

Transition Initiative Kenora Comments on Proposed Energy East Project

Ontario Energy Board Energy East Consultation
Kenora, ON
March 25, 2014

Good evening, representatives of the Ontario Energy Board, fellow citizens of the City of Kenora, the Treaty 3 nation, and visitors.

I would like to begin by recognizing the land on which we gather tonight, and the waters that run just beyond those doors, and I pay my respects to the ancestors here in the Treaty 3 territory as I express my gratitude for the inherent and Treaty rights afforded me as a Treaty 3 settler.

My name is Teika Newton. I come tonight as the representative of a relatively new community group in Kenora, Transition Initiative Kenora. Like other Transition groups across Canada, our organization is a community-led response to climate change and shrinking supplies of cheap energy. One of our primary goals is to ensure community resiliency in the face of declining cheap resources. We are working to build local and regional capacity to manage an inevitable transition from fossil fuels to alternatives, while ensuring the sustainability of the natural resources inherent to our area, including fresh water in our many lakes, rivers, and streams.

It is on these grounds that I would like to comment on the proposed TransCanada Energy East pipeline project.

Areas of Concern

- Climate impacts
- Economic merit & impacts
- Policy misalignment
- Risks to water & environment

Our group has summarized four primary concerns related to this project, the scope of which range from local to global in scale. These are:

Climate impacts

Long-term economic merit and impacts

Provincial policy misalignment

Local and regional risk to surface and groundwater, including source water

Climate impacts

“Expansion of oil sands development would significantly increase emissions that contribute to climate change.”



Prior to preparing for today’s presentation, I was made aware that Christine Penner Polle would be discussing climate change impacts related to the Energy East project. At this time I will not further elaborate on our group’s concerns, other than to say that they echo what Christine has already said, and that we recognize that this project will result in a substantial increase to Canada’s overall greenhouse gas emissions. Further destabilization of our climate will only increase costs to our municipality as we struggle to maintain civic infrastructure in the face of anomalous weather events like polar vortexes, flash floods, and catastrophic winds.

Economic Concerns



I'd now like to delve a bit more deeply into the economic impacts of this project.

While you might expect that I am going to talk about prospective impacts on the local job market and local economy, unfortunately, to date TransCanada Corp has been unable to provide estimates of the number of short- or long-term jobs that may be made available to Kenora through the Energy East project. Thus, anything I might say on this matter would be pure speculation.

In as much as the company has touted the project's ability to deliver tax benefits to municipalities, I will say only this: in Kenora, Energy East is merely a retrofit to an existing pipeline. To the best of our knowledge, TransCanada will not be acquiring any more land than they currently own, and if their real estate footprint remains unchanged, it is unlikely the municipality would see much deviation from the tax revenue it currently collects from this property owner.

Economic Concerns



← 10 Years or
1 of these? ↗

On a more general scale, our group would like to share some comments regarding the long-term economic impacts of Energy East.

Since its adoption in the mid-19th Century, fossil energy has been an uncontested boon to humanity. It is estimated that the caloric value held within a single barrel of oil represents as much potential work as a human manual labourer working full-time for ten years. Were we to value oil by the same scale upon which we compensate human labour in Canada – that is, if we were to assume a laborer gets paid an average annual salary of \$45,000 per year – then we can say that a single barrel of oil displaces \$450,000 from the economy. The price of oil has hovered around \$100 per barrel for the past several years. In other words, it is a commodity that we greatly undervalue, despite our deep dependence on it.

At the same time that this resource is universally undervalued, it is becoming more and more difficult to obtain at a low cost. Conventional reserves of crude oil are drying up, pushing us to explore in more marginal environments, and to extract oil from unconventional sources including Alberta's oil sands and the various North American shale fields, at greater and greater risk to human laborers and to the natural environment.

Figure 2: Energy East project map



From: Deloitte. Energy East: The economic benefits of TransCanada's Canadian Mainline conversion project. August 2013. p. 6.

TransCanada's Energy East project description, filed March 4, 2014, proposes to transport diluted oil sands bitumen, or dilbit, from Hardisty, Alberta, to refineries in eastern Canada and two marine terminals in Quebec and New Brunswick, allowing for the export of crude oil to international markets. This is not a project intended to make available more oil for domestic consumption by Canadians. Rather its purpose is to rapidly extract and sell the raw wealth of our nation to the hungriest international buyer.

As a group, Transition Initiative Kenora believes Canada's fossil energy resources are invaluable. Rather than seeing these resources as a cash cow, and racing to exploit and sell them as fast as possible, we believe that as a nation, we should be striving to conserve this precious resource, taking measured steps to control its extraction, while ensuring maximum financial yield is obtained for finished, rather than raw goods.

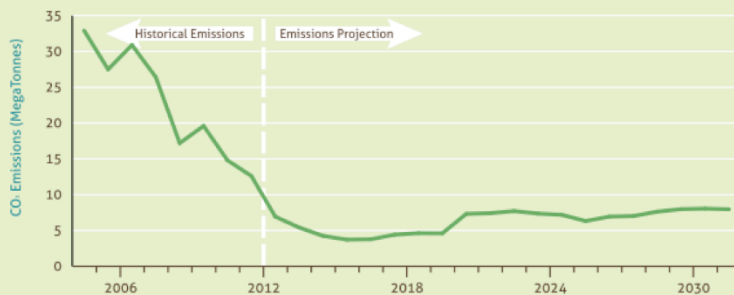
Kenora, like many communities in the northwest, has good first-hand knowledge of the resource extraction economy. If there is one thing we have learned from the highs and lows of our long forestry legacy, it is that it makes good sense to manage a resource wisely, aiming for conservation and maximum local value, rather than rapid, unsustainable expansion and exploitation. It does not make sense to accumulate quick wealth if, in the end, one's community or one's nation is left impoverished of resources and habitable environment. Unlike the renewable forest, once fossil energy resources are depleted, they cannot be replenished.

Rather than pursuing what we believe is an overly hasty plan for short-term economic gain, we would urge a national discussion on setting a long-term sustainable energy policy for Canada.

Policy Misalignment

“The progress being made by provinces like Ontario... to help Canada meet its greenhouse gas emissions reduction targets are being entirely negated by increased emissions due to oil sands production...”

Figure 20: Greenhouse Gas Emissions Forecast

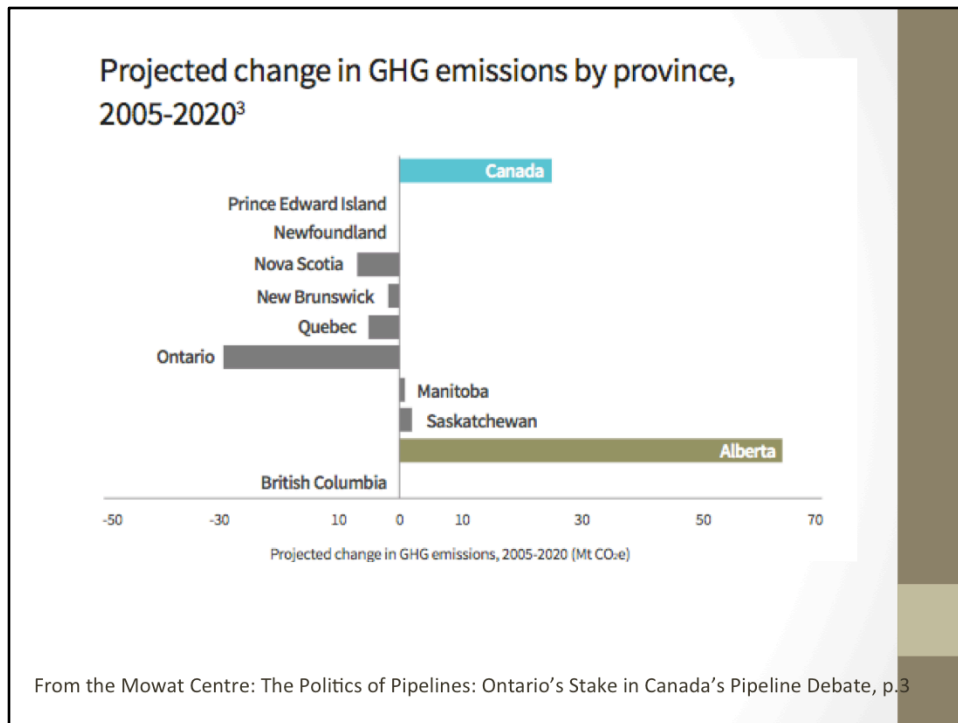


In a publication produced through the Mowat Centre, and accessed through the OEB website, I found the following quote:

“The progress being made by provinces like Ontario, British Columbia, and Quebec to help Canada meet its greenhouse gas emissions reduction targets are being entirely negated by increased emissions due to oil sands productions in other provinces.” (1)

Indeed, since Ontario introduced its Green Energy Act in 2009 and through its provincial Long Term Energy Plan, the province has committed to a divestment of fossil energy reliance. By the end of this year, the province will have closed all its coal-fired generating stations. Incentives made available since 2005 for homeowners and industry to adopt alternative energy solutions and increase energy efficiency have resulted in a steady decline from 34 megatonnes of greenhouse gas production in Ontario in 2005 to 10 megatonnes in 2012, to a forecast low of just over 6 megatonnes by 2030.(2)

1. Mowat Centre. New oil pipelines will make sense if there is also a price on carbon emissions, says Mowat Centre.
<http://mowatcentre.ca/new-oil-pipelines-will-make-sense-if-there-is-also-a-price-on-carbon-emissions-says-mowat-centre/> [accessed 21 Mar 2014]
2. Ontario Ministry of Energy. Achieving Balance: Ontario’s Long-Term Energy Plan.
http://www.energy.gov.on.ca/docs/LTEP_2013_English_WEB.pdf [accessed 22 Mar 2014]



Meanwhile, the proposed expansion of Alberta's oilsands from the current 1.8 million barrels per day to the projected 5.2 million barrels per day by 2030 (3) would result in an estimated *increase* in Canada's CO₂ emissions of nearly 30 megatonnes between 2005 and 2020, not only negating Ontario's reductions, but doubling them in magnitude. (4)

Clearly, this is a project that contributes to utterly undermining the efforts made by our province and the citizens of Ontario when it comes to reducing greenhouse gases and mitigating the destabilizing effects of climate change.

3. Canadian Association of Petroleum Producers. CAPP's 2013 Crude Oil Forecast, Markets & Transportation. <http://www.capp.ca/aboutUs/mediaCentre/NewsReleases/Pages/2013-OilForecast.aspx> [accessed 21 Mar 2014]

4. Mowat Centre. The Politics of Pipelines: Ontario's Stake in Canada's Pipeline Debate.

http://mowatcentre.ca/wp-content/uploads/publications/76_the_politics_of_pipelines.pdf [accessed 21 Mar 2014]

Risk to water



Finally, I'd like to address what is probably the foremost concern on the minds of most attendees here this evening, and that is the risk that this pipeline would pose to our local and regional environment.

Northwestern Ontario is rich in freshwater. Looking at an aerial map, our region is a landscape of water, interspersed with narrow, irregular land bridges. [click] Historically, water was the means by which indigenous peoples and early settlers traveled this region. Water is universally recognized as the single most important life-giving commodity in the world. [click] The indigenous wisdom of our area recognizes water as the first environment, and when the fluid of the womb gives way to the waters of the wild Earth, we become inextricably dependent on clean water. Without it, we die.



Ours is a fluid environment. A rupture in an oil pipeline anywhere within the watershed threatens the whole of the watershed, for water moves along the surface and underground, following small fissures in the ancient bedrock, as it makes its way toward Lake of the Woods or the Winnipeg River. In our area, the Energy East pipeline would cross numerous bodies of fresh water, including the Winnipeg River near its mouth. Every water crossing represents a direct risk to the long-term health of the immediate aquatic system.

At present, there are no good scientific data to help us estimate the behaviours or impacts of a dilbit spill in a boreal fresh water ecosystem. Limited research has been conducted for simulated marine environments through laboratory experiments done by the National Research Council, Environment Canada, and the Department of Fisheries and Oceans(5). In this study, researchers found that diluted bitumen of the sort that would be transported through the Energy East pipeline exhibits behaviours in marine environments that make it extremely difficult to clean up. This confirms the real-world experiences of crews in Kalamazoo, MI, and Mayflower, AR, who continue to struggle to remediate vast areas affected by sizable spills resulting from pipeline ruptures in recent years.

Dilbit becomes highly problematic in marine environments in part because it is characterized as an unresolved complex of hydrocarbon compounds, including butanes to decanes, benzene, toluene, ethylbenzene, xylene and sulfur. These compounds do not readily break down in nature.

Also, Canadian oil sands crude has a density just slightly lower than that of water. In theory, this means that it should float on the surface of water. However, studies have shown that when spilled in nature, through evaporation alone this oil can easily reach or surpass the density of water, and thus sink to the bottom. Furthermore, as soon as dilbit mixes with sediment in a turbulent water column, it immediately becomes much more dense than water and again, sinks to the bottom.

While studies to date have applied only to marine, saltwater systems, given the experiences of Kalamazoo, we can infer that at least some of the same environmental concerns many translate to our region's boreal fresh waters, but clearly, more research is sorely needed.

5. Government of Canada. Federal Government Technical Report: Properties, Composition and Marine Spill Behaviour, Fate and Transport of Two Diluted Bitumen Products from the Canadian Oil Sands. <http://www.ontarioenergyboard.ca/html/oebenergyeast/documents/1633-dilbit-technical-report-e-v2-final-s.pdf> [accessed 21 Mar 2014]



For a region that is so highly dependent on the well being of its fresh water for everything from tourism – the current mainstay of our economy - to public health, to access to food in the form of fish and other wildlife, to drinking water, Transition Initiative Kenora believes this project is simply too big a risk, for too little gain for us to be able to support it.

Thank you for your time and consideration in hearing our concerns today.