



Canadian Energy News

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Alberta Oil Sands

and the

Wacky B.C. Pipeline Problems

Driving Producers Bonkers



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International Energy Agency Forecasts 2015 to 2040

- \$48 Trillion investment in energy industry needed by 2035
- Oil production rises from 90M bbls/day to 104M bbls/day by 2040
- American shale production declines after 2025
- Only OPEC producers can meet rising demand after 2025





Canadian Crude Oil Production (million b/d)					
	2013	2015	2020	2025	2030
Western Canada	3.2	3.7	4.6	5.6	6.4
Conventional	1.3	1.4	1.5	1.5	1.5
Oil Sands	1.9	2.3	3.2	4.1	4.8
Eastern Canada	0.2	0.2	0.3	0.2	0.1
Total *	3.5	3.9	4.9	5.7	6.4



Canadian Pipeline Projects - Capacity

- Keystone XL = \$7 billion
 - 830,000 bbls/day to Steele City, Nebraska
- Northern Gateway (Enbridge) = \$7.9 billion
 - 525,000 bbls/day of crude oil to West Coast
- Trans Mountain Expansion (Kinder Morgan) = \$5.4 billion
 - 525,000 bbls/day of crude oil to West Coast
- Energy East (TransCanada) = \$12 billion
 - 1.1M bbls/day of crude oil to East Coast
- Eagle Spirit Energy = N/A
 - 1.1M bbls/day to 2.3M bbls/day of crude oil to West Coast



Constitutional Jurisdiction Over Pipelines

- Sect. 92 grants Canadian govt absolute authority over projects spanning provincial borders - like pipelines
- “Paramountcy” - provinces, municipalities can’t pass laws infringing in any way on federal jurisdiction
- Case law back to 1954 affirming federal jurisdiction over inter-provincial pipelines
- National Energy Board
- B.C. govt’s “5 conditions” for approval have no legal or constitutional basis



B.C. Opposition to Pipelines



- B.C. government
 - 5 conditions pressure Federal Govt to upgrade spill response, address First Nations concerns, more \$\$\$ benefits to BC
- Big Green
 - Financed by American environmental charities
- Vancouver and Burnaby, smaller northern municipalities
 - All about mobilizing political opposition
- First Nations
 - Constitutional “duty to consult” on resource projects
 - B.C. treaty situation
 - Chilcotin decision



Municipal Opposition to Pipelines



- Burnaby opposition led by Mayor Derek Corrigan
 - Corrigan elected with 68.5% of vote running anti-Kinder Morgan campaign
 - City of Burnaby takes Kinder Morgan to court
 - Board of Trade raises 4 objections to Trans Mountain expansion, including building pipeline through dense urban environment
 - Allied with Tsleil-Waututh Nation
- Vancouver not officially opposed - yet
 - City of Vancouver strongly criticized Kinder Morgan for not releasing full details of emergency spill response plans



First Nations Opposition to Pipelines

- Environmental = 2010 Kalamzoo River spill haunted Enbridge
- Oil tankers off West Coast
- Process = First Nations have said repeatedly they MUST be involved at the very earliest stages of a project
- Failure by pipeline companies to understand First Nation culture and political protocols
 - Enbridge has poisoned relations with BC First Nations
 - Kinder Morgan is making same mistakes



How did pipeline companies screw up?

- Completely botched negotiations with First Nations
- Minimal push back against Big Green
- Ineffective communications model
 - regulatory model
 - selling model (advertising)
- Failure to build their own supportive constituency, especially among business community
- Failure of industry advocacy groups (esp. CAPP, CEPA) to educate BC voters



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Conclusion

- Enbridge (Northern Gateway) = Dead pipeline walking
- Kinder Morgan (Trans Mountain expansion) = early stages but already in big trouble
- Eagle Spirit Energy
 - led by Calvin Helin (member of Lax Kw'alaams First Nation, lawyer, well known author)
 - backed by wealthy Aquilini family
 - 2.5 years consulting, negotiating, and signing up northern BC First Nations along proposed route
 - less than 30 days from signed protocol agreements will necessary First Nations



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