

# Green Scene: Kinder Morgan Pipeline not worth the Risk

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(published November 21, 2014 – *The TriCity News*)

With determined and dedicated pipeline protestors seemingly becoming a constant fixture on Burnaby Mountain, a report released last week by Simon Fraser University and The Goodman Group (TGG) has also helped to highlight the very limited benefits and high risks Kinder Morgan's proposed pipeline expansion offers to residents of the lower mainland. This report, titled "[Economic Costs and Benefits of Trans Mountain Expansion Project for BC and Metro Vancouver](#)" is posted to the SFU School of Public Policy's website.

It is important to remember this proposed pipeline, with triple the capacity of the existing one, will not be delivering oil to the lower mainland to provide fuel for our gas tanks or to supply the Chevron refinery with product to be processed. Instead, this pipeline will deliver hazardous diluted bitumen explicitly intended to be loaded directly onto tankers in Burrard Inlet for export overseas. In fact, once this pipeline opens the market for exports, it is predicted local gasoline prices will rise to world levels. Many people have wondered why there is not a greater attempt made to create jobs in Alberta by refining the bitumen there and establishing a manufacturing industry to make products out of the heavy oil extracted from the tar sands. Instead, we seem to be content to remain as hewers of wood and drawers of water (and now oil) rather than developing the technical expertise most economists would expect of a developed nation.

Keep in mind also that the old pipeline, now over 60 years of age and threads its way through residential areas in the older part of Coquitlam, has not exactly been a fail-safe enterprise. To date, spills on this line which stretches from Edmonton to Burnaby, have totalled over 40,000 barrels. While Coquitlam residents have fortunately not had to deal with the consequences of a spill in their backyards, residents in Burnaby have not been so lucky. In July 2007, when a contractor ruptured a pipeline in Burnaby, Kinder Morgan staff in Edmonton exacerbated the spill by turning off the wrong valve. This converted the ground-level spill into a geyser of oil along Hastings Street which forced some people from their homes for many months.

The authors of the SFU-TGG report calculate Kinder Morgan has exaggerated by at least three-fold the number of jobs that the project will produce. They estimate the Kinder Morgan project will create only 12,000 short term jobs over a three year construction period. While 4000 jobs per year might sound impressive, this amounts to less than 0.2% of total BC employment. They also point out that many of these temporary jobs may not be filled by BC residents. Once completed, the project is expected to result in only about 50 permanent jobs. Assuming these 50 jobs result in an additional 800 spin-off jobs, this would account for only 0.03% of total BC employment. In terms of generating revenue through municipal taxes, the project is expected to have very little impact locally. Overall, 68% of the revenue from the project is expected to go to tar sands producers while 31% will remain in Alberta with less than 2% coming to BC.

The SFU-TGG report also describes how Kinder Morgan's assessment of the risk of a diluted bitumen spill is very questionable. To back this up, in a recent blog post, MLA Andrew Weaver pointed out how consultants hired by Kinder Morgan to model an oil spill made unacceptable assumptions such as an oil spill occurring on a sunny summer day with 20 hours of daylight which allowed 63% of the oil to be recovered. Weaver remarks that adverse weather conditions that could prevent oil recovery occur between 10-40% of the time on this coast and that the Federal Expert Tanker Safety Panel concluded, on average, only 5-15% of oil is actually recovered in an oil spill.

In general, it seems very few benefits will accrue to people in BC and Metro Vancouver from this pipeline project. In contrast, the risks from the project are extremely high. This is especially the case if there were to be a diluted bitumen spill in the lower mainland where many people live or from a tanker in Burrard Inlet. With the costs of a large spill estimated to be over a billion dollars, it seems unlikely Kinder Morgan would have the resources to cover all the costs. Thus, it is quite possible in the event of a large spill, taxpayers would ultimately have to cover the costs.

The SFU-TGG study concludes the benefits of the pipeline project are very small and have been significantly overstated by Kinder Morgan whereas the worst case costs of a catastrophic spill are very large and have been vastly understated by Kinder Morgan. The report thus recommends the citizens and decision-makers of BC and Metro Vancouver reject this pipeline proposal.