



Ministry of
Forests, Lands, Natural
Resource Operations
and Rural Development

PIPELINE PARADOX

SOLVING IT TOGETHER

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FEBRUARY 24, 2018

PROBLEM STATEMENT



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The Plateau Pipeline Project (P3) due diligence was insufficient as a result of:

Understated environmental risks

Inadequate Indigenous consultations

Limited economic analysis

Inter/intra-jurisdictional disparities

CONTEXT



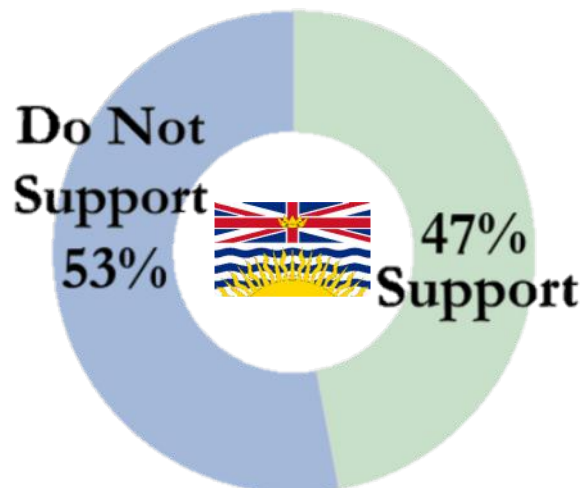
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Environmental

Indigenous

Economic

Inter/intra-jurisdictional



+750 000 litres
of oil spilled in
B.C. since 2005

19
lawsuits
filed

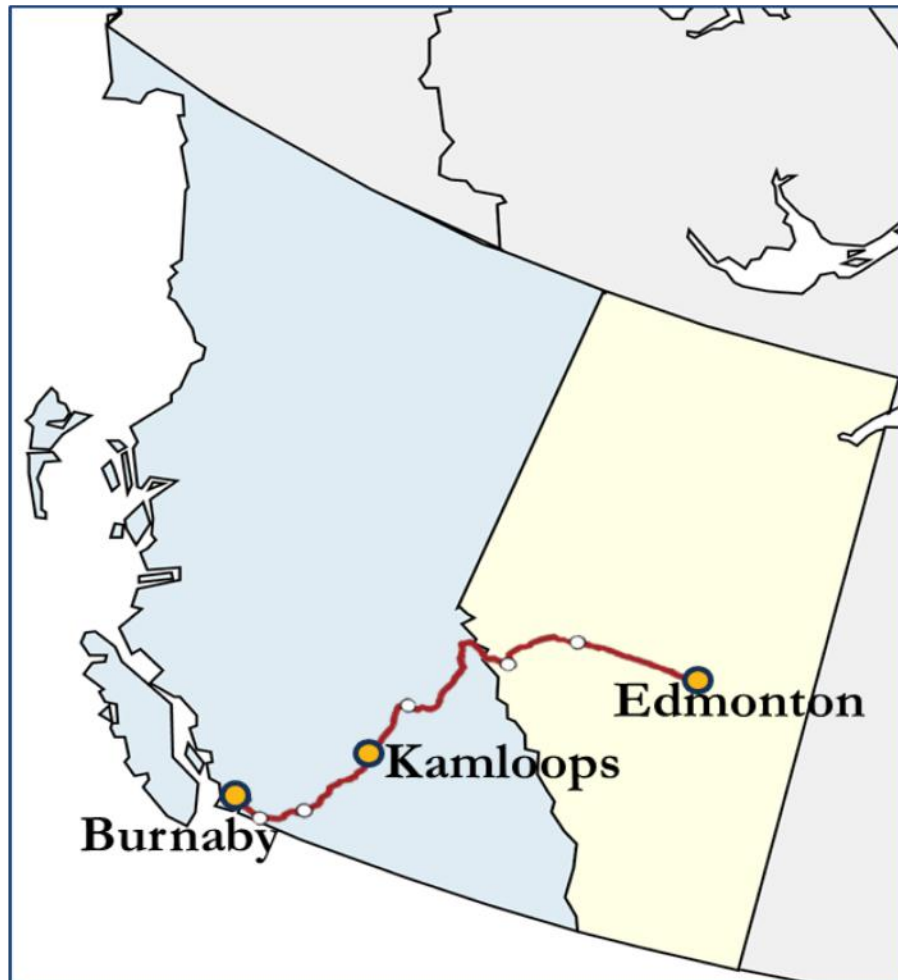
\$6 billion
revenue

\$15 billion
environmental cost

CONTEXT CONT'D



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- P3 was approved in November 2016 by the federal government
- Doubles the capacity of two existing pipelines
- Construction was expected to begin in fall 2017
- Significantly increases environmental risks

KEY ACTORS



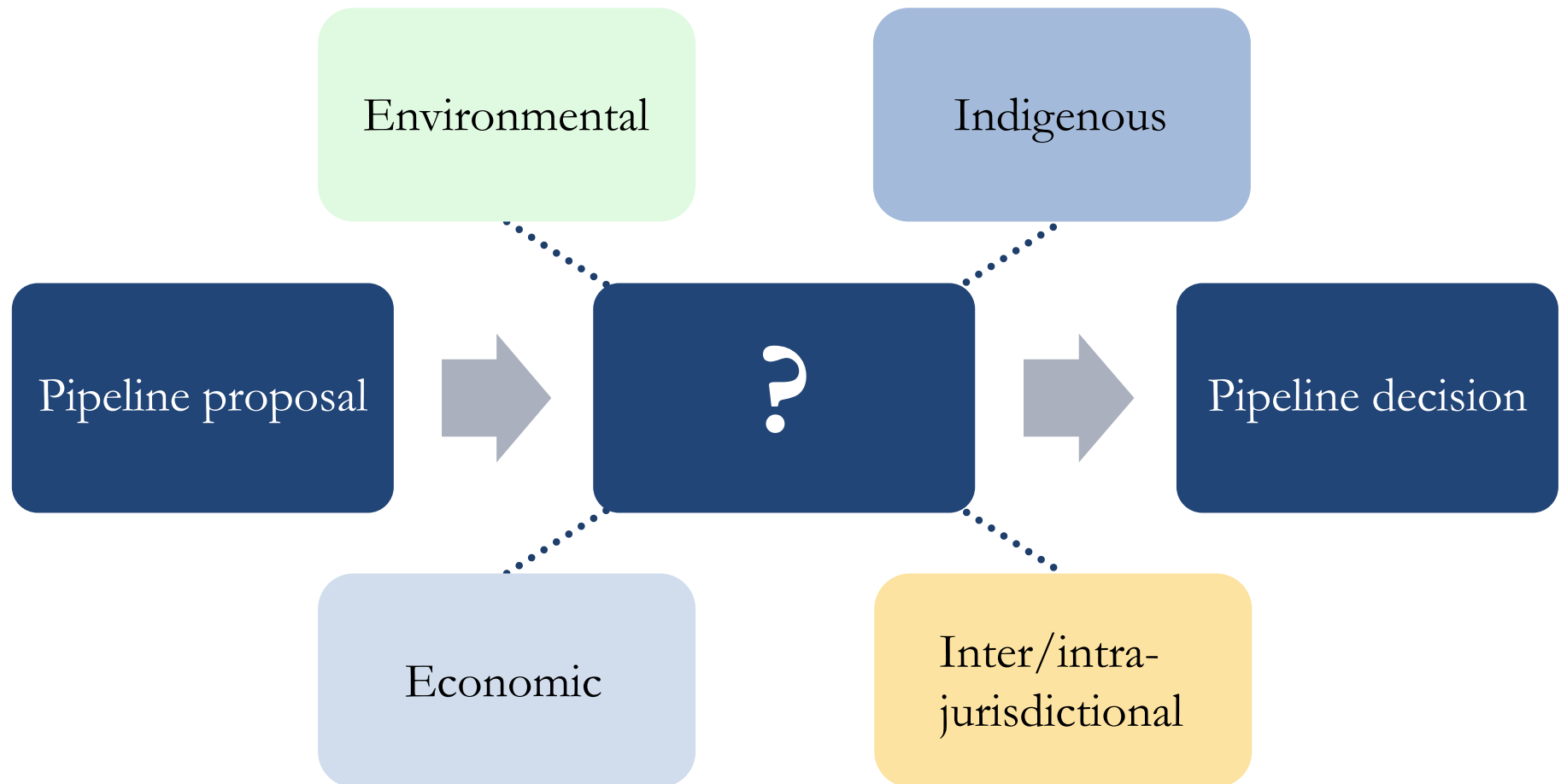
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CALL TO ACTION



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STRATEGIC OPTIONS



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Halt P3
construction

Move forward with
P3 construction

**Implement
Comprehensive
Assessment Framework**





OPTION 1

- Halt P3 construction
 - Exploring industry innovations

Advantages

- ✓ Mitigates environmental risks
- ✓ Reduces future dependency on pipelines

Disadvantages

- ✗ Severe legal ramifications
- ✗ No economic benefits to British Columbia
- ✗ Exacerbates inter/intra-jurisdictional tensions
- ✗ Innovative technologies not ready



OPTION 2



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- Move forward with construction of approved P3

Advantages

- ✓ Realizes economic benefits
- ✓ Mitigates inter/intra-jurisdictional tensions

Disadvantages

- ✗ Breaks government commitments
- ✗ High environmental risks
- ✗ Social costs are not considered

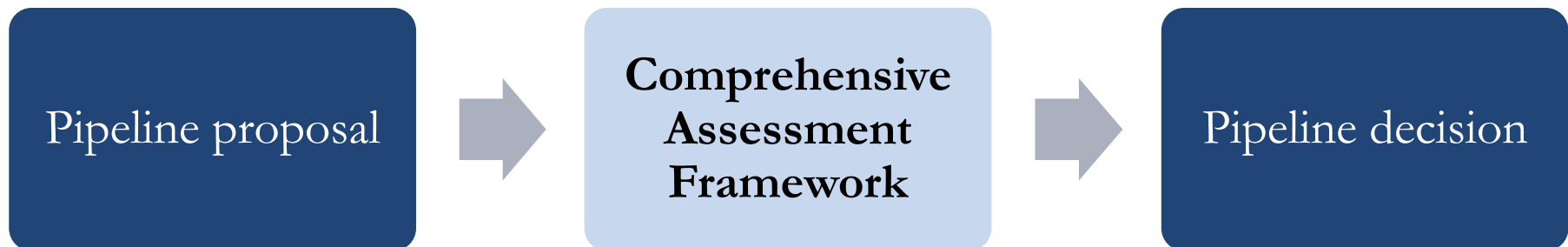


OPTION 3 (RECOMMENDED)



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- Implement **Comprehensive Assessment Framework** to bridge gaps related to previous policy decisions
- Fully responds to environmental, Indigenous, economic, and inter/intra-jurisdictional concerns



COMPREHENSIVE ASSESSMENT FRAMEWORK



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- Spill-prevention
- Risk-related clean-up fund (additional \$5 billion)

Environmental

- Collaborative consent
- Third-party facilitations
- Comply with United Nations Declaration

Indigenous

- Cost/benefit analyses
- Recognize both social and economic factors

Economic

- Community engagement
- Regulatory bodies and governments

Inter/intra-jurisdictional



3. OPTION 3 - **COMPREHENSIVE ASSESSMENT FRAMEWORK** (RECOMMENDED)



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Advantages

- ✓ Ensures prevention and fully-funded remediation of environmental risks
- ✓ Obtains collaborative consent from Indigenous Peoples
- ✓ Maximizes economic opportunities
- ✓ Flexible, community-based approach
- ✓ Transparency and accountability
- ✓ Supports defensible policy stance




Disadvantages

- ✗ Delayed economic returns
- ✗ Potential legal ramifications
- ✗ Short-term inter/intra-jurisdictional tensions

EVALUATION MATRIX



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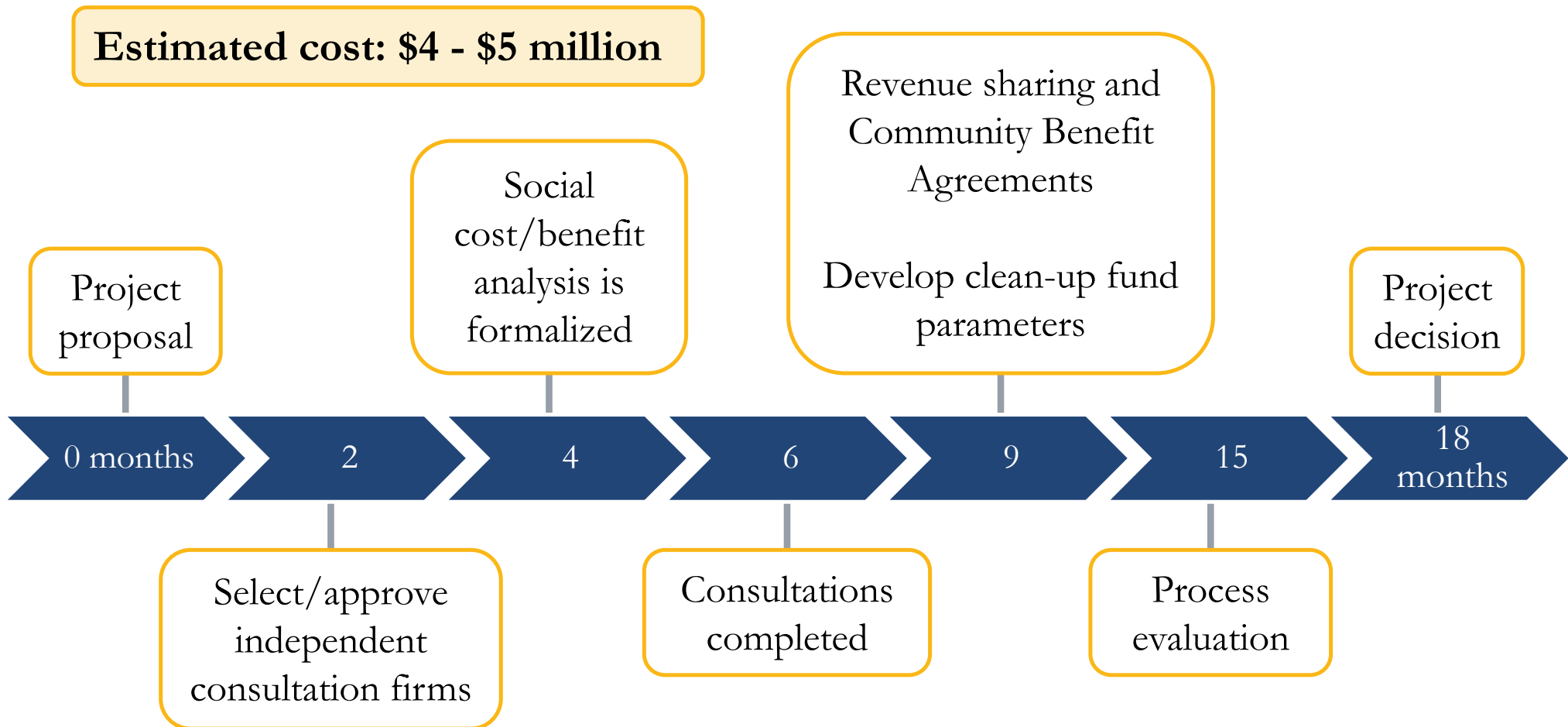
Action	Impact	Environmental	Indigenous	Economic	Inter/intra-jurisdictional
1.  1: Cancel pipeline		✓	✓		
2.  2: Build pipeline				✓	✓
3.  3: Comprehensive Assessment Framework		✓	✓	✓	✓

IMPLEMENTATION OF RECOMMENDED OPTION



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Estimated cost: \$4 - \$5 million



RISK MITIGATION PLAN

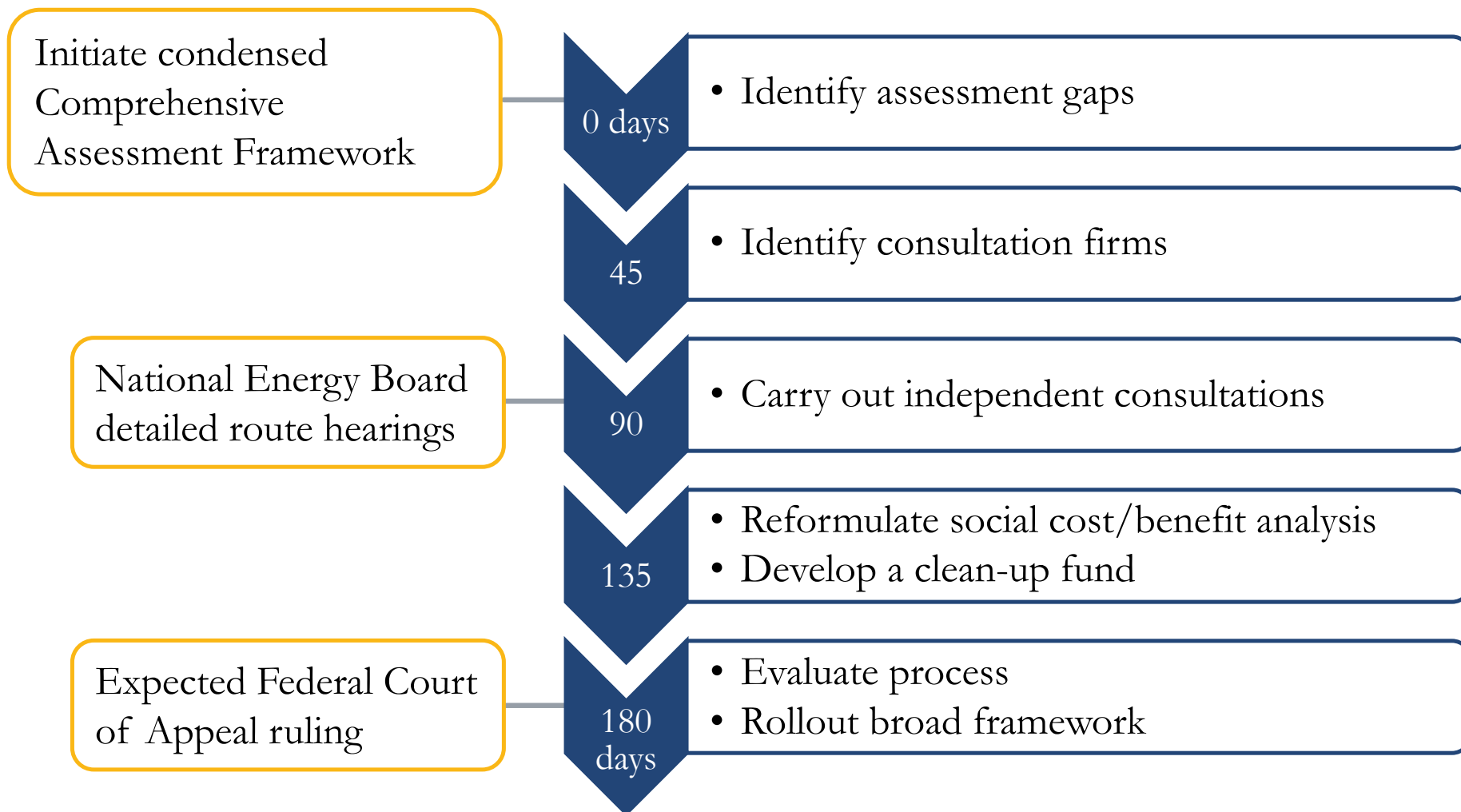


Risk	Probability	Mitigation
Inter-jurisdictional conflict	High	<ul style="list-style-type: none"> Transparent process Third-party evaluators
Municipal capacity	Medium	<ul style="list-style-type: none"> Municipal Affairs to support delivery Manageable milestones
Legal ramifications		<ul style="list-style-type: none"> Thorough consultations Mitigation of future court cases
Public response		<ul style="list-style-type: none"> Effective communications strategy
British Columbia fiscal mandate unmet	Low	<ul style="list-style-type: none"> Find alternate revenue sources in specialized agriculture, lumber and tourism

KAMLOOPS



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COMMUNICATIONS



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Environmental

British Columbia will preserve our environmental sustainability

Indigenous

We will collaborate respectfully with Indigenous partners

Economic

Our government will create sustainable economic growth

Inter/intra-jurisdictional

We will protect our interests while engaging with our partners

THANK YOU



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Questions?

APPENDIX 1



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British Columbia Cost Benefit Analysis from P3 Construction*

Item	Estimated Cost (Million \$)
Economic Benefits**	6,000
Unused Oil Transport Capacity	(4,203)
Greenhouse Gas Emissions from Construction and Operations	(602.5)
Other Air Emissions	(216.5)
Oil Spills	(666)
Passive Use Damages from Oil Spills	(9,850)
Net Loss from P3	(9,583)

**Based on average estimates from low and high sensitivity analysis*

**Does not include the social costs of construction*

***See Appendix 2*

APPENDIX 2



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Estimated Revenue for British Columbia

Item	Estimated Revenue (Million \$)
Increased oil and gas investment	2,200
Netback	1,500
Project operations	1,000
Government revenue	500
Project development/construction	400
Tanker traffic	400
Total	6,000

**Revenue estimates from the Conference Board of Canada*

APPENDIX 3



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Risk-Related Clean Up Cost Calculation*

Probability of Spill (p)*	Cost of Spill (c)	Expected Spill Value (v = p x c)
0.77	\$6.49 billion	\$5 billion

**Probability and cost calculated through aggregated average of medium and high spillage only*

APPENDIX 4



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- Consolidated record of court cases filed in relation to Pronteau Plateau Pipeline
- Consolidated record of Acts and Accords enacted

Court case (by plaintiff group)	Number of cases	Years active
Environmental	2	2016 - 2018
Indigenous/First Nations	9	2016 - 2018
Municipality	3	2016 - 2018
Individual	2	2016 - 2018
Act/Accord	Jurisdiction	Year signed
Paris Accord	Canada	2016
UNDRIP	Canada-B.C.	2017
Species at Risk Act	Canada-B.C.	2005

APPENDIX 5 - KAMLOOPS



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- No Community Benefit Agreement (CBA)
 - NEB plans to hold detailed route hearing in 90 days
 - City council remains divided

Advantages

- ✓ \$4 million in annual increased tax revenue
- ✓ \$500 million in construction spending
- ✓ \$750,000 one-time signing bonus
- ✓ 300 full-time workers over 24-month construction period
- ✓ 24 Kamloops-area companies stand to gain up to \$50 million in workforce spending

Disadvantages

- ✗ Dissenting municipal councillors, environmental groups, Indigenous peoples, all express concerns over P3's real and potential environmental impacts