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Northern Gateway: Feds Could Use TMX Proceeds To Help Pay For Second West Coast Pipeline

Build Northern Gateway. That's what the federal government can do to help end energy poverty around the world, using money it gets from selling TransMountain upon completion to help pay for it, says Adam Waterous, managing partner and chief executive officer of **Waterous Energy Fund**.

"By doing so, they can ensure there is more free-world oil in the world, continuing to ensure the reduction in emissions in the energy industry, while fighting energy poverty," he told an Energy Roundtable virtual event on Wednesday. "That's what I think we should be focusing on for egress."

Of course, Waterous noted, many people will point out that Northern Gateway has been cancelled. However, he said, the courts turned down its approval for two reasons — insufficient Indigenous consultation and a lack of marine studies. Fortunately, he added, the federal government has done a "fantastic job" addressing both those issues when proceeding with the Trans Mountain pipeline expansion. Those same lessons could be applied to the other project.

"Now, what has happened from a very practical perspective, is that large pipelines like [Northern Gateway] are no longer the purview of private sector pipeline companies. They're not going to be built anymore by them. They'll have to be built by government, just like Trans Mountain is."

Canada's moral responsibility

Canada could increase its crude production from four million bbls/d currently to about five million bbls/d over the next decade, according to Waterous, which would equate to about one-quarter of free-world oil. He believes the loss of free-world oil is negative for the world overall, which makes increased Canadian production and egress more important.

"What is the moral responsibility of the Canadian oil and gas industry? Our view is it really has a dual moral responsibility — one is to lower emissions, and [the other] one is to lower energy poverty. That's the moral obligation of the Canadian oil and gas industry."

On the emissions front, Waterous said, since the Kyoto Protocol the emissions per barrel in Canada have fallen by about 40 per cent, with Canadian emissions per barrel on average now lower than in California, and with plans to keep reducing the emissions required to produce these hydrocarbons.

"While 15 years ago we may have been emissions laggards, very quickly we're transitioning this energy industry in Alberta and Canada into an emissions leader on it. It takes time to communicate on that and show sustained progress on it, but from a moral perspective we think that lowering those emissions will continue. This is a never-ending journey. It goes on forever — always continuing forward."

Ending energy poverty

In terms of lowering energy poverty, Waterous suggested that 44 per cent of the world lives with a lack of access to modern energy services, and 1.1 billion people even lack access to electricity, making the push for electric vehicles an unreasonable scenario. In that sense, Canadians should recognize their energy privilege when viewing the global energy ecosystem.

"We must see that we have a resource, several billion people need this energy, and we have responsibility to fulfill that [need] in an affordable fashion," he said, adding when viewing egress in terms of lowering emissions and energy poverty, Canada should focus not on the U.S., but on Asia. "Of those 4.4 billion people living in energy poverty, 3.4 billion live in Asia. Our view is that what we need to be focusing on is re-looking at building Northern Gateway."

If Canada could build Northern Gateway by the end of the decade, then together with Trans Mountain the country would have egress capacity of about 3.6 million bbls/d to the U.S. and about 1.4 million bbls/d to Asia. "And so, about 30 per cent [would be] going to Asia. And so, it starts to be a real, meaningful amount going to Asia."