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LNG FRASER RIVER EXPORT PROJECT APPROVED BY NATIONAL ENERGY BOARD

The liquefied natural gas would be exported from a facility in Delta, B.C.

Climate change activists are sounding the alarm about a project that proposes to bring up to 120 tankers to the south arm of the Fraser River.

The National Energy Board recently approved a licence for WesPac Midstream, a U.S.-based company, to export almost five billion cubic meters of LNG per year.

The LNG would be exported from the company's proposed LNG terminal on Tilbury Island in Delta, B.C. The Canadian Environmental Assessment Agency is currently determining whether an environmental assessment is required for the facility.

Kevin Washbrook, one of the directors of Voters Taking Action on Climate Change, is concerned about the approval process.

"We're fighting to make sure this process is properly assessed before it goes ahead," said Washbrook.

The federal government would usually be responsible for conducting the environmental assessment. But the province has requested to do so instead, which Washbrook finds troubling.

"To me that's very disturbing, because I don't think anyone should have the illusion that the B.C. government would do an objective review of an LNG terminal," said Washbrook.

"The government is entirely committed to LNG exports. The federal government needs to maintain control of this process."

The Canadian Environmental Assessment Agency is accepting public comments on the project until June 11.

CNRL SAYS RAMPING UP OIL SANDS OUTPUT AS ALBERTA WILDFIRES EASE

Canadian Natural Resources Ltd said on Wednesday it is ramping up production at its 30,000 barrel per day Kirby South oil sands project in northern Alberta as the wildfire threat in the region eases.

The company was forced to cut production to 12,000 bpd last week because of wildfire disruptions.

Canadian Natural also said safety checks and equipment assessments at its 80,000 bpd Primrose project, which was evacuated because of the fire threat, will be taking place over the "next several days", along with a staged start-up of production.

Spokeswoman Julie Woo said only minor equipment repairs are required but until the assessment is complete; no timeline will be available for when Primrose will reach full capacity.

CANADIAN GAS PRODUCERS FACE POOR PROSPECTS, IEA SAYS

Canadian gas producers face grim prospects with lower-than-expected Asian demand, slower oil sands growth and increased competition in the U.S. market, the International Energy Agency says in report issued Thursday.

The Paris-based agency said Asia is not the Mecca for liquefied natural gas (LNG) that producers had hoped.

"One of the key – and largely unexpected – developments of 2014 was weak Asian demand," said IEA executive director Maria van der Hoeven said.

"Indeed, the belief that Asia will take whatever quantity of gas at whatever price is no longer a given. The experience of the past two years has opened the gas industry's eyes to a harsh reality: In a world of very cheap coal and falling costs for renewables, it was difficult for gas to compete."

The weaker demand and rush to supply the Asian markets have transformed the market from one of "extreme tightness to oversupply."

The agency – which advises rich countries on energy markets – has reduced its forecast for global demand growth over the next five years to two per cent a year from 2.3 per cent.

British Columbia Premier Christy Clark has touted her province's proposed LNG production as a key economic driver, but the IEA said Thursday it doesn't expect any projects to begin production there until after 2020.

Global LNG export capacity is due to increase by more than 40 per cent by 2020, with 90 per cent of the additions coming from Australia and the United States, it said. Lower oil prices pose little risk to the timing of projects already under construction.

At the same time, Canadian gas producers have lost considerable ground in their traditional export market in the U.S. Northeast, and face growing competition from U.S. shale gas in the American Midwest and eastern Canada.

"For Canadian production, the main issue is how fast and how competitively U.S. Northeast gas can penetrate the Midwest market (which accounts for about a quarter of total U.S. gas consumption) and possibly Central and Eastern Canada," the IEA said. "Further displacement seems likely when judging from the pipeline of new projects."

As well, the slump in oil prices has meant a reduction in capital expenditures in the oil sands, slowing the growth in demand for gas that is used in steam-assisted, gravity-drainage projects.

LOW OIL COST BOOSTS HOTEL BUSINESS IN MANY CANADIAN MARKETS

Plunging oil prices have created travel industry woes across the country - yet central Canada remains a hotel sweet spot.

"With oil, there are winners and losers," Monique Rosszell, managing director with hotel appraisal firm HVS, told delegates attending the Canadian Hotel Investment Conference held at the Hilton Toronto Hotel in May. "Oil has plunged more than the exchange rate has dropped, yet the demand here for rooms continues to increase."

Calgary's hotel market has been slammed hard by the low price of oil combined with the fact that 2,500 new rooms have entered the market in the last four years, representing an 18 per cent increase in supply, according to Rosszell. Its occupancy rate was down three per cent last year and year to date is down seven per cent.

Edmonton is also down seven per cent year to date, she said.

Montreal's market is suffering too, she added. She claims it operated at only 67 per cent of its capacity in 2014 and is expected to climb to 74 per cent this year.

Newfoundland is another sad story, she said. In 2013 it was at 75 per cent and by 2016 is expected to be down to 68 per cent.

"They are experiencing something similar to Edmonton and Calgary," she said. "They have new supply and low oil prices."

Toronto is currently one of the biggest winners. The low exchange rate has had a positive implication particularly in border cities. Occupancy rate is at 74 per cent.

Even though a new 567-room hotel recently opened, the city is absorbing the new rooms, she advised.

"There is double digit growth in many markets," she said. "Overall, it is very positive."

Charlottetown and Halifax are going strong and enjoying traffic from incoming cruise ships. Halifax is enjoying steady growth due to limited new supply and the fact that the city recently secured a $25- billion ship building contract.

Victoria is up 22 per cent year to date. Banff is up 17 per cent year to date.

The Thunder Bay area is a healthy hotel market due to a strong forestry industry and money being spent in the area in association with ongoing exploration of the mineral-rich ring of fire.

Vancouver's hotel market also continues to tick upwards. From 2013 to 2014 occupancy increased by about three per cent and is expected to jump another three per cent this year.

"They are doing well because they have very little new supply," said Rosszell. "The cost of land there is astronomical. They are having a great convention year. They are definitely performing very well."

There is an average 1.1 per cent new supply over the last 10 years in Canada, she said.

"The low exchange rate has given us a real boost," said Paul Murphy of DP Murphy Inc. "It gives a more compelling opportunity to buy underperforming assets and re-do them. This is a very strong time for capital – 60 to 66 per cent is very doable for financing."

He commented that there is a decline in the hotel market in the mid-range category. High-end properties are doing very well, and lower-end courtyard properties with select services are booming. Mid-range hotels are having the toughest time.

Rosszell gave the example of the mid-scale Novotel in Mississauga, which was just put up for sale, as a failing mid-range property.

A courtyard room at a Hilton Garden Inn will now fetch a higher daily rate than a Marriott or Hilton room, she said.

"Obsolete hotels are being taken out and replaced by select service hotels,'" said Rosszell. "You can purchase an underperforming hotel at much cheaper prices than building new."

"Outside of Alberta and Saskatchewan it is a good story across the country," said Rosszell.

OIL AND GAS COMPANIES PUMP UP THEIR ROLE AS COAL'S REPLACEMENT

Critics are wary, saying the solution is not a different type of fossil fuel; it's transitioning away from fossil fuels altogether

Chemistry books say there are three fossil fuels: coal, oil and natural gas.

Lately you could get the impression that coal is the only one.

As a global agreement to rein in climate-warming carbon emissions draws closer, oil and gas companies are increasingly talking about coal as the problem and describing themselves as a crucial part of the solution, together with renewable energy sources like wind and solar power.

"We stand ready to play our part," six major European oil and gas companies including Royal Dutch Shell and BP said in a recent letter to U.N. climate officials working on a major climate deal set to be adopted in Paris in December.

As they see it, their part includes gobbling up coal's market share in power generation. Natural gas plants—many oil companies also produce gas—release about half the CO2 emissions of coal-fired plants and lower levels of air pollution.

A coal-to-gas switch therefore "saves lives today and ensures a sustainable energy system tomorrow," Shell CEO Ben van Beurden told an energy conference in Paris.

He called natural gas a "clean-burning ally to renewable such as solar and wind."

BP Chief Executive Bob Dudley had a similar message, saying "we need to explain more clearly that gas is not so much part of the problem as part of the solution," according to a speech posted on BP's website.

The coal industry has resisted counter-strikes against its fellow fossil fuels, opting instead to highlight new technologies that improve the efficiency of coal-fired power plants or capture their CO2 emissions.

Without such coal technologies, goals to reduce carbon emissions "to a satisfactory level will not be achieved," the World Coal Association said in a statement emailed to The Associated Press.

"Growing energy demand means that coal is a central part of the energy mix, with demand forecast to increase," the group said.

About 40 per cent of the world's electricity comes from coal-fired power plants. Many are in energy-hungry economies like China and India where coal is an affordable and reliable option.

The split in the fossil fuel family represents a shift from the last time the world negotiated an international climate agreement, the 1997 Kyoto Protocol. Back then, big oil and coal companies had more of a united front against international limits on emissions, said Jake Schmidt, a climate policy expert at the Natural Resources Defence Council.

Now the oil and gas executives are trying to be part of the conversation, while "some of the coal industry is still saying 'no'," Schmidt said.

However, many environmental advocacy groups are suspicious of the motives behind the oil-and-gas industry's attacks on coal and don't want any of them to influence climate policy.

They note that instead of heeding calls to let fossil fuels remain in the ground, oil and gas companies are pushing into new areas of exploration like the remote and ecologically sensitive Arctic.

Shell is gearing up for a controversial drilling campaign off Alaska this summer, while Norway's Statoil is expanding northward in the Barents Sea. Russia's Gazprom already is producing oil in the Arctic from an offshore platform in the Pechora Sea.

"You are seeing them demonizing the coal industry in order to benefit from it," said Jesse Bragg of Corporate Accountability International. "But the solution is not a different type of fossil fuel; it's transitioning away from fossil fuels."

TIM HORTONS YANKS ENBRIDGE ADS, SPARKS ALBERTA BACKLASH

Coffee chain's decision sparks a boycott in oil-friendly Alberta

Canadian coffee chain giant Tim Hortons seems to be much more comfortable serving double-doubles than navigating the tricky world of pipeline politics.

Facing pressure from some anti-pipeline customers, Tim Hortons has announced it will no longer be running advertisements for Enbridge.

The spots had been airing for close to three weeks on screens at more than 1,500 Tim Hortons locations between British Columbia and Ontario on Tims TV.

An online petition from a group called SumOfUs urged Tim Hortons to yank the ads, accusing the company of "shilling" for the oilsands shipper.

Tim Hortons responded to several Twitter users by saying it values the feedback and the ads will no longer be airing on Tims TV. The campaign was supposed to run for another week.

Tim Hortons replied with this phrase to most Twitter users. (Twitter)

The SumOfUs group claimed victory after the ads were pulled.

"Enbridge was using the trusted brand of Tim Hortons to sell a skeptical public on a project," said Emma Pullman, a campaigner with SumOfUs in Vancouver. "Enbridge is going to have to do more than glossy ads to get social licence to build this project."

Enbridge downplayed the abrupt end to its ad campaign

"We enjoyed working with Tims and respect its decision," said Enbridge spokesman Graham White in a statement.

The move by Tim Hortons is not going over well in oil-friendly Alberta. Customers are pledging their own boycott. Politicians, including Defence Minister Jason Kenney, took to Twitter to voice their support for Enbridge.

"I'm proud to represent thousands of constituents who work for Enbridge & other CDN energy companies," wrote Kenney, who represents the riding of Calgary Southeast.

Marketing experts question whether Tim Hortons over-reacted to the online petition.

"Enbridge, of course, is not just pipelines and oilsands; they are a whole range of products including heating people's homes," said Alan Middleton of York University. "Tims should have thought about that."

Tim Hortons did not immediately respond to requests for comment.

Enbridge's $7.9-billion Northern Gateway pipeline, which would ship oilsands bitumen from Alberta to the west coast, is a controversial project.

While approved by the federal government, the pipeline must clear several hurdles:

- Meet 209 conditions; fewer than 30 have been fully completed.
- Bring aboriginal communities onside; 26 of 45 have signed up.
- Deal with First Nations court challenges.
- Secure continued commercial support.
- Satisfy British Columbia's conditions.

4-Jun-15			
PROVINCE	**ACTIVE**	**DOWN**	**TOTAL**
AB	69	456	525
SK	35	97	132
BC	16	66	82
MB	0	15	15
QC	0	1	1
Canada	**120**	**635**	**755**