



# Trans Mountain Expansion Project

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## Issue

The Trans Mountain Expansion Project is recognized by the Government of Canada as being in the Canadian public interest. The majority of Canadians support the Project and the short- and long-term job creation and economic growth it delivers. Construction is scheduled to begin in late 2017 and is subject to 157 conditions set down by the National Energy Board in May 2016. These conditions, along with Trans Mountain Pipeline's long-term role in responsibly and safely transporting Alberta oil to the Pacific coast, are strong indications that the expanded pipeline will meet the expectations of Albertans and other Canadians for safe, well-regulated and well-managed energy infrastructure. Owners of small and medium sized business in Alberta welcome the Project and the vital benefits it will generate including thousands of short and long term jobs, economic activity and tax revenue to support communities and government programs.

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## Background

Trans Mountain proposed, in a December 2013 Application to the National Energy Board (NEB), to expand its existing pipeline system, increasing daily capacity from 300,000 barrels to 890,000 barrels. Trans Mountain indicated that thirteen shippers, including Alberta's largest oil producers had committed to long-term, 15 and 20 year contracts on the expanded system.

Following a 29-month review, the NEB, on May 29, 2016, concluded that the Trans Mountain Expansion Project is in the Canadian public interest and recommended that the Federal Governor in Council approve the expansion. The Board attached 157 conditions which address issues such as public safety, economic benefits, local job creation, emergency preparedness and emergency response, Aboriginal interests and environmental protection and safety along both the pipeline right of way and the marine tanker transport routes. The NEB's review was rigorous, involving 404 intervenors — the most ever to participate in an NEB hearing — and more than 1,200 commenters.

On November 29, 2016, the Government of Canada accepted the NEB recommendation, noting that Canada needed to expand the markets for its oil products and saying that the Trans Mountain Expansion Project "will make that possible."

On January 11, 2017, the Province of British Columbia announced that the Project had received its environmental certificate from the BC's Environmental Assessment Office subject to 37 Conditions and has met the Requirements for British Columbia to Consider Support for Heavy Oil Pipelines, known as BC's 5 Conditions.

The Project has enjoyed long-term support from the Canadian Chamber of Commerce, which estimated in a 2013 report that transmission pipeline bottlenecks were costing the Canadian economy \$50 million a day.

The \$6.8 billion Trans Mountain Expansion Project is a key to unlocking that wealth. Through the expanded pipeline, oil producers gain increased access to tidewater, and see their product transported to new markets that would pay world rather than domestic prices<sup>1</sup>. Despite a fallback in oil prices, the NEB estimates oilsands output will double between 2015 and 2020. This demonstrates the ongoing need for the Project.

Economic benefits generated during construction and 20 years of operations from the Trans Mountain Expansion Project include:

- \$46.7 billion in provincial/federal taxes including \$19.4 billion to Alberta as a result of higher prices for oil producers.
- \$68.3 billion in additional revenue to Alberta oil producers attributable to Trans Mountain a result of higher netbacks, over the first 20 years of operations
- \$45 billion GDP effects for Alberta

The Project creates 441,000 person-years of employment in Alberta from project development and operations. This includes:

- 14,600 construction jobs
- 13,340 pipeline operations jobs
- 11,200 jobs generated by dividend payments from oil producers
- 400,600 jobs related to additional investment in oil and gas development as a result of higher netbacks to producers.
- Overall, the project generates more than 800,000 person-years of work for Canadians

In addition to direct construction work for Albertans there are indirect or supply chain job opportunities in:

- Rail transportation
- Equipment rental and leasing
- Truck transportation
- Steel products
- Transportation support activities
- Computer services
- Engineering
- Machinery and equipment wholesalers

Local governments in Alberta along the Trans Mountain right of way will annually receive an additional \$3.4 million in property tax payments, or at least \$68 million over 20 years of pipeline operations (before tax increases are factored in). Those payments can support community services such as police and fire protection, recreation and infrastructure, and can also be used to reduce the size of property tax increases. Additional payments projected include:

- \$1.28 million to Yellowhead County
- \$764,000 to Strathcona County
- \$355,000 to Edmonton
- \$559,000 to Parkland County
- \$33,000 to Stony Plain
- \$7,000 to Wabamun
- \$110,000 to Edson

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<sup>1</sup> Referenced by Kinder Morgan Canada

- \$34,000 to Hinton
- \$44,000 to Jasper

Trans Mountain also has Community Benefits Agreements with several communities along the right of way. These agreements are above and beyond the additional tax revenues local governments will receive and are part of the overall efforts by Trans Mountain to work with pipeline-affected communities to identify local opportunities to give something back in recognition of the public inconveniences and temporary disruption created by construction of the proposed expansion. Trans Mountain has 18 Community Benefit Agreements in 22 communities, along 95 per cent of the pipeline corridor. The agreements include the following for Alberta communities and will go towards community projects:

- \$250,000 to Hinton
- \$225,000 to Stony Plain
- \$225,000 to Strathcona County
- \$300,000 to Edson
- \$225,000 to Parkland County
- \$200,00 to Spruce Grove
- \$140,000 to Yellowhead County

The Trans Mountain Expansion Project is important and timely. The economic benefits are substantial and will be available to fund core government projects and services including health care, education, roads and infrastructure, as well as support local economic activity in municipalities and Aboriginal communities along the route. Thousands of workers, some who have faced unemployment as a result of a recent downturn in the Alberta energy economy, will benefit in both the short and the long term. Operators of small and medium businesses can also expect to benefit from the economic expansion the Project creates.

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**The Alberta Chambers of Commerce recommends the Government of Alberta:**

1. Work with the Governments of British Columbia, Canada, and relevant municipalities to support the Trans Mountain Expansion Project so it can meet its commitments to delivering jobs and economic benefits and meeting its regulatory requirements during the construction and operation of the pipeline.
2. Work with local chambers of commerce to enable local procurement and job creation during the construction project.