

Research Synthesis

Energy
East
Pipeline

This document provides an overview of key findings of all of both TransCanada and opposition research and materials, and offers key insights for our strategy moving forward.

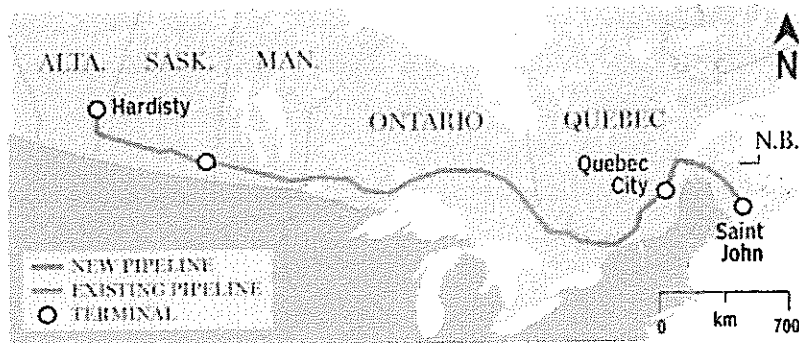
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Energy East Pipeline

Project Overview

TransCanada is proposing the conversion and extension of its existing natural gas pipeline, the Canadian Mainline, to transport crude oil from western Canada to refineries in Quebec and New Brunswick. This project includes the construction of associated facilities, pump stations and tank terminals. The total estimated cost of the project is **\$12 billion**, making it one of the largest of its kind currently in play in Canada.



According to a report published by Deloitte (commissioned by TransCanada) in September 2013, the project is expected to deliver significant economic benefits for Canada:



35.3 billion
in additional GDP
over the next 50
years



90,000 +
1 year FTE jobs over
the development and
construction period
(2013-2018)



7.2 billion
in tax revenue for all
governments over 40
year operations phase

Deloitte also estimated that Energy East will increase in crude oil takeaway capacity from western Canada to approximately **1.1 million barrels per day**, thereby lowering Alberta crude oil prices and saving eastern Canadian refineries between \$1.55 and \$11.49 per barrel.

Canadian Public Opinion

Due to the abundance of natural resources in Canada and growing global demands, energy is a central issue of public debate among Canadians. The energy debate overall, and the oil sands development in Northern Alberta in particular, have historically created regional divides in Canadian public opinion. While the majority of Albertans are supportive of oil sands development and transportation, public opinion in other provinces is widely ranging.



Energy East Pipeline

Leger Research Framework

To this end, TransCanada commissioned Leger 360 to conduct in-depth qualitative research into public opinion in the regions that will be affected by the pipeline project.

Leger conducted an online survey of 2,008 Canadian residents (aged 18 or older) from across the country.

- British Columbia (253)
- Alberta (251)
- Manitoba/Saskatchewan (202)
- Ontario (601)
- Quebec (501)
- Atlantic (200)

Leger also identified five **population segments** by environmental attitudes and behaviours: super green, green, middle of the road, not green, not at all green.

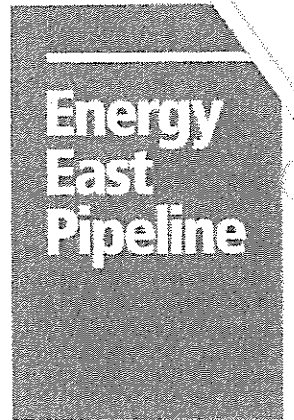
- Notably, **39%** of respondents were "middle of the road" when it came to green attitudes—most of whom were younger and had lower levels of education.
- French speakers were over represented in the "Super Green" and "Green" segments.

General Insights

1. **Canadians are more familiar with and have strengthened their support for the Energy East project.**

- Awareness of the new pipeline project has increased considerably in the past year (23% to 53%).
- Proportion of Canadians who support the pipeline project has also increased (51% to 56%).
- Compared to 2012, more Canadians agree that the project will contribute to Canada's economy and bring more revenues to their provinces.
- Compared to 2012, support for the project has increased in Ontario (59%) and Alberta (70%). Support has remained stable in Manitoba/Saskatchewan (59%), Atlantic region (51%) Quebec (53%). Support has dropped in B.C. (46%) and Quebec (50%).
- Support for the project has also increased among the Middle of the Road, Not Green, and Not at all Green segments of the respondents.

2. **Understanding the economic benefits of Energy East drives support.**



- Once Canadians understand the economic advantages generated and number of jobs created, most feel more favorably about the project. 58% of Canadians are more in favour of the project once they learn about the job numbers.
- While most Canadians recognize the national economic benefits of Canada's energy sector, less than half (41%) can make that same connection to the economic health of their provinces. Oil sands are viewed as even less important to the economy than the energy sector overall; however, this sentiment is trending upward. *[We should work to push this message forward on a provincial level.]*
- Among those opposed to the project, 27% have a more favourable view once they learn of the project's benefits.
- Only 8% of Canadians have heard of the Deloitte study that focuses on the project's economic benefits.

3. Public opinion regarding Canada's energy sector has improved.

- However, natural gas is viewed more favourably than oil sands (36% compared to 16%). *[Can we change or mitigate the negative perception that oil sands is worse than natural gas?]*

4. Environmental impact is the secondary concern for Canadians, following public consultation.

- The most important concern for Canadians is that local public consultations are held before the project proceeds. *[This highlights the importance of conducting open houses and being supportive of the NEB, OEB, and BAPE hearings.]*
- Fear of a pipeline leak or rupture and any resulting environmental damage is the second biggest worry among Canadians, but this concern has dropped to 48% (from 64% in 2012). *[Despite the Leger key finding, safety and environment are still an important focus area.]*
- There has been an increase in the number of people who are worried that a pipeline could become a target for sabotage. *[We should be careful of where we stand in the pipeline vs. rail debate in terms of risk.]*

Energy East project vs TransCanada Brand - National

- Public awareness of the Energy East project and of TransCanada have both increased since 2012.
- Support for the Energy East project has increased since 2012 (from 51% to 56%)
 - Public opinion of TransCanada has remained stable since 2012, Canadians are generally neutral (46%) or have a positive opinion (26%) of the company.
 - Unfavourable opinions of TransCanada are higher among British Columbia residents and super green segments.

Energy East Pipeline

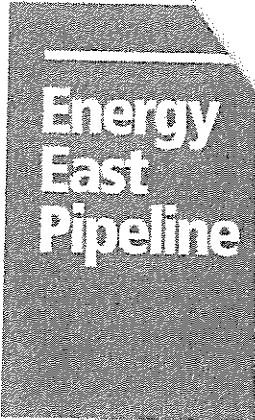
- Pipelines are considered the safest mode of transport (55% chose pipelines over train or truck)
 - Opinion of TransCanada's safety record has remained stable since last year, respondents were generally neutral (44%) or had a positive opinion (25%) of the company's safety record.

Media Noise and Sources of Information for Pipelines

- Most Canadians have heard news reports about pipelines on television, in newspapers and on the Internet. The Internet, information sponsored by pipeline companies and by the government, and social media are the most important sources of information in 2013.
- Sources of information about pipelines vary from province to province. In particular, television is more important in Quebec, while word-of-mouth is more common in the prairies.
- Media noise for the construction of new energy pipeline projects in Canada is significantly higher this year. It is also significantly higher among residents of British Columbia.

TransCanada vs. Enbridge

- Awareness of both TransCanada and Enbridge is significantly higher than last year. Awareness of Enbridge went up most sharply, possibly due to the NEB review process.
- Enbridge is seen to have generated more negative news coverage than TransCanada. Opinion of TransCanada has remained stable since last year. Most are neutral or have a positive opinion of TransCanada. Unfavourable opinions are higher among British Columbia residents and super green segments of the population.
- Opinion of TransCanada's safety record has remained stable since last year. Most are neutral or have a positive opinion.
- Opinion of Enbridge has remained stable since last year.
- Opinion of Enbridge's safety record has been relatively stable since last year. This year, however, there is a higher proportion of people who have a negative opinion of Enbridge.



Quebec Public Opinion

The current dynamics surrounding the Energy East project in Quebec are a microcosm of the broader relationship between Quebec and the rest of Canada. The central takeaway is that the Energy East project will require a comprehensive Quebec strategy that goes beyond translation.

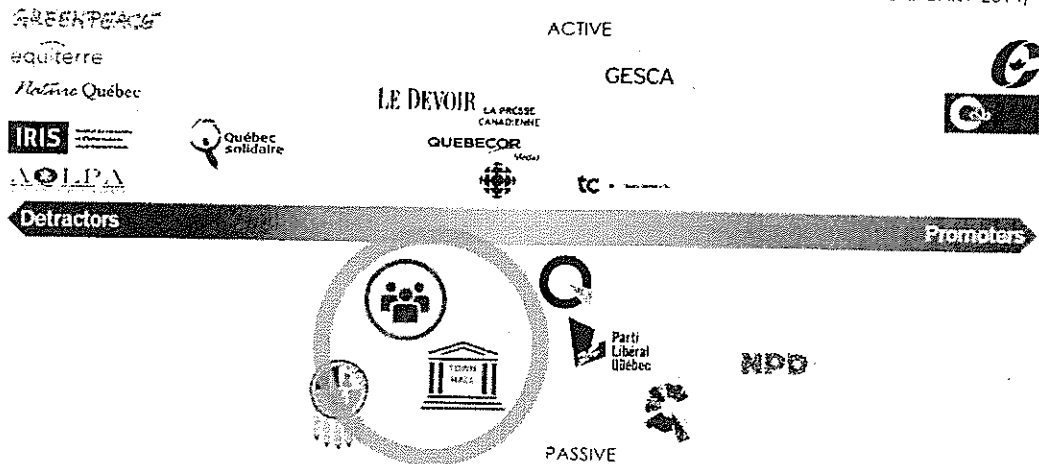
A Nanos Research Poll published in April 2013 (note: before the tragedy at Lac-Mégantic) found that the Quebecois population is more environmentally concerned than the rest of Canada and, most importantly, that they do not link the success of Canada's oil and gas industry to economic growth in their own region.

On the other hand, Leger polling (commissioned by TransCanada) conducted between October and November 2013 yielded more favourable results for the pipeline project in Quebec. For example, Quebecois living along the pipeline route generally saw economic benefits for their region, and the majority of respondents were more favourable to the project if it yielded more jobs in Quebec. Additionally, higher awareness of the projects in the communities along the route was linked to a higher degree of support.

In the wake of Lac-Mégantic, the majority of Quebecois (53%) viewed pipelines as the safest mode of oil transportation; however, the accident also raised concerns about environmental and safety issues around oil transportation overall

QUEBEC'S LANDSCAPE: STATU QUO ANTE BELLUM

PRELIMINARY ANALYSIS BASED ON TRADITIONAL AND SOCIAL MEDIA AUDIT (DECEMBER 2012 TO JANUARY 2014)

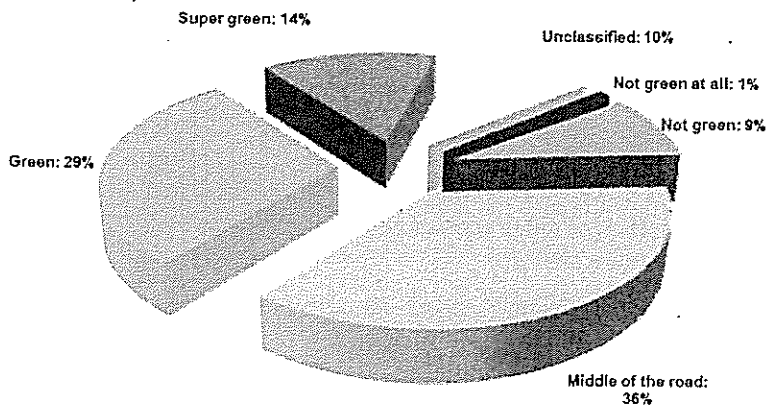


Public Opinion Research Framework

In order to assess public opinion in Quebec, Leger polling conducted an online survey of 1,509 residents divided into two main groups: general population and populations living along the proposed pipeline route. The study was conducted from October 4 to October 14, 2013.

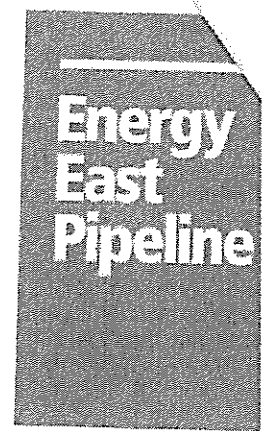
Energy East Pipeline

The sample was segmented according to environmental attitudes and behavior.



Key Insights for Quebec

- Equiterre's negative campaign against the proposed project did not have much of an impact.
 - Recently, Equiterre's Steven Guilbeaut appeared on the popular talk show *Tout Le Monde En Parle* on March 16, 2014. On the show he put forward a call to action, asking viewers to sign a petition against the Energy East Pipeline. *[His appearance did not translate into any significant increase in activity on social media channels and there was no spike in petition signing either.]*
- Support for the project is stable.
- Opportunity exists to showcase economic benefits for the regions concerned.
 - 41% of respondents from the green segment would be somewhat more favourable to the project if it creates jobs in Quebec.
 - Generally speaking, Quebecers living in areas surrounding the pipeline route are more likely to believe that oil refineries, oil sands or pipelines are important for the economy of Canada, Quebec and their community.
 - In addition, Quebecers living along the pipeline route are more likely to believe that it is preferable to purchase oil from Western Canada or from the oil sands in Canada instead of from foreign countries. *[Energy independence is a valid argument in these regions.]*
- Opposition can still be softened or even reversed by talking of relative benefits compared to other means of transportation. *[We should be mindful of how we approach discussions on rail lines]*
 - Skepticism towards "oil by rail" is very strong since Lac-Mégantic.



- More than a third of Quebecers believe in the higher toxicity and corrosiveness of oil extracted from the oil sands.

Energy East Project vs TransCanada Brand – Quebec

- More than half of Quebecers (58%) are aware of Energy East.
 - Awareness of TransCanada is significantly higher than last year (44% to 53%).
- Support for the Energy East project has remained stable since last year (53%).
 - Residents along the eastern section of the proposed pipeline route are more likely to have heard positive things about TransCanada.
- Support for the Energy East project is higher among respondents who live in the eastern segment of the proposed pipeline route (63%).

Media Noise and Sources of Information

- In Quebec, University professors are the most trusted source of information with regards to an oil pipeline project.
- Residents along the eastern section of the proposed pipeline route have less confidence in environmental groups, while, pipeline companies are more likely to be viewed as a trustworthy source of information in these areas.

Ontario Public Opinion

North Bay

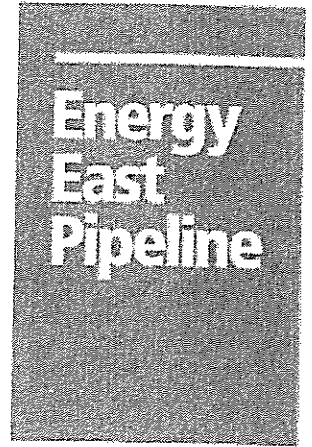
Public Opinion Research Framework

Phone study of 500 North Bay residents aged 18 or older from February 3 – February 10, 2014.

The sample was **not** segmented according to environmental attitudes and behavior.

Key Insights

- North Bay residents are simultaneously more concerned about the EE pipeline and more willing to listen to various arguments in favour of the project.
- North Bay residents are more polarized in their assessment of the pipeline project and reasons for opposing it.
- Educate residents about the importance of the energy sector on the economic health of the North Bay community.
 - North Bay residents see the importance of Canada's energy sector to the national economy but few of them make this connection with their local economy.



- North Bay residents are willing to trust information emanating from various sources regarding the pipeline project.

Energy East Projects vs. TransCanada Brand

- About half of North Bay residents are aware of the oil pipeline project.
 - TransCanada Pipelines are better known in North Bay than elsewhere in Ontario.
 - North Bay residents are more likely to have heard positive things about TransCanada Pipelines compared to other Ontarians. *[We can perhaps leverage TC brand in North Bay to counter negative noise around the EE brand.]*
- North Bay residents are divided in their views of the pipeline project. Notably, a quarter of residents are said to be strongly opposed to the project.
 - People generally trust the information provided by TransCanada.

Media Noise and Sources of Information

- Noise about the pipeline project is mainly negative, especially when it comes to concerns about pipeline leaks, environmental concerns and proximity to water.
- Job creation is the most frequently mentioned positive element regarding the pipeline project.
- University professors and environmental groups are highly trusted, while government is the least trusted.

TransCanada vs. Enbridge

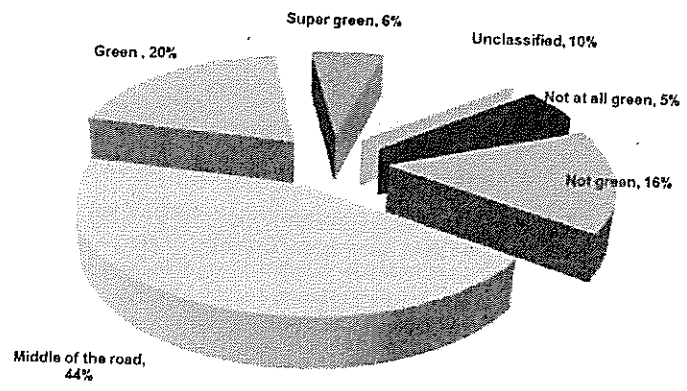
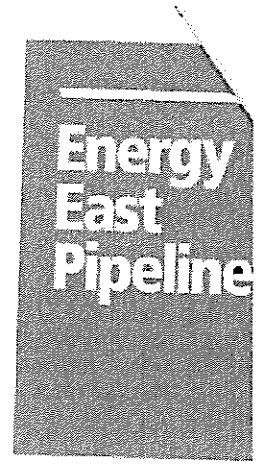
- TransCanada enjoys both more awareness and better perception than Enbridge in North Bay.

Ottawa

Public Opinion Research Framework

Online study of 1,009 Ottawa residents aged 18 or older divided into three groups: South, West and Rest. Plus a qualitative focus group study.

The sample was also segmented according to environmental attitudes and behavior.



Key Insights

- Ecology Ottawa campaign has not had much of an impact.
- The pipeline project is not subject to stronger opposition in Ottawa than elsewhere in Ontario.
- Reassure the Population to Get its Full Support – Economic arguments remain convincing.
- Mentioning that the projected pipeline would be a conversion of an existing gas pipeline network increases support for the project. The same goes for the argument of lower prices.
- While the majority of Ottawa residents (69%) believe that Canada's energy sector is important for the Canadian economy, only 40% believe it is important to their local economy.
- Pipelines are considered safer than railways to transport oil from city to city.
- Oil sands reputation is very poor. However, the majority (81%) of respondents believe that purchasing oil extracted from the oil sands in Canada is preferable to purchasing oil from foreign countries. [Energy independence a key argument.]

Energy East Project vs. TransCanada Brand

- Awareness of the proposed pipeline project is relatively low (59% of respondents unaware)
- Once informed, most Ottawa residents are in favour of the pipeline project.
 - Ottawa respondents opinion of TransCanada is split – 32% positive, 23% negative

Media Noise and Sources of Information

- Academics are the most trustworthy source of information.

- Environmental groups are considered more credible than oil companies, but their credibility is not unanimous.

Opposition Landscape

Reactions to spills in the Kalamazoo River and Gulf of Mexico, and the challenges facing the Keystone XL pipeline project have led to influential, coordinated opposition. Environmental NGOs have successfully employed social media and other digital tools to draw attention to energy projects, spread misinformation and coordinate activist activity to apply significant political pressure on decision-makers.

The impact that environmental NGOs have had on energy policy in the United States has encouraged these groups to migrate those efforts, expertise and most importantly, resources into the Canadian policy arena.

Opposition Tactic 1: Using Numbers and Figures

One opposition strategy is to oppose energy infrastructure projects through the use of reports and data that are designed to look and feel scientific, authoritative and alarming.

- **Pembina Institute**

Climate Implications for the Proposed Energy East Pipeline (February 2014)

Main argument: Producing the crude needed to fill Energy East could generate up to 32 million tons of additional greenhouse gas emissions each year—an even greater impact than Keystone XL—and the equivalent of adding more than 7 million cars to Canada's roads.

- **Environmental Defence, Council of Canadians, Equiterre, Ecology Action Centre**

TransCanada's Energy East: An Export Pipeline, Not for Domestic Gain (March 18, 2014)

Main argument: almost all of Energy East's crude oil will be exported given limited capacity of oil refineries in the East Coast.

Opposition Tactic 2: Emotional Appeal

A second strategy establishes an emotional resonance with the general public through visual storytelling. When properly executed, this is a tremendously effective strategy as it can create an emotional response with the general public that can override logic and reasoning. Combatting this type of opposition tactic with facts and figures is often ineffective.

- **"Along the Pipeline"**

Climate change photographer Robert van Waarden will follow the route from Hardisty to St. John and will take photographs of the communities and citizens impacted by the pipeline project.