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## Some Path, Some Future - Commentary by Robyn Allan

Enbridge has announced a multi-million dollar advertising campaign to address the growing opposition to the Northern Gateway project. The slogan—'It's more than a pipeline, it's a path to our future.'

The ads contain bogus benefits information critiqued in my economic assessment submitted as evidence before the National Energy Board Hearings. For almost two years, Enbridge led Canadians to believe the economic benefit of Northern Gateway arises from higher prices paid in Asia for crude oil shipped along the pipeline. What they didn't tell us was these higher prices would be passed onto Canadians. When I filed my report, Enbridge confirmed this is the intention of their project.

But there's more. The benefits case relies on an 85¢ Canadian dollar for 30 years while Enbridge predicts oil will rise to almost US\$150/barrel. They feed the inflated revenues from this erroneous assumption into an inappropriate economic model called an Input-Output model.

The model pretends the economy that existed in 2005—when oil was \$50 a barrel, and the dollar was US83¢—continues until 2045. The economic case is a fraud, but Enbridge advances the misinformation in paid advertising without any accountability.

The other focus of Enbridge's campaign minimizes the environmental risk of Northern Gateway. We are told the company has 'World-class safety standards...carefully planned and built to respect the terrain and wildlife. The pipeline will be monitored 24/7.'

From 1998 to 2010, Enbridge had 770 reportable oil spills; a number of them considered large by National Energy Board standards. On May 22, the US National Transportation Safety Board (NTSB) publicly released 158 documents with more than 5,000 pages and 58 photos on one spill that occurred on July 25, 2010 in Marshall, Michigan. Enbridge's Line 6B ruptured, releasing more than 20,000 barrels of dilbit into the surrounding environment. Dilbit is a mixture of heavy oil sands crude, called bitumen, mixed with a toxic diluent which enables it to flow through a pipeline. Bitumen is too heavy to move on its own. This is

the oil planned for the Northern Gateway pipeline.

In Michigan, as toxic diluent evaporated into the air, the remaining bitumen made its way into Talmudge Creek and onward into the Kalamazoo River. Enbridge's corporate standard for identifying a spill is ten minutes with an additional three minutes for pipeline shutdown. It took more than 17 hours for the Kalamazoo spill to be detected and the pipeline shut down.

Enbridge CEO Pat Daniel testified before the US Transportation and Infrastructure Committee of the House of Representatives in September 2010. He promised 'by the end of September we will have completed the bulk of the clean up.'

Twenty months later, with clean-up costs reaching \$765 million, only 3 of the 39 miles of the Kalamazoo River have been opened to the public. Restoration of the affected waterway and surrounding lands has not yet commenced. The restoration stage of the Kalamazoo River will certainly take years, and possibly decades.

The NTSB documents provide an arms length, independent look at Enbridge's world-class safety standards. They explain how operating safety took a back seat to corporate growth.

During an interview with NTSB investigators in November 2011, Enbridge Senior VP Operations, Leon Zupan, stated 'we had focused on the need and the growth of a new control center...what we had not yet implemented was the resources to get us there...our view of the night of the Marshall incident was that we had people that were really trying hard to do what they thought was the right thing, but they needed more technical support, they needed more management support, they needed more technical training, and they needed to be clear about what our expectations were in terms of following procedure...'

Because of the toxicity of bitumen to fish, all it will likely take to compromise the Kitimat watershed in BC is a spill of little more than 600 barrels of dilbit upstream in the Kitimat River. The topographical and other geophysical challenges of Northern BC are significantly greater than the relatively flat land traversed by Line 6B in Michigan.

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The inadequacy of Enbridge's pipeline safety is reflected in its response to the safety board when it filed 15 pages outlining numerous changes in policy and procedures adopted since the Kalamazoo River incident. We don't know yet whether these many changes are adequate or whether they will be effective.

Enbridge continues to aggressively focus on growth. This is explained in the company's annual report and on their website. In 2010, Enbridge placed \$7 billion in new projects into service, and in 2011 it was almost \$8 billion. Between 2011 to 2020, the company has identified \$35 billion in new projects.

It is vitally important that the Canadian regulator, the National Energy Board, undertake a comprehensive, open and public inquiry into Enbridge's pipeline safety structure, organization, procedures and policies before more Kalamazoos take place in Canada. The protection of the public interest demands such a review before any new pipeline projects are contemplated, particularly Northern Gateway, which puts at risk the environmental integrity of BC's Great Bear Rainforest.

*Robyn Allan is an independent economist and former CEO of ICBC. She has written extensively on the economics of Northern Gateway and is a member of Canadians for the Great Bear.* ☞