would be an

understatement to say that the federal and Manitoba governments fell short of fully honouring that treaty during the succeeding 90 years. It is only since 1997-98 that NCN has been operating under a modern legal framework that fully guarantees treaty rights.

The treaty history affecting Elsipogtog First Nation is one in which the Mi’gmaq never ceded territory but rather signed a “Peace and Friendship Treaty” with the British Crown in 1760. Unlike the numbered treaties of the Canadian West, there was neither compensation nor surrender of land to the federal government, and there is no modern treaty arrangement.

The important point in all of this is that not only do Indigenous Canadians operate under a distinctive legal framework, but each community also has unique historical and legal circumstances that affect its approach to new developments, the degree of trust that members are prepared to place in public authorities, and their legal power.

Two issues stand out, one of them arising specifically from the case studies. In both the Haisla and the Elsipogtog cases, the substantive issues facing the community were broadly similar to those faced by the neighbouring non-Indigenous community. Concerns about health and safety, the integrity of land or potential effects on a traditional economy are found in all communities, as are concerns about the reasonableness or fairness of engagement efforts

and formal decision procedures. In other words, many of the concerns of Indigenous communities are superimposed on the underlying substantive and procedural issues that public authorities must address with all Canadian communities.

As to the unique legal power of Indigenous communities, two broad and contending viewpoints prevail in the discourse. The jurisprudence found most recently in the 2014 *Tsilhqot’in* decision affirms the Crown’s duty to consult and accommodate as well as the fact that Aboriginal title confers some right of the community to “consent.” It also affirms that a legitimate public policy purpose can take precedence over Aboriginal rights. Set against that are expectations arising from Canada’s ambiguous position on the UN Declaration on the Rights of Indigenous Peoples, that would seemingly create a right of veto under the rubric of “free, prior and informed consent.” The question here is what interpretation best serves the whole Canadian public interest, including the interests and rights of Indigenous communities. Further, resource development and the building of linear infrastructure to serve such development may threaten the traditional culture and economy of Indigenous peoples but may also be the principal avenue for economic advancement. These are complex and contentious issues to be sure, and will not be resolved in this report.

## INTERNAL AND EXTERNAL CONTEXT

It is important first to define what is meant by context. We make a distinction between “internal context” and “external context.” Internal context predominantly means two things: the nature of the community itself in all its dimensions – physical, economic, sociological, cultural and political; and the nature of the proposed project.

There are also other elements of context that are largely external to the community and the project. These may prove vital in determining attitudes, trust and acceptance. They can include the very broad policy context, the planning context, perceptions of the regulatory system or systems that bear on the decision process, and perceptions of the project proponent or the sector associated with the project.

**Both forms of context were dominant factors in all of the case studies, but more broadly from what was suggested in the interim report.** In the interim report, the essential point was that sensitivity to local context and understanding of the project in that context were vital drivers of community satisfaction and, ultimately, fundamental to successful project completion. But it is striking that, for at least some of the projects, what we are calling the external context may have been more important than the internal or community context or the nature of the project itself. This external context was not primarily, as some might surmise, the effects of externally derived or celebrity communications around things such as climate change or health effects from any given energy source.<sup>7</sup> Rather, in at least three of the cases, it pertains to problems of policy incoherence leading to regulatory instability and, in another case, to what might better be characterized as policy intransigence (more on this later).

<sup>7</sup> Such external information sources were by no means entirely absent. External funding sources were thought to be of consequence in Kitimat and external experts played important roles in Kent County-Elsipogtog First Nation.

<sup>8</sup> There are many factors that comprise a “stable regulatory environment.” It would include regulatory authorities with reasonable longevity, clearly articulated responsibilities, and minimal overlap and duplication; bodies with

The interim report flagged three general sorts of policy failure: climate change, relations with Indigenous people and shortcomings of regional planning and cumulative effects management. Climate change bore hardly at all on the local community attitudes in any of the cases. Historic experience with treaties and land claims significantly coloured three of them – Haisla Nation, NCN and Elsipogtog First Nation. Regional planning shortcomings showed up clearly in at least Oakville and King Township, St-Valentin and Kent County.

**What emerges as new from several of the case studies is a different sort of policy failure: the inability to translate government intent through a coherent, stable regulatory structure<sup>8</sup> into a politically legitimate process and satisfactory outcomes.**

In the case of Eckville and Rimbey, the Alberta government’s policy intent with respect to north-south transmission was clear enough from 2004 onward (the government believed that new transmission capacity was needed). Despite the government’s belief, the project was enmeshed in controversy about whether the project was needed. Neither the government nor the regulators appeared able to satisfactorily demonstrate need to the community and to the contending interests of different players in the Alberta power industry, not all of whom would benefit from more north to south transfer capacity. Inserted into this heated political environment was a constantly shifting set of regulatory processes where responsibility moved back and forth between different regulatory institutions, cabinet and the legislature. The project did in fact get built, but not without great controversy that left a legacy of distrust in the decision-making process.

established procedures that are adhered to throughout the process; bodies whose authority is not easily usurped by other governmental authorities, regulations that are widely perceived as adequate to the task of protecting the public interest, and bodies that have all the necessary capacity and competencies to analyze, hear, inform, decide, monitor and follow up. Interestingly the BAPE in Quebec, which proved to be highly trusted, has several of these characteristics.

The two Ontario gas plants cases in Oakville and King Township reflected a different sort of policy incoherence. Proceeding at great haste from a very clear policy to eliminate coal-fired power plants, the Ontario government found itself needing to replace a great deal of generation capacity but without having thought through the necessary mechanisms to assure objective regulatory decision-making and appropriate engagement of the affected communities.<sup>9</sup> Of the two projects under examination, one was built and one was cancelled at significant taxpayer cost. Perhaps most interesting, the relevant authorities belatedly came to recognize the problems they had created and fundamentally rethought how future processes should unfold, particularly the process involved in constructively engaging affected communities. The case of the Oakville-King Township projects could be said to have been one of policy-makers rushing their fences, trying to make large changes in the energy system more quickly, as it turns out, than could be easily accommodated in the real world.

If Ontario authorities were rushing their fences, the case of unconventional natural gas exploration in Kent County and Elsipogtog First Nation might better be characterized as New Brunswick policy-makers not noticing that the fences were there. The government's policy intent as of 2010, when an exploration licence was granted, appears clear: to create (more accurately to expand) an unconventional natural gas industry in New Brunswick. Six years later, a new government placed an indefinite moratorium on gas exploration, listing five conditions to lift the moratorium, most dealing with basic regulatory, information and consultation requirements. In hindsight, it seems like the conditions should have been obvious in 2010.

The Northern Gateway case might be characterized as involving too much regulatory stability, or at least stability of the wrong kind. The regulatory reforms carried out by the government of the day were intended to clarify and streamline the regulatory process but had questionable legitimacy in many eyes. A 2016 court decision (Federal Court of Appeal, 2016) found that the process was built on an inadequate foundation of consultation with affected First Nations communities.

**Returning to questions of regional planning, one important observation from the interim report appears to have been vindicated in the case studies.**

The observation was that planning, while desirable, is not easily reconciled with many of the processes in a market-based economy. Planning is long term, conceptual and abstract, whereas projects are proposed in the context of specific and immediate market conditions and under specific engineering circumstances. Those who are asked to approve development (whether formally and authoritatively or informally) inevitably look for the concreteness of a specific project in a specific location. Planning is open and transparent (or it should be) but projects are most often advanced by private sector actors operating in a competitive environment. These processes may require varying degrees of confidentiality. In both the Oakville-King Township and St-Valentin cases, the logic of planning and all the public processes associated with planning proved hard to reconcile with systems designed to elicit competitive bids on power facilities. Competitive bidding involved commercial confidentiality and much uncertainty as to which projects would be chosen. This is discussed further in the sections on information and engagement.

<sup>9</sup> In fairness, and as noted in the case summary, Ontario successfully sited more than 30 different generation and transmission projects from 2006 to 2012. This fact has been obscured by the high-profile controversy in Oakville and the almost ongoing controversy over wind project siting.

**Other aspects of external context bore in a variety of ways on the cases, although none seemingly decisively.** External events no doubt coloured attitudes in cases like Kitimat and Haisla Nation (Enbridge's 2010 Kalamazoo pipeline spill) or Kent County and Elsipogtog First Nation (various controversies concerning hydraulic fracturing across North America). Shifting economic fundamentals also had effects, such as low gas prices (Kent County and Elsipogtog First Nation), and slow-growing power demand or excess system capacity (Wuskwatim, St-Valentin).

**Two contextual factors internal to communities come across very strongly in the cases: legacy events and the profound effect of rural, regional and small town economic and political cultures clashing with external forces.**

### LEGACY EVENTS

Legacy experiences from within the community or nearby – bad processes from the past, projects that had large environmental impacts, projects that delivered less than promised in terms of economic benefits – bear on the present, even when the systems and the players have changed. The delivery of fewer than promised jobs from past projects, combined with the environmental impacts from industrial activity in Kitimat and Haisla Nation (compounded by Enbridge's reputational difficulties arising from the Kalamazoo spill), created a climate of skepticism both for benefit claims made by the Northern Gateway proponents and for assurances that environmental effects could be managed. Past regulatory controversy in Eckville and Rimbey continued to sow feelings of distrust throughout the subsequent process. In NCN, past experience with land lost to flooding, and unilateral decision-making associated with large hydroelectric developments, generated much negative comment and opposition but also provided a base for learning

that fundamentally shaped the Wuskwatim project. Experience with wind farm development elsewhere in Québec helped create networks that were used effectively by project opponents in St-Valentin. And in Kent County and Elsipogtog First Nation, long memories of expropriation for a national park left a community suspicious of outsiders on the land.

### RURAL AND SMALL TOWN CULTURES

Past events aside, rural and small town cultures – at least those in these cases – seem to exhibit considerable wariness of outsiders. In some cases – most strikingly in Kitimat and Haisla Nation and St-Valentin – it was suspicion of what is known in the Maritimes (but seems by no means unique to the Maritimes) as “come-from-aways.” In the cases of Eckville and Rimbey, NCN, St-Valentin and Kent County and Elsipogtog First Nation, project developers and regulators found themselves immersed in communities dominated by agriculture or other renewable natural resource production. In these cases, the attachment to land and landscape, deep and long-standing connections to the land by First Nation community members, and a variety of rural community attitudes and dispositions did not always fit well with energy development projects, whether renewable or non-renewable. Nor did rural realities necessarily fit well with the processes involved in informing communities and engaging them in project decision-making. For example, in two of the cases, public hearings were scheduled in the midst of hay-making or harvest seasons. This may have seemed a minor matter to outsiders but it was important and consequential in a farm community and no doubt affected how the community viewed outsiders' sensitivity to the local context.

While the literature generally supports the above proposition that rural and small town communities have cultures distinct from those of large urban communities, particularly in Canada (Cloke, 2006; Parkins & Reed, 2013; Troughton, 2004), it is worth noting that our one urban case (Oakville-King Township) also revealed urban communities whose members mistrusted external actors, and particularly public authorities. Even an urban community substantially populated by mobile professionals can be skeptical in its attitudes to outsiders.<sup>10</sup>

**No community is monolithic.** Fragmentation is a theme that runs through many of the cases – Kitimat and Haisla Nation, St-Valentin, and Kent County and Elsipogtog First Nation most notably. Different parts of the community may hold entirely opposing viewpoints and the municipal government may not always be the same as the “community.”<sup>11</sup> Both developers and regulators act at their peril if they assume that they have engaged the right group or groups in a community. There are often other interest groups that may well be negatively disposed. And often, other contextual factors appear to favour the opposing side in a community. Negative external events, real or perceived, are projected and amplified by social and traditional media through a context already replete with doubts, ill-defined fears, and little inherent trust. Legacy experiences from within the community are also easily surrounded with mythology and easily magnified.

The type of development being contemplated no doubt matters but exactly how it will matter is hard to predict.<sup>12</sup> Familiarity can breed contempt as much as contentment. Despite, or maybe because of, a legacy of industrial development – an aluminum

smelter, a pulp mill, and a methanol plant – the community of Kitimat and Haisla Nation was by no means comfortable with the proposed industrial project (although it is conceivable that a project with a refinery and more than conceivable that an LNG project would have garnered much more favour). In the case of NCN, memories of past projects were a negative factor, albeit not a decisive one.

## SUMMARY

The implicit advice in the interim report that project developers and regulators need to pay more attention to, or be more sensitive to, context, while apparently correct may seem rather glib. It is not as easy as it might seem, as the following summary underscores:

- Some of the most important aspects of context are in the hands of policy-makers who may be rushing things as politicians are sometimes wont to do. They may not have thought through what they are doing and how it will be done, or may not have been able to create a stable and comprehensive regulatory environment.
- Planning matters, and the need for it seems likely to grow. Reconciling planning and market processes, not to mention rural cultures, where freedom to use one’s land as one sees fit, however, remain difficult challenges.
- Other aspects of external context may be impossible to control, whether it is the negative messages from external events, such as pipeline spills, or the unavoidable consequences of external market factors.

<sup>10</sup> One might be reminded of the old phrase, “all politics is local.”

<sup>11</sup> A thread that runs through the case studies (notably Oakville-King Township and St-Valentin) concerns local versus regional impacts and attitudes. For example, many energy projects are inherently visible and intrusive over an extended regional area but the direct fiscal benefit (taxes, rents) may accrue only to one local municipal unit. Ecological effects often extend over regional space as do employment effects. For the future, the regional space may prove to be the most vital place for hashing out issues.

<sup>12</sup> For example, whether a project is above ground and highly visible or largely out of sight; whether the project might involve air emissions; whether potential failures might cause particularly onerous environmental or health effects; whether the project will generate substantial ongoing economic benefits; whether the project is owned in whole or in part by the community.

- Most energy development takes place in rural or small-town communities. The unique character of these communities is not always reconcilable with industrial development, no matter how sensitive and careful the developer or the regulatory process. Community fragmentation simply underscores the importance of delving deeply into a community and understanding it well before making assumptions.
- Finally, past experience can matter. If it is a source of learning, as in NCN, it can be a basis upon which new developments can earn the confidence of the community. More often, it is a source of suspicion, fear and mistrust.

What is striking about the above is how many of these factors are, in a sense, inherited by developers and regulators as they enter a community. This underscores the importance of making the effort needed to develop deep understanding and to earn the confidence of the community early on. Policy-makers (federal and provincial) have more control; at the least, they can adjust their approach to development to ensure that a sound regulatory system is in place and that they are taking careful account of the effects of external events and legacies. Local governments may have a unique role, deeply immersed as they are in the context and with democratic legitimacy. Whether through all of this the varying interests and values at play can be balanced, whether the community can become adequately informed, and whether the community perceives that it has been reasonably engaged and ultimately supports the project in question are different matters.

<sup>13</sup> There are fundamental debates about whether the main variable to explain action and human behaviour is interests or values. Our position is that it is most commonly a mix of both, depending on the actors and the context.

## VALUES AND INTERESTS: What can and cannot be negotiated

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*“I was in favour from the start. My view then and now hasn’t changed. Have to look at it as a Canadian, we have to get oil to market that is in the public interest. As a British Columbian, you see the benefits to the provinces – taxes et cetera. As a lifelong resident of Kitimat, I do have concerns about safety, but I am confident that those concerns could be addressed by proper regulations and enforcement.”*

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**Ron**, business community leader  
*Kitimat and Haisla Nation*

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*“One of the engineers stated early in the process, ‘The Ontario Power Authority is not in the business of protecting the environment.’ That’s how they started, and it got worse. They weren’t just indifferent to these environmental concerns, they were hostile. Their justification was, ‘coal’s worse.’”*

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**Rob Burton**, Mayor  
*Oakville*

### THE DIFFERENCE BETWEEN VALUES AND INTERESTS

Questions about values and interests dominate debates on project siting, but to a surprising degree commentators tend to give short shrift to defining the terms. Their definitions and implications have engendered a longstanding debate in academic circles<sup>13</sup> and there is no clear line between interests and values. In this section, we have made some effort to distinguish one from the other because the difference plays a critical role.

At risk of oversimplification, the difference hinges on the question of what can be traded off and what cannot. Values tend to be more fixed than interests and less subject to negotiation. This notion can be illuminated by a framework put forward by Poirer-Elliot (1988) in which he characterizes four types of conflict faced by planners. The following draws on this framework but the interpretation of where each might lead with respect to what can be negotiated flows in many ways from what we observed in the case studies and is, to a certain degree, a matter of judgment.

- Structural conflicts seem to align most closely with values – in other words, those involving basic disagreements on what really matters. Issues related to landscape, integrity of the community, effects on traditional sources of livelihood, and risks to health all seem rooted in values. There is little room for negotiation. At the very least, structural conflicts require greater resources, more time, and high levels of co-operation between stakeholders and policy-makers to set the stage for negotiation.
- Procedural conflicts can relate to both values (e.g., questions of trust, how fair and reasonable procedures are perceived to be) or interests (how the rules are structured to allow substantive differences to be sorted out). There is potential for negotiation.
- Substantive conflicts involving, for example, economic effects or resolvable sources of environmental disturbance, relate principally to interests and are largely subject to negotiation.
- Uncertainty (or risk) conflicts can influence all of the others but bear most heavily on the substantive ones. To the extent that they relate primarily to interests – and to the extent that risks can be clarified, defined, better understood and mitigated effectively – they are negotiable.

## **NEGOTIABLE INTERESTS FOR SOME, FUNDAMENTAL VALUES FOR OTHERS**

Most regulatory processes and project developer attitudes tend to be projected through a prism of interests: jobs and economic development, community facilities and finances, environmental mitigation, management of risks. In contrast, interests seemed to play a smaller role overall in the case studies than did values.

In most of the cases, the affected community stood to gain new employment, community investment or ongoing community income. By and large, however, the impact of these possibilities was overpowered by other factors. In the case of Kitimat and Haisla Nation, one might have expected new investment and jobs to weigh heavily in a community whose industrial base had eroded badly. Indeed, 77 per cent of Kitimat residents polled believed the Northern Gateway project would create local jobs. However, this factor cut both ways: if past industrial employment could up and leave, the thinking went, so could new employment. So how can you trust it? The perceived risk to traditional employment – especially fishing – was a much bigger factor. In the NCN case, the local community stood to gain as project equity partner as well as through other economic opportunities. Despite some division in the community, including a generational divide over impacts on traditional lifestyle versus opportunities in the modern economy, those factors proved decisive. In the St-Valentin case, the potential revenue opportunities from resource rents and taxes did not outweigh negative factors, such as concern about community integrity and the value of landscape and, perhaps as well, because they were asymmetrically distributed (one municipality – the actual host – stood to gain while others that were visually affected did not). Further, the community was reasonably prosperous and indifferent to the economic benefit.



Quite the opposite situation prevailed in Kent County and Elsipogtog First Nation, where unemployment was high and other economic opportunities were scarce. But the potential for jobs and development apparently weighed less than other factors, including anticipation of impacts on health (water) and a lack of confidence that public authorities could provide adequate regulatory oversight.

## CASE STUDY EVIDENCE

A wide variety of negative interests emerge from the case studies. In the case of Kitimat and Haisla Nation, anticipation of risks to the local environment and the traditional fishing economy resulting from possible spills of bitumen, and a concern that the proponent could not satisfactorily mitigate these risks, were extremely powerful forces. For Eckville and Rimbey, many factors were at play, including effects on farmland and the health of animals. For many residents, the biggest factors were the perception that landowner property rights were being usurped and skepticism about the government's claim that the transmission line was needed. These negatives ran through the public debate from beginning to end. The largest potential negative in the NCN case was the impact of flooding and consequent impacts on fish and habitat. It appears likely this factor would have been fatal to the project had it not been dealt with by redesigning the project for lower capacity with minimal flooding. In the Oakville and King Township cases, questions arose concerning air quality impacts and the Greater Toronto Area Greenbelt, but these were of somewhat less weight than issues relating to the integrity of the process. In St-Valentin, as suggested above, the negatives were arguably more closely tied to values than to interests. And in Kent County and Elsipogtog First Nation, the anticipated impacts on water quality and health, or at least the perceived risks, were important but also bound up in questions about lack of trust in public authorities.

As noted, there is no bright line between interests and values, so there is necessarily some interpretation here. **What is striking throughout the cases is that contending values were dominant factors in many of the controversies.** For instance, in the St-Valentin case, the values associated with countryside, with patrimony and with a rural approach to personal relations all clashed with the approach taken by the developer and outweighed the substantive benefits of the project. In Kitimat and Haisla Nation, perceived differences in outsider (Alberta) values compared to those of the local community were critical. The Eckville and Rimbey case centred around a clash of rural farm community values with the perceived values of "Edmonton and Calgary." In Kent County and Elsipogtog First Nation, the apparent values of local communities did not easily align with the perceived values of the government or project developers.

**One area where the line between interest and values is particularly unclear concerns health impacts.** Health issues are woven through most of the case studies. Health concerns about the effects of possible bitumen spills on drinking water underlay the debate in Kitimat and Haisla Nation. To the extent that substantive issues underlay the Oakville and King Township cases, there were questions about air quality, health and safety, but not climate change. And in Kent County and Elsipogtog First Nation, the largest substantive issue by far was the health consequences from effects on water. Even in the St-Valentin case, wind-turbine syndrome health concerns were cited by the mayor of a neighbouring municipality when evaluating the potential impact of the project. Health issues, of course, are largely questions of risk: What are the risks, what probabilities surround them and what can be done to manage those probabilities to acceptable levels? Rarely is the debate so coolly rational. Health issues do not lend themselves easily to a cost-benefit or risk calculation, they are not easily traded off, and they are not easily dismissed even if there are misconceptions and misinformation.

**Some of this at least is tied up in the nature of local communities, including Indigenous communities, that are often distrustful of outsiders.** As noted earlier, there are differences in the political culture between an urban and a traditional rural economy. Some of these differences are rooted in values. All of this is easy to dismiss from afar but not when it involves getting things done in a 21<sup>st</sup> century context where the local community can determine the outcome.

This brings us to questions related to process: information, capacity and engagement. If some aspects of the context are unremittingly negative, if interests that can be negotiated are often relatively weak factors and if deep values are unavoidably engaged, can a well-designed process overcome opposition? Maybe. One thing for sure is that badly designed and executed process can do the opposite.

## **INFORMATION AND CAPACITY: A necessary but insufficient condition**

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*“There was a federal regulatory process and a provincial one... There was a lot of legal representation with formal cross-examination and presentations. The tenor of the process is not friendly at all to the average person. And a bit of a mystery as to who is involved and what the scope is of the decision they are making.”*

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### **Consultant group**

*Nisichawayasihk Cree Nation*

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*“We had to develop specialized information retrieval in our organization for different areas, such as health, air, or safety. There were even times where we had to use Freedom of Information requests to get data.”*

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### **Community opponent**

*Oakville and King Township*

Although information lies at the heart of all the cases, its importance relative to other factors, what exactly constitutes useful information, and the way information affected outcomes varied extensively. Simple notions of energy literacy had little bearing on the cases. Nor is it likely that enhanced energy literacy might have made a big difference given the context in the cases. In virtually all of the cases, legacy issues created a backdrop of skepticism and mistrust that inevitably coloured the way information was interpreted. It seems likely that almost any project going into almost any community will face initial suspicion. Other components of the information process affected outcomes as well.

## **SOURCES MATTER**

Project proponents as sources of information face an uphill climb to credibility. The Kitimat and Haisla Nation case is instructive. Most interviewees seemed to think that Enbridge had been forthcoming with information through multiple channels. But the source was the project proponent who – in the perception of some – would of course do that to get through the process. By comparison, social media was apparently more trusted. More trusted still were people in local networks and an organization called Douglas Channel Watch that emerged in opposition to the project. In some cases, external sources can have an important impact. In both St-Valentin and Kent County and Elsipogtog First Nation, external experts were brought in to lobby and advocate. As information sources, they probably had decisive impact on the outcomes.

The question of responsibility for providing information and who is the trusted source comes across strongly in the St-Valentin case. Neither the government, nor the government's Crown corporation Hydro Québec (which would contract for the power when it was produced) nor the actual project proponent were seen as objective. A potentially trusted, competent public

authority – the *Bureau d’audiences publiques sur l’environnement* (BAPE) – eventually became engaged in the process but, in the eyes of many local people, too late to undo the harm that had been done. Generally speaking, residents in all of the communities expected the federal or provincial government to take a lead role in providing information (Table 4). This has to be contrasted with the reality that proponents and NGOs are often the primary and more visible sources of information for residents.

Civil society groups are a source of information deserving comment. Residents who organize in response to the energy development across the case studies expended a great deal of effort to learn about the specifics of energy projects in their

communities. They sought out information, not only from the regulator and proponent but also from high-profile external sources and peer-reviewed scientific literature in some cases. In St-Valentin, Oakville, and Kent County and Elsipogtog First Nation, experts – as distinct from celebrities – were brought in to the community to inform and advocate.

It is hardly a surprise that project proponents are viewed with skepticism. Nor is it surprising that government is not well-trusted (a phenomenon that is broadly characteristic of western societies in the early 21<sup>st</sup> century). This is especially true if the responsible agency is seen as an advocate for the industry. Nor are regulators always trusted – witness attitudes toward the EUB in Eckville and Rimbey or the NEB in Kitimat and

**TABLE 4: EXPECTED INFORMATION SOURCE**

*Question: Please pick the top two entities who should be responsible for providing information about a new energy project to community members.*

(% First and second choice combined in table)

	<i>Kitimat</i> <b>NORTHERN GATEWAY PIPELINE</b>	<i>Eckville and Rimbey</i> <b>WESTERN ALBERTA TRANSMISSION LINE</b>	<i>Oakville and King Township</i> <b>GAS PLANT</b>	<i>Kent County and Elsipogtog First Nation</i> <b>SHALE GAS EXPLORATION</b>
<b>Federal/ provincial government</b>	<b>61%</b>	<b>52%</b>	<b>53%</b>	<b>58%</b>
<b>Municipal government</b>	<b>29%</b>	<b>25%</b>	<b>44%</b>	<b>33%</b>
<b>Proponent</b>	<b>39%</b>	<b>48%</b>	<b>24%</b>	<b>21%</b>
<b>NGO</b>	<b>34%</b>	<b>27%</b>	<b>32%</b>	<b>43%</b>
<b>Energy regulator</b>	<b>25%</b>	<b>33%</b>	<b>36%</b>	<b>25%</b>

Source: Nanos Research

Haisla Nation. St-Valentin residents, on the other hand, apparently saw the BAPE as trustworthy.<sup>14</sup> Similarly, NCN seems to have largely trusted the Manitoba Clean Environment Commission (CEC). In the St-Valentin case, the trusted authority came too late to the process, illustrating one of the interesting conundrums faced by public authorities more broadly: If arm's-length regulators are seen as the most credible source of information (perhaps from out of a not-all-that-credible set of choices) when and how is it appropriate for them to engage? That question is explored in the next section.

### **MEDIA MATTER**

In Kitimat and Haisla Nation as noted, information was being discounted because the primary information channel was the project developer. As Northern Gateway was one of the first major projects in the social media age, many local residents found information through social media while the proponent was most likely to use newsletters and websites. In the cases of Eckville and Rimbey and Kent County and Elsipogtog First Nation, the reason for the lack of understanding for some was inadequate targeted notice to landowners. In a constantly changing media environment, the challenge of finding the right communications media for any given situation will bear heavily on project siting processes for years to come.

### **CAPACITY TO PROCESS INFORMATION MATTERS**

Information can have a source and a medium but without a recipient there will be no communication. This raises the issue of capacity, which can take many forms.

Even if information is available, it is not always readily accessible or comprehensible to many people. In the case of NCN, even though the primary channel for information was the local chief and council, the information was difficult for some to comprehend

because of its overly technical nature. As the Eckville and Rimbey project progressed, residents continued to find it challenging to understand the legal terminology and process rules and procedures.

Part of the capacity problem is simply time. Farmers busy in their fields have little time for hearings (Eckville and Rimbey, St-Valentin). Rural, resource-based communities have many residents whose capacity to deal with information may be limited by education (Kent County and Elsipogtog First Nation) or language (NCN). More broadly, for a complex project there is a question of how the community at large mobilizes itself to gather, process, hold and interpret information and the scale of resources implied in developing such capacity. In the Oakville and King Township case, it appeared that the larger and more prosperous of the two communities (Oakville) was better placed than the other (King Township) to develop capacity both to gather information and to fight its corner.

### **TIMING MATTERS**

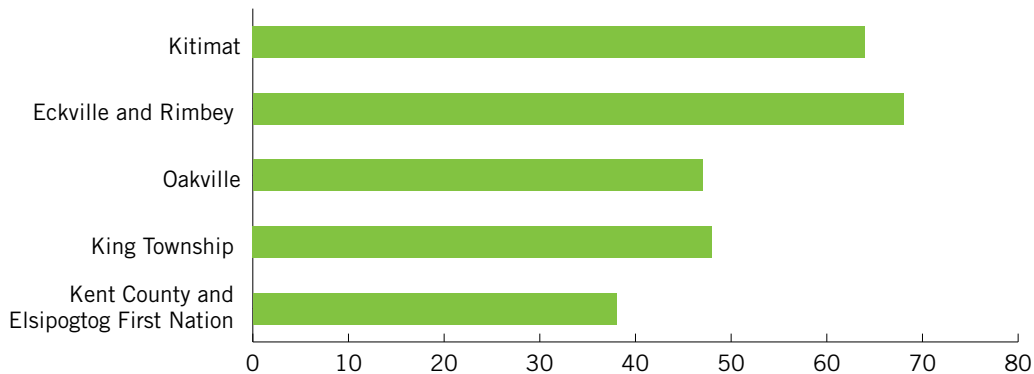
In the Kent County and Elsipogtog First Nation case, proponents and opponents both emphasized that information availability was inadequate, at least in part because it was received too late (Figure 3). The perceived lack of information extended from the substance of the activities being proposed (seismic testing, exploratory drilling and hydraulic fracturing) to the rules governing it, to the lack of adequate forums in which issues could be discussed, to a lack of clarity as to who bore the responsibility for providing information. As will be seen in the next section, these perceptions evolved despite an extraordinary – but belated – series of information efforts sponsored by both government and industry. In contrast, a majority of residents in Kitimat and Eckville and Rimbey felt information and decisions were available in a timely manner. This may have contributed to the relatively higher levels of support (Table 3) for projects in those communities.

<sup>14</sup> The BAPE seems like something of a model of a trusted agency (the BAPE has advisory but not regulatory functions), characterized by: longstanding (35 years), independent commissioners, consistent process without

any important changes since 1980, open to all and any topics, strong public report at the end, quoting citizens and groups, and formulating a recommendation (yes, maybe if, no).

**FIGURE 3: PERCEPTION OF INFORMATION TIMING (%)**

*% Agree or somewhat agree with statement “Information and decisions were available in a timely manner”*



Source: Nanos Research

In the St-Valentin and the Oakville and King Township cases, the mistiming problem arose from the nature of the power procurement process. In these cases, commercial bidding processes (where important information is necessarily confidential) or the necessity of having to process information from multiple developers were hard to reconcile with the need for more information early on.

### THE NATURE OF INFORMATION MATTERS

The complex nature of information – what is relevant and seen as essential – is something that emerges throughout the case studies. Information can encompass a very broad sweep:

- The facts about the project
- The base conditions in the local environment (Kitimat and Haisla Nation, NCN)
- The external market and the need for the project (St-Valentin, Eckville and Rimbey)
- Past experience or comparable experience in other communities (Eckville and Rimbey, NCN, Kent County and Elsipogtog First Nation)

- Traditional knowledge (Haisla Nation, NCN)
- The rules and the decision-making system (Kitimat and Haisla Nation, Eckville and Rimbey, Oakville and King Township, Kent County and Elsipogtog First Nation)

The last point should be emphasized. Throughout the case studies, the debate was seemingly hobbled by lack of understanding of the regulators’ scope of decision-making: where bounded physically (the project, the concerns of local Indigenous communities, climate policy) and where bounded legally (subject to appeal, on what grounds, subject to political intervention).

All of this raises an interesting question about the matter of information *about* information – who has it, where it is, how one gets it. It is not clear in any of the cases that the “system” anticipated this meta problem and thought through what was needed or how to deliver it. There are real questions about the role of the regulator – whether it is a quasi-judicial body or a body focused on gathering information and creating community engagement,

or both. In all cases, it is presumably the regulator's job to effectively describe to the public: process, the regulator's role, and where specific kinds of issues can and/or should be engaged at the start of the process. (This should be done even if it is not within that particular regulatory process, i.e., other proceedings or regulators are responsible for different aspects of a case.)

A few things stand out with respect to information. Project advocates can lose big when information is inadequate. Adequate information on its own, however, will certainly not be enough to move a project forward. In this sense, information is akin to what management theorists refer to as "management hygiene" – the stuff you simply have to do for which you get no thanks (Herzberg, 1966). Many sources that may be no more trustworthy than any other (some social media, the rumor mill around the local coffee shop, or local opposition groups) are still going to be more trusted than official sources. Arm's-length regulators may have the best chance of any official source of being trusted but they often come late to the process and their mandates and rules of engagement may limit their capacity to take on the full information role. The community's capacity to assume some part of the information role poses both an interesting challenge (questions of resources and governance) and an opportunity (a way of breaking down the trust barriers). The important point is that information about information – who has it, where it is, how one gets it – matters right from the outset.

This brings us to the question of engagement.

## Engagement

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*"When consultation is meaningless it makes people angry. People have to be able to say no, it [a proposed development or industry] can't be a foregone conclusion."*

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**Dallas**, retired journalist

*Kent County and Elsipogtog First Nation*

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*"We used a lot of old school land men, who were used to showing up and saying here is our CAPL (Canadian Association of Petroleum Landmen) form – take it or leave it... You can't start at the landowner's doorstep to start a project... [senior executives] need to start on the ground earlier."*

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**Leigh**, former proponent

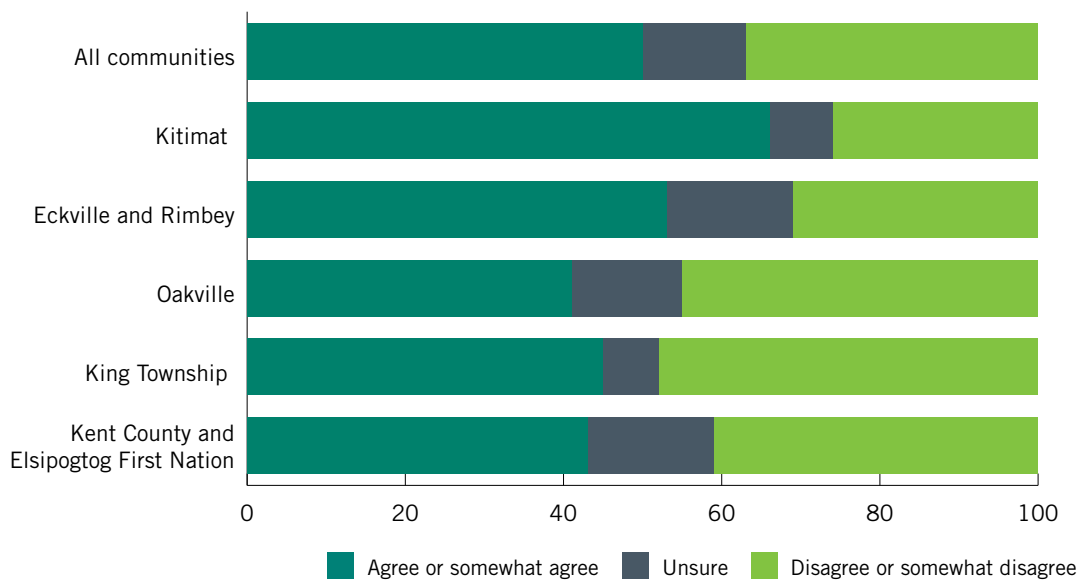
*Eckville and Rimbey*

Engagement can take many forms. At the most minimal, it may consist of a period of time for members of the public to submit written comments in response to a proposed development, or town hall-type information sessions with opportunity for community feedback to be taken on board by authorities or proponents. In more highly evolved forms, it can involve substantive community involvement in setting project parameters, or the community as a beneficial partner in the project. It always involves some formal process through the agency of a regulator.

In all the cases, the quality of engagement between project proponents, responsible authorities, and the affected communities was seen as deficient one way or the other. It is less clear that an "adequate" degree of engagement was always practically possible given the various factors at play, or whether it would have made much difference to the outcome.

**FIGURE 4: PERCEPTION OF ENGAGEMENT OPPORTUNITIES (%)**

*Response to statement about the assessment process for [energy project]: “Early opportunities existed to learn about and influence project decisions including the possibility that the [energy project] will not proceed”*



Source: Nanos Research

Regardless, in the 21<sup>st</sup> century political culture of Canada, a more sophisticated approach to engagement needs to become the norm.

What are the attributes of engagement that make it successful? Several themes stand out from the cases.

**IT HAS TO BE REAL**

A common theme is that consultation cannot be one way, or severely limited in terms of what is on the table. The second-round consultations and hearing process in Eckville and Rimbey were real enough, substantive and with real alternatives but the contentious question of need for the project was never part of the public debate. In any event, the process was eventually overturned by unilateral action by the energy minister. In both the St-Valentin and Oakville-King Township cases, the possibility of change or

modification to projects (as is implied by the term “consult” as opposed to “inform” [Arnstein, 1969]) were limited. One way to determine if consultation is real is if changes are made to the project – i.e., the traceability of the consultation and how it changes the project. Another is when the proponent is open to collaborative dialogue. In the Oakville and King Township case in particular, one striking conclusion was that the perceived lack of process integrity was just as much of a controversy as the physical footprints of the plants or issues like air emissions.

We saw notable differences among communities in their impressions of whether consultation was meaningful and changes to the project possible (Figure 4). In Kitimat (66 per cent) and Eckville and Rimbey (53 per cent), the majority of residents felt they had opportunities to learn about and influence the project. This was not the case in other

communities polled. This difference, and the one already noted concerning the timing of information, likely contributed to the relatively high levels of support seen for projects in these communities (Table 3). In Kitimat, it may also have contributed to relatively higher levels of trust in energy decision-making authorities (Figure 2).

### **IT HAS TO BE EARLY**

If consultation is real, it has to be early. This, more often than not, moves the issues upstream (in time and into broader geography) into a planning frame. In the case of St-Valentin and in Kent County and Elsipogtog First Nation, individual projects were put in play in a context in which much broader conversations and analytical processes were probably necessary precursors. That does not mean everything would then have gone swimmingly. In St-Valentin, the mix of deeply held landscape values and asymmetrically distributed benefits may well have blocked any project. The case study nonetheless concludes firmly that the project was conceived and managed as a local matter in what was clearly a regional context where broader, more upstream planning was needed. In Kent County and Elsipogtog First Nation, unresolved land claim and treaty issues among the Elsipogtog community – combined with extreme concern about the impact of hydraulic fracturing on water and skepticism over the government’s capacity to effectively regulate the process – may have stopped any exploration activity. Still, some measure of land use planning at a regional scale might have been a desirable first step.

### **IT HAS TO BE DONE BY THE RIGHT AGENT**

The question of who should take responsibility for engaging is not easy to answer. Project proponents are usually asked to take on much of that responsibility (as in Kitimat and Haisla Nation, Eckville and Rimbey, St-Valentin, Kent County and Elsipogtog First Nation), but they are mistrusted because they

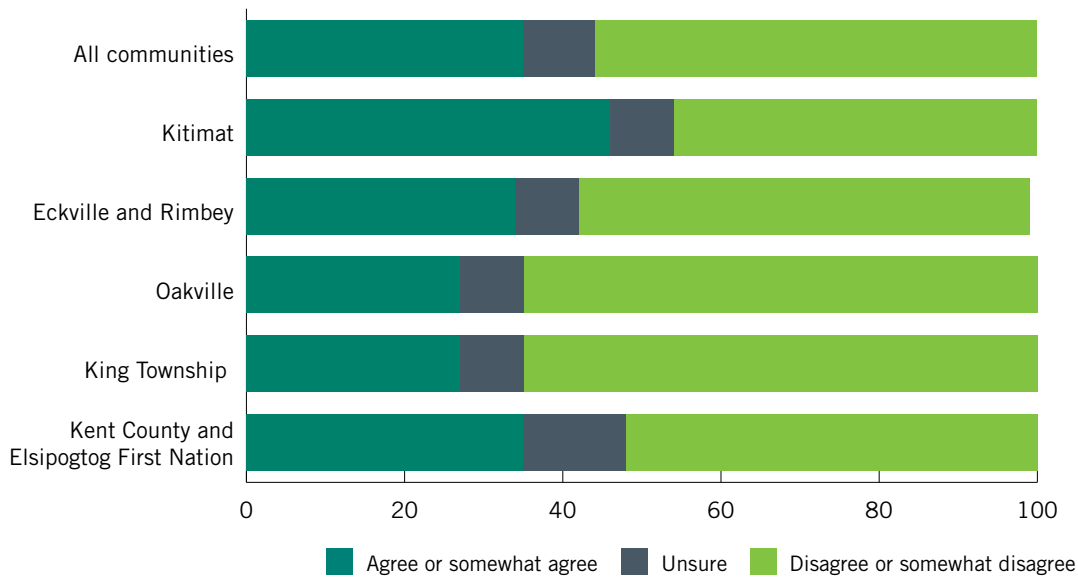
are seen as self-interested and from outside the community. In any event, issues that are regional, longer-term in nature, or concern broad-based health and environmental effects are beyond the competence and responsibility of project proponents. They have to be addressed upstream by whichever is the appropriate and competent public authority. This is a question of particular weight when it concerns the legal duty to consult and accommodate Indigenous peoples. In the case of regional planning, the appropriate body is inevitably some government department or agency that probably ranks not far above project proponents on matters of trust. That, in turn, leads to the question of what role arm’s-length regulators should play (particularly before formal project applications) and which regulators. The last point arises in many of the cases: Kitimat and Haisla Nation experienced distrust when the environmental assessment function was effectively placed under the NEB through the Joint Review Panel; Eckville and Rimbey, where the changing roles of the Alberta Energy Resources Conservation Board (AERCB), the EUB, Alberta Electricity System Operator (AESO), the AUC and cabinet led to regulatory confusion and mistrust; and Oakville and King Township, where the roles of the OPA, IESO, Ontario Energy Board (OEB) and Ontario Municipal Board (OMB) all somewhat mysteriously tied back to political processes led to extreme regulatory confusion and mistrust.

Regardless of where the various responsibilities fall, it seems clear that some sense of regulator independence and objectivity can contribute to building confidence, just as its absence can be harmful. Even worse, when the process is changed mid-stream or when political decisions are substituted for those of regulatory authorities, the effect on perceptions of the integrity of the system can be profound. As shown in Figure 4, skepticism over regulatory independence was widespread and particularly pronounced in the two GTA gas plant cases.



**FIGURE 5: IMPRESSIONS OF REGULATORY INDEPENDENCE (%)**

Response to statement “Regulators making decisions about energy projects are independent of government and industry”



Source: Nanos Research

### THE ROLE OF LOCAL AUTHORITIES IS A CRITICAL PART OF THE PUZZLE

In Indigenous communities, consultation and accommodation are legally mandated (even if exactly what that means is far from clear). The role of municipal governments and their officials, elected and unelected, is more variable. The Oakville and King Township example is interesting with respect to the confusion concerning local community planning responsibilities and the jurisdiction of *The Planning Act* but also with the significant shift subsequently made by Ontario authorities to much more fully engage municipal governments. It is interesting to speculate whether the process in Kent County might have gone better had there been a municipal authority in the first place (65 per cent of residents live outside of incorporated municipal units).

Engaging the community can be about more than consultation and accommodation; it can involve creating a direct stake. The case of Wuskwatim is one example. In it, the NCN community became an equity partner. This was probably decisive in the project's favour in combination with an effective joint review process and the redesign to create a lower-environmental impact project. In St-Valentin, the community was engaged in the sense of a direct financial stake both for affected landowners and the local municipality. While this led to the municipal leaders becoming enthusiastic backers, it was not enough to overcome general opposition, and opposition in surrounding municipalities.

## GETTING IT WRONG CAN HAVE A BIG AND ENDURING COST

The Northern Gateway process was burdened from the outset with baggage associated with Enbridge's Kalamazoo spill and the federal government's regulatory reforms. In an already skeptical community, the burden may have proved fatal.<sup>15</sup> In Ontario, even though the province has successfully sited other power projects, the Oakville controversy and the perceived lack of integrity in the process may yet bear on prospects for new projects including wind farms and power lines. The Kent County and Elsipogtog First Nation stumble may have permanently sterilized unconventional natural gas development in New Brunswick, or at the very least left an enduring legacy. All of this argues for taking time at the front end to try to get it right.

How to get it right is not always entirely obvious. Further, there is also the tricky question of whether siting processes are a method that determines that a project should not move forward; getting to "no" may be the "right" answer in some cases.

One of the most interesting conundrums concerns the way regulators operate. Most communities, including rural and small town, emphasize that decision-makers need to expend resources to understand the local community and its values. This is strikingly reflected in the cases of Kitimat and Haisla Nation and in St-Valentin. In Kitimat and Haisla Nation, residents looked to members of the Joint Review Panel to engage informally and personally. But here is the rub. A principal reason that arm's-length regulators are trusted (if they are) is that they are objective, that their processes are above board and transparent and that everything that informs the ultimate decision is on the record. Members of regulatory panels are also expected to be expert and are almost always "from away." It is by no means obvious how that conundrum can be resolved but it is clearly an important issue for

<sup>15</sup> It should be mentioned that the regulator and federal government approved the Northern Gateway project (with 209 conditions). However, the weight of political opposition, the proposed ban on tankers in northern coastal waters

the future as public authorities go about rethinking how they deal with local communities.

The expectations of communities about engagement can be potentially bottomless. In Kitimat and Haisla Nation, for example, numerous commentators were critical that members of the Joint Review Panel provided no feedback. This came despite extensive time members spent in the community. Had they provided more feedback, however, they would in all likelihood have compromised the record. Alternatively, once dug in, community opposition can easily make any outcome of a consultation seem illegitimate no matter what is done to accommodate. It is important to neither overstate nor understate this point. Community expectations can be weighty, there will be significant costs in time and senior resources and sometimes opposition is simply intractable. The cases, however, also demonstrate that communities often engage in good faith.

Practicality is another consideration. It is difficult, for example, to have a credible regulatory regime in place governing hydrocarbon exploration before it is known whether there is a viable resource, as was the case in New Brunswick. In the case of linear infrastructure, the problem of engaging affected communities over hundreds or thousands of kilometres is magnified many times.

It is also difficult to get it right before a project or its location are clearly defined. Planning often treats things in the abstract, making real engagement a challenge, a point that comes across strongly in the Oakville and King Township case. In that situation, the unavoidable lack of certainty and limited public information necessitated by a competitive bidding process pushed serious engagement to a point where it was no longer particularly meaningful. This occurred even though the OPA had engaged in a broad integrated power planning process years before.

and the recent court ruling that consultation with Indigenous communities was inadequate will weigh heavily on the project's future.

It is striking that an extensive series of engagement activities respecting natural gas development undertaken in Kent County and Elsipogtog First Nation were perceived to have come up far short because of scope, scale and timing that did not truly engage the community. Again, here is an area where fresh thinking about the organization and management of decision-making processes and the role of local communities in those processes will be essential to success in future decision-making.

### **LINEAR INFRASTRUCTURE**

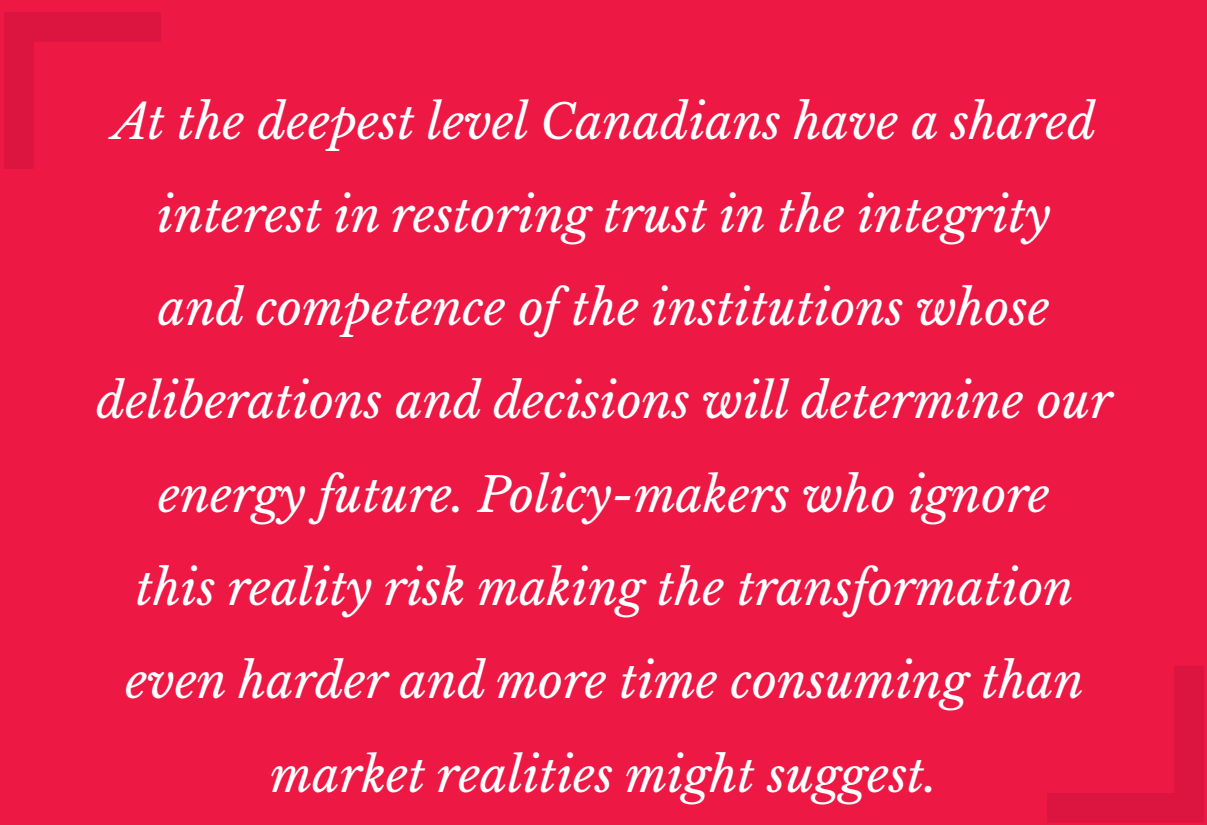
The practical implications for linear infrastructure need to be emphasized. Our case studies touched on two linear infrastructure projects but our focus was on specific local communities (Kitimat and Haisla Nation, and Eckville and Rimbey). It is easy to lose sight of the fact that the proposed project in both cases extended over hundreds of kilometres and passed through multiple communities. The need to replicate relationship-building, consultation and engagement in each community places potentially enormous strains on the human resources of both project proponents and public authorities. The substantive costs involved in enhancing benefits or mitigating negative effects, replicated many times, could entail substantial financial costs that will have to be passed on to shippers and, ultimately, resource producers or consumers. Does any given community have, if not a veto, then a great deal of moral and political weight in decision processes? If that community simply says no, how is the broader societal interest reconciled with those of what may prove to be a small subset of affected citizens?

### **THE QUESTION OF COST**


Finally, the question of cost is also a concern. Two types of costs can be identified that we can call either administrative or substantive.

On the administrative front, a lot more upfront investment of time and dollars is a necessary part of modern project decision-making. Failure to do the upfront work can result in much greater cost downstream. Engaging early and meaningfully, putting in place solid information infrastructure, creating avenues and resources for communities to educate themselves, and finding ways to translate the abstractions at a planning level into forms that are meaningful to normal people are all tough challenges. Governments contemplating how to reform decision processes will need to reconcile themselves to the fact that these sorts of costs, while small relative to the value of projects being considered, are far from trivial. To some extent, they are unavoidable unless governments are prepared to accept that regulatory failure – with new and different costs – will often occur.

Costs associated with the substance of a project are also a consideration. Changing a project to meet community objections may well be a good idea in substance (for example, to avoid critical habitat, reduce disruption of agricultural production or mitigate the risk of leaks and spills). These sorts of changes may be necessary in process terms to demonstrate that consultation is real, and to mitigate risk. However, actions such as rerouting infrastructure, reducing the capacity of a hydro project, siting power infrastructure less than optimally relative to transmission and load, or placing potential resources off-limits all entail costs or foregone benefits. Initially, such costs will be borne primarily by project proponents. In some cases, they will find their way into higher energy costs borne by producers or consumers. To the extent that they affect producers, additional costs will reduce resource rents paid to government. It is important to remember that such costs are not paid by some abstract “other” but by society at large. It is a lesson that we are learning the hard way in Canada today.



*At the deepest level Canadians have a shared interest in restoring trust in the integrity and competence of the institutions whose deliberations and decisions will determine our energy future. Policy-makers who ignore this reality risk making the transformation even harder and more time consuming than market realities might suggest.*



# CONCLUSIONS & RECOMMENDATIONS

In this section, we bring together our observations and conclusions from both the interim report and from the case studies. We have endeavored to take it as far as possible toward propositions on which public authorities can act. (As noted earlier, our focus is public authorities rather than project proponents, although the implications of our advice will fall on proponents as well.) We acknowledge that many fine-sounding ideas are easy to say but much harder to execute. Ability to implement is affected by resource constraints, practical difficulties, the vicissitudes of politics and the modern communications environment.

Project proponents and public authorities alike need to be highly sensitive to the context in which the decision process is taking place. By the same token, the advice flowing from our work needs to be understood with both the larger societal context and the specific context of individual projects in individual jurisdictions. The latter, clearly, need to be taken into account case by case.

## The societal decision-making context

The decision-making context has changed from that which prevailed even up to early in this century. The natural tendency of communities to be distrustful of outsiders, combined with the newer contexts of low trust in government and a supercharged communications environment, have made traditional decision-making processes inadequate to the task in the future. The world of elite, centralized decision-making is a thing of the past.

We heard in the interim report interviews and saw in some case studies that decision-makers, including energy regulators, are grappling with this new reality. Much of it, however, is in the form of adjustments to the basic model rather than fundamentally rethinking the decision-making structure. Policy-makers talk of reformed processes but most have gotten little further than vague notions of social licence where everyone and every community is a decision-maker and where, inevitably, the predominant decision is no decision at all.

This is occurring in a context where new energy infrastructure is needed and where competitive pressures demand more, not less, efficient processes. The dominant controversies concern infrastructure to underpin our traditional energy economy. But the vast majority of future decisions will focus on new “clean” energy infrastructure to underpin a low GHG economy. As the case studies show, clean energy may be as controversial as hydrocarbon energy at the local community level. Aspirations for a radical transformation of our energy systems by 2030 or even 2050 are at odds with the context in which energy decision-making will be taking place. At the deepest level Canadians have a shared interest in restoring trust in the integrity and competence of the institutions whose deliberations and decisions will determine our energy future. Policy-makers who ignore this reality risk making the transformation even harder and more time consuming than market realities might suggest. Thus we offer the following broadly framed recommendations.

## **New decision-making structures and institutional relationships**

Our central conclusion is that a basic rethink of the decision-making structures is needed. Loose and fuzzy ideas of social licence provide no coherent guidance, unless they are associated with substantive decision-making reform. The most basic question is: What is fair in terms of both substance and process? Presumably, in a society where we count among our most basic values democratic accountability and the rule of law, fairness is to be found in systems that provide some guarantee of those values. The issue centres on structures or institutional arrangements of which the following elements would seem to be most important:

- The way benefits should be distributed, whether in the form of resource rents or in direct economic stakes in projects by local communities and how that affects economic returns to proponents and revenue takes by senior governments.
- How regional planning is undertaken in both substantive and process terms; how planning processes can more effectively integrate and balance economic, social and environmental considerations; and how planning processes can be reconciled with both market processes and formal regulatory processes.
- The appropriate balance between local concerns and the larger public interest in access to markets or access to clean reliable energy supplies.

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### **01**

#### **WE NEED ONGOING CAPACITY TO ENGAGE CITIZENS IN THE THOUGHT PROCESSES ABOUT OUR ENERGY FUTURE**

Communities, and especially Indigenous communities, will insist – and do so with success – that the public policy rationale for new projects be well-articulated and debated in the public domain. It is unclear how far policy clarity will go toward defusing local, project-specific objections but at least it would provide a better foundation for objective debate. Aside from big questions about climate change and the future of Canada's single largest export industry, there are many public policy debates that warrant larger discussions:

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### **02**

#### **WE NEED TO FUNDAMENTALLY REFORM THE STRUCTURE AND OPERATIONS OF ENERGY REGULATORY BODIES**

The regulatory system is complex, with many different bodies interacting with each other and with the policy system. Governments have in recent years attempted to develop one-stop-shopping, simplifying the system and making it more expeditious. The results, however, have in many cases been counter-productive. If anything, future systems will be more complex and multi-dimensional and the challenge will be to plan for that rather than have it happen willy-nilly. Some considerations:

*Loose and fuzzy ideas of social licence provide no coherent guidance, unless they are associated with substantive decision-making reform.*

- The nature of regulator independence, its virtues and limits, and the harmful consequences of governments casually compromising that independence.
- The means by which regulators are appointed, including, for example, new approaches to appointing panels for specific projects. This could include temporary members who may be members of affected communities (always mindful of the importance of competence and expertise to the regulatory process).
- New means of engaging outside of formal processes while being mindful of the risks for conflict of interest or *ex parte* communications. Obviously, the *sine qua non* of the regulatory process, aside from expertise, is objectivity and perceived integrity. Clear rules are needed on conflicts of interest, transparency, and independence that are aligned with the public's perceptions.
- Redesigning regulatory systems to establish separate enabling processes (e.g., community engagement) and substantive decision processes (quasi-judicial regulatory decision-making).
- New approaches to framing regulations including more use of carefully structured civil society organizations and processes such as regulatory "co-creation" and/or co-production.

### 03

#### **WE NEED A FUNDAMENTAL RETHINK OF THE "ROLE OF LOCAL"**

Indigenous governments and local (municipal) governments are taking a growing role in thinking through their economic and energy futures. Senior government decision processes, however, were established long before this reality emerged. This reality has several dimensions:

- The fundamental importance of community energy planning, the role of local resources and the way the community connects to the larger world.
- The appropriate powers of local authorities. They will vary widely, especially in the case of Indigenous governments.
- The means by which Indigenous and municipal authorities are directly engaged as part of the larger decision process as partners, as resources, as advisers – always mindful of the perils of conflict of interest where they are also beneficial partners in the project itself.
- The appropriate responsibility of local authorities to take on larger responsibilities, or to accommodate multiple (and potentially conflicting) roles. In essence, to situate themselves as stakeholders in the larger context of Canada, where other communities with legitimate but divergent interests and values may be affected by their actions.

## 04

### WE NEED A RETHINK OF HOW INFORMATION AFFECTS THE DECISION PROCESS

Canada, for all of its aspirations on energy, is somewhat poverty-stricken with respect to energy information, particularly compared to the United States. More information will not by itself overcome problems of trust or failure to design viable decision processes but its absence will almost certainly make problems worse. There are several parts to this puzzle:

- The need for a much better Canadian energy information system<sup>16</sup>, an issue that governments have dabbled with for years without investing the time and resources needed to make progress.
- The need for every decision process to be accompanied by a strategy specifically aimed at establishing a trusted information system, ideally one that engages local authorities or community bodies as sources, channels, aggregators and holders of information.

<sup>16</sup> A Canadian “energy information system” is under discussion among federal, provincial and territorial governments and has been a subject of debate with energy ministers going back to 2003. Exactly what it would entail is an open question but it would necessarily be virtual or networked, connecting various

### That’s all very nice but....

It would be naive to suggest that all of this would be simple or that it would somehow end what seems like a trend of growing conflicts over energy decisions. On the other hand, various decision bodies are working their way forward on all the fronts described above. The question is whether senior governments, federal, provincial and territorial, have thought about it as a system of interacting parts and whether they have thought through the larger implications. Among these:

#### COST AND RISK

Expect decision processes to cost more. This has immediate fiscal consequences that have to be faced. If governments offer platitudes about reformed processes, yet do not provide the financial underpinning, they will make it worse. Expect that projects will face more costs to manage local impacts and those costs in turn will affect project economics, competitiveness of Canadian resources, costs to Canadians for energy, and returns to governments as resource owners. This need not be fatal but it requires adjusted expectations on the part of many players. Those costs fairly borne can reduce project risk, and upfront costs can reduce downstream costs, but they are still costs.

information sources notably statistical agencies and regulators, all of it coordinated by governments working co-operatively and likely overseen by an external governance arrangement.



*At times, local values will simply be irreconcilable with the larger societal interest no matter what is done to accommodate local interests and understand local values.*

### **TIME AND PATIENCE**

Divergent value systems can never be understood or accommodated without time taken to understand the local context and to build relationships. Decision processes will take time – a lot of time – and governments need to account for this in their thinking, especially in their rush toward desired economic benefits or the clean energy transformation. Our energy systems are many decades old and the vast majority are GHG-emitting. Apart from costs and market conditions, a complete transformation will engage questions of community acceptance. If those questions are treated casually, the backlash could make the transformation harder and longer. Bad decision processes will have unintended consequences that ramify far into the future. Taking the time to get the process right and adjust it in response to learning will most likely pay off.

### **STABILITY AND FLEXIBILITY**

Decision processes need to meet very high standards (as outlined above) including a reasonable degree of stability so that institutions become seasoned and capable as well as developing effective relationships with those with whom they work. Patience, rarely a government virtue, could pay dividends in the form of trusted institutions. At the same time, decision processes will need to reflect ongoing learning. Regulatory processes or other decision systems such as planning systems need to be built with internal capacity and authority to adjust in real time to changing circumstances, particularly if regulatory processes are to be seen as independent.

### **TOUGH CHOICES**

At times, local values will simply be irreconcilable with the larger societal interest no matter what is done to accommodate local interests and understand local values. Canada is a community, initially agreed to in 1867 as a single market where the producers of one region understood that their products would have free access to other regions (a principle not yet fully realized). Implicitly, they had a guarantee that their products would have access to external markets even when that meant crossing another provincial or local jurisdiction. In the future, Canadians will continue to expect they will have access to reliable, affordable energy, including energy produced distant from local markets and that unavoidably traverses many local communities. The right balance between economic interests and the environment and between local and more general interests will often entail trade-offs of one sort or another. This takes us back to the larger questions about our energy future, questions that lie in the hands of policy-makers.

## Concluding Notes

At the outset of this project and on page 2 we framed two research questions:

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→ *What is the level of local community confidence in the actions of public authorities towards new energy infrastructure?*

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→ *What are the factors that lead to greater satisfaction in local communities with the energy infrastructure siting process?*

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We believe that the case studies have afforded real insights into these questions. There is considerable variation from case to case but in general we can say that community confidence in authorities is more often than not relatively low. The factors that lead to more or less satisfaction vary widely depending particularly on the specific context. To that we can add that it is critical that both project proponents and public authorities evince respect for the interests and values of a potential host community in both their statements and their actions; that siting processes be accompanied by an information strategy that covers sources, methods and content; and, that engagement needs to be early and it needs to be real.

Finally, this report arrives at some broad conclusions about future energy project decision-making and offers substantive advice that flows from those conclusions.

A note of caution is in order. The perspective from which these conclusions and advice is drawn is in some ways reasonably broad. It necessarily reflects the perspectives of its several authors and it draws from a diverse range of expert views from both the literature and a set of interviews with senior leaders as reflected in the interim report on the project (*Fair Enough: Assessing community confidence in energy authorities*).

But in another respect it is very narrow, primarily that of six case studies from different parts of Canada. In other words, while we have drawn from the other sources for framing and for ideas as to how best to interpret what we found in the case studies, we have deliberately tried to stay true to the perspective of the case study communities in the conclusions and recommendations.

Many members of the environmental community might take a somewhat different view about, for example, the relative importance of different issues, in particular climate change. Members of the energy industry might question the cost-effectiveness and practicality of possible reforms that have been identified in the report. Regulators and policy-makers might argue they have made much more progress in reforming systems than seems to be reflected in the conclusions.

With respect to Indigenous Canadians, the case studies bring forward the perspectives of three diverse First Nation communities from British Columbia, Manitoba and New Brunswick. This is a view of the world from three local communities and we make no claim to represent or portray the full spectrum of Indigenous interest or involvement in energy decision-making in Canada.

While we are confident that the conclusions and recommendations are sound, they are directional. We argue that changes to the energy decision system need to be undertaken with the fundamental view that it is in fact a “system.” It follows from this view that such changes need to reflect the broadest possible range of perspectives. This report brings to the debate, for the first time in Canada, a deep local community perspective which we hope will inform but by no means determine the outcome of that debate.

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# APPENDIX 1

## METHODOLOGY

### *Initial Reconnaissance*

Each project and community was analyzed initially through a variety of secondary sources in order to establish the basic facts, including: physical and demographic conditions of the community or communities, nature of the project, key actors including decision-makers, timelines, apparent issues and most promising interlocutors to be interviewed in the next phase.

### *Interviews*

The core activity with each case consisted of a series of face to face (and telephone as necessary) interviews conducted between the months of March to August 2016. The overarching research question for this phase of the study was “What are the factors that affect satisfaction at the local community level in the energy infrastructure siting process?”

→ Researchers made multiple visits to five of the six communities (interviews in the Nisichawayasihk Cree Nation were all carried out by phone) and did a total of 86 semi-structured interviews with individuals from a cross section of five actor categories: elected representatives (including Indigenous), civil society leaders, local energy developers and industry, regulators or other public authorities, and local media and engaged citizens (see table A1 below). A cap of 20 total interviews per community (with at least two in each actor category) was used during recruitment in order to keep the analysis manageable and allow for consistent comparisons across communities.

Interviews were conducted by four researchers, and there was a lead researcher for each case study (see case studies).

- Interviews lasted from 30 minutes to more than two hours and were recorded by audio-recording or written notes depending on the preferences of each interview participant. All quotations in this report and related reports were checked with participants for accuracy. Participants decided on their desired level of anonymity.
- Interview questions followed a guide developed by the research team and drew on findings from the initial reconnaissance phase and on the advice of an expert methodology advisory workshop meeting held in November 2015.<sup>i</sup> The interview guide consisted of 16 questions organized by four themes: specifics of the project, community context and key values, availability of information and level of understanding, and procedural and engagement issues. Interviewers carried out semi-structured interviews, relying on the interview guide to ensure each of the themes was addressed in the interview, but allowing the participant to surface issues as they came up in discussion. The interview guide is included at the end of this appendix.
- Recruitment of participants also included snowball-sampling. Additional likely candidates for interview were identified among publicly active individuals in the five actor categories and these individuals were approached for both interviews and suggestions of further candidates for interview.

<sup>i</sup> Participants in the workshop included: Manon Abud (Hill + Knowlton), Stephen Bird (Clarkson University), Colleen Collins (Canada West Foundation), Mike Cleland (University of Ottawa), Stewart Fast (University of Ottawa), Monica Gattinger (University of Ottawa), Julia McNally (IESO),

Nik Nanos (Nanos Research), Laura Nourallah (University of Ottawa), Dan McFadyen (University of Calgary), Shafak Sajid (Canada West Foundation), Louis Simard (University of Ottawa)

The interview guide, research design, recruitment techniques, informed consent procedures, and data handling techniques were all approved by the University of Ottawa Research Ethics Board.

<b>TABLE A1 INTERVIEW Participants Category</b>	<i>Kitimat and Haisla Nation</i>	<i>Eckville and Rimbey</i>	<i>Nisicha- wayasihk Cree Nation</i>	<i>Oakville and King Township</i>	<i>St-Valentin</i>	<i>Kent County and Elsipogtog First Nation</i>
Elected representatives (including indigenous)	4	N/A	N/A	5	2	3
Civil society leaders (NGOs/activists)	2	2	N/A	3	2	5
Local energy developers and industry	2	2	4	3	2	5
Regulators (or other public authorities)	1	3	2	8	5	4
Local media and engaged residents (including Indigenous)	4	8	N/A	3	N/A	3
<b>Total (86)</b>	<b>13</b>	<b>15</b>	<b>6</b>	<b>22</b>	<b>11</b>	<b>20</b>

### *Quantitative survey*

Where community size allowed a sample size sufficient to establish statistical significance, the qualitative work was supplemented and cross-checked with a public opinion telephone survey carried out by Nanos Research from July to September 2016. The overarching research question for this phase of the study was “What is the level of local community confidence in the actions of public authorities towards new energy infrastructure?” Four communities were surveyed (Kitimat, BC; rural areas and towns along the Eckville and Rimbey, AB corridor; Oakville and King Township, Ont.; and Kent County, NB). Telephone interviews aimed for a total of 500 respondents in each community with the exception of the Greater

Toronto Area communities, which featured two gas plants in separate locations. For the GTA case telephone interviews, there were 400 respondents in Oakville and 200 in King Township. A total of 1,775 respondents were surveyed over the period from July to September 2016. The margin of error for each community surveyed was: +/- 5.3 Kitimat; +/- 5.4 Eckville-Rimbey; +/- 5.0 Oakville; +/- 7.0 King Township; +/- 4.4 Kent County – Elsipogtog First Nation.

The telephone survey consisted of 33 questions asked of all participants, with an additional 2 – 5 supplemental questions about the energy project

under investigation in each community. Questions were developed by the research team in collaboration with Nanos Research and were based on findings from the initial reconnaissance phase, from interviews conducted in each community, and from the expert methodology advisory workshop meeting held in November 2015. The survey questions are included at the end of this appendix.

### *Synthesis*

For each case study, the results of the initial reconnaissance work, the qualitative interviews, and the public opinion survey were published as separate reports and will be made available on our website.

### *Methodology component: Interview guide*

#### **Theme 1**

##### **Specifics of the local energy project**

This study seeks a range of perspectives from community leaders like yourself, each with different points of view on the siting of [energy project]. In general, how would you characterize your point of view?

What are the unique characteristics of [energy project] which make it different from other land uses or developments in [community]?

#### **Theme 2**

##### **Community context and key values at play**

How do you describe [community] to someone who has never been here?

What are the most important things to know about [community] for an outsider like me to understand the response to [energy project] here?

Different people have different priorities and values which can influence their response to new developments in their community. For some people energy projects might mean investment, growth and local jobs, for others energy projects might mean environmental or health risks. What are your priorities and values concerning the [energy project]?

#### **Theme 3**

##### **Availability of information and level of understanding**

How did you first find out about [energy project]?

Where do you go to get information about [energy project]? Is the available information clear, complete and understandable?

Can you give an example of when you felt you were given the opportunity to learn as much as you wanted to about [energy project]?

Are the details of the rules and procedures that regulators use for assessing the suitability of [energy project] in [community] known and understood?

#### **Theme 4**

##### **Procedural issues and engagement issues**

Do you trust authorities to make fair decisions about [energy project]?

When did you feel heard during the assessment process?

How has the proponent or a deciding authority responded to concerns raised by community members?

Did the assessment process meet your expectations?

What could the regulator/deciding authority have done differently in reaching a decision?

Do you understand why the decision was what it was?

## Theme 5

### Other important people to speak with

We would like your advice on other leaders to speak with. Who is the [most important/most knowledgeable/most unbiased person – *interviewer chooses adjective depending on current gaps in participants and flow of interview*] in [community] to speak to about the assessment process for project X? (Note that we will not mention your name when contacting this person)

*[At conclusion of interview, researcher thanks participant and asks if they have any questions about the research or would like to add anything further.]*

## METHODOLOGY COMPONENT: SURVEY

### *Recruitment script for telephone interviews*

I am undertaking a research study exploring the factors that affect satisfaction at the local community level in the energy infrastructure siting process in Canada. This research is part of the University of Ottawa's Positive Energy project on community responses to energy development in Canada, project partners include Canada West Foundation and Nanos Research.

You are invited to take part in an 8 to 10 minute telephone survey regarding your opinion on the assessment process for the Oakville gas plant/ York Energy Center (King Township gas electricity generation plant) – *sample dependent*. You will be asked for your opinion on the energy project, your level of confidence in public authorities, factors affecting your satisfaction in the assessment process and some of your personal characteristics.

Sometimes new energy projects can be controversial and you should be aware that you might feel uneasy answering questions. Your participation is completely voluntary and anonymous. You can stop anytime. Again your responses will be anonymous and confidential. No one associated with the study will know your name and your phone number will be removed immediately from your responses after this call.

Results of the survey will be available on-line at the Positive energy project website later in the fall.

If you have questions or concerns I can provide you contact details for Professor Monica Gattinger or the Protocol Officer for Ethics in Research at the University of Ottawa.

*[if respondent desires phone numbers and emails are mgatting@uottawa.ca 613-562-5800 x 2415 and for protocol officer (613) 562-5387 Email: ethics@uottawa.ca]*

Do you agree to participate? Shall I begin?

Yes	1	[Continue]
No	2	[Thank and terminate]

### *I. Position on project and energy issues*

Our study today is about energy projects. For the purpose of this research an energy project could be a hydroelectric facility, a power transmission line, a pipeline, a gas plant or a wind farm. When we refer to energy projects, we are thinking for those types of initiatives.

1. Would you describe your knowledge about energy projects in general as high, somewhat high, somewhat low or low?

High	1	
Somewhat high	2	
Somewhat low	3	
Low	4	
Unsure	77	[Unprompted]

2. Prior to today, have you heard or not heard of the energy project known as Oakville gas plant/ York Energy Center (King Township gas electricity generation plant) – *sample dependent*?

Heard	1	
Not heard	2	[Skip to module 3 version b]
Unsure	77	[Unprompted]

Nanos Research on behalf of the Canada West Foundation and University of Ottawa's Positive Energy project conducted surveys between July and September 2016 with 1,775 respondents to assess views within each case study community on the role of local in energy decision-making.



3. Would you say your interest in decisions about the Oakville gas plant/York Energy Center (King Township gas electricity generation plant) – *sample dependent* was high, somewhat high, somewhat low or very low?

High	1
Somewhat high	2
Somewhat low	3
Very low	4
Unsure	77 [Unprompted]

4. Today, do you support, somewhat support, somewhat oppose or oppose the Oakville gas plant/ York Energy Center (King Township gas electricity generation plant) – *sample dependent*?

Support	1
Somewhat support	2
Somewhat oppose	3
Oppose	4
Unsure	77 [Unprompted] [SKIP TO Q7]

5. Which of the following statements best describes your views over time on the project compared to your views today [RANDOMIZE]

My views have not changed	1
I supported the project at one time and now oppose it	2
I opposed the project at one time and now support it	3
I was unsure before and remain unsure	4
I was unsure before and now support it	5
I was unsure before and now oppose it	6
I had an opinion before and now I am unsure	7

6. Why do you feel that way? [OPEN-ENDED] (if need prompts then “for example, how did information availability affect your opinion?”, “did the process unfold as you expected”?)

## II. Confidence in public authorities

This series of questions is about your confidence in the action of public authorities making decisions about energy projects in general. For purposes of this survey we consider public authorities to be governments, regulators and other public officials. We will ask specific questions about the Oakville gas plant/York Energy Center (King Township gas electricity generation plant) – *sample dependent* in the next section.

Do you agree, somewhat agree, somewhat disagree or disagree with the following statements? [RANDOMIZE]

7. I trust public authorities making decisions about energy projects.

8. Fair compensation is provided for those who are directly affected by noise problems, air quality, and visual impacts to the community related to an energy project.

9. Public authorities respect indigenous communities in their decision processes about energy projects.

10. Regulators making decisions about energy projects are independent of government and industry.

Agree	1
Somewhat agree	2
Somewhat disagree	3
Disagree	4
Unsure	77 [Unprompted]

Nanos Research on behalf of the Canada West Foundation and University of Ottawa's Positive Energy project conducted surveys between July and September 2016 with 1,775 respondents to assess views within each case study community on the role of local in energy decision-making.

11. Please pick the top two entities who should be responsible for providing information about a new energy project to community members [RANDOMIZE].

Federal or Provincial government	1
Energy regulator	2
Municipal government	3
Energy company proposing the project	4
Non-governmental organization	5
Unsure	77
	[Unprompted]

### III. Energy project specific questions

Do you agree, somewhat agree, somewhat disagree or disagree with the following statements about the

Oakville gas plant/York Energy Center (King Township gas electricity generation plant)? – *sample dependent* [RANDOMIZE]

12. It increases risk of an accident that could significantly harm my community.
13. It creates local jobs.
14. It risks harming the local environment in my community.
15. It risks harming the environment beyond my community.
16. It results in financial benefits to my municipal government.
17. It results in financial benefits to my provincial or federal government.
18. It respects indigenous communities.

19. It has a negative impact on property values.

Agree	1
Somewhat agree	2
Somewhat disagree	3
Disagree	4
Unsure	77 [Unprompted]

Do you agree, somewhat agree, somewhat disagree or disagree with the following statements about the assessment process for the Oakville gas plant/York Energy Center (King Township gas electricity generation plant)? – *sample dependent* [RANDOMIZE]

20. The public authorities have made the right decision about the Oakville gas plant/York Energy Center (King Township gas electricity generation plant) – *sample dependent*.
21. Community concerns were taken into account for the decision.
22. Decisions were made that fairly distribute costs and benefits.
23. Information and decisions were available to me in a timely manner if I was interested.
24. Early opportunities existed to learn about and influence project decisions including the possibility that the Oakville gas plant/York Energy Center (King Township gas electricity generation plant) – *sample dependent* would not proceed.
25. Opportunities existed to question project proponents in a public setting (e.g., public meeting, hearings, etc.).

26. The process was respectful of the local community.

Agree	1
Somewhat agree	2
Somewhat disagree	3
Disagree	4
Unsure	77 [Unprompted]

*Skip to Question 27 →*

**III. “B” for respondents responding no to question #2**

This series of questions is about your confidence in the action of public authorities making decisions about energy projects in general. For purposes of this survey we consider public authorities to be governments, regulators and other public officials.

Do you agree, somewhat agree, somewhat disagree or disagree with the following statements? [RANDOMIZE]

- 7b. I trust public authorities making decisions about energy projects.
- 8b. Fair compensation is provided for those who are directly affected by noise problems, air quality, and visual impacts to the community related to an energy project.
- 9b. Public authorities respect indigenous communities in their decision processes about energy projects.

10b. Regulators making decisions about energy projects are independent of government and industry.

Agree	1
Somewhat agree	2
Somewhat disagree	3
Disagree	4
Unsure	77 [Unprompted]

11b. Please pick the top two entities who should be responsible for providing information about a new energy project to community members [RANDOMIZE]

Federal or Provincial government	1
Energy regulator	2
Municipal government	3
Energy company proposing the project	4
Non-governmental organization	5
Unsure	77 [Unprompted]

When public authorities make decisions about energy projects, do you agree, somewhat agree, somewhat disagree or disagree with the following requirements [RANDOMIZE]

- 21b. Community concerns are taken into account.
- 22b. Decisions are made that fairly distribute costs and benefits.
- 23b. Information and decisions are available to those interested in a timely manner.
- 24b. Early opportunities exist to learn about and influence project decisions including the possibility that the energy project will not proceed.

Nanos Research on behalf of the Canada West Foundation and University of Ottawa's Positive Energy project conducted surveys between July and September 2016 with 1,775 respondents to assess views within each case study community on the role of local in energy decision-making.

25b. Opportunities exist to question project proponents in a public setting (e.g., public meeting, hearings, etc.).

26b. The process is respectful of the local community.

Agree	1	
Somewhat agree	2	
Somewhat disagree	3	
Disagree	4	
Unsure	77	[Unprompted]

*Skip to Question 32 →*

The siting process for gas plants in Ontario included a competitive procurement process in which several companies would propose a particular project and site. The proposals were then rated by the government and a single project and company were selected to develop the project.

27. Were you aware of this process with multiple developers competing in your area?

Yes	1	
No	2	
Unsure	77	[Unprompted]

28. [IF YES to Q27] If yes, to what degree do you approve or disprove of this aspect of the siting process?

Approve	1	
Somewhat approve	2	
Somewhat disprove	3	
Disprove	4	
Unsure	77	[Unprompted]

29. Can you tell us why? [OPEN-ENDED]

Several agencies may have been involved in energy facility siting in Ontario during your community's experience with its gas plant. They included your local government, the Ontario Power Authority (OPA), the Ontario Energy Board (OEB), the Independent Electricity System Operator (IESO), Provincial Government Ministries (especially Environment), the Premier's Office (Provincial Gov't), and the Ontario Municipal Board (OMB).

30. Which agency or part of the government did you think was the most important focal point for the siting process in your community? [RANDOMIZE]

Local government	1	
The Independent Electricity System Operator (IESO) including the former Ontario Power Authority (OPA)	2	
Ontario Energy Board	3	
Ontario Municipal Board	4	
Provincial Government Ministries (especially Environment) including the Premier's Office	5	
Unsure	77	[Unprompted]
None	99	

31. Do you agree, somewhat agree, somewhat disagree or disagree that you had access to any information you needed from that agency?

Agree	1	
Somewhat agree	2	
Somewhat disagree	3	
Disagree	4	
Unsure	77	[Unprompted]

Our last few questions are to help group responses.

32. What year were you born in? Record year.

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33. How many minutes would you say it would take to drive from your home to the Oakville gas plant/ York Energy Center (King Township gas electricity generation plant)? – *sample dependent*  
 \_\_\_\_\_ Minutes

34. Which of the following categories best describes your household income, that is, the income from all people living in your residence? [Read list]

\$0 to \$29,999	1
\$30,000 to \$59,999	2
\$60,000 to \$89,999	3
\$90,000 to \$119,999	4
\$120,000 or more	5
Refuse	99 [Unprompted]

35. Which of the following is the highest level of education you have achieved?

Some high school	1
Completed high school	2
Some college or university	3
Completed college	4
Completed university	5
Completed graduate studies	6
Refuse	99 [Unprompted]

36. What sector do you work in?

Natural Resources	1
Education	2
Tourism	3
Health Care	4
Public sector	5
Arts	6
Construction	7
Retail	8
Professional Services	9
Other	10 [Please Specify]
Refuse	99 [Unprompted]

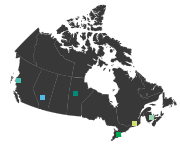
37. Would you self-describe an important part of your heritage as being part of a First Nations, Inuit or Metis peoples?

Yes	1
No	2
Unsure	77 [Unprompted]
Refuse	99 [Unprompted]

38. Gender.

Female	1
Male	2
Refuse	99 [Unprompted]

The six case studies are available for download on the Canada West Foundation ([cwf.ca](http://cwf.ca)) and Positive Energy website ([uottawa.ca/positive-energy](http://uottawa.ca/positive-energy))



**NORTHERN GATEWAY ENERGY PIPELINE**

*Kitimat and Haisla Nation  
British Columbia*



**WESTERN ALBERTA TRANSMISSION LINE (WATL)**

*Eckville and Rimbey  
Alberta*



**WUSKWATIM HYDROELECTRIC FACILITY**

*Nisichawayasihk Cree Nation  
Manitoba*



**GAS-FIRED POWER FACILITIES**

*Oakville and King Township  
Ontario*



**WIND FARM**

*St-Valentin  
Québec*



**SHALE GAS EXPLORATION**

*Kent County and Elsipogtog First Nation  
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