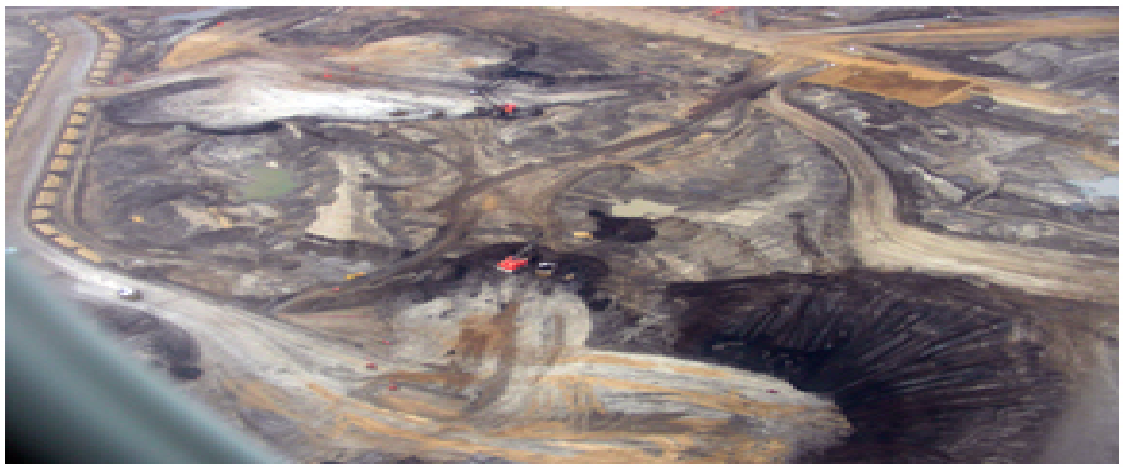
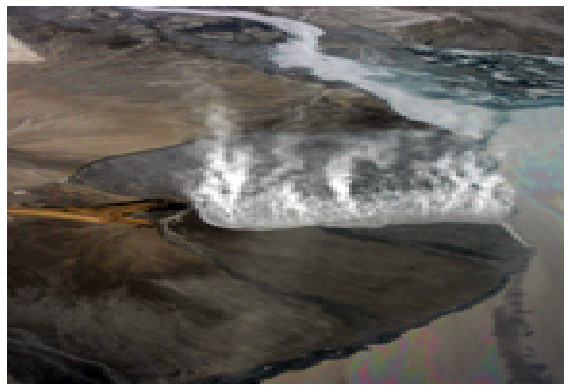
Freezing in the dark?
Canada needs energy security Plan

- Gordon Laxer
- Kelowna AGM Oct 27, 2007


‘Tory MPs storm out of meeting on energy sharing’

- ‘Amid heated charges of a coverup, Tory MPs on Thursday abruptly shut down parliamentary hearings on a controversial plan to further integrate Canada & the U.S.’

  ‘The firestorm erupted within minutes of testimony by University of Alberta professor Gordon Laxer that Canadians will be left "to freeze in the dark" if the government forges ahead with plans to integrate energy supplies across North America’.
- **Ottawa Citizen (A3; Ed Journal A6; Montreal Gazette A 12)**

Results of Benoit's mode of political discourse

Sparked interest in what I said to cause Benoit's tantrum

- My Op eds:

- Calgary Herald + *Edmonton Journal* published my testimony May 16
- '**Manifesto infuriates Tories'; '*Canada's energy needs come first'***

- Globe & Mail op ed 'Easterners could freeze in the dark' The U.S. has a national energy policy.. Why don't we?

Two positive editorials Lethbridge Herald and stories in Halifax Chronicle & Peterborough Examiner

II. Canada promises oil security for US Not Canada

George W. Bush can count on a secure flow of oil & gas from its biggest energy supplier & trading partner – Canada

Stephen Harper

"Alberta supports the goals of energy integration right through to Central America and the Caribbean."

Premier Klein

Washington June 2006

Energy Superpower or Resource Satellite?

- “Canada is new ‘emerging energy superpower’, & secure source of almost limitless energy resources” S. Harper
- **Superpowers** can influence events by projecting economic, military, political & cultural power on world scale
- **Satellites** are formally independent countries, dominated through deep ideological allegiance, & econ. dependence on more powerful country

Broad SPP Agenda (security & Prosperity Partnership)

- Energy is major plank in broader agenda to integrate Canada & Mex into a Greater America.
- End point of Deep Integration? Puerto Rican status for Canada & Mexico – any takers?
- Trade off: Canada & Mexico adopt Bush regime's 'security agenda'. In return they get privileged but not guaranteed access to US market.

Energy & SPP

- Bush plan energy security predates S11
- US NEP Report [Cheney Policy Grp] May 2001 [self-sufficiency, oil indep, domestic ownership]
- North American Energy Working Grp Apr 2001. Energy ministers US, Canada, Mexico: under radar

Later Folded in as 1 of SPP working grps

With NAFTA, Canada lost control over:

- Energy **exports** to US: **proportionality** clause
- Thus, Canada lost **control over GHG emits**
- **Security** of Supply to Eastern Canadians
- **Foreign ownership** / control
- Price Cdns pay to buy own energy
- Upgrading Cdn resources (eg Nfld & NAFTA law suit)

Satellites lose control energy / environmental future

Perverse result of Proportionality

- If Americans cut oil consumption, it enhances U.S. oil security. Less dependent on imports
- If Canadians cut oil consumption, it results in greater oil exports to U.S. & does little to improve Cdn oil security
- ‘America wastes more oil than it imports’. President Jimmy Carter 1977

What more can US win on Energy?

- SPP: Secretive process eg oilsands working grp
- Big prize: Mexico abandon energy nationalism

- Canada: US already unltd access Cdn energy

Get Cdns think North American rather than Cdn

- 5 new oil pipelines to US
- Boost tarsands output X 5: 5 mil b/d
- Ease Cdn enviro reguls energy projects
- LNG terminals to export to US [liquified nat gas]
- Temp Mexican workers w/o immigs rights

Canada's New NEP: No Energy Plan

- NEB's mandate: "promote safety & security .. in Canadian public interest"
- "Unfortunately, the NEB has not undertaken any studies on security of supply." emailed to me Apr 12, 2007
- 1980 National Energy Program: Canadianization, self-sufficiency & security, 2-price oil policy, assert fed'l power

Alberta Govt & No Energy Policy

- Guarantee U.S. **unlimited access** Cdn oil, gas
- **Defy Kyoto** convention on GHGs.
- Encourage **foreign ownership** / control
- 'In all my yrs as Premier of Alberta, I never once heard anyone ... articulate a compelling vision of Canada's continental energy future'.

  Ralph Klein - quoted in Fraser Inst fundraiser

Alberta's Royalty Review Panel portrayed as radical

- Language of Bill Hunter Review chair:
- "As Albertans, we own 100% of the resource, & we should expect nothing less than 100% of the rent. It's up to industry to convince us that we should take a decrease."
- Reality: Alberta would collect $2 billion less per year in 2016, even though oilsands production will more than double
- Royalty Panel proposal: AB royalties:
- Drop from $9.5 b 2006 to $7.6 b 2016
- New Stelmach plan: even greater fall in royalty

Comparing Energy Resource Savings Funds

Alberta's Heritage Fund: **$16.3 billion**

Started 1976 - Aug 2007

Total of Heritage Fund + other funds: almost **$40b**

Alaska's Permanent Fund: **39 b US** May '07

Started 1977

Norway's Petroleum Fund: **293 b US** (2006)

Started putting funds into account – 1996

(Norway's Petroleum Fund now merged with Pension fund)

Part III Energy Insecurity Eastern Cdns

"Let the Eastern Bastards Freeze in the Dark"

popular 1980s Alberta bumper sticker now Canada's default policy

Oil Imports:

- Supply 90% oil Atlantic provs & Quebec
- 36% of Ontario
- Canada NO strategic petroleum reserve & no studies / plans for internat'l oil supply crisis

Exports to US:

67% of Canada's oil production

59% Canada's nat. gas

Canadian oil imports by source

Year / imports Barrels per day	OPEC	North Sea
2004 960,000 b/day	**41.3%** Algeria 14.6% S Arabia 8.1% Iraq 7.8%	**47.5%** Norway 26.9% UK 20.6%
2005 950,000 b/day	**41.3%** Algeria 17.6% S Arabia 8.2% Iraq 7.1%	**41.7%** Norway 26.0% UK 15.7%
2006 849,000 b/day	**45.0%** Algeria 20.7% Iraq 8.1% S Arabia 8.0%	**37.0%** Norway 21.7% UK 15.3%

Oil Pipelines Canada 2006

source NEB 26 / 11 / 06

Interprovincial Enbridge Oil Pipeline from Western Canada

- Can move 1.9 mil b. / day to US midwest & Ont
- This sufficient to supply On, Que, Atlantic provs
- 150,000 b/day of unused capacity 2005
- Vulnerable to US pressure because routed through Wisconsin & Michigan to Sarnia
- Nat gas pipeline to Quebec city: all-Cdn route
  - Source CAPP Pipeline Expansion Feb 2005

Sarnia to Montreal Pipeline

- 1950s Debate: nat'l vs continental view
- Built 1978 to bring western oil to Montreal. 250,000 b/day capacity.
- Part of Trudeau govt's plan for energy self-sufficiency & independence
- Reduced Cdn imports from 50% to 29%

- In 1999, Pipeline reversed: brings offshore oil from Portland Me thru Montreal to Sarnia Ont

Enbridge Forecast Decline Imports on Mtl to Sarnia line

source: Enbridge Pipeline App 11Ap 07

Year	2004	2005	2006	2008	2010	2012	2013
000 b/ day	227	190	141	118	96	50	0

Campaign Demand: reverse Sarnia to Montreal pipeline

- Decline in offshore imports thru pipeline makes demand for Energy security easier

Canada is most oil vulnerable member of IEA [International Energy Agency]

- SPRs [Strategic Petroleum Reserves] are IEA requirement. Exceptions: 4 net oil exporting states: Canada, Denmark, Norway U.K.
- Denmark & U.K. have SPRs as EU members
- Norway supplies almost all domestic market before exporting, so doesn't need SPR
- IEA assumption: countries supply domestic market before exporting: But **not Canada**

Long term Security

- SPRs only useful for short term energy supply crisis – 90 days supply

long term security:

- Return to 25 yr rule: No energy exports unless 25 yrs **proven** supply for Cdns

  For oil 25 yrs environ'ly sustainable supply
- Build all-Cdn oil pipeline to Montreal
- Get 'Mexican exemption' on NAFTA's Proportionality clause

Exit Proportionality Clause & Greenhouse gases

- Clause is Obstacle to Green policy Canada
- Won’t convince Cdns to drastically cut energy use, if Canada just exports more
- NAFTAs proportionality clause means Canada’s GHG emissions likely remain high, even with lower Cdn consumption

Why exit NAFTA proportionality clause?

- US Gov't: 'security trumps trade'
- If so, energy security for Canadians trumps NAFTA

Exiting Proportionality / NAFTA

1. **Mexican Exemption**. Proportionality – the only NAFTA energy clause exempting Mexico

John Dillon

"If they can have one, why can't we?"

Chrétien Liberals' 1993 fed. election promise: "Liberal govt will renegotiate both FTA & NAFTA to obtain ... same energy protection as Mexico."

2. **Withdraw** NAFTA. A party may withdraw in **six months** after giving written notice

NAFTA Article 2205

Natural Gas & Tarsands Oil

Conventional nat gas: **8.7 years** left **'proven'** reserves [Stats Canada]

- Canada: only 1% of world's natural gas
- By 2012, TarSands will need 2 b. cu ft / day: enough to heat all Cdn homes for day
- 2006-2018: tarsands require **12 Tcf** gas p.a.
- AB Gas Preserv'n Act: AB set aside 15 yrs usage before exports

Kjell Aleklett 'Crash programme' p. 1939

Natural Gas & 1 barrel Tar Sand oil

(1 barrel oil = 153 litres)

- Surface mining: **750 cu ft** nat gas
- In Situ (deep) **1500 cu ft** nat'l gas
- **1500** cu ft gas enough to heat 1 Cdn home for about **8 days**

Source: 'Oil Sands Fever'. Pembina 2005

Green House Gases & Exports

Tarsands: single largest GHG source Canada
2000: 23 m. tonnes GHGs

2015: 57-97 m. tonnes GHGs – Sierra Club Prairie chapt

GHG intensity almost 3 times conventional oil

By 2015: ¾ Cdn oil production from tar sands

CAPP

75% tar sands oil exported to US now

2-5 barrels water for each barrel oil

IV. New geopolitics of Oil

Oil & US military machine

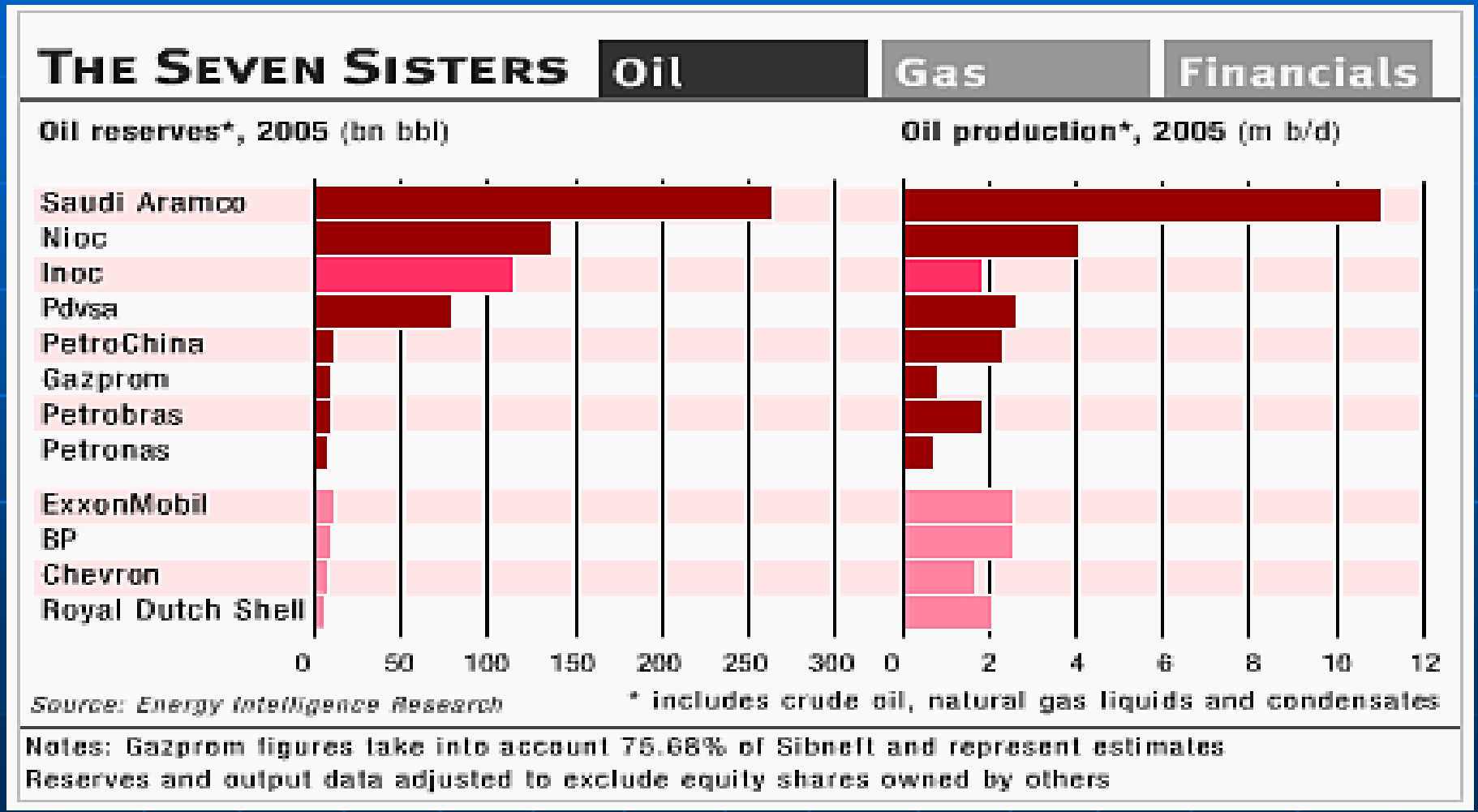
* Oil Control crucial to popular sovereignty struggles vs U.S. Empire eg Venezuela
- How did 'their' oil get under Iraqi sands & Alberta's Tar sands?
- *Pentagon* is world's single largest buyer of oil, consumes 85% US Gov't oil use
- *Cdn oil :* U.S.'s # 1 source oil imports

Canada is major fueler U.S. war machine

Cheney on Govt control oil & gas

- “Governments & the national oil companies are obviously in control of about 90% of the assets”.
- “Oil remains fundamentally a government business”
- 1999 Quotes from Dick Cheney, when Pres. Halliburton, an Oil fields engineering corp

National Oil Companies:
The New 7 Sisters of Oil



Source: Carola Hoyos, Financial Times, March 11 2007; ***The new Seven Sisters: oil and gas giants dwarf western rivals.*** (http://www.ft.com/cms/s/471ae1b8-d001-11db-94cb-000b5df10621.html). Thanks Keith Newman

Lack of Private Investment Opportunities

Robin West:

"national oil companies now control over 80% of the resources"

"the industry can't invest. It can't develop the excess capacity, because most of the resources are off-limits to investment"

- Robin West. CEO PFC energy. Planning services oil industry

Panacea or Pipe Dream? Energy Policy and the Search for Alternatives: Session I: A Foreign Policy Mandate: Thirty Years of Oil And Gas.

Council on Foreign Relations, Washington D.C., March 13, 2007. Thanks Keith Newman

V. Alternative Vision

- **Canada first**. 25 yrs ‘proven’ oil / gas supplies for Cdns before exporting
- **Halt** NEW tar sands projects
- **Substantially lower consumption** instead
- **Meet** Canada’s 2012 **Kyoto** targets & then **much deeper** cuts
- **Raise royalties for** prov’l, indigenous owners

Bolivia nationalizes gas industry

May 2006 / Mai 2006

Source: La Razon Newspaper, Bolivia, http:www.la-razon.comversiones2006050_005529nota_244_281969.htm

Halt New Tar sands Projects

No new approvals til meet standards:

- Strict limit water / GHG emissions
- Realistic land reclamation plans
- Deposit cover full-cost land reclamation up-front
- No subsidies production dirty energy
- Energy security for Cdns
- Much higher econ rents on dirty energy to fund clean energy industry AB & CAN

Public Ownership / Social Ownership

- Lots of public owned corps in tar sands, only problem – they aren't Cdn
- Location commitment, conservation goals
- 51% Cdns support govt 'nationalizing' oil companies in Canada 2005 [Leger Polling]
- 34% Albertans support above [Leger]
- 73% Cdns support pub. ownership PetroCanada 2004 [Ipsos Reid]

Fed, prov, municip crown energy corps

- Encourage coops / social ownership

Campaigns for Cdn control

a) **Stop** new export pipelines, LNG terminals, tar sands expansion

b) **Set up** SPR for Canada – Feb 15 date to fill SPR if we stop exports to US

"If everyone else has one, why don't we?'

c) **Reverse** Montreal to Sarnia Pipeline

d) **Get** Mexican exemption on proportionality clause

e) Once regain control over Cdn energy production – Cut consumption

f) Public ownership – prov'l / federal

Campaign: Public Opinion Poll:

Question:

"Should Canadians have the right to first access of Canadian oil and gas reserves in times of emergency or scarcity?"

Expected result: first national poll in history to register a unanimous opinion

Campaign – political parties

- Specifically Targetted campaigns NDP, Green Party, Bloc Quebecois, Liberals

- Federal & provincial level

Campaign re citizens organizations

- Talk Greens re exiting proportionality & then cut energy consumption d) Public / Media: research reports / books, op. eds, demos, letters editor etc

- Set up information exchange networks

www.ualberta.ca/parkland &http:/www.canadians.org/