



# **KINDER MORGAN** CANADA INC.

**A Company's Perspective on  
Aboriginal Engagement  
May 2008**

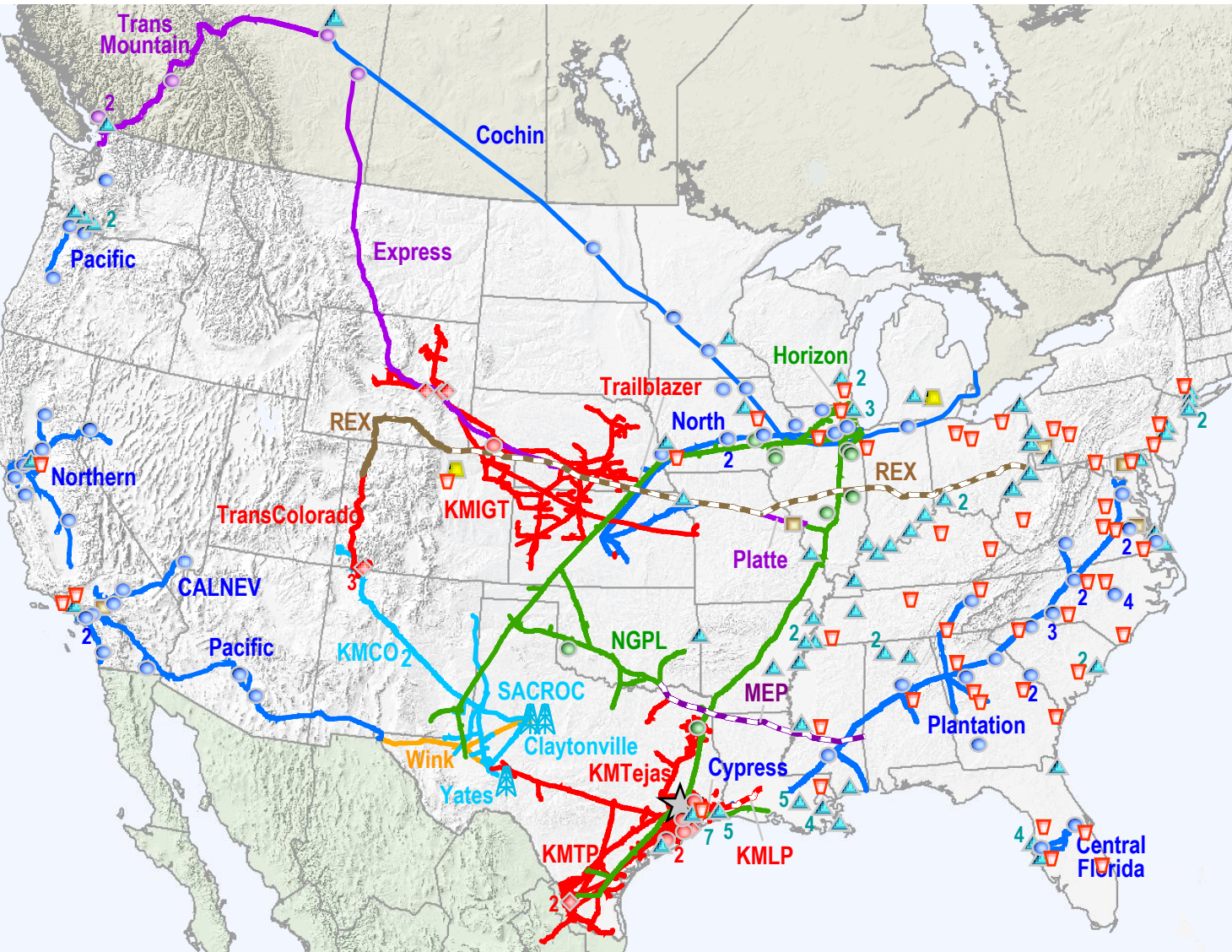
# Presentation Overview

---



- Kinder Morgan profile
- The Trans Mountain pipeline system and Aboriginal communities
- Key issues
- How to move forward

# Kinder Morgan Asset Map



- NGPL (KMI)
- NGPL GAS STORAGE (KMI)
- ▲ GAS-FIRED POWER PLANTS (KMI)
- PRODUCTS PIPELINES (KMP)
- PRODUCTS PIPELINES TERMINALS (KMP)
- TRANSMIX FACILITIES (KMP)
- NATURAL GAS PIPELINES (KMP)
- NATURAL GAS STORAGE (KMP)
- ◆ NATURAL GAS PROCESSING (KMP)
- ROCKIES EXPRESS PIPELINE IN-SERVICE (KMP)
- ROCKIES EXPRESS PIPELINE (KMP)
- - - KM LOUISIANA PIPELINE (KMP)
- - - MIDCONTINENT EXPRESS PIPELINE (KMP)
- CO<sub>2</sub> PIPELINES (KMP)
- ▲ CO<sub>2</sub> OIL FIELDS (KMP)
- CRUDE OIL PIPELINES (KMP)
- ▲ TERMINALS (KMP)
- ▽ MATERIALS SERVICES (KMP)
- PETROLEUM PIPELINES (KMP/KMI)
- PETROLEUM PIPELINES TERMINALS (KMP/KMI)
- 2,3,8 INDICATES NUMBER OF FACILITIES IN AREA
- ★ KM HEADQUARTERS

# The Trans Mountain Pipeline System



## Only Pipeline from Alberta to Lower Mainland



- 50-year history in British Columbia
- >90% of B.C.'s gasoline, diesel and jet fuel needs
- A recognized leader in mountain pipelining and operating in environmentally sensitive areas
- Current capacity of 260,000 bpd
- Expandable to 1.1 mmbpd in phases
- Staged Expansion program:
  - TMX -1 Under construction
    - 40,000 bpd by end of 2008
  - TMX-2
    - 100,000 bpd: In service 2012
  - TMX-3
    - 300,000 bpd: In service 2014+
  - Northern Leg
    - 400,000 bpd: In service 2014+

# Current Context

---



- Aboriginal communities demand greater control and participation in economic activities occurring in their geographical areas of interest
- Industry can meet Aboriginal “demands” up to a point....
- Crown consultation is the “missing link”

# Regulatory Hurdles

---



- Consultation vs. Accommodation vs. Mitigation
- No clear regulatory definition of appropriate level of engagement and who should be engaged
  - Must rely on corporate knowledge and experience to develop plan
    - Tend to focus on parties that are most “vocal”, may not necessarily reflect actual level of project impacts on a particular group
- No clear procedural trigger for Crown consultation to occur and who is to lead it
- Community may have their own guidelines

# Trans Mountain and Aboriginal interests

---



- Many different groups with varied interests
  - Treaty and non-treaty lands
  - In and out of BC Treaty process
- Current system crosses:
  - 15 reserves
  - Over 30 traditional territories, many overlapping each other
- Issues are specific to each region and community
- Prior to TMX-1, relationships were mostly dormant

# Corporate Approach to Aboriginal Engagement

---



- Operations
  - Receive communications materials as part of public awareness program
  - MOU and Agreement with one Aboriginal group covering regular operations matters
  - Relationships mostly dormant
- Major Projects
  - Aboriginal Engagement policy and guidelines in place
  - Aboriginal Engagement planning function linked to stage gate process
  - No formal recognition of traditional territories unless part of specific agreement



# Aboriginal Issues

---



- Economic Benefits
- Traditional Resource Use Studies
- Environmental Protection
- Protecting Rights and Titles
- To be part of the process
- High expectations but low capacity

# What are the risks?

---



- Intervention on the project
  - Initial regulatory approval process
  - Revoking regulatory approvals already given
- Delay means cost overrun
- Negative press
- Provincial and federal will slow down/suspend permitting process to allow Crown consultation to occur
- Failure of process makes risks on next project exponentially higher

# Measuring the risk

---



- **Inactive**                      **\$\$\$\$\$\$\$\$**
- **Reactive**                      **\$\$\$\$**
- **Proactive**                      **\$\$**

# Proactive Approach

---



- Build and maintain relationship on the ground in existing operations areas and planned expansion areas
  - Need at least a full year of soft communications before official major project announcement
- During that soft communications period, develop relationship, identify key issues and capacity constraints
  - Develop plan of action on how to address capacity constraints and community issues
    - Offer financial support to community to help develop community engagement plan and legal framework
      - Have communities identify issues/opportunities (do not assume them)
      - Work together on common solutions
  - Communicate your proposed plan to the Crown so it can trigger its consultation duties

# Summary

---



## Company

- Aboriginal Engagement is an ongoing corporate matter
- Requires dedicated on the ground resources to develop and maintain relationships
- Due to lack of Crown direction, company is forced to engage all Aboriginal groups stating an interest or impact from project regardless of the project's actual impacts on their land and resources.

## Government

- Must establish mechanism that will allow Crown to initiate their consultation duties early in the project planning phase
  - Crown agencies must coordinate their consultation requirements
- Project proponent can only “accommodate” up to a point



**KINDER  MORGAN**  
CANADA INC.