



Letter of Comment

Name: Ms. McDowell , Liz
Title: Executive Director
Group: Conversations for Responsible Economic Development
Your Application to Participate (ATP): A57979 filed on 2014-02-11
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Hearing Information

Project Name: Trans Mountain Pipeline Expansion Project
Company: Trans Mountain Pipeline ULC
File Number: OF-Fac-Oil-T260-2013-03 02
Hearing Order: OH-001-2014

Comments

August 18, 2015

National Energy Board
444 Seventh Ave SW
Calgary, AB T2P 0X8

Attention: Ms. Sheri Young, Secretary of the Board

Subject: Trans Mountain Pipeline Expansion Project Application, Hearing Order OH-001-2014

Dear Ms. Young,

Conversations for Responsible Economic Development (CRED) is submitting this letter as written comment regarding the Trans Mountain Pipeline Expansion Project (TMEP). CRED is an organization made up of over 100 businesses, professionals, citizens and thought leaders who are interested in the long-term prosperity of British Columbia. Our interest in is fact-based discussions around BC economic issues, and we have researched both the economic risks and the purported benefits of this proposed pipeline to determine the need and the viability of this project.

We have published a report related to the risks of the expansion project, and another focused on how oil

spills impact property values. We have also consulted and conducted interviews with hundreds of businesses and professional associations in the province. Through our consultations and research, CRED recommends that the NEB reject the application for the proposed Trans Mountain pipeline expansion for the following socio-economic reasons:

Project Risks

A diluted bitumen spill could have significant and long-lasting economic impacts across many industries, whether a spill were to occur on land or in water. In the event of a spill along the pipeline route, tourism, farming and agriculture would be negatively impacted, along with real estate values. The TMEP would run through the Fraser Valley, which supplies a significant percentage of our province's food supplies. Studies in other locations have found that crude oil spills impacted food production and food security by increasing soil acidity and toxicity. (Assessing the Risks of Kinder Morgan's Proposed New Trans Mountain Pipeline, CRED, page 8)

In several U.S. cases, oil spills resulted in decreased property value. Properties in Maryland, Texas and Ohio hit by direct contamination from spills suffered a 10-40% of their value. Properties not directly contaminated still saw a reduction. After the Deepwater Horizon spill in the Gulf of Mexico, five states saw an impact to their real estate market, including properties that never saw oil wash up on their beaches. (How Do Pipeline Spills Impact Property Values?, CRED, page 2)

Fears of an oil spill are not without warrant. In 2007, the existing Trans Mountain pipeline was ruptured by a road crew and 250,000 litres of oil leaked into a residential neighbourhood. 11 homes were sprayed with oil, and oil flooded into the Burrard Inlet Bay via a Burnaby storm sewer.

If an oil spill were to occur in BC waters, the impact could be even greater. According to a recent University of British Columbia (UBC) study submitted as evidence by the City of Vancouver, (C77-31-8, Appendix 83) our city's economy could lose \$1.2 billion if a 16,000m³ oil spill were to occur in the summer in Burrard Inlet. Losses could reach across many industries, particularly those reliant on a healthy ocean environment. BC's coastal economy is a significant part of our province's overall wealth, and a loss of this magnitude would not only bring immediate impacts, but the market recovery could take many years. Commercial fishing, tourism, local recreation, cruises, harbour transportation, and port activities all rely on a healthy ocean environment.

Salmon fishing alone contributes \$750 million a year to BC's GDP (Assessing the Risks of Kinder Morgan's Proposed New Trans Mountain Pipeline, CRED, page 9). 98% of BC's businesses are small businesses and could not likely survive in the event of closure for an extended period of time.

In addition to direct impacts to ocean-dependent industries, an oil spill could have an indirect impact on the coveted brand of Vancouver as a green city. The Brand Finance report submitted to the NEB by intervenor City of Vancouver, estimates that a 16,000m³ oil spill in Burrard Inlet could reduce the brand of Vancouver by \$1.3 billion to \$3 billion (C77-30-7, Appendix 82). Vancouver's brand is an essential component of wealth creation in many industries, particularly tourism and film. Brand plays a role in attracting talent for our thriving technology, cultural, tourism and finance industries amongst others, and draws foreign business and conventions, such as TED to the city. The TED conference drew approximately 2,000 attendees to Vancouver and Whistler in 2014, and Tourism Vancouver estimates the conference generated \$2.1 million in direct spending. The study by Brand Finance also found that environmental 'green' living and environmental leadership were major differentiating features of Vancouver's brand from other cities studied.

Evaluating Benefits

CRED reviewed job creation and contribution to GDP as potential benefits of the TMEP. Kinder Morgan has estimated 50 permanent jobs will be created from pipeline expansion. While there will also be temporary jobs during the construction phase of the project, this does not outweigh the thousands of jobs in the tourism, agriculture and ocean-dependent sectors that could be put at risk. Across BC, the mining, oil and gas sectors account 1% of the workforce, or approximately 25,000 people, while tourism alone generates 127,000 jobs. The film industry creates approximately 36,000 jobs, and the high-tech sector employs 84,000 people. (What's Fuelling BC's Economy, CRED, page 7) It is not logical to take on a project that could risk exponentially more jobs than it creates.

We refer you to a report by economists at the SFU Centre for Public Policy Research and the Goodman Group, which found that Kinder Morgan had over-estimated the number of jobs created by the project by threefold. (Economic Costs and Benefits of the Trans Mountain Expansion Project (TMX) for BC and Metro Vancouver, The Goodman Group Ltd.) This means that during the project's construction, at most 4,000 short-term jobs would be created. The same report also concludes that Kinder Morgan has overestimated the number of spin-off jobs for long-term employment. While Kinder Morgan claims that the project could create 2000 jobs, the report says the actual spin-off jobs created would be 800 (page 1).

Contribution to Taxes

It is anticipated that BC municipalities would receive benefits from construction and operation of the TMEP over 20 years, including contributions to municipal government taxes along the pipeline route. However our research shows that those taxes would only fund a small fraction of provincial and municipal services – 0.3% of the costs of running BC's schools, for example, or just 1% of the Coquitlam police department.

While the TMEP would offer additional funding through taxes, the project would also contribute to significant additional expenditures. Evidence filed by the City of Burnaby alone shows that the TMEP would result in \$1.6M annually of additional costs to five municipalities (C69-44-9, page 5-1). Maintenance and replacement of existing infrastructure will be necessary into the future, and the additional costs would be to move or accommodate the TMEP in order to complete that maintenance.

Local Fuel Needs

In assessing the pipeline expansion, CRED also conducted research on the potential economic and societal benefits in terms of local access to refined transportation fuels. The original purpose of the pipeline was to supply oil for use in the Lower Mainland. While some of the pipeline product is refined locally at the Chevron refinery in Burnaby (approximate daily production of 50,000 to 55,000 barrels of gasoline and other fuels) nearly 70% of the volumes are destined for export either through pipeline into the US, or through tanker transport.

It is well understood that the proportion of product destined for local refining and use has been diminishing over time. This trend will actually be exacerbated through the pipeline expansion, as US and foreign buyers have locked up the increased supply, leaving the local refiner in a weak situation to bid for the remainder through auction.

Ironically, the bulk of the increased volumes coming through the pipeline expansion will be for export and not for local use, even though we will be assuming 100% of the environmental and economic risk of a catastrophic spill.

Conditions

Last week, the NEB released the conditions under which Kinder Morgan may see a path through to federal approval of the pipeline expansion. Upon review of the conditions, CRED and our members are concerned at the lack of detail in a number of areas of socio-economic impact.

Given the aforementioned research suggesting that a bitumen spill could generate well upwards of \$1.2 billion of damage to the region, it is a concern to CRED that the NEB only requires \$1 billion coverage for potential damages – including to local small businesses. Further, it is not clear the nature or the responsiveness of the means for local businesses to rapidly seek compensation in the event of a spill that may curtail the livelihoods of many ocean-dependent small businesses.

CRED is concerned at the absence of any discussion or consideration of increased GHGs through the operation of the pipeline. CRED supports the City of Vancouver's aspirations to be the greenest city in the world by 2020, and to be completely powered by renewable energy by 2050. The prospect of contributing significant GHG load into the environment through the pipeline expansion is a major concern for local businesses. This oversight on the part of the NEB is considerable, in CRED's opinion, and undermines the validity of the process.

In conclusion, CRED finds that the economic risks of the Trans Mountain pipeline expansion far outweigh any benefits. This project is one that could negatively impact British Columbia for at least 50 years. We find that with myriad other thriving industries in the province, this project is not needed, and would on balance be more harmful than supportive to the local economy.

We thank you for your time and consideration of our concerns.

Sincerely,

Liz McDowell
On behalf of CRED BC

Attachments

Document Name	Document Type	Size
Assessing the risks of KM Proposed Trans Mountain Pipeline	Comprehensive Study	1.7 MB
How do Pipeline Spills Impact Property values	Comprehensive Study	1.12 MB

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What's Fuelling BC's economy	Comprehensive Study	1014.1 KB
Economic Costs and Benefits of the Trans Mountain Expansion Project (TMX) for BC and Metro Vancouver_20141110	Comprehensive Study	740.84 KB

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