

Intelligence MEMOS



From: Blake Shaffer and Trevor Tombe

To: Concerned Canadians

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Re: **RECONCILING PIPELINES WITH CANADA'S CLIMATE GOALS**

The federal government's [approval](#) of Kinder Morgan's Trans Mountain and Enbridge's Line 3 pipelines has sparked intense opposition. Indeed, the #StopKinderMorgan movement may become this generation's [Clayoquot Sound](#). While pipelines raise important concerns regarding land issues, indigenous rights, and spill risks, their effect on Canada's greenhouse gas emissions deserves special attention. Let's look at the numbers.

It's true new pipelines have the potential to increase oil production. By shrinking Alberta's price discount, and by providing a cheaper transport option than rail, pipelines increase returns to new investment. The amount of incremental production depends on how much would have otherwise been shipped by rail. By 2025, the National Energy Board [estimates](#) that without new pipelines, Canadian oil production will be roughly 450,000 barrels per day lower than otherwise.

It's also true that incremental production increases emissions. Given current technology, extracting a barrel of oil sands emits roughly 65kg of GHGs (though the [best facilities](#) are more like 50kg). Thus, blocking pipelines potentially lowers annual upstream emissions by 10-11 million tonnes, or about 1.5% of Canada's greenhouse gas emissions. The effect on global emissions is less if foreign suppliers replace our lost production.

Emissions are a [critical concern](#) for many who see pipelines as inconsistent with Canada's GHG goals. However, a broader perspective reveals many policy options available to lower emissions. Blocking pipelines is a [costly one](#); consider three others.

First, increase the stringency of other carbon policies: The most cost-effective way to reduce GHGs is to increase its price. A rising carbon price, with revenue returned via rebates to low-income households and reductions in distortionary taxes is a [wise way forward](#).

Second, seek out international reductions: UBC climate scientist [Simon Donner](#) estimated that it could cost \$3.4 billion in 2030 to buy sufficient offsets internationally to cover our target gap. For perspective, \$3.4 billion is little more than \$2 per barrel in 2030, when Western Canadian oil production may exceed 4.5 million barrels per day. Blocking pipelines, on the other hand, may decrease the price received by producers by roughly \$10 per barrel (according to the [National Energy Board](#)). Buying offsets is more cost effective.

Finally, directly lower emissions abroad: The global climate cares not where emissions occur, just what the total amount is. Options to cheaply reduce GHG emissions are abound. In Indonesia, ongoing peat fires alone [emit more GHGs than all of Canada](#). Helping fight those isn't a far fetched idea—Norway is [investing \\$1 billion](#) (USD) to do exactly this. The cost to abate emissions from peat fire prevention may be [as low as \\$0.35 per tonne](#)! That's about [a thousand times cheaper](#) than blocking pipelines. Instead of foregoing economic gains, we can use them to lower emissions elsewhere.

Concerns over new pipelines are complex and varied. But it's important to distinguish these from climate concerns. To its credit, the federal government did this. Others should too. Blocking pipelines is a costly way to reduce emissions, and unnecessary to meet our climate goals.

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