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TRANS MOUNTAIN PIPELINE EXPANSION NOT SUPPORTED BY B.C. GOVERNMENT

Kinder Morgan says it's confident it can meet province's conditions

The B.C. government says it can't support the proposed $6.8-billion expansion of the Trans Mountain pipeline from Alberta to Burnaby.

In a written brief to the National Energy Board, the B.C. government argues that the pipeline's proponent, Kinder Morgan, has not provided an adequate plan to prevent or respond to an oil spill.

"During the course of the NEB review, the company has not provided enough information around its proposed spill prevention and response for the province to determine if it would use a world-leading spills regime," a government statement said.

"Because of this the province is unable to support the project at this time, based on the evidence submitted."

If approved by the federal government, the Trans Mountain expansion project would twin the 60-year-old pipeline, which runs 1,150-kilometre from the Alberta oilsands to a marine terminal in Burnaby.

The expansion project would nearly triple the pipeline's carrying capacity.

In a release, the B.C. government noted that in 2012, it laid out five conditions the project would have to meet before it would be permitted in the province.

The expansion project failed to meet any of those conditions, Environment Minister Mary Polak noted on Monday morning.

"This is about the test that would allow this pipeline to go forward," Polak said.

"We're saying that at this time in the NEB process, they [Kinder Morgan] have not met it. It does not close the door on them meeting that test potentially in the future."

In a statement, Kinder Morgan said it's confident that it can meet B.C.'s five conditions. But in order to do that, it needs support from "multiple parties.

"The conditions related to world-leading marine oil spill response, recovery and prevention, addressing Aboriginal treaty rights and B.C. receiving its "fair share" are all conditions that require multiple parties to come to the table and work together," the statement said.

The 2012 conditions included:

- Successful completion of the environmental review process.
- World-leading marine oil spill response, prevention and recovery systems for B.C.'s coastline and ocean to manage and mitigate the risks and costs of heavy-oil pipelines and shipments.
- World-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy-oil pipelines.
- Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project.
- British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy-oil project that reflect the level, degree and nature of the risk borne by the province, the environment and taxpayers.

The project is awaiting approval from the National Energy Board, which expects to make a recommendation to the federal government by May.

The proposed expansion has sparked protests on Burnaby Mountain where Trans Mountain has begun test drilling. The city of Vancouver, Burnaby and some First Nations groups have all opposed the project, saying they're concerned about the effects of a potential spill.

Monday's government announcement was applauded by Vancouver Mayor Gregor Robertson, who described the decision as "very welcome news" in a statement.

"A seven-fold increase in oil tanker traffic through Vancouver's local waters is simply not worth the immense risks posed to our economy and environment in the event of a major oil spill," Robertson said.

The B.C.-based Living Oceans Society echoed Robertson, saying studies show it's difficult to remove bitumen that has been spilled in the water.

"We've been saying all along that the evidence indicates that diluted bitumen can submerge or sink, especially in fresh or brackish waters," said Karen Wristen, the society's executive director.

"Once it does that, it can't be confined or skimmed off the surface the way conventional spill response equipment works."

However, NDP MLA David Eby said the government has been inconsistent on the pipeline.

"Supporting it going forward, then not supporting it and now maybe supporting it," Eby said. "They have been incredibly inconsistent on this and that's no helpful."

CLEANUP CONTINUES AFTER REFINERY OIL SPILL INTO NEWFOUNDLAND'S PLACENTIA BAY

North Atlantic Refining is continuing its efforts to clean up after 1500 litres of oil spilled into Newfoundland's Placentia Bay last week.

Company officials say despite efforts to keep wildlife out of the spill, two seabirds were found coated with oil.

Crews from the seabird rehabilitation centre tried to save the birds, but were unsuccessful.

Meanwhile, the mayor of the nearby community of Arnold's Cove says he's confident they're won't be any long-term effects from the oil leak.

Mayor Basil Daley says the four towns in the area have a shared emergency services agreement with the heavy industries that operate there, and that everything that could have been done was done in this instance.

The spill is believed to originated from a pipe near the Come by Chance oil refinery.

OIL ROYALTIES PANEL REPORT STILL WEEKS AWAY, ALBERTA PREMIER SAYS

Late release leaves uncertainty in marketplace and lowers confidence for business, investors, critics say

The results of Alberta's royalty review have now been put off for a few more weeks — but critics say time is of the essence.

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“We said (from the beginning) that a review shouldn’t be done at all, but if it was done it needed to be over very quickly,” Wildrose Leader Brian Jean said Monday in an interview.

“That, of course, would reduce the uncertainty in the marketplace, and add stability and confidence for the business community and investors generally. This has not happened. The review itself has taken far too long, so the faster the better for sure.”

Alberta Party Leader Greg Clark said, “the real killer in all of this from the very beginning has been uncertainty.

“The longer it goes on, the longer this uncertainty remains and the longer investment dollars are parked on the sidelines.”

Alberta’s four-person royalty review panel, headed up by ATB Financial president Dave Mowat, has been taking submissions and listening to opinions since the beginning of September.

The panel is trying to determine the best way to calculate the happy medium between the appropriate amounts of money for Albertans given that they own the oil and gas resource, and the fair return for producers, who pony up the cash and take the risk to produce it.

Premier Rachel Notley’s NDP, while in opposition, maintained Alberta was not getting its fair share of the resource. After it won the provincial election last May, the NDP followed up on its campaign promise to review the royalty structure.

The panel’s report was to come out by the end of 2015, but Notley said in late December it would come out in early January.

On Sunday, Notley told Global TV the date would be later than that.

“It will be released to Albertans in the next very few weeks,” Notley told the show “The West Block.”

“And I believe that it is a plan that most people in the energy sector will see is highly responsive to the current circumstances, and allows for them to make longer term investment decisions in a way that will of course support our growth back to greater prosperity in Alberta.”

Notley reiterated, as she did on the first delay, that her team wants to make sure it has the best plan in place when responding to the panel report.

“I am fairly confident that we’re going to clean up some of the artifacts of the old system and make sure that it’s a rational system that incents the right kind of thing in an ever-changing energy economy,” she said.

The province has already said no royalty changes will kick in until 2017 at the earliest.

The review comes as the price of oil continues to deflate faster than a pin-pricked party balloon and thousands of jobs are lost in Alberta’s oil and gas sector.

From a high of more than US$100 a barrel for West Texas Intermediate in 2014, the price has, for the most part, steadily plummeted and is now in the low US$30 a barrel range.

In the process it has sucked $6 billion out of the Alberta budget this year alone.

The industry is also dealing with higher fees for larger carbon emitters and is awaiting the implementation of a broad-based $3-billion a year carbon tax.

Progressive Conservative energy critic Rick Fraser said smaller industry players are particularly vulnerable when Alberta’s pricing structure is in flux.

“You can’t control what’s happening, particularly in a global market, but what you can control is how you react to it,” said Fraser.

TUMBLING OIL PRICES PUT PRESSURE ON FINANCE MINISTER TO ACT

With the price of oil hovering around $30 a barrel and dragging the loonie down with it, Finance Minister Bill Morneau is facing increasing pressure to act.

Conservative Finance Critic Lisa Raitt has urged immediate action, rather than waiting for the release of the budget, for which Morneau has not yet publicly set a date.

“The finance minister should be treating it more as a crisis,” Raitt told CTV’s Power Play.

Raitt said the Liberals ought to be “taking a look at whether or not all those spending promises that were made during the campaign are something that should happen now or be parked for a future time.”

“There’s not a lot of tax revenues that are going to be coming in and digging a huge hole right at the beginning of a mandate that is going to make it very difficult to react should something worse happen,” Raitt added.

Raitt said the Liberals have an opportunity for growth that her government did not enjoy when it faced the economic recession in 2009: a growing U.S. economy.

“As an exporting nation with them as our largest partner, I’d be doubling down to ensure that we’re doing the best we can to get our products into that American market,” Raitt said, adding she would focus on agriculture, forestry and “cutting red tape.”

Earlier in the day, Morneau told reporters in Montreal that he continues to view the Liberal campaign platform as the best way to grow the economy.

“We think by lowering taxes for the middle class, by adding the Canada Child Benefit, by investing significantly in infrastructure, that’s the right thing to do,” he said.

Morneau added that the middle class tax cuts that took effect Jan. 1 are already “putting more money in the pockets” of nine million Canadians, who can spend it, stimulating the economy.

The minister would not say whether the Liberals will go deeper into deficit than the $10-billion promised during the election campaign, adding “I have not yet written the budget.”

NDP Finance Critic Guy Caron, meanwhile, told CTV Power Play that he agrees with the Liberals’ plan to invest in infrastructure and tax cuts to stimulate the economy.

However, Caron said the tax cuts should have gone to lower-income Canadians because the upper middle class might not spend the money.

Both the NDP and Conservatives vowed during last year’s election campaign to balance the budget, while the Liberals said “modest deficits” would allow them to invest in projects that grow the economy.

But as Morneau pointed out in a speech Monday, the price of oil has fallen by half since the election campaign, meaning the government is now projecting a $15 billion per year drop in GDP starting this year, compared to what was projected in the last budget.

Carleton University Professor Ian Lee told CTV News Channel that the oversupplied global energy could force the price of oil even lower, to $20 a barrel, if lower-cost producers like Saudi Arabia keep pumping.

“It’s a game of global chicken,” he said. “We’re really waiting to see who is going to blink first.”