

SHAWMUN

2014

CEGMA

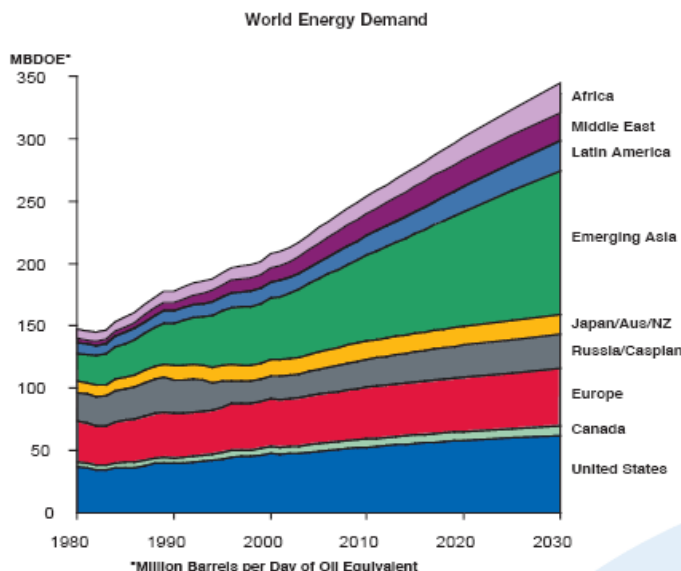
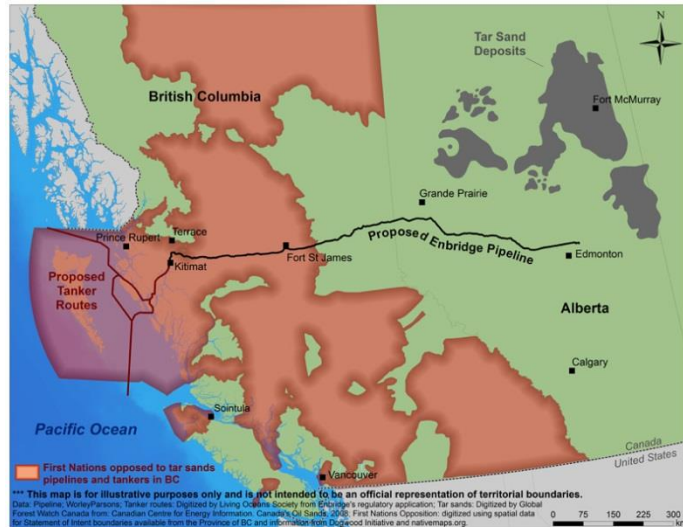


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Introduction

The extraction of fossil fuels from the finite supply available to us has been a hot button issue of many debates and conflicts. Canada currently has the third largest oil reserves in the world with Alberta accounting for 98%. Because Alberta is a landlocked province, all of the oil must be transported by truck or pipeline. The Northern Gateway Pipeline is a proposed twin pipeline, transporting both bitumen and hydrocarbon natural gas condensate. The project will involve the construction of two pipelines travelling between Bruderheim, Alberta and Kitimat, British Columbia. One pipeline would transport 525,000 barrels of oil per day to tankers that would then take this oil overseas for use in Asian countries. The other pipeline would be transporting condensate back to Alberta. Condensate is used to thin petroleum products in pipeline transport. Up to 225 tankers would travel along the BC coastline each year, some carrying up to 2 million barrels of oil.



In response to a global demand for oil, the National Energy Board Joint Review Panel has approved the controversial Northern Gateway Pipeline with 209 conditions. Enbridge Inc. proposed the pipeline, a crude oil and liquids pipeline company. While the project is anticipated to earn up to 32 million dollars in revenue per year, it will cost 6.5 billion dollars to create and in the long-term is expecting 560 permanent jobs in B.C.

<http://www.energy.alberta.ca/oilsands/791.asp>

Timeline

November 2008	Enbridge announces plan for Northern Gateway Pipeline
January 2010	Federal review panel appointed: Joint Review Panel (JRP)
March 2010	First Nations of BC Coast declare ban on oil tankers
November 2010	MP Nathan Cullen proposes a ban on Tankers in Pacific Northwest Coast
February 2012	BC Northwest communities pass official resolutions opposing Oil Tankers
June 2012	BC NDP Submit report to JRP Opposing Enbridge
June 2012	National Transportation Safety Board responds to Enbridge's Tar Sand spill causing BC Premier Christy Clark to lay out 5 conditions
September 2012	Joint Review Panel starts official technical hearings
May 2013	BC Gov. submits statement to JRP rejecting Enbridge as it currently was presented.
June 2013	JRP hearings come to a close
December 2013	Joint Review Panel recommends approval of Northern Gateway Pipeline with 209 conditions

History of Canadian marine and land oil spills

Throughout the short history of fossil fuel extraction and transportation, we have seen many catastrophic and long lasting oil spills that have done everlasting damage to the area it affects, killing everything it comes in contact with. On August 1st, 2000, a forty-year-old crude oil pipeline, belonging to Pembina Pipeline, ruptured and spilled one million litres of light crude oil into the Pine River. It is estimated there were around 3000 fish found dead and countless other animals killed because of the spill into the river. Currently, there are very few wildlife reported living around the river and the town of Chetwynd, which got their water from the Pine River. They now have to truck their water in from the Sukunka River, twenty kilometres away. On November 21, 2004 the Petro Canada Terra Nova offshore oil platform spilled as much as 1,000 barrels or 160,000 liters into the Atlantic Ocean as a result of a malfunction. Scientists warn this spill off the coast of Canada's Newfoundland province could kill up to 100,000 seabirds. On the West Coast, the worst spill recorded was actually in Alaska, USA and it was the infamous 1989 crash of the Exxon Valdez. This spill increased the international push for double-hulled oil tankers, already well under way when the single-hulled Exxon Valdez spilled its toxic cargo. The United Nations mandated a worldwide phase-out of most single-hulled ships. Tanker tracking and warning systems, aided by the advent of the satellite-based global positioning system (GPS), have improved tremendously, as well.

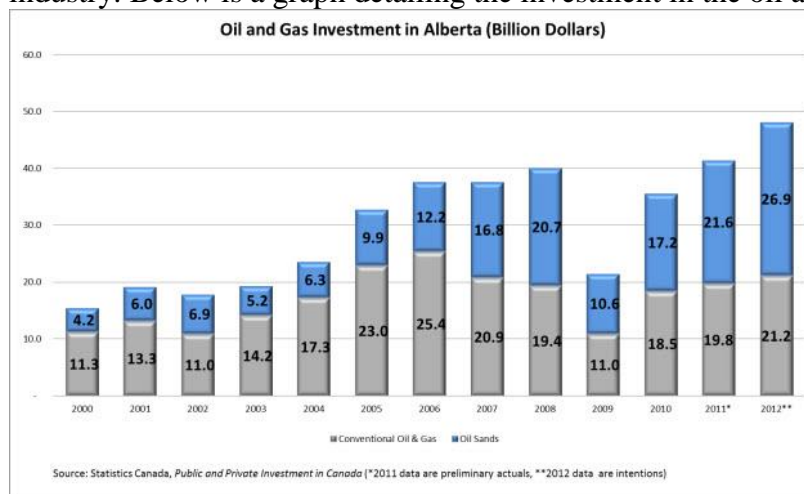
<http://www.watershedsentinel.ca/content/pine-river-oil-spill>

<http://www.scientificamerican.com/article/exxon-valdez-20-years-later-oil-spill-prevention/>

BLOC POSITIONS

Government of Alberta

Perhaps the most important player in the Northern Gateway Pipeline project is the Government of Alberta. Alberta is Canada's 4th largest province by population, with approximately 3,645,000 people¹. Alberta's economy is heavily reliant on the oil and gas industry. Below is a graph detailing the investment in the oil and gas industry in Alberta.



Excluding 2009, the amount of investment in Alberta has increased steadily. Energy investment now accounts for two thirds of all investments in the province.² Furthermore, the oil and gas industry accounts for 70% of all of Alberta's exports, 30% of its government revenue, and nearly 275,000 direct and indirect jobs.³ Alberta produces 80% of Canada's natural gas, and about 55% of that gas is exported to the United States. Alberta can produce 5 trillion cubic feet of Natural Gas per year.

The Northern Gateway Pipeline is, in the view of the Albertan Government, an integral part of Alberta's continuing contribution to the energy sector. Because 99% of all Canada's oil exports go to the United States⁴, the Northern Gateway project is a part of the attempt to diversify Canada's export market. Due to the current economic weakness of the United States, Alberta sees this as a vital part in continuing its economic prosperity.

The pipeline would stretch from Bruderheim, Alberta to Kitimat, BC and run 1,177 km's in length. After 22 revisions, and the approval of the Northern Gateway Pipeline Panel (A Federal Government Review Board), the Government of Alberta feels all environmental needs have been met, and that the project, overall, contributes

¹ Statistics Canada 2011

² "Government of Alberta." *Industry and Economy*. Government of Alberta <<http://alberta.ca/industryandeconomy.cfm>>.

³ "Government of Alberta." *Industry and Economy*. Government of Alberta <<http://alberta.ca/industryandeconomy.cfm>>.

⁴ "Project Overview | Northern Gateway Pipelines." *Http://www.gatewayfacts.ca/*. Enbridge, <<http://www.gatewayfacts.ca/about-the-project/project-overview/>>.

positively to the economic growth of the Canadian economy. It will create an estimated 3000 jobs, and have a negligible environmental impact. For these reasons, the Government of Alberta fully supports the Enbridge Northern Gateway Pipeline as an investment that is sustainable and promotes economic growth for the future.

Quick Facts:

Government: Majority (Progressive Conservative)

Premier: Alison Redford

Pop: 3,645,000 people

GDP Growth (2012): 3.8%

Unemployment Rate (2014): 4.6%

Increase in Average Earnings (2014):4.8%

As the Government of Alberta it would be wise to consider the economic impacts above all. The current progressive Conservative Government is emphasizing economic growth above most other indicators, and thus is probably the interest group that is most supportive of the pipeline. It should be noted that the Official Opposition in the province supports the pipeline even more ardently than the current government.

Government of British Columbia

The Government of British Columbia also supports the Northern Gateway Pipeline in principle, although it does have some environmental concerns. The BC government also wants an equal share of the profits, since BC, while not directly benefiting from the extraction of oil, will face most, if not all, the environmental risks due to the fact that most of the pipeline is based in BC. The pipeline ends on the BC coast, which could be severely affected by a spill. In order to ensure environmental sustainability, the BC government has 5 conditions:

1. Successful completion of the environmental review process. In the case of NGP, that would mean a recommendation by the National Energy Board Joint Review Panel that the project can safely proceed.
2. World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and cost of heavy oil pipelines and shipments.
3. World-leading practices for land oil-spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines.
4. Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy oil project.

5. British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level and nature of the risk borne by the province, the environment and taxpayers⁵

The Pipeline does however promise substantial economic benefits, so the position of British Columbia is similar to that of Alberta. The estimated tax revenue is \$1.2 billion, which is crucial for the current government’s goal to balance the budget. Similarly, it is estimated that around 3000 construction jobs and 560 long term jobs will be created. The BC government has also insisted that native groups be represented and so the benefits will be shared with Native American groups. The BC government was also unhappy with the current environmental framework proposed by the National Energy board and thus insisted on the five conditions listed above. Above all, British Columbia seeks a balanced approach. As a BC delegate it will be important to find a suitable middle ground between the economic interests and the environmental stakeholders. You will have to account for both the economic benefits of the project and also the political ramifications of approval, as BC is the home to a large environmental movement. As a delegate, you will play an integral role in any negotiations surrounding the pipeline.

Quick Facts:

- Government: Majority (Liberal)
- Premier: Christy Clark
- Pop: 4,400,000 people
- GDP Growth (2012): 1.5%
- Unemployment Rate (2014): 6.4%
- Increase in Average Earnings (2014):2.6%

For both the BC and Alberta positions, it would be useful to consult their websites as well as the Federal Government of Canada’s webpage. Also, accessing the National Energy Boards Review would also be helpful as well as other sites referenced in the footnotes.

Government of Canada

The Government of Canada also has a major role to play, through the National Energy Board, the Ministry of National Resources, and the Ministry of Industry. The current conservative Government is very much involved in promoting the Northern Gateway. However, as this is a matter of Provincial Jurisdiction, the Federal Government can offer political support, but little in the way of any legislative action. This being said, the current government has recently loosened the environmental regulations, specifically around the issue of environmental review, and the current Minister of National Resources has gone on record denouncing environmental groups, describing them as “radicals” and “kooks”.

⁵ "B.C. Five Conditions | Northern Gateway Pipelines." [Http://www.gatewayfacts.ca/](http://www.gatewayfacts.ca/). Enbridge, <<http://www.gatewayfacts.ca/five-conditions/>>.

If you consider the issues of politics as well, it would be useful to research the last few Budgets of Canada, because they often involve more than spending and appropriations. A particularly close look at environmental regulations would also help. Specifically, the budgets of 2012-2013 and 2013-2014 are particularly enlightening. Furthermore, a look at policy statements from the relevant ministries would be helpful. Finally, a look at general macroeconomic analysis would also be appropriate.

The current Conservative government overall is very pro-economy, and in the eyes of many pays only lip service to the idea of sustainable development. However, it may be useful to stress to some extent your government's erstwhile commitment to the environment, even if it is half-hearted.

Quick Facts:

Government: Majority (Conservative)

Prime Minister: Stephen Harper

Pop: 34.88 Million

GDP Growth (2012): 1.7%

Unemployment Rate (2014): 7.1%

ENVIRONMENTALIST NGOS

GreenPeace

As one of the world's leading environmental organizations, Greenpeace has a vital role to play in the current debate around the Enbridge Pipeline. Greenpeace represents a very important side of the current argument, and has one of the largest Civil Society Organizations involved in the pipeline debate. In general, the position of this organization is one of near complete opposition. Specifically, Greenpeace takes issue with the rising emissions of the oil sands and the estimated environmental impacts. Concerning environmental impacts, Greenpeace's opposition stems from the fact that the pipeline will pass through nearly 1000 lakes and streams, and the marine route of the tankers who receive the oil is one of the most difficult to navigate. The Northern Gateway also promises to impact Native American communities, which is also a cause Greenpeace is championing in this context. It is probable that Greenpeace will work hand in hand with aboriginal groups in expressing their opposition.

Greenpeace expresses great opposition to the tar sands in general, and is most concerned with sustainable development and the possibility to invest in renewable energy. Greenpeace accuses the tar sands of being responsible for the modification of lakes, deforestation in the Athabaska River basin, and for being inefficient because of the energy required to process the raw bitumen.

Greenpeace accuses the tar sands of also being the largest contributor to Canada's rising emissions. Indeed, the Tar Sands produce 40 Million tonnes of CO₂ a year, and the Athabaska River is polluted with 11 million litres of runoff every day. For these reasons, among others, Greenpeace not only opposes the Northern Gateway Project, but most oil development in general.

For further information, it would be useful to consult Greenpeace's website, environmental reports, both governmental or NGO, and to consult the government's own numbers. It may also be useful to familiarize yourself with the science behind resource

extraction. Finally, a good understanding of Government policy is necessary, as this drives most of Greenpeace's opposition to the current provincial and federal governments.

Aboriginals

The First Nations Groups along the route of the Northern Gateway are split in terms of their support or opposition of the pipeline or tanker traffic. Many have given their support for the project due to either the job creation it will bring to their community or the shares that they were promised of the project. Others have expressed their complete objection to the problem out of fear of either a spill or the disruption it will bring to the areas it will affect. It seems the vast majority of First Nations groups do not support the plan and that they are taking a strong stance on their unyielding opposition on any aspect of the Northern Gateway.

“We've got 60 per cent of First Nations, aboriginal communities ... along the corridor who have signed on for an equity partnership. We're offering 10 per cent of the pipeline to First Nations and Métis ... and we continue to have dialogue, one on one, with these First Nations [that are opposed],”

Asian Market Representative

Much of the exported oil that will be transported through the Northern Gateway Pipeline will ultimately end up in Asia. There are many Asian companies that are investing in the Alberta oil sands and the Northern Gateway Pipeline.

“China's CNOOC Ltd. and others, which have all chipped in financial contributions for the regulatory process, have invested billions of dollars in oil sands projects and expansions, and transport problems represent one of their biggest risks. To date, only one company, China Petroleum & Chemical Corp. (Sinopec), has been identified as a financial backer of Gateway, after Enbridge raised a total of \$100-million in funding from 10 Canadian producers and Asian refiners that agreed to help backstop the cost of gaining regulatory approval. The list of funders also includes MEG Energy Corp., which is partly owned by CNOOC Ltd., another Chinese state-owned energy company. Each funder gains the right to discount shipping rates and an option to buy an equity stake at a later date.”

Enbridge/Oil Sands

As it stands, Enbridge is looking into procuring the final approval by the Federal Government in order to build the Northern Gateway Pipeline. Although the pipeline will be travelling through both Alberta and British Columbia the major hurdle the Enbridge has to overcome is the approval of the Government of Canada. This decision is expected in June and it will allow Enbridge to start the 6.3 billion dollar cost to build the full project. After the Joint Review Panel has given the project its support in proceeding, Enbridge is expecting the final decision to be in its favour. Through different economic

opportunities such as job creation and shares in the company Enbridge hopes to also win the support of the public. The following is an excerpt from the Globe and Mail outlining the Enbridge stance on the next steps of the Northern Gateway.

“I’m not giving up. Number one,” Janet Holder, an Enbridge vice-president replied when she was asked at a Surrey Board of Trade luncheon if the company might abandon the controversial pipeline in the face of legal challenges.

But Ms. Holder, who is the lead figure for the Northern Gateway project in British Columbia, said Enbridge is hoping – and planning – for final government approval in June.

“We are probably one of the few pipeline proponents who are actually going ahead with a website on how B.C., especially small businesses, can be involved in this project, without having approval to build the project,” she said. “We realize we need to get ahead of the game, and make sure people understand our processes, how they can get involved in the processes, what roles they can play, and the procedures around doing that. Because once we get the approval, we want to hit the ground running pretty hard, so we’re sort of putting a bit of the cart before the horse here.”

Ms. Holder said more information would be made available shortly to businesses interested in participating in the \$6.3-billion project.

Ms. Holder, who has been touring the province constantly talking to any groups prepared to listen, was asked what Enbridge would do if government rejects the project.

“We don’t have a plan,” she said.

She then modified her blunt response, adding: “You can’t speculate on that answer because if they say no, we need to understand why they say no. And that will determine what our next steps are.”

Ms. Holder said the numerous legal challenges shouldn’t delay the project, because there is time for the court process to play out before the construction stage is reached.

And she said Enbridge has the support of the majority of First Nations along the route, although she declined to name them because of confidentiality agreements.

“We’ve got 60 per cent of First Nations, aboriginal communities ... along the corridor who have signed on for an equity partnership. We’re offering 10 per cent of the pipeline to First Nations and Métis ... and we continue to have dialogue, one on one, with these First Nations [that are opposed],” she said.

Ms. Holder said Enbridge feels it can meet all 209 conditions imposed by the Joint Review Panel and is planning to build the safest, most modern pipeline in the world.

“We can’t say it will never ever happen,” she said when asked about the possibility of a spill. “But what’s important is what we’ve done to mitigate that risk ... we’ve put more isolation valves in this pipeline than any other pipeline, and we can shut down the pipeline in three minutes ... [so] the impact of those incidents will not be anywhere near what people may think.”

Ms. Holder dismissed environmental critics who say the review process was flawed because the JRP didn’t look at the upstream impact of the oil sands on global climate change.

“That is the Canadian process,” she said of the JRP hearings

Discussion Questions

1. Are the Economic benefits of the Northern Gateway Pipeline fairly distributed to all those who are affected by the pipeline and oil tankers?
2. Do the 2009 conditions minimize the risk of an oil spill enough to warrant its full approval?
3. Has the public opinion been taken into account enough in the progression of the Northern Gateway Pipeline and the decision of the Joint Review Panel?
4. Will the oil spill response program restore the affected area enough to be accepted by the people?
5. **Do the advantages outweigh the disadvantages?**

Some Questions Worth Answering

1. What is the current balance of environmental and economic interests in this discussion, does my position agree with this balance?
2. What is my primary goal through this negotiation process?
3. In what areas is my delegation willing to compromise?
4. Who are the non-represented stakeholders most important to my position? I.e. government it would be voters.
5. What other delegations are my interests aligned with?
6. What does my position value most: economics or environment?
7. Which stakeholders will I clash with, how can I lessen the conflict?

Some Tips

1. Research more than your position, try to go in depth when researching other points of view

2. Try to confine yourself to the political reality, focus on what is rather than what ought to be
3. Memorize facts and statistics, these will be valuable in an argument
4. Write out your parties position, this will come in handy when debating the nuts and bolts of issues
5. Be prepared to compromise, however keep this within reality
6. Familiarize yourself with the energy industry and energy policy in general- good for presenting policy alternatives.

ADDITIONAL RESOURCES

Pipe up Against Enbridge- Opposition site:
<http://www.pipeupagainstenbridge.ca/library>

Enbridge Northern Gateway Pipeline Official Site:
<http://www.gatewayfacts.ca/>

Joint Review Panel on Enbridge Northern Gateway Pipeline:
<http://gatewaypanel.review-examen.gc.ca/clf-nsi/dcmnt/rcmndtnsrprt/rcmndtnsrprtvlm1-eng.html>

Joint Review Panel 209 Conditions:
<http://gatewaypanel.review-examen.gc.ca/clf-nsi/dcmnt/rcmndtnsrprt/rcmndtnsrprtvlm2ppndx-eng.html>