

TransCanada **vastly exaggerating** Energy East's ability to reduce overseas oil imports

Canadians and investors are being misled with outdated, inaccurate information



environmental
defence

GREENPEACE

By repeating false information, TransCanada is misleading Canadians and investors in a desperate attempt to justify its Energy East pipeline and tanker proposal.

TransCanada erroneously claims that Energy East would benefit Canadians because the project would eliminate Canada's dependence on overseas foreign oil, repeatedly stating that Eastern Canadian refineries currently import **86 per cent** of their needs from overseas sources of oil, including Saudi Arabia, Nigeria, Venezuela, and Algeria.

TransCanada's claim is false. And it's inaccurate no matter how often the company repeats it. Energy East is an export pipeline, not a made-in-Canada energy solution.

THE TRUTH ABOUT CANADA'S OVERSEAS CRUDE OIL IMPORTS

Numbers from Statistics Canada's international trade data (January-August 2014) show that just **14.1 per cent** of Eastern Canada's oil imports come from Saudi Arabia, Algeria, Nigeria and Venezuela.

Figure 1 shows the breakdown of oil imported into Eastern Canada from those four countries in 2014. In contrast to TransCanada's claims, the total adds up to just 14.1 per cent.

Figure 1: Canadian oil imports by Province

COUNTRY	PER CENT IMPORTED OIL	EASTERN CANADIAN PROVINCE IMPORTING OIL
Saudi Arabia	7.8%	New Brunswick only
Algeria	5.1%	Quebec only*
Nigeria	1.2%	Quebec only*
Venezuela	0 %	none
TOTAL	14.1%	

Source: Statistics Canada, Canadian International Merchandise Trade Database, 2014¹

*Quebec refineries are unlikely to take much crude oil from Energy East. For more information, please see page 3.

TRANSCANADA'S INACCURATE CLAIM:

Eastern Canadian refineries import **86 per cent** of their daily needs, from more expensive overseas sources including Saudi Arabia, Nigeria, Venezuela and Algeria.

86%

14.1%

THE TRUTH:

Statistics Canada data shows that only **14.1 per cent** of imports to Eastern Canadian refineries come from these four overseas countries.

TransCanada repeatedly claims that 86 per cent of Eastern Canada's oil comes from overseas.

“Eastern Canadian refineries currently import more than 700,000 bbl/d, or 86 per cent of their daily needs, from more expensive overseas sources including Saudi Arabia, Nigeria, Venezuela and Algeria.”

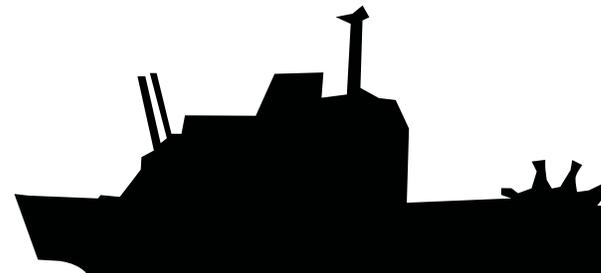
- TransCanada: New Study Projects Energy East Will Boost Economy Across Canada, September 2013²

“Currently, 86 per cent of the oil refined in Eastern Canada is imported from overseas. If approved, Energy East could eliminate this dependence on expensive foreign oil.”

- TransCanada: Need for a Pipeline factsheet³

The truth is the biggest supplier of Eastern Canada's oil refineries isn't from overseas. Data from Statistics Canada shows, from January-August 2014, over 50 per cent of the crude imported to New Brunswick and Quebec — the only provinces whose refineries would be reached by Energy East — came from the United States.⁴

TransCanada's often cited 86 per cent figure doesn't reflect current reality. According to a March 2014 report by Canada's National Energy Board, refineries in Eastern Canada and Ontario together imported only “approximately 39 per cent of their crude oil supply from other countries, including some from the U.S.”⁵ The National Energy Board looked at all import sources for Eastern Canada and Ontario. When compared to the National Energy Board's figure, the statistic used by TransCanada is both inaccurate and vastly over-inflated.



According to a March 2014 report by Canada's National Energy Board, which looked at all import sources, refineries in Eastern Canada and Ontario together imported only “approximately 39 per cent of their crude oil supply from other countries, including some from the U.S.”⁶

ENERGY EAST WON'T SUBSTANTIALLY REDUCE CANADA'S OIL IMPORTS

TransCanada claims that Energy East would eliminate dependence on overseas oil. The fact is TransCanada's Energy East will have little impact on oil imports.

As *Figure 1* shows, Eastern Canadian provinces imported no oil from Venezuela in 2014, and very limited quantities from countries like Saudi Arabia, Algeria and Nigeria. Energy East won't have a huge impact on imports from these four countries, because the imports are so small to begin with.

For Eastern refineries that do import crude oil, Energy East won't have much of an impact either. Energy East would not serve a number of Eastern refineries that import crude oil, including:⁷

- Newfoundland's refinery in Come by Chance: The pipeline won't reach it.
- Nova Scotia's refinery in Dartmouth: It permanently stopped refining crude in fall 2013.
- Ontario refineries: Energy East would not serve them. The pipeline's route is nowhere near the refineries, which are located in Southern Ontario.



Energy East is designed to feed only three refineries: two in Quebec (Suncor and Valero) and one in New Brunswick (Irving.)⁸ But even fully supplying those refineries is unlikely.

As demonstrated in a recent report on Energy East exports and backed up by a number of analysts and oil industry leaders, by the time Energy East could be built, Enbridge's Line 9 reversal would already have supplied both Quebec refineries with all the Western crude they can use.⁹

The Suncor refinery in Montreal expects to receive some 130,000 barrels per day from the Line 9 reversal,¹⁰ and its maximum refining capacity is 137,000 barrels per day.¹¹ Meanwhile, Valero expects its Quebec City refinery to have replaced all of its overseas imported crude with North American crude by the end of 2014 – years before Energy East would be built.¹² Valero claims foreign imports (non-North American) made up only 20 per cent of the crude slated for its Quebec refinery in April/May 2014.¹³ The Irving refinery in Saint John will likely continue to source part of its crude oil supply from the U.S., where supplies are projected to continue to increase.

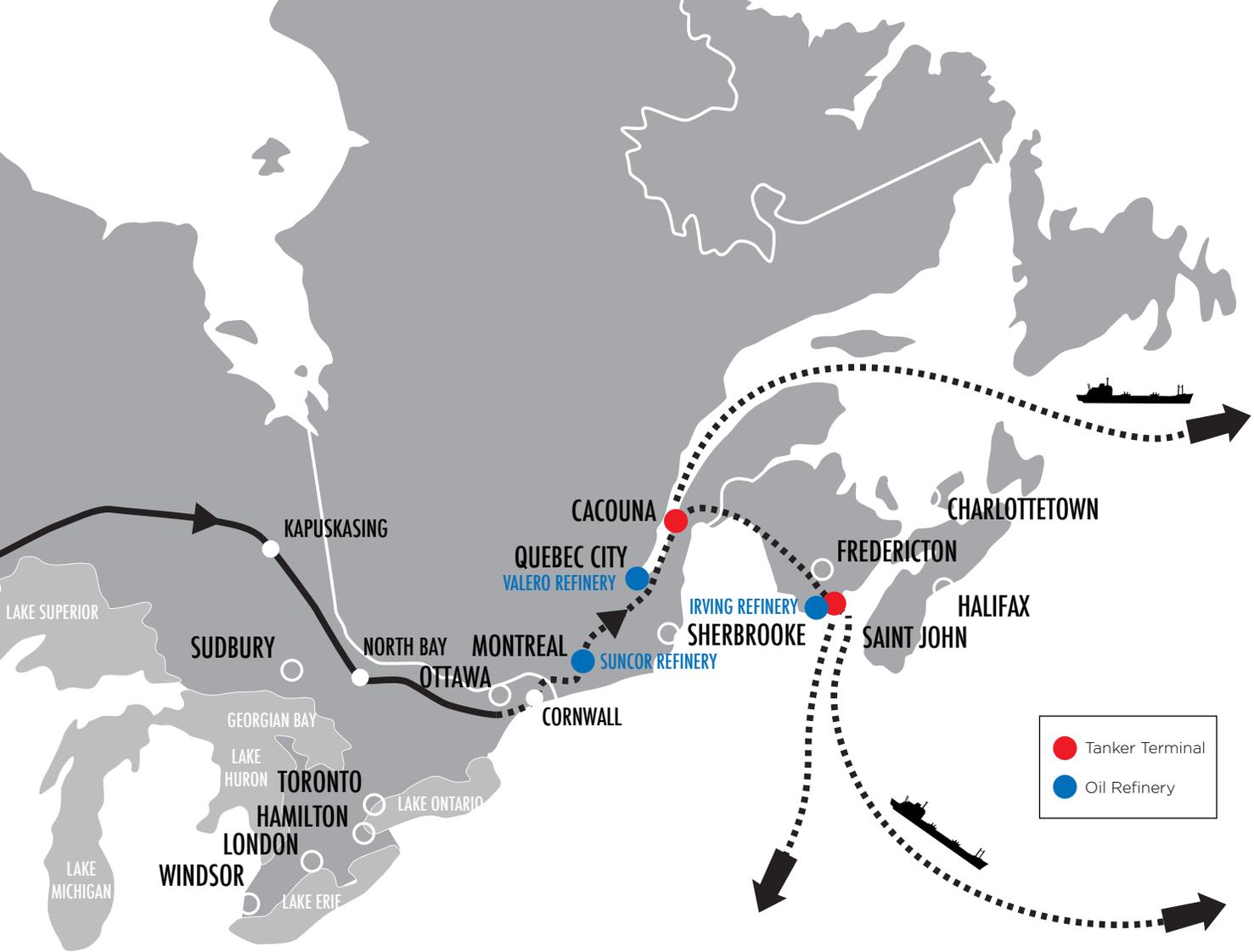
That means Energy East would supply very little oil to any Canadian refineries. **Up to 90 per cent of its capacity is expected to flow unrefined onto tankers for export.**¹⁴

As a result, Energy East will not help local economies. And it isn't expected to create many permanent jobs.

U.S. CRUDE IMPORTS RISING

TransCanada's effort to promote Energy East as the answer for stopping the import of overseas oil leaves out the most important source for Eastern Canada — the United States. Approximately 50 per cent of the oil currently imported into Canada now comes from the U.S.,¹⁵ a trend likely to continue.

Not only has crude from the U.S. already replaced many overseas imports into Eastern Canada, our southern neighbour is now the largest and fastest growing source of oil imports for the region's refineries.¹⁶ The shale-oil boom in the U.S. has created a new supply of accessible, low cost crude that is attractive for Canadian refineries. In the summer months of 2014, Canada imported an average of nearly 400,000 barrels per day¹⁷ from the U.S., with imports expected to increase as U.S. oil production continues to climb.¹⁸



“We are expecting U.S. exports [to Canada] to remain high even with the Line 9 reversal. Eastern Canadian refiners want the light, sweet crude, and the U.S. can give it to them.”

- Oil markets analyst, Amrita Sen¹⁹

Significant quantities of Canadian oil are also being produced by offshore drilling operations in Newfoundland and Labrador, yet more than half of this oil is being exported unrefined overseas.²⁰ Energy East would do nothing to ensure oil produced in Eastern Canada is refined in Canada.

If Energy East will not significantly reduce overseas oil imports, as TransCanada continues to claim, then what is its value to Canadians? Certainly, it will not stem the tide of foreign

oil into Canada. But it will put hundreds of communities at risk of tar sands oil spills.

AN EXPORT PIPELINE: THE REAL REASON FOR ENERGY EAST

Energy East will export up to 1 million barrels of oil per day, unrefined.²¹ Rather than supplying Eastern Canadian refineries as the company suggests, this project is actually about putting unrefined oil on massive super-tankers in the St. Lawrence and the Bay of Fundy. The pipeline would put communities across Canada at risk from major oil spills. A spill from the tankers would threaten ecological and economic disaster for coastal and riverside communities in Quebec, PEI, Newfoundland, Nova Scotia and New Brunswick.

Energy East would export jobs but not the danger associated with transporting huge quantities of dirty oil.

ENDNOTES

1. Statistics Canada, Table 990-0027 (HS2012 code 270900), Canadian International Merchandise Trade Database, annual. Data for Canada and select provinces are available from Statistics Canada at the following websites:
Canada, <http://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng§ionId=0&dataTransformation=0&refYr=2014&refMonth=8&freq=12&countryId=0&usaState=0&provId=1&retrieve=Retrieve&save=null&country=null&tradeType=3&topNDefault=25&monthStr=null&chapterId=27&arrayId=0§ionLabel=&scaleValue=0&scaleQuantity=0&commodityId=270900> ;
Newfoundland and Labrador, <http://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng§ionId=0&dataTransformation=0&refYr=2014&refMonth=8&freq=12&countryId=0&usaState=0&provId=10&retrieve=Retrieve&save=null&country=null&tradeType=3&topNDefault=25&monthStr=null&chapterId=27&arrayId=0§ionLabel=&scaleValue=0&scaleQuantity=0&commodityId=270900> ;
New Brunswick, <http://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng§ionId=0&dataTransformation=0&refYr=2014&refMonth=8&freq=12&countryId=0&usaState=0&provId=13&retrieve=Retrieve&save=null&country=null&tradeType=3&topNDefault=25&monthStr=null&chapterId=27&arrayId=0§ionLabel=&scaleValue=0&scaleQuantity=0&commodityId=270900> ;
Quebec, <http://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng§ionId=0&dataTransformation=0&refYr=2014&refMonth=8&freq=12&countryId=0&usaState=0&provId=24&retrieve=Retrieve&save=null&country=null&tradeType=3&topNDefault=25&monthStr=null&chapterId=27&arrayId=0§ionLabel=&scaleValue=0&scaleQuantity=0&commodityId=270900> ;
Ontario, <http://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng§ionId=0&dataTransformation=0&refYr=2014&refMonth=8&freq=12&countryId=0&usaState=0&provId=24&retrieve=Retrieve&save=null&country=null&tradeType=3&topNDefault=25&monthStr=null&chapterId=27&arrayId=0§ionLabel=&scaleValue=0&scaleQuantity=0&commodityId=270900>.
2. TransCanada Corporation, New Study Projects Energy East Will Boost Economy Across Canada, News release, September 10, 2013, <http://www.transcanada.com/news-releases-article.html?id=1758069>.
3. TransCanada Corporation, Energy East, Need for a pipeline, 2014, <http://www.energyeastpipeline.com/home/need-for-a-pipeline/>.
4. See references in endnote 1, for New Brunswick and Quebec data.
5. National Energy Board, Canadian Energy Dynamics 2013, Government of Canada, 2014, p.2, available online at <http://www.neb-one.gc.ca/nrg/ntgrtd/mrkt/dnmc/2013/2013nrgdnmc-eng.pdf>.
6. National Energy Board, Canadian Energy Dynamics 2013, Government of Canada, 2014, p.2, available online at <http://www.neb-one.gc.ca/clf-nsi/rnrgynfntn/nrgyrprt/nrgydnmcs/cndnnrgydnmcs2013/cndnnrgydnmcs2013-eng.pdf>.
7. See endnote 1. While the data are not refinery-specific, the statements made here about the refineries in Come by Chance, NL and Dartmouth NS are true because Newfoundland has only one refinery and Nova Scotia had only one refinery until September 2013, after which it had none.
8. TransCanada Corporation, Energy East Pipeline Project, Project Description, Volume 1, March 2014, p. 1-1, https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90464/90552/2432218/2432401/2428790/Vol-1_Energy_East_Project_Description_ENGLISH_4-Mar-14_-_A3V0S2.pdf?nodeid=2428599&vernum=-2; Deloitte & Touche, LLP, Energy East - The Economic Benefits of TransCanada's Canadian Mainline conversion project, September 2013, p.7, <https://www.energyeastpipeline.com/wp-content/uploads/2013/09/Energy-East-Deloitte-Economic-Benefits-Report.pdf> [The report presents a study commissioned by TransCanada].

9. Council of Canadians, Ecology Action Centre, Environmental Defence and Équiterre, TransCanada's Energy East: An Export Pipeline, Not For Domestic Gain, March 2014, <http://environmentaldefence.ca/reports/transcanada%E2%80%99s-energy-east-export-pipeline-not-domestic-gain>; Sandy Fielden, "Take a Pipe on the East Side? New Crude Transport Options to Eastern Canada", RBN Energy, July 27, 2014, <https://rbnenergy.com/take-a-pipe-on-the-east-side-new-crude-transport-options-to-eastern-canada> (subscription).
10. Suncor, Suncor Investor Information Published October 31, 2013, p. 8, http://www.suncor.com/pdf/Suncor_IR_Presentation_Q3_2013.pdf.
11. Suncor website, Montreal Refinery, <http://www.suncor.com/en/newsroom/2482.aspx?id=5020>.
12. Valero, Investor Presentation, July 2014, p.9, http://valero.investorroom.com/download/Investor+Presentation_website_July+2014.pdf.
13. Ibid.
14. Council of Canadians, Ecology Action Centre, Environmental Defence and Équiterre, TransCanada's Energy East: An Export Pipeline, Not For Domestic Gain, March 2014, <http://environmentaldefence.ca/reports/transcanada%E2%80%99s-energy-east-export-pipeline-not-domestic-gain>.
15. See endnote 1, data for Canada, overall.
16. For crude import trends in Canada, see Statistics Canada source cited in endnote 1; For the growth of U.S. crude exports to Canada, see the U.S. Energy Information Administration, "U.S. Exports to Canada of Crude Oil, monthly data, 1994-2014, <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrexca1&f=m>. See also Shawn McCarthy, "TransCanada's Energy East faces hurdle as U.S. oil boom swamps market," The Globe and Mail, August 31, 2014, <http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/transcanadas-energy-east-faces-hurdle-as-us-oil-boom-swamps-market/article20289084/#dashboard/follows/>.
17. Average for months of June, July and August 2014. Statistics Canada, Table 990-0027 (HS2012 code 270900), Canadian International Merchandise Trade Database, monthly, <http://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng§ionId=0&dataTransformation=0&refYr=2014&refMonth=8&freq=6&countryId=0&usaState=0&provId=1&retrieve=Retrieve&save=null&country=null&tradeType=3&topNDefault=25&monthStr=null&chapterId=27&arrayId=0§ionLabel=&scaleValue=0&scaleQuantity=0&commodityId=270900>. Note that the quantity data in Statistics Canada's Table 990-0027 is provided in cubic meters only, thus conversion to barrels and barrels per day is necessary to derive the 390,000 bpd figure.
18. While estimates of U.S. light crude production vary, the U.S. Energy Information Administration forecasts show that U.S. tight oil production (mostly light crude sourced from shale) stays well above 2011 levels through 2040 (reference case), and may even climb steadily through 2040 (high case), U.S. Energy Information Administration, Annual Energy Outlook 2014, with Projections to 2040, April 2014, p. ES-2, <http://www.eia.gov/forecasts/aeo/pdf/0383%282014%29.pdf>. Barring a major change in federal regulations to loosen U.S. crude export rules — unlikely if U.S. refiners continue to oppose it — Canada will continue to be the primary market for U.S. crude exports. Thus, as US crude production increases, so will light crude exports to Canada.
19. Lynn Doan and Dan Murtaugh, "Rising U.S. Crude Exports Move Closer to 1957 Record," Bloomberg, October 1, 2014, <http://www.bloomberg.com/news/2014-09-30/rising-u-s-crude-exports-move-closer-to-1957-record.html>.

20. National Energy Board, Canadian Energy Dynamics 2013, Government of Canada, p.4, March 2014, <http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/nrgydymcs/cndnnrgydymcs2013/cnd-nnrgydymcs2013-eng.html>; Sandy Fielden, "Take a Pipe on the East Side? New Crude Transport Options to Eastern Canada," RBN Energy, July 27, 2014, <https://rbnenergy.com/take-a-pipe-on-the-east-side-new-crude-transport-options-to-eastern-canada> (subscription).
21. Council of Canadians, Ecology Action Centre, Environmental Defence and Équiterre, TransCanada's Energy East: An Export Pipeline, Not For Domestic Gain, March 2014, <http://environmentaldefence.ca/reports/transcanada%E2%80%99s-energy-east-export-pipeline-not-domestic-gain>.



environmental
defence

GREENPEACE

Copyright © October 2014 by Environmental Defence and Greenpeace

rejectenergyeast.ca