Intelligence MEMOS

From: James Coleman

To: The New B.C. Government

Date: July 7, 2017

Re: **Be Careful What You Wish for: Energy Transport Investors Need Certainty to Build the New Energy Economy**

The Kinder Morgan Trans Mountain pipeline has been approved by the federal government, which has exclusive authority to authorize interprovincial projects. Nevertheless, the new NDP-Green Party coalition government of British Columbia and indigenous resistance groups can use new tools to slow approved projects: denying provincial permits and daring the federal government to insist on them, holding the pipeline to impracticable standards for meeting the conditions of its pipeline approvals, and slow-walking enforcement of court orders to implement the federal approval, and others.

Canada's efforts to transition to a low carbon economy may be collateral damage of the battle to kill the Trans Mountain expansion. Global oil production is not very sensitive to pipeline approvals. But to build a cleaner energy economy of renewable power Canada must attract investment in major energy transport projects. Wind and solar power are often stronger in open spaces that are far from urban centers of power demand. These projects will not be built unless they can be connected to demand centers with long-distance transmission. And there are huge differences in the renewable power that can be created in different Canadian provinces — Canada will have to attract investors willing to take a risk on multi-billion dollar power transport projects.

Despite these imperatives, the current focus of public interest in energy transport has been oil pipelines. This has distorted the process for approving energy transport projects because, for many climate activists, procedural questions are unimportant compared to the goal of stopping fossil fuel projects. For this subgroup of activists, the question is not how we should structure review of energy transport; the question is how to harm, slow, and stop investments in fossil fuels.

This effort to use procedural reviews to obstruct energy transport risks hobbling Canada's energy future. Most would agree that in coming decades, Canada should move toward a low carbon economy: phasing out coal, powering cars with electricity rather than oil, and moving to more renewable sources of power. The problem is that renewable power is even more dependent on transport than oil. Most economic reviews have found that stopping North American pipelines has only a marginal impact on oil production — and may have no impact at all on world oil production. By contrast, renewable power cannot reach markets without multi-billion dollar investments in transmission — electricity from solar and wind cannot travel by train or truck.

Thus, a short-sighted focus on using new procedures to stop oil transport projects may ultimately do more harm than good in moving Canada to a low carbon economy.

Let there be no mistake: there will always be groups that oppose new infrastructure projects because of environmental impacts, disagreements about the best energy technologies, and the impact of new transport projects on local communities. Indeed, some of the first galvanizing fights for environmentalists were in alliance with local landowners fighting power transmission. If the oil pipeline fight establishes tools that can stop federally approved energy transport projects, those tactics will be used to stop power transmission for renewable power projects. Imagine you were an investor considering making a multi-billion dollar investment in one of the many energy transport projects that will be necessary for Canada's energy future — looking at the process applied to the Trans Mountain pipeline, would you make that investment?

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