

'Our pipeline': Notley's elusive Holy Grail

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The Alberta New Democrats' yearning for a conduit to move oil to the West Coast was on full display this week.

Deputy Premier Sarah Hoffman emerged from a cabinet meeting to react to two anti-pipeline political parties next door in British Columbia agreeing to band together to wrest power from the weakened Liberals.

Is it possible the allied BC NDP and Greens could block the Kinder Morgan pipeline expansion even after Ottawa gave it the green light, Ms. Hoffman?

"As far as I'm concerned, the federal government has the authority to approve pipelines," she told reporters on Monday.

"They've made that decision and our pipeline is moving forward."

Our pipeline?

Wait — it's proposed by the Canadian unit of a Houston-based energy company. Following Tuesday's \$1.75-billion initial public offering, private investors are now part of the ownership picture too.

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Jones: Notley government riding on Kinder pipeline being built

The province's public-sector pension-fund manager, Alberta Investment Management Corp., won't say if it is among the purchasers of the newly listed Kinder Morgan Canada restricted-voting shares, citing a policy of not commenting on specific investments.

Regardless, Ms. Hoffman's use of the possessive pronoun speaks volumes about how much Premier Rachel Notley's government has riding on the success of what is a risky proposition, even without the political tide turning in B.C.

In case anyone hasn't been paying attention, Ms. Notley herself was even more forceful on Tuesday: "Mark my words — that pipeline will be built, the decisions have been made."

The market has weighed the odds of Kinder Morgan's \$7.4-billion pipeline expansion going forward as planned and that was reflected in the debut of the shares on the Toronto Stock

Exchange on Tuesday. They sank 5 per cent from their \$17 issue price.

The stock's losses were tempered after Prime Minister Justin Trudeau declared that political change in B.C. will not affect his approval of the Trans Mountain expansion, which would nearly triple the capacity of the existing line to Burnaby, B.C., from Alberta.

He approved the project, along with Enbridge Inc.'s Line 3 replacement project, as part of a grand bargain — marrying up increasing resource development and trade with tougher environmental-protection measures.

Mr. Trudeau has said he would not have pushed the projects forward had Alberta not implemented its climate policy, which includes an economy-wide carbon tax and a cap on CO2 emissions from the oil sands. That hasn't assuaged most of the opponents of Trans Mountain.

Ms. Notley remains exposed on

economic issues, despite her evolution as an energy-industry advocate. Her critics, especially those on a recently unified right wing, have blasted her government's decisions to cushion the blow of the oil-patch downturn by maintaining spending on public services and piling on debt. They've also pilloried the carbon tax.

Oil markets have not been kind. A rebound that most analysts had projected would be well under way by now has proved elusive. Even after the Organization of Petroleum Exporting Countries agreed to extend its production ceiling for nine months, U.S. crude remains below \$50 (U.S.) a barrel.

The Conference Board of Canada predicts Alberta will lead the country with 3.3-per-cent growth this year, springing back from two years of recession. Good. But Standard & Poor's downgraded the province's credit again, this time by two notches, owing to

the high deficit and debt. Bad. The pipeline, then, is the Holy Grail for the NDP, a big-ticket energy project that should spell higher prices for oil sands crude in new markets, lift revenue for producers and generate a badly needed hiring spree. That's a lot to rest on one venture, and even if construction begins later this year as hoped, it would likely not be in service until after the next Alberta election.

Meanwhile, the project faces a federal court challenge in October, with more than a dozen cases against it amalgamated into one legal stew. It is not yet known if the appeals will delay or halt construction. Kinder Morgan hasn't been shy in its IPO documents about potential problems that face the expansion.

For Alberta's NDP, getting to the completion of a very contentious pipeline is just one more economic goal it has no real control over.