

Debating Pipelines: A Primer

December 2013

There are thousands of different pipelines in Canada transporting various petroleum and natural gas products. They link production sites with processing plants and refineries, and ultimately with final users. Pipelines are an essential and commonplace part of our energy transportation infrastructure. But some pipelines have become controversial in recent years: partly because of accidents and spills involving existing pipelines, and partly because of several enormous new pipelines that have been proposed to ship raw bitumen from Canada to export markets. Those export pipelines would facilitate a major expansion in bitumen production – at a time when Canada still has no credible plan or targets for reducing greenhouse gas emissions. Export pipelines also destroy Canadian jobs in the long-run, due to the failure to upgrade and refine the resource in Canada, and the impact of massive energy exports on the value of the Canadian dollar (hence harming manufacturing and other export sectors).

Unifor, like the CEP and the CAW before it, has consistently opposed these export projects because of their negative impact on both the environment and the economy. We campaign for a national energy and environmental strategy, so that future energy production can be regulated in line with credible, progressive environmental commitments. To meet those targets, the expansion of future bitumen production will have to be carefully managed, in line with binding caps on greenhouse gas emissions. We support the creation of a Canada-wide energy grid, so that Canadian energy resources can continue to be used, first and foremost, to meet the needs of Canadian consumers – and to reduce reliance on imported energy in eastern Canada. We demand the application of strict safety and environmental standards to new and renovated pipelines. We support the rights of First Nations peoples to control what developments occur on their land, and to participate fully in the economic benefits from resource projects. Finally, we support strategies to maximize Canadian value-added and jobs at all stages of energy production: including equipment manufacturing, production services, upgrading, refining, and secondary manufacturing.

Here is a catalogue of recent export-oriented pipeline proposals. If they were all approved, they would allow for new bitumen exports of 3.2 million barrels/day – with enormous environmental and economic consequences.

Enbridge Line 67 (“Alberta Clipper”). Approved, under construction, to be completed in 2014, will expand bitumen export capacity by 120,000 b/d. CEP opposed it.

Keystone XL (TCPL). Approved in Canada, under review in US, would add 830,000 b/d of export capacity. CEP and CAW opposed it.

Northern Gateway (Enbridge). Proposed, would link Northern Alberta with tanker terminals near Prince Rupert, would add 525,000 b/d export capacity. CEP and CAW opposed it.

TransMountain expansion (Kinder Morgan). To be formally proposed to regulators in late 2013. Would add 590,000 b/d to current capacity, mostly for export. CEP opposed it, and also called for special allocation of supply to Chevron’s Burnaby refinery (this was rejected by the NEB).

Energy East (TCPL). To be formally proposed to regulators in 2014. Converts a former West-East natural gas pipeline to carry oil. Would have 1.1 million b/d capacity – mostly for export from a tanker terminal in Saint John, N.B. (but would also supply the Irving refinery in Saint John). Would reduce natural gas supply to Ontario.

Southern Lights (Enbridge). Approved by the National Energy Board, completed in 2010. A 180,000 b/d pipeline that imports diluent (natural gas liquids used to dilute heavy oil for transportation and refining) from Chicago to Edmonton. Involved reversing direction of an existing pipeline and building new portions. The import of diluent from the U.S. facilitates further expansion of bitumen exports from Northern Alberta. CEP opposed this pipeline. Enbridge now wants to expand it to 275,000 b/d.

Norlite (Enbridge). This is another pipeline to ship diluent from south (Edmonton) to north (Fort McMurray), facilitating additional expansion of bitumen production and export. Capacity would be up to 240,000 b/d. The project is in pre-commercial design.

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One additional, smaller project has recently generated controversy in Ontario and Quebec. The **Enbridge Line 9** project would renovate and reverse the flow of an existing pipeline (that currently carries imported oil landed on Canada's East Coast, to refineries in Ontario). The capacity of the pipeline would also be expanded by 60,000 b/d (to 300,000 b/d). The reversed pipeline would supply oil to two Quebec refineries, but could possibly transship oil for export to Maine. The oil shipped by the pipeline will initially come from conventional sources, or from the U.S. The Line 9 pipeline was initially built in the 1970s to carry Western petroleum to Eastern Canada when the oil industry was federally regulated. The flow was reversed (to run east to west) a decade ago, in the wake of the post-NAFTA diversion of most Western Canadian output to the U.S. market.

The CEP supported the Line 9 project, for domestic use only (not export), as being consistent with several aspects of its vision for a regulated, made-in-Canada energy industry:

- It would strengthen the East-West energy grid in Canada, matching Canadian energy supply with Canadian energy consumption.
- It would displace petroleum imports to eastern Canada (which have their own environmental consequences, including extensive pollution associated with trans-ocean tanker shipping).
- It would secure the viability of two refineries in Quebec. Several refineries in Canada have closed in recent years, despite the expansion of our own petroleum production. Securing the ones that are left is an important priority for our efforts to strengthen Canadian value-added in energy projects.

Unifor reaffirmed our continuing support for this project in a recent submission to the National Energy Board. The union stressed that support for the reversal was contingent on meeting strict environmental and safety standards in the renovated pipeline, and winning approval from affected First Nations. Line 9 is very different from the other pipelines listed above (which would export huge amounts of raw bitumen from Canada). It will link Canadian energy with Canadian consumers, it will not affect the amount of bitumen production in Alberta, and it will support Canadian value-added manufacturing.

The CEP's formal submission to the NEB on Line 9 can be viewed here:

http://www.unifor.org/sites/default/files/attachments/cep_submission_line_9_july2013.pdf

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Unifor will continue to work with our allies in the labour, environmental, and First Nations communities in our shared struggle for a comprehensive, sustainable, and just energy and environmental strategy for Canada.

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