

The latest battleground for Canada's energy fortune



For now, B.C. Premier Christy Clark has remained on the sidelines. Darren Stone, Postmedia News Files

Claudia Cattaneo, Financial Post • Jan. 7, 2012

In a remote Aboriginal recreation centre on the shore of the Douglas Channel in British Columbia's North Coast, Canadian regulators are kicking off historic hearings on Tuesday on the proposed \$5.5-billion Northern Gateway oil sands pipeline. By the time they are finished in two years, thousands of Canadians will have had their say on the giant project.

The three-member Joint Review Panel will travel across Western Canada on behalf of the National Energy Board and the Canadian Environmental Assessment Agency to hear views about the environmental impact of the 1,172-kilometre project, starting with oral testimony from the elders of the Haisla Nation.

The 700-member community hosting the event's high profile first days is located 12 km south of the city of Kitimat, the end point of the Enbridge Inc. project that would carry 550,000 barrels of oil a day from the Alberta oil sands to markets around the Pacific coast.

The region's few hotels are stretched to the limit to accommodate the influx of visitors, including observers for the green lobby and the energy industry, the media, and the usual coterie of lawyers.

The panel, headed by NEB vice-chairwoman Sheila Leggett, will try to set the tone by maintaining court-like procedures, respectful attitudes and fairness to all participants.

But a louder, polarizing debate about what Northern Gateway represents for the country is well underway and will continue in parallel outside the hearings - in the media, on the streets, in political venues.

Northern Gateway is more than an oil pipeline.

The proposed project from Alberta to the B.C. coast is forcing the nation to make difficult choices, including: Should Canada encourage oil sands development? Should Canada build stronger economic ties with Asian countries such as China through oil exports so it can reduce its historic dependence on the United States? Who should benefit? Is Canada prepared to accept the environmental impacts, whether on the climate from growing oil production or in case of a spill along the pipeline route or offshore? How will it treat the 130 First Nations opposed to the project, many with unresolved land claims along the pipeline route?

The panel is expected to hand in its recommendation on whether the project should be built, and under what conditions, in late 2013.

Politics will play a central role. The final say over Northern Gateway is up to the government of Stephen Harper. It is sure to be influenced by U.S. President Barack Obama's ultimate decision on the delayed Keystone XL project from Alberta to the U.S. Gulf Coast. If it's turned down, pressure to build Northern Gateway will increase. The future of provincial politicians, particularly B.C. Premier Christy Clark, could depend on it.

"Our goal is to make it an issue of public concern that politicians have to pay attention to both provincially and federally," said Andrew Frank, senior communications manager in Vancouver

for U.S.-based ForestEthics, one of many environmental organizations piling in to the debate, both in the hearings and outside. B.C. "is vote rich."

With the issue hijacked by big, crossborder interests, few will recognize the pipeline as an initiative originally championed by B.C.'s depressed northern communities as a way to create jobs.

The project is so controversial that Kitimat community leaders have withdrawn from the debate and are waiting for the outcome of the regulatory review before taking a stand. Premier Clark is also staying on the sidelines.

"Our municipal office hasn't made a commitment one way or the other, and it's very similar to our view," said Trish Parsons, executive director of the Kitimat Chamber of Commerce.

The start of the hearings should have been a watershed moment for the 9,000resident town. A decade ago, it was in a fierce competition with Prince Rupert, a community closer to the Pacific coast that is also trying to diversify from logging and fishing, to convince Enbridge to house the terminus of the project.

But a lot has changed. Major energy players have picked Kitimat, surrounded by mountains at the end of Douglas Channel, to house a handful of terminals to transport natural gas in liquid form to Asia. If all goes ahead, it would become a major Canadian energy export point, stirring debate about how much activity and tanker traffic it can handle.

"We have a deep-sea port, but it's not [an invitation for] everybody to come and jump in," Ms. Parsons said. "It has to be done in a way that is beneficial to the community and the province and the country, but that is safe and providing for the future."

The Northern Gateway hearings were originally expected to be held in Kitimat, but were moved last month at the request of the Haisla to Kitimaat Village, their home, to make it easier for elders to attend.

The NEB review will determine Canada's need for the project and decide whether it is in the national interest, while the CEAA review will assess environmental safety.

For the next three months, the panel will hear oral evidence from 53 intervenors. In addition to the Haisla, the two days of hearings in Kitimaat Village will include testimony from the Douglas Channel Watch, the Kitimat Valley Naturalists and the Métis Nation of B.C. A second phase will involve oral statements from more than 4,000 people. Myriad written statements have been submitted from interests as diverse as the government of Venezuela (through their unit CITGO Petroleum Corp.) to Kinder Morgan Inc., the Houston-based company that operates a competing pipeline to the West Coast.

The start of the hearings has added fuel to the public debate. After being outmanoeuvred by the U.S. green lobby over the proposed Keystone XL pipeline, Northern Gateway supporters are stepping up their defence.

EthicalOil.org, the grassroots organization that has been a vocal oil sands backer, started running controversial radio and print ads this week in northern British Columbia denouncing foreign interests "colluding" to keep the pipeline from being built.

"Stop foreign billionaires from sabotaging Canada's national interest!" the print ads say, showing a smiling puppeteer pulling the strings of five groups - the West Coast Environmental Law Foundation, Corporate Ethics International, Environmental Defense Canada, Pembina Environmental Foundation and the Ecojustice Canada Society.

Spokeswoman Kathryn Marshall, a law student at the University of Calgary, said the ads are meant to be "noticed."

"Most Canadians will be shocked to know how much money these groups are getting," Ms. Marshall said. "The illusion is that these groups are speaking for Canadian interests, and they are not if they are getting so much of the funding from outside of the country.

"Our contention is that we should have a debate about the Northern Gateway pipeline, but that debate should be a Canadian one decided by Canadians because it is our decision and we do have a lot at stake here - jobs, our economy and our energy development - and foreign interests shouldn't be meddling in the process as they currently are."

Meanwhile, five oil sands companies took the unusual step this week of showing their support. Cenovus Energy Inc., MEG Energy Corp., Nexen Inc., Suncor Energy Inc. and Total E&P Canada filed statements with the NEB showing precedent agreements, the first step to committing space on the pipeline. Only one company, Sinopec, had previously identified itself as one of the project's funding participants.

Enbridge is also facing opponents head on, running its own campaign inviting British Columbians to "join what will be an unprecedented and critical discussion and debate."

Opinion polls are being trotted out by both sides and are becoming a flash point of their own. A poll conducted by Ipsos Reid for Enbridge indicated this week British Columbians are more likely to support than oppose the project.

It contradicts the results of another poll, conducted by Forum Research Inc. last month, that showed half of Canadians are opposed to the Northern Gateway pipeline, with British Columbians among the top opponents.

The North American environmental movement, encouraged by its success in getting U.S. President Barack Obama to delay the Keystone XL decision, is determined to make Northern Gateway a similarly high-profile cause.

In November, some groups formed a coalition, including the New Yorkbased Natural Resources Defense Council (NRDC), a leader in the campaign against Keystone; the Albertabased Pembina Institute, a vocal oil sands opponent; the British Columbiabased Living Oceans Society, a group focused on marine conservation; and the Haisla Nation.

With so much at stake, so many views, and so many consequences, it will be hard for decision makers to find common ground and stand by the decisions they make. It may be one of the reasons why pipelines that were similarly polarizing, most recently the Mackenzie Valley Pipeline, the Alaska Gas Pipeline and Keystone XL, have not yet been built.

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