

Trans Mountain's necessity questioned as tanker traffic slumps

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Crude exports via supertanker from the Port of Vancouver fell 40 per cent between 2014 and 2016, a decline that has led critics of the \$7.4-billion Trans Mountain pipeline expansion to challenge the need for the project.

In its report last year recommending approval of the Kinder Morgan project, the National Energy Board cited the company's figures when it said the terminal typically loads five crude tankers a month. It forecast that, with the proposed pipeline expansion, that number could climb to 34 a month depending on demand from shippers.

However, exports from the company's Westridge Marine Terminal have fallen dramatically since Kinder Morgan provided the traffic figures to the regulator. In 2016, just 15 tankers docked at the terminal - an average of 1.25 a month.

Given that lower activity, the percentage increase in tanker traffic would be far greater than the NEB predicted.

According to the Port of Vancouver, tankers carried almost three million tonnes of crude from its docks in 2014, but just 1.9 million in 2016, a drop of 40 per cent. Instead, higher volumes of crude were exported by pipeline to refineries in neighbouring Washington State.

The decline in tanker exports suggests Canadian producers have failed to develop the Asian market - and raises new questions about whether the Trans Mountain expansion is needed at all, economist Robyn Allan said. The former chief executive of the Insurance Corporation of British Columbia has been active in the battle over the planned expansion, which would increase the pipeline's capacity from 300,000 barrels a day to 890,000.

"The lack of tanker traffic from the West Coast invalidates a number of arguments that have been mounted in support of the need for the Trans Mountain Expansion project and its purported benefits," Ms. Allan said.

However, Kinder Morgan points out it has 13 shippers with firm commitments covering 80 per cent of the expanded pipeline's capacity, a clear indication of the need for additional export routes.

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» "It's important to note that this project came about in response to requests from oil shippers to help them reach new markets in the Pacific Rim," the company said in an e-mailed statement. "The limited capacity of the system today prohibits shippers from establishing reliable access to trade consistently with these markets."

The committed shippers include the largest producers in Alberta's oil sands industry, including Suncor Energy Inc., Canadian Natural Resources Ltd., Cenovus Energy Inc. and Imperial Oil Ltd., as well as Tesoro Petroleum Corp., which has refineries in California and Washington.

Alberta Premier Rachel Notley is campaigning aggressively to ensure the federally approved project proceeds despite staunch opposition from First Nations, mayors and environmentalists in B.C.'s Lower Mainland. That province's NDP and Green Party Leaders - who are poised to take power from the Liberals - have vowed to do everything in their power to block the expansion project.

However, Ms. Notley argues the expansion is needed to diversify export markets by accessing the Pacific Rim. "The twinning of the Trans Mountain pipeline gets our economy out of the economic shackles that have held us back," the Premier said this week.

The Canadian Association of Petroleum Producers (CAPP) says potential new markets include both Asia and California. In a

In its annual forecast, released last week, CAPP noted that California's 14 oil refineries are increasingly processing foreign oil as Alaskan shipments decline, and Canadian producers could grab a greater share of that market.

BC NDP Leader John Horgan, who hopes to wrest power from the governing Liberal Party in a vote of confidence in the next few weeks, says the dramatic difference between existing tanker traffic in Vancouver Harbour and the levels that would be reached with the proposed expansion will fuel even more opposition to the project on the West Coast. "If the tanker traffic is going to increase even more than sevenfold, there will be greater anxiety amongst those who are opposed to increased tanker traffic," he said in an interview. "We have said all along: This is a risk too great."

Burnaby Mayor Derek Corrigan, who is seeking to stop the project through the courts, said the dramatic change in traffic threading its way through the Second Narrows and into busy Vancouver Harbour will solidify the strong opposition to the pipeline.

He said Kinder Morgan made no effort to disclose the decline in recent traffic, effectively playing down the scale of change.

However, the company said it saw no need to update the tanker numbers because they have no "bearing on future demand or future projections, which was what the NEB was considering."

"Today's numbers or past numbers aren't an indication of future use, but simply used to illustrate, on average, current operations," a spokesperson said in an e-mail.

Mr. Corrigan said the federal government should stop pushing ahead with the project given that the expected incoming provincial government will be formally opposed to it.