

## **The Political Economy of Pipelines: The Battle over Oil Sands Access to Tidewater**

George Hoberg

Professor

Department of Forest Resources Management  
(Faculty Associate, Department of Political Science)

University of British Columbia

[george.hoberg@ubc.ca](mailto:george.hoberg@ubc.ca)

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Comments welcome [george.hoberg@ubc.ca](mailto:george.hoberg@ubc.ca)

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## **Abstract**

*A massive, high-stakes political conflict has erupted over oil sands pipelines -- Keystone XL to the Gulf Coast, two pipeline proposals to the Pacific Coast, and new proposals for alternative routes to Eastern Canada. Alberta's fossil fuel wealth is virtually landlocked, and as the growth of US demand for Canadian oil has stagnated, the sector's profitability and future growth have been jeopardized. Environmentalists, recognizing the strategic importance of these pipelines to the growth of the sector, have aggressively sought to block their approval in an effort to limit the expansion of the oil sands. The conflict has spilled over into federal Canadian politics, interprovincial politics, and Canadian-American relations. This paper will examine this political controversy from a perspective that focuses on two core factors: the operation of institutional veto points and the distribution of risks and benefits across jurisdictions. The political risk to major infrastructure projects is a function of five factors: the number of institutional veto points; whether opposition groups have access to veto points; whether the project can take advantage of existing infrastructure; the salience of place-based, concentrated environmental risks; and the jurisdictional separation of risks and benefits. We will see that each of the projects faces formidable political risks, but that these risks vary in type and magnitude by project. The key question is whether sufficient political pressure can be mounted to overcome these obstacles.*

A massive, high-stakes political conflict has erupted over oil sands pipelines -- Keystone XL to the Gulf Coast, two pipeline proposals to the Pacific Coast, and new proposals for alternative routes to Eastern Canada.<sup>1</sup> Alberta's fossil fuel wealth is virtually landlocked, and as the growth of US demand for Canadian oil has stagnated, the sector's profitability and future growth have been jeopardized. A substantial differential has emerged between mid-continent prices that most oil sands sell at, and world prices that the product could sell at if it has access to "tidewater" and then global markets. This differential represents billions of dollars per year in foregone revenues to the sector, and helps explain the strong pressure to increase access to tidewater. Environmentalists (and First Nations in BC), recognizing the strategic importance of these pipelines to the growth of the sector, have aggressively sought to block their approval in an effort to limit the expansion of the oil sands. The conflict has spilled over into federal Canadian politics, interprovincial politics, and Canadian-American relations.

This paper will examine this political controversy from a perspective that focuses on the interaction of strategic actors with institutions and the politics of the problem structure. The application of this framework permits a political risk analysis of sorts for major energy infrastructure projects in developed countries like Canada and the United States. The paper begins with an overview of the pipeline capacity crunch and the five major pipeline proposals that have emerged to address it. The analytical framework is then introduced, and applied in more detail to each of the major proposals. The approach focuses on two core factors: the operation of institutional veto points and the distribution of risks and benefits across jurisdictions. We will see that each of the projects faces formidable political risks, but that these risks vary in type and magnitude by project. The key question is whether sufficient political pressure can be mounted to overcome these obstacles.

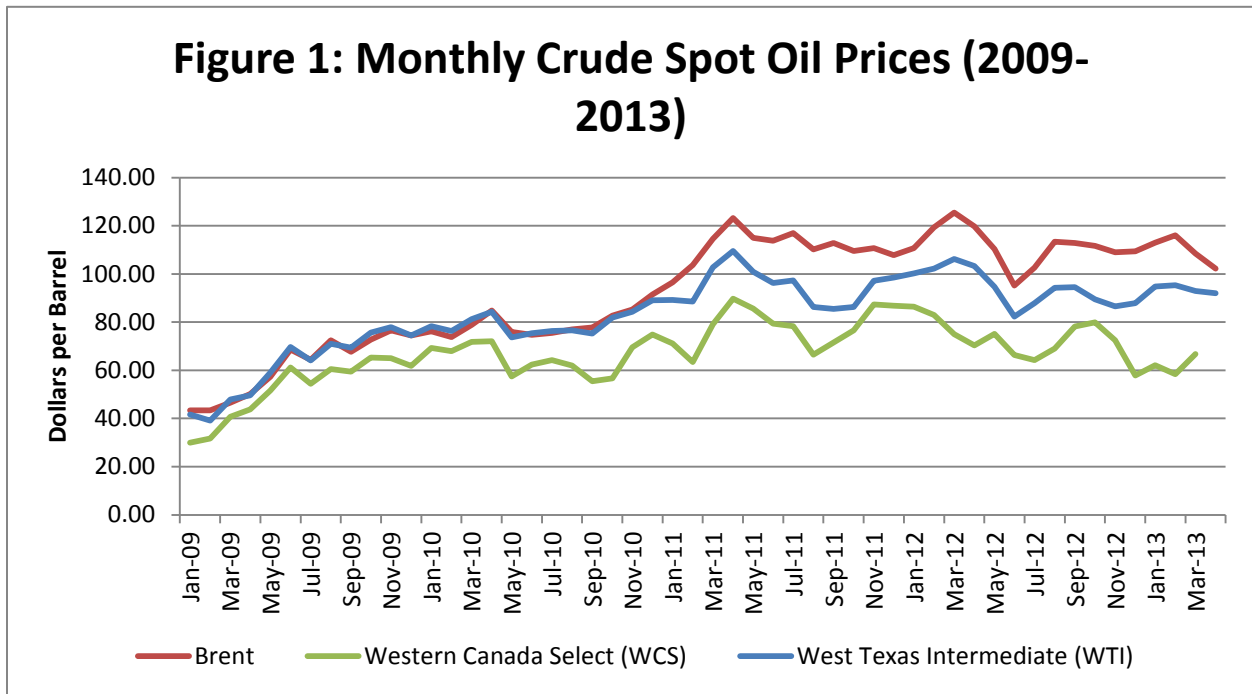
### **The Policy Problem: The Pipeline Capacity Crunch**

Current (as of January 2013) oil sands production is 1.8 million barrels per day (bpd), with an additional .4 million bpd capacity. Another 0.8 million are under construction, and a further 2.2 million bpd have been approved. If all of the production approved comes into operation, oil sands production would be 5.2 million bpd (Lemphers 2013; CAPP 2012). Pipeline capacity is already a significant constraint on oil sands development and profitability, and industry analysts believe that the constraints will become critical as early as the middle of this decade (CAPP 2012; TD Economics 2012).

Scarce pipeline capacity has led to a downward pressure on the price oil sands are getting in continental markets. There is currently an oversupply of oil in the Midwestern U.S., resulting in a persistent price differential between prices in Western North America, reflected in the West Texas Intermediate (WTI index) and international oil prices as measured by the Brent Crude index. Figure 1 shows this differential over the past several years. It also shows the prices for Western Canadian Select (WCS), a heavy oil grade that is perhaps the best indicator of what bitumen sells at. Some have argued that the industry faces a "double discount" where, in addition to the divergence from Brent prices, the differential between WCS and WTI has increased beyond what would be expected from normal quality differentials. These price spreads create billions of dollars of foregone revenues for producers (Moore et al. 2011), and explains the intense pressure by the industry and their political allies to get access to tidewater.

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<sup>1</sup> This paper has benefited greatly from the research and advice of Justin Alger, Andrea Rivers, and Geoff Salomons. I also wanted to thank Andrew Leach for his insights into industry economics.



There are three main avenues to tidewater: west to the Pacific coast, east to the St. Lawrence Seaway and Atlantic beyond, and south to the US Gulf Coast. Table 1 shows the five pipeline proposals and their status. Given the expected increase in oil sands production, as well as the increased light crude being produced in the Bakken formation, it's not merely a matter of building one or two of these. The increased capacity of these five pipelines combined would be 2.9 million, less than the planned expansion.

**Table 1: Pipeline Proposals**

Proposed Project	Company	Capacity (bpd)	Location	Status
Keystone XL	TransCanada	830,000	Alberta to US Gulf Coast	In application
Northern Gateway	Enbridge	525,000	Alberta to BC Coast	In application
Trans Mountain Expansion	Kinder Morgan	540,000	Alberta to BC Coast	Proposed
Line 9 Reversal	Enbridge	300,000	Ontario to Quebec	In application
East Coast Pipeline	TransCanada	625,000	Alberta to Atlantic Canada	Conceptual

Source: Nathan Lemphers (2013). "The climate implications of the proposed Keystone XL oilsands pipeline." *Pembina Institute*. Available at: <http://www.pembina.org/pub/2407>.  
 Supplemented with updated figures on Kinder Morgan from <http://www.transmountain.com/updates/trans-mountain-expansion-project-submits-project-description>

The TransCanada Keystone XL pipeline would connect the oil sands to the Gulf Coast of the United States, home to 50% of the refining capacity in the US (TD Economics 2012, 3). The pipeline would ship 830,000 barrels of oil per day from Hardisty, Alberta (200 km southeast of Edmonton) to the Gulf Coast (TransCanada 2012a). Keystone XL has become the most controversial energy project in the United States, a major partisan issue within the US and a significant tension in Canada-US relations. In November of 2011, President Obama postponed the decision due primarily to concerns about risks to a precious aquifer in Nebraska. TransCanada rerouted the proposal around the aquifer and resubmitted the application. A draft environmental impact statement of the new proposed route is currently under review, a decision is now expected in mid-summer of 2013.

The Enbridge Northern Gateway Pipeline would carry 525,000 bpd from Bruderheim, Alberta (60 km northeast of Edmonton) to the British Columbia coast at Kitimat. (The project would also have a parallel West to East pipeline carrying a dilutant called condensate.) Enbridge filed its application to the National Energy Board for regulatory review in May 2010 (Canadian Environmental Assessment Agency 2011). As a result of very strong environmental and First Nations opposition, the project has become enormously controversial politically. Final arguments are scheduled for June 2013, and the Joint Review Panel reviewing the application is required to make its recommendation to cabinet by the end of 2013.

The Kinder Morgan expansion proposal would twin an existing pipeline to substantially increase capacity and tanker traffic. Kinder Morgan's Trans Mountain pipeline had been shipping oil products from Edmonton to Burnaby BC for 60 years. The pipeline has served a Chevron refinery in Burnaby, and also connects to the Cherry Point refinery in Washington State. Existing capacity is 300,000 bpd. The expansion proposal would add an additional 540,000 bpd to increase total capacity to 890,000 (there would also be a 50,000 bpd increase in the existing line). The pipeline also serves the Westridge Marine Terminal in Burnaby. Currently the terminal handles about 5 tankers per month; that would increase to 35 per month. The company has been discussing the proposal for several years, and it filed a project description with the National Energy Board on May 24, 2013 (Trans Mountain Pipeline ULC 2013). Regulatory review is expected to start shortly.

The two West to East pipeline proposals would get oil sands to tidewater in eastern Canada via the St. Lawrence Seaway. Enbridge has a proposal to reverse an existing pipeline known as Line 9. The pipeline currently ships imported crude oil from Montreal to Sarnia, Ontario. The proposal would reverse the flow to take Western Canadian petroleum products, including oil sands, from Sarnia to Montreal. The capacity of the reversed line would be 300,000 barrels per day. The project has been divided into two stages. The first, shorter stage (from Sarnia to Westover, Ontario) was approved in July 2012. The second proposal, Line 9B, is currently in regulatory review.

The final major oil sands pipeline proposal is TransCanada's 850,000 barrels per day Energy East pipeline. The project would convert an existing natural gas pipeline from Alberta to Quebec to an oil pipeline, and connect the oil sands from Hardisty, Alberta all the way to Saint John, New Brunswick. Additional pipeline construction would be necessary in Alberta and especially Quebec and New Brunswick. The project is currently in "open season," meaning TransCanada is soliciting commercial interest from shippers in advance of submitting the formal regulatory application (TransCanada n.d.).

### **Veto Points, Problem Structure, and the Political Economy of Oil Sands Pipelines**

There seems to be little consensus among policy scholars within political science about an appropriate theoretical framework for understanding the determinants of policy (Cairney 2013; Steinberg and

VanDeveer 2012). While there are still important differences over which factors are most important, there does seem to be a loose general agreement that the interaction between three major categories of variables is at the core: interests, institutions, and ideas. The approach that I prefer is actor-centred, built around the strategic actions of public and private policy actors in an environment of ideas and institutional rules, and set in a broader context of economic conditions and public mood (Hoberg 2001). Actors have interests and political resources, and adopt strategies to best deploy their resources in a particular context to advance their interests. Resources and strategies are influenced by institutions and ideas. Institutions allocate authority among (usually state) actors, and influence who can participate and how. Ideas, both causal and normative, can provide resources to actors in making arguments. Strategic actors don't simply accept the dominant ideas and institutional rules, however. They also engage in second order strategies to alter the ideational environment through framing, and the institutional rules through venue-shifting and other means (Baumgartner and Jones 1991).

This paper will focus on the interaction of actors and institutions, setting aside ideas for now. In particular, the focus will be on two core variables: the presence of institutional veto points, and how the interests and resources of strategic actors are influenced by the structure of the policy problem. Institutionally-oriented scholars have long emphasized the importance of veto points to political dynamics and the distribution of authority over policy (Tsebelis 2002; Immergut 1990; Bonoli 2001). A veto point is a location of authoritative decisions that can block the approval of a policy or project. When jurisdictional authority to block a project is contested or less certain, we can refer to potential veto points. Veto points can exist within a particular jurisdiction, such as a separation of powers framework like the United States government, or even the prospect of judicial override within a parliamentary system. They can also operate between jurisdictions, such as the need for approval of a foreign government when a project crosses borders. Federal structures can raise complex questions about whether subnational governments are effective veto points.

The interests and influence of different policy actors is shaped by the structure of the policy problem, in particular the distribution of the costs and benefits of the policy in question. Policy impacts (positive or negative) can be either concentrated on a specific group or location, or widely diffused. Depending on the pattern of concentration and distribution of costs and benefits, policies take on different political attributes. Regulations that impose concentrated benefits on industry, for example, have quite different political characteristics than spending programs that diffuse costs to taxpayers (Lowi 1964; Olson 1965; Wilson 1980; Harrison 2010). The more concentrated the cost or benefit, the easier it is for actors to organize to push for their interests.

In the case of oil sands pipelines, the distribution of environmental risks and economic benefits is at the heart of the political economy of the conflict. Oil sands companies have the prospect of massive profits, creating a highly concentrated and very well-organized force in favour of increasing oil sands access to tidewater. The government of Alberta, highly dependent on oil royalties for its provincial revenues, also has a concentrated interest. Workers who would benefit from more secure, higher-paying jobs in the sector also face concentrated benefits. Some of the potential economic benefits are more diffuse, such as increased tax revenues from higher profit and wages for the Alberta and Canadian governments.

On the risk side, different environmental consequences have very different concentrations of risk. Pipeline or tankers spills are location specific, so have concentrated risks, and groups have been very effective at mobilizing to express concerns about these risks. Much of the concern about oil sands expansion is about the carbon intensity of the product, and thus global climate risks. But climate risks

are the ultimate diffuse risk (Harrison 2010), making it much harder to mobilize opposition on that aspect of the problem.

The relative concentration or diffuseness of risks and benefits is a critical variable, but so are the spatial aspects of distribution. If the costs and benefits of a proposal are geographically separated, justifying the project can become much more complex. The challenges are even greater when they are separated across jurisdictional boundaries, which creates additional veto points.

The combination of these veto points and distributional consequences of policy can be used to provide insights into the political risks faced by different projects. The discipline of political risk analysis has been developed within the management literature to focus on the risks of foreign investments in developing countries with less stable political systems (Simon 1984; Kobrin 1979). While the specifics of that approach seem less applicable in the Canada-US context, the underlying question of what influences the magnitude of political risk is an important one.

We can start from the basic statement that **the probability of success of any particular proposal depends on the relative balance of power of the pro- and anti-pipeline coalitions within the relevant jurisdictions**. Applying the insights from the framework of veto points and problem structure, the following hypotheses about the determinants of political risk can be articulated:

Hypothesis 1: The greater the number of institutional veto points, the greater the political risk.

Hypothesis 2: The more opposition groups have access to veto points, the greater the political risk.

Hypothesis 3: The more the project can take advantage of existing infrastructure, the lower the political risk.

Hypothesis 4: The greater the salience of place-based, concentrated environmental risks, the more power opposition groups will have.

Hypothesis 5: The more the jurisdictional separation of risks and benefits, the greater the political risk.

We can now turn to an overview of the institutional rules influencing the prospects of the different pipeline proposals, and then how the interests and resources of different actors are influenced by the problem structure.

## **Institutions**

Four of the five pipelines are exclusively Canadian, but the Keystone XL pipeline brings US institutional rules into the picture. Canadian institutions are a fascinating combination of centralized power among government leaders (the Prime Minister at the federal levels, Premiers in provinces) and a highly decentralized federation. There is little independent role for the legislature. Statutes tend to be enabling and provide broad discretion. When pipelines cross provincial boundaries, they are under the jurisdiction of the federal government through the authority of the National Energy Policy Act. They also need to comply with the Canadian Environmental Assessment Act. Both statutes impose procedural requirements on the federal government, mostly in the form of requirements for detailed analyses and public participation, but very little substantive constraint. The National Energy Board Act merely requires a decision in the “public interest,” and CEAA allows project approval even when there are significant environmental consequences if it is “justified in the circumstances” (Hoberg et al 2012).

Prior to 2012, the regulatory process established by the National Energy Board Act contained an important veto point in an independent regulator. Under the previous version of the Act, the National

Energy Board had final approval authority on interprovincial pipelines. If the NEB rejected a pipeline, the only recourse for the government would be to pass new legislation. But in its controversial 2012 budget implementation bill, C-38, the Harper government amended the National Energy Board Act to make the NEB decision a recommendation to cabinet rather than a final decision. In an explicit effort to gain greater control over the process of advancing “responsible resource development,” the Harper government eliminated a veto point and concentrated the approval process under its direct authority (Hoberg et al 2012).

Provinces do not have direct jurisdictional authority over interprovincial pipelines, but their authority over provincial lands and resources means a significant number of provincial approvals (for example timber harvesting) are required for pipeline projects to proceed. Whether a defiant province could thwart a federally approved pipeline is uncertain. It seems likely that the federal authority would eventually win out, but probably only after a protracted battle in court. Even if they do not have an ultimate veto point, a clear statement of opposition by a province would carry significant political weight, especially if the federal government in power is dependent on electoral support from the dissident province in federal elections. In this paper, provincial authority is considered a “potential” veto point.

The judicial branch is also a veto point. Due to the discretionary nature of Canadian laws, courts play a comparatively minor role in environmental disputes, especially in comparison to the United States. Because aboriginal rights are based in the constitution, however, courts play a much more important role in aboriginal law. In recent years, First Nations in Canada have had considerable success using the courts to force government to show greater respect for their rights and title. These issues have been particularly significant in British Columbia, most of which is not covered by settled treaties. Supreme Court rulings have filled the legal vacuum in Crown-aboriginal relations. The current state of law is that the Crown government has an obligation to consult and accommodate First Nations when projects could affect their rights and title (Treacy *et al.* 2006). The court has explicitly stated that this obligation does not confer a veto on First Nations, but courts do clearly have a veto if they believe the government has not effectively accommodated the concerns raised by First Nations.

The US institutional system is replete with veto points, many of which were explicitly designed into the constitution by its architects. The separation of powers and checks and balances between Congress and the President create a veto where none exists in Parliamentary systems like Canada. These veto points are particularly consequential in periods of “divided government,” when one or both chambers of Congress are controlled by a party different from the President’s. Even within Congress, consent by both chambers is required, and both chambers are equally active and legitimate. Within the Senate, extraordinary majority requirements have been created which require legislative action to attain “supermajoritarian” support (Krehbiel 1998). Courts are regular participants in disputes over major projects and policies, with judicial review of consequential regulatory actions being routine (Kagan 2001).

Generally, US federalism is more centralized than Canadian federalism, but energy pipelines crossing subnational boundaries reflect a different pattern. Where Canadian inter-provincial pipelines are surprisingly centralized federally, in the US, approval and siting of pipelines, even those which cross state boundaries, are under the jurisdiction of state government. The federal government frequently also needs to get involved because pipelines usually require federal permits for a variety of reasons. So major energy pipelines must get approval from multiple jurisdictions.



## **Strategic Actors**

### *Industry*

In the oil sands pipeline disputes, the core actors are the oil industry, governments (national and subnational), environmentalists, landowners, and aboriginal groups. The oil industry is driven by profits. The core component of the contemporary political economy of the oil sands sector is that profits are being constrained by the inability to expand market access due to limited pipeline capacity. This creates two related problems. First, it constrains growth and access to the resulting revenues and profits. Second, because of the particular dynamics of North American oil markets, it creates the price discount discussed above.

Overall the oil sands sector would benefit from greater access to tidewater, but there are conflicting interests within the sector. Pipeline companies compete with each other to provide market access. Upstream oil operations want to get as high a price for their product as possible, but downstream companies – refineries – want to minimize input costs. The same price discount for oil sands products that hurts oil sands producers is a benefit to refiners because it reduces their input costs. Because there is so much vertical integration in the oil industry, in many cases this mix of costs and benefits of the price discount are experienced within the same firm. The dramatic estimates of how much revenue is being squandered because of the price discount do not take into the fact that a majority of oil sands producers also have substantial refinery assets that directly profit from the discount (Allan, 2013).

### *Environmentalists*

The oil sands have been a focal point for the Canadian environmental movement since 2005 (Hoberg and Philips 2011), and a big part of US environmental group attention since the late 2009s. Concerns have focused on water use and contamination, the impact on the boreal landscape from such intensive industrial development, and greenhouse gas emissions. Environmental groups on both sides of the border are concerned about the expansion of oil sands, and recognized early on that the land-locked nature of the resource made expansion dependent on new pipeline capacity. Environmental groups have used both the BC and Gulf Coast pipeline battles as a way to constrain oil sands expansion but also, as we will see in the case studies, to wage proxy battles about other environmental or social issues.

### *Aboriginal Groups and Landowners*

Actors with rights to land or resources affected by pipelines are also very important in the political economy of pipelines. Aboriginal groups in British Columbia have been particularly important to the two Pacific coast pipeline proposals. Most areas of British Columbia have unresolved land claims, and constitutional jurisprudence has increasingly demanded that settler governments accommodate First Nations concerns (Hoberg and Taylor 2011). First Nations have resisted pipelines both because they are concerned about the impact of spills on culturally and economically important resources, but also because they are a valuable means to force attention to their broader demands for rights and title.

Private property holders can also play an important role. Thus far, property owners have played a much bigger role in the Gulf coast proposal than the other four, mainly because there is so much more private land in the U.S. than in Canada.

### *Governments*

National and subnational governments are also critical actors with “relatively autonomous” preferences. Governments have authority over pipeline decisions, although as discussed above the division of that authority across levels varies significantly depending on the country. Even if subnational governments do not have clear decision-making authority (essentially, veto power), they can still play a significant role in federal government decision making. The interests of governments are a function of the relative political importance of environmental issues at risk and economic benefits at stake. Party control of government is critical to how that balance is struck, but one key lesson from the Pacific coast cases is that even a business-oriented government is sensitive if public opinion leans strongly in the other direction.

With its provincial budget so directly tied to energy sector revenues both through royalties and taxes, the government of Alberta is clearly intensely interested in reducing the price gap and facilitating the expansion of the oil sands. While some of the losses from the price discount are recouped by vertically integrated oil companies with refining assets, the same is not the case for the government of Alberta. When Western Canadian Select prices plummeted in late 2012, a sense of fiscal crisis emerged in the province, with Premier Redford bemoaning the emergence of a “bitumen bubble” threatening the long term fiscal health and prosperity of the province. In a space of a few short years, a fast-growing, ebullient province has apparently been transformed by fiscal panic, directly linked to oil pricing challenges created by limited pipeline capacity for the oil sands.

### **To the Gulf Coast: The Keystone XL Pipeline**

The Keystone XL pipeline from near Edmonton to the Gulf Coast is the furthest along in review, but a decision from the Obama administration is not expected until later in 2013.<sup>2</sup> TransCanada first proposed the pipeline in September 2008. Because it crosses the border with the US, Keystone XL automatically confronts a formidable veto point: the need for approval by a foreign government, and in particular a country known for its multiplicity of veto points. The fact that the particular government in question is notorious for having a multiplicity of veto points magnified the political risks. The proposal arrived at a time when US federal politics was becoming increasingly polarized, and when energy issues have emerged as a major flashpoint of partisan conflict in the Obama era (Levi 2013). As a result, the Keystone XL proposal itself has been a major issue in conflict between Congress and the White House and even played a role in the 2012 Presidential election.

The debate over Keystone XL has largely been between advocates for jobs and energy security, on the one side, and concerns about climate change and water quality risks from pipeline accidents, on the other. TransCanada and its allies among energy industry supporters in the US have emphasized the jobs benefits, especially in construction, and the energy security benefits from displacing oil imports from less friendly foreign countries (most notably Venezuela). The environmental opposition has focused on two quite distinct concerns. First, the original pipeline route went through the Sand Hills area of Nebraska, where thin soils raised concerns about the impacts of a spill on the Ogallala Aquifer, one of the world’s largest aquifers and a critical source of both drinking water and irrigation for the region. Second, climate activists have chosen to draw a line in the sand on Keystone XL. In the wake of the failure of Congress to enact climate legislation, environmentalists chose to make the pipeline a rallying point for movement building because the veto point was under the control of an (apparently)

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<sup>2</sup> A good overview of the pipeline issues can be found in reports of the Congressional Research Service, the most recent of which is Parfomak et al (2013).

sympathetic president. For the past several years, the Keystone XL pipeline has been the single most important issue for the US environmental movement.

As mentioned in the earlier overview of institutions, while an international pipeline requires an executive branch “national interest determination,” the US has no federal process for pipeline siting and approval; it is left up to the states. The Keystone XL project traverses five states, so in essence five subnational veto points. Each state would get some short term economic benefit from construction jobs and their spillovers, and also face environmental risks from pipeline spills. Local spill risk issues were not significant enough to create formidable opposition in four of the five states, but they became a major issue in Nebraska because of the environmental sensitivity of the Sand Hills region. The pipeline became so controversial that the Governor of Nebraska called a special session of the state legislature to enact new legislation to address the issue.

While local, concentrated risk issues dominated concern in Nebraska, a broad coalition of environmental groups led by Bill McKibben and 350.org launched a series of protests to focus as much attention as feasible on President Obama’s decision. A sit in campaign in front of the White House late in the Summer of 2011 led to over 1200 people getting arrested (Dembicki 2011). On November 6, 2011, 13,000 protesters surrounded the White House (CBC News 2011).

Four days later, the US State Department announced that the decision on the pipeline would be postponed for over a year, until after the 2012 Presidential election. In its letter explaining the decision, most of the focus was on the risks to the Ogallala aquifer and the need to consider alternative routes that avoided the most sensitive areas. Most of the four paragraph statement was about issues involving Nebraska. The final sentence outlining what would be considered in the future national interest determination did give a brief nod to climate change: “Among the relevant issues that would be considered are environmental concerns (including climate change), energy security, economic impacts, and foreign policy” (US Department of State 2011). While it is impossible to say what the relative importance of climate vs. local issues was to the administration, the public rationale clearly emphasized the local concerns.

The decision angered Republicans in Congress, and came in the midst of a bitter budget dispute between Democrats and Republicans. The result was an amendment attached to a debt ceiling bill that required the president to make a decision on the pipeline within 60 days. TransCanada had agreed to consider an alternative route, but the administration claimed it could not evaluate the merits of the new route within 60 days, so was forced to reject the application. In its statement the administration explicitly stated that its rejection did not preclude “any subsequent permit application or applications for similar projects” (US Department of State 2012).

TransCanada responded by decoupling two components of the proposal and submitting a revised route for regulatory review. The segment of the pipeline that went south from Cushing, Oklahoma to the Gulf Coast was separated from the northern segment from Canada. Since it was separate from the international component, Presidential review was eliminated, and the proposal received the necessary approval in July 2012 and is currently under construction. Construction crews were initially dogged by protesters but legal action has succeeded in clearing the path. In May 2012 the company submitted a new northern route that avoided the most sensitive parts of the Sand Hills area. That segment has been approved by Nebraska but still needs to complete National Environmental Policy Act review and national interest determination.

By rerouting the pipeline, the political structure of the policy problem changed significantly. The concern over concentrated, local risks was reduced, leaving the main objection to the pipeline being the far more diffuse global climate risks. The State Department issued a new Draft Environmental Impact statement in March which downplayed the greenhouse gas emission impacts of the project. Its analysis of oil markets concluded that even if the project was denied, oil sands production would not be altered in any significant way: “Approval or denial of any one crude oil transport project, including the proposed Project, remains unlikely to significantly impact the rate of extraction in the oil sands, or the continued demand for heavy crude oil at refineries in the U.S.” (US Department of State 2013, ES-20). In the interagency review process, the EPA took issue with this conclusion, arguing that the market analysis was far too sanguine about the capacity and costs of rail as an alternative (US Environmental Protection Agency 2013).

Frustrated with the lack of action by the Obama administration, House republicans were successful in passing the Northern Route Approval Act through the US House of Representatives in May 2013. If enacted into law, the bill would remove the presidential permitting requirement and directly approve the pipeline. At present there seems to be little prospect that the Senate will agree (and it may also need to overcome a presidential veto), but it is a clear effort by pipeline proponents to eliminate the presidential veto point. The issue is still under the direct authority of a Democratic president. Whether the climate issue is enough to force Obama to reject such an economically consequential energy project remains to be determined.

### **The Two Pacific Coast Pipelines**

The two pipelines to the Pacific coast have arguably been even more politically polarizing and consequential in Canadian and provincial politics than Keystone XL has been in the US. The Northern Gateway Pipeline has been a remarkably intense, durable, and broad controversy. Mainstream media attention has been intense – during the 12 month period from October 2011 to September 2012, the “Northern Gateway pipeline” appeared in 433 stories in the *Vancouver Sun* and 191 in the *Globe and Mail*. The controversy has also infected provincial, interprovincial, and national politics in Canada. It has been a dominant issue in BC politics for 18 months. It fueled a bitter dispute between BC Premier Clark and Alberta Premier Alison Redford, and prompted Clark to refuse to participate in national energy strategy talks because of a dispute with Redford about the allocation of financial benefits from the pipeline (CTV 2012). The controversy has directly engaged the Prime Minister, and the Harper government undertook a sweeping overhaul of environmental legislation in the summer of 2012 to facilitate the approval and this and similar resource development projects (Hoberg et al 2012). The substance and process of these legislative changes helped trigger the Idle No More movement of 2012-2013.

The Northern Gateway pipeline is further along in the process and has had a bigger impact on national and interprovincial politics. The Kinder Morgan pipeline has yet to be submitted for regulatory approval, but it played a critical role in the May 2013 provincial election in British Columbia. These two pipelines – the most cost-effective way to gain oil sands access to booming Asian markets (TD Economics 2012) – face significant obstacles in adamantly opposed First Nations and an environmental movement whose anti-pipeline campaigns have been instrumental in increasing public opposition and pressuring changes in the position of the BC government. The power of these obstacles is magnified by glaring separation of environmental risks, concentrated in BC, and economic benefits, concentrated in Alberta.

### *Opposing Forces*

First Nations opposition creates a significant logistical and legal challenge to the pipelines, and their access to court to ensure their rights are protected poses a potential veto point for the two pipelines. Within BC, most of the proposed pipeline route is through unceded territory, and many First Nations along the route are adamantly opposed to the projects. In March 2010, the Coastal First Nations, an alliance of First Nations on BC's North and Central coasts, issued a declaration "that oil tankers carrying crude oil from the Alberta Tar Sands will not be allowed to transit our lands and waters" (Coastal First Nations 2010). In December 2010, the Yinka Dene Alliance, a coalition of six First Nations in the Fraser River watershed, issued the Save the Fraser Declaration, which was then signed by more than 60 other First Nations. The declaration states that "we will not allow the proposed Northern Gateway Pipeline, or similar Tar Sands projects, to cross our lands, territories, or watersheds, or the ocean migration routes of Fraser River salmon" (Save the Fraser Gathering of Nations 2010). Both declarations are prefaced by the phrase "in upholding our ancestral laws, title, rights, and responsibilities."

These declarations were issued to strengthen the legal position of First Nations, some of which intend to challenge oil sands pipeline approval in court (Paterson 2011). First Nations already have formidable rights under Supreme Court interpretations of Section 35 of the Constitution to be consulted and accommodated on projects that affect their rights and title (Treacy *et al.* 2006). The Supreme Court has made it clear that the duty to accommodate does not constitute a veto, but the test for what is sufficient accommodation is extremely vague (Hoberg and Taylor 2011). Given the high probability of a constitutional challenge in the event that either pipeline is approved, the legal rights of First Nations pose a significant risk to the projects. At a minimum, the court challenges are likely to delay the construction of a pipeline for a year or more. Many First Nations have also made it clear that they will physically resist the pipeline with civil disobedience, creating the potential of more delay and reputational damage to pipeline companies.

The two pipelines also face strong opposition from well-resourced and strategic environmental groups. There are a number of significant environmental issues associated with new oil sands pipelines and the oil sands expansion they enable, including landscape impacts, water quality and quantity issues, and greenhouse gas emissions. But the cornerstone of the environmental opposition to the pipeline proposals has been a campaign against increased oil tanker traffic along the BC coast, the issue which galvanizes public opposition most effectively. Polls regularly show about 75% opposition to increased tanker traffic. The Dogwood Initiative launched its No Tankers campaign in 2007, and claims 100,000 supporters (Dogwood Initiative 2012). Originally focused on the Northern Gateway project, it was expanded to include Kinder Morgan in 2011. The Wilderness Committee and Tanker Free BC both have campaigns dedicated to opposing the Kinder Morgan expansion. The Sierra Club of BC, ForestEthics, LeadNow, the David Suzuki Foundation, and the Pembina Institute have all been active in opposing the two projects. Pipelines have essentially replaced old growth forests and the cause célèbre of the BC environmental movement.

These environmental campaigns have been effective at increasing awareness of the environmental risks from the pipeline, and increasing opposition among the general public. An August 2012 Abacus poll showed that 56% of BC respondents opposed the Northern Gateway pipeline, while only 24% supported it (Abacus 2012). A September 2012 Forum poll showed a margin of support over opposition of 55% over 37% (Forum 2012). A February 2013 Insights West poll showed that 57% of BC respondents opposed the Kinder Morgan expansion project, while 38% supported it (Insights West 2013).

### *The BC Government's Five Preconditions*

This public opposition, in combination with other factors, was strong enough to force a change in the official position of the Government of BC in the summer of 2012. Prior to the summer of 2012, the Clark government had said that it would wait until the environmental assessment process was complete to take a position on the pipeline. This position became more tenuous as public opposition increased and the May 2013 election approached. Heading into the election, the BC Liberal government of Christy Clark was very unpopular and almost universally expected to be defeated. The BC NDP had taken a strong position against the Northern Gateway pipeline (BC NDP 2012), but stuck to a non-committal position on Kinder Morgan until two weeks before the election, arguing that it would be inappropriate to oppose a project that had yet to be formally proposed.

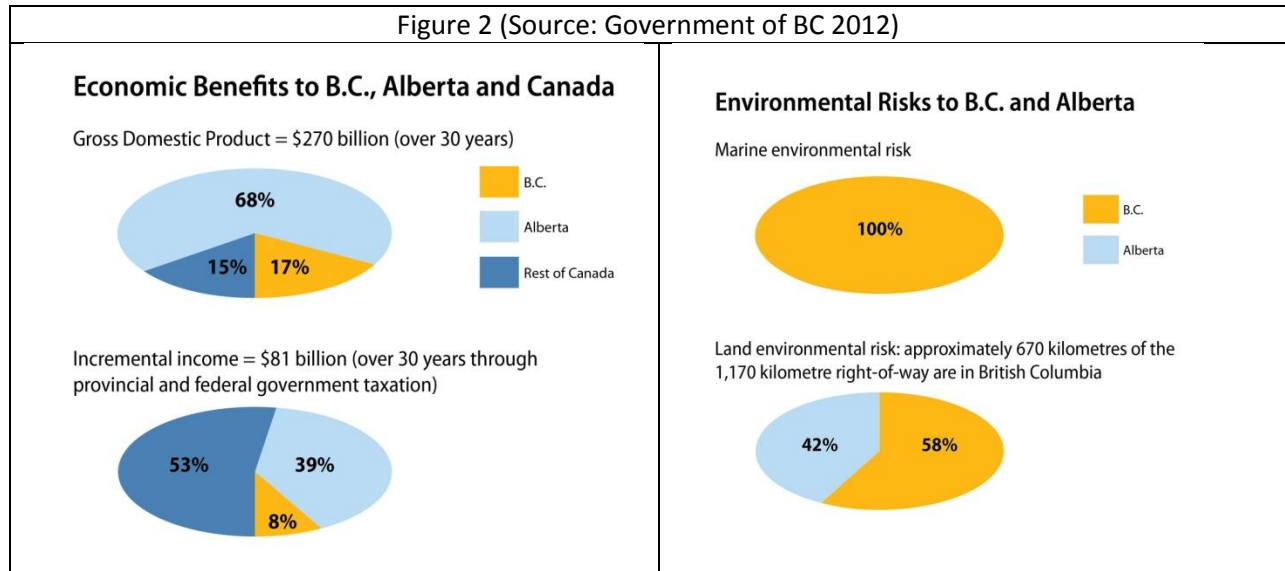
In addition to their electoral vulnerability, a pivotal event forced the Clark government to shift its position. The reputation and image of pipeline and oil companies has been battered over the past several years by a series of incidents. While not a pipeline project, the BP Deepwater Horizon blowout in 2010 raised the alarm about the risks of oil spills. Three months after that accident, there was a major spill on an Enbridge pipeline carrying diluted bitumen from the oil sands into the Kalamazoo River in Michigan. Nine months later, in April 2011, there was another significant pipeline accident in Northern Alberta. Each one of these spills fueled public concern over pipeline and tanker risks, but it was the report on the Enbridge Kalamazoo spill by the US regulator that was the last straw for the Clark government's "wait and see" position.

In its July 2012 report, the National Transportation Safety Board criticized Enbridge for "pervasive organizational failure" and displaying a "culture of deviance" (National Transportation Safety Board 2012). Even more damaging, when the NTSB chair spoke publicly about the report, she said "When we were examining Enbridge's poor handling to their response to this rupture you can't help but think of the Keystone Kops" (NPR 2012). These phrases were devastating to Enbridge's safety reputation, and transformed elite opinion and party positioning. Columnists declared the report was a "death knell" (Yaffee 2012) and that the pipeline was "dead and buried" (Palmer 2012).

In late July, the BC government announced a new position, "Requirements for British Columbia to Consider Support for Heavy Oil Pipelines." The policy articulated five conditions for support:

1. Successful completion of the environmental review process
2. World-leading marine oil spill response, prevention and recovery systems
3. World-leading practices for land oil spill prevention, response and recovery systems
4. Legal requirements regarding Aboriginal and treaty rights are addressed
5. British Columbia receives a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the province, the environment and taxpayers (Government of British Columbia 2012)

The new stance reflected a far more assertive, even combative, stance for the province. In describing its rationale for the position, the government produced stark, provocative pie charts on the distribution of risks and benefits – reproduced as Figure 2 here.



The fifth condition turned out to be the most divisive, provoking a public conflict between Clark and Alberta’s Premier. In addition to refusing to participate in national energy strategy discussions, Premier Clark and her environment minister both threatened to use the province’s control over permitting (such as under the Forest Act) and its control of electricity through BC Hydro to fight pipeline approval if its conditions were not met (Fowlie 2012).

*How the Kinder Morgan Pipeline Contributed to the Remarkable 2013 BC Election*

While the public opposition was strong enough to move the Clark government to its “five conditions” position, it was not strong enough to help elect the more anti-pipeline BC NDP. When the election campaign began in mid-April, the BC NDP polls showed the NDP was leading by about 20 points, and few thought the Liberals had a realistic chance of overcoming that large a deficit. Pipelines were an important issue in the election campaign, but became far more so after NDP leader Adrian Dix’s “Kinder Morgan surprise.” On Earth Day, Dix unexpectedly shifted his position, from the “principled stance” of refusing to take a position until a proposal was formally submitted, to opposing the port of Metro Vancouver becoming “a major oil export port” (Palmer 2013; Hunter 2013).

This change in position was designed to help NDP candidates in close ridings, such as Burnaby and Vancouver, where tankers were a salient issue. It was also designed to increase NDP support among environmental-oriented voters who were considering voting for the Green Party (in the 2009 election the BC NDP lost many environmental supporters when it opposed the carbon tax (Harrison 2012)). Several environmental groups, including the Dogwood Initiative, were going door-to-door in competitive ridings with platform comparisons that highlighted the much stronger Green Party position in opposition to both pipelines. These campaigns were explicitly designed to pressure the NDP to take a stronger position on the Kinder Morgan expansion. When Dix announced the change, the Dogwood Initiative’s No Tankers campaign manager told a reporter ““We are going to take all the leaflets we have done and put them through a shredder” (Hunter 2013). Tzaporah Berman, whose provincial and national prominence as an environmentalist is second only to David Suzuki, announced that she was now endorsing the NDP (Hunter 2013).

The Clark campaign immediately pounced on the surprise shift in position, accusing Dix of flip-flopping, concealing his true positions on other major issues, and being opposed to resource development. In the TV debate, Clark mocked Dix's position: "You sound like a man who has no trouble saying yes to new spending, but lots of trouble saying yes to new economic development for our province." Dix was put on the defensive, and did a poor job defending his position. In the end, the BC Liberals came storming back and pulled off a shocking majority victory, beating the NDP in the popular vote by 4 percentage points and actually adding several seats to their previous majority. How big a role the Kinder Morgan announcement had in the outcome is impossible to say, but there is broad consensus that it hurt the NDP. One leading columnist referred to it as "boneheaded" (Mason 2013). Even Adrian Dix acknowledged the decision to oppose Kinder Morgan was a mistake. In his remarks to the press several days after the election, Dix was blunt: "Finally, my announcement about our position on the Kinder Morgan pipeline on Earth Day hurt our campaign. The way I made it raised a number of process issues that stuck with us. I hold to the policy I set out on that pipeline. But, plainly, I didn't handle that issue very well (Dix 2013).

The main problem with Dix's Kinder Morgan switch was that it played to the Clark campaign's advantage in the issue salience environment of the election. Several polls show the environment ranked fourth on the "most important issue" at 9%, behind the economy (31%), leadership (17%), and health care (13%) (Angus Reid 2013). By painting the NDP as relentlessly anti-development, Clark was able to spin it into an economic issue, and play to her issue strengths. An election-day poll by Ipsos asked voters about what issues were most important in influencing their votes. 65% of voters listed "the BC economy" as an important issue. Of those who did, Liberals had a 23 point advantage over the NDP. 39% listed "pipeline expansion projects" an important issue, and remarkably the Liberals won those voters by 3 points. Clark's more flexible "five conditions" position was apparently more popular than Dix's opposition position. The NDP had a 25 point advantage among those who said "environment" was an important issue, but only 36% of voters said it was an important issue, ranking it 14<sup>th</sup> of 18 issues among which respondents could choose (Ipsos 2013). Dix's surprise shift of position on the Kinder Morgan expansion project turned out to be "an unexpected gift to the BC Liberal campaign" (Hoberg 2013).

With the stunning results of the May 2013 BC election, one of the most formidable obstacles to Pacific coast pipelines – the prospect of a strongly opposed New Democratic government – was removed. The election shouldn't be considered a mandate for the pipelines, however. Given continued opposition to the pipelines and tankers, any move by the Clark government to a more supportive position would be politically hazardous. If the NDP had won, the two pipeline proposals would have been dead, at least for four years. Clark's victory gave advocates of Pacific access for the oil sands some optimism.

#### *Clark's BC Government Opposes Northern Gateway*

On May 31, 2013, in submitting its final argument to the Joint Review Panel, the Clark government took a strong position against the Northern Gateway pipeline. The province focused almost all of its attention on the second and third of its "five conditions", the two that focused on "world-leading spill response, prevention and recovery systems". The province's submission was sharply critical of the absence of detail in Enbridge's plans. In perhaps its most critical paragraph, the province stated:

The Project before the JRP is not a typical pipeline. For example, the behavior in water of the material to be transported is incompletely understood; the terrain the pipeline would cross is not only remote, it is in many places extremely difficult to access; the impact of the spills into pristine river environments would be profound. In these particular and unique circumstances,



NG should not be granted a certificate on the basis of a promise to do more study and planning once the certificate is granted. The standard in this particular case must be higher. And yet, it is respectfully submitted, for the reasons set out below, NG has not met this standard. “Trust me” is not good enough in this case (Government of BC 2013)

Pacific coast pipeline advocates felt like they “dodged a bullet” when the BC NDP was defeated in the election. That defeat did not change the political logic of the proposal for the province of British Columbia. With such a disjuncture in the distribution of the environmental risks and the economic benefits, even a pro-development, pro-business party can be forced to take an anti-pipeline position. The province does not hold an official institutional veto on the pipeline, but Enbridge and its industry and political supporters must now surmount a much bigger obstacle.

As the probability of Northern Gateway being approved declines, pressure to get oil sands to tidewater increases elsewhere. The other Pacific coast option, the Kinder Morgan expansion proposal, has yet to be formally submitted. It does have some advantages over the Northern Gateway proposal. Most of the route of the pipeline will follow an established right of way. While it flows through some spectacular protected wilderness (e.g., the World Heritage Area containing Jasper National Park and Mt Robson Provincial Park), the area is somewhat less remote so may reduce some concerns about spill response capability. And Kinder Morgan can learn from Enbridge’s mistakes. But it also confronts strongly opposed First Nations and a similar stark separation of environmental risks from economic benefits. While the more controlled and regulated Port of Metro Vancouver may make a risk of a tanker accident lower, were one to occur, the number of people affected and amount of economic loss would be much higher.

### **West to East Proposals**

Most of the political heat has been about Keystone XL and the two Pacific coast pipelines, but there are also two significant proposals to move oil sands product east through Canada to either access Canadian refineries or offshore markets via the St Lawrence Seaway and the Atlantic. Together, the Enbridge Line 9 Reversal (300,000 bpd) and TransCanada’s Energy East proposal (625,000 bpd) would add almost as much oil sands pipeline capacity as the two Pacific coast pipelines (920,000 vs. 1,065,000 bpd). They would also dramatically shift the balance of risks and benefits. Ontario, Quebec, and New Brunswick all have refineries that could potentially benefit from secure access to lower priced Canadian oil (CAPP 2012, 13). The number of jobs in refineries dwarfs the post-construction jobs in pipelines, which could increase the support of labour and its political allies. When NDP lead Thomas Mulcair travelled to the US to raise concerns about the Keystone XL pipeline, he explicitly talked up the benefits of a West to East pipeline that would create Canadian jobs (Harper 2013). The pipelines could also get diluted bitumen to tidewater and into global markets. While Northern Gateway and Kinder Morgan have been the focus of diversification to Asian markets, it is important to realize that tanker transit costs are only a small part of the overall product cycle. Shipping oil sands products to China ports would only be about \$2.50 more per barrel from east coast ports (TD Economics 2012, 3).

The Line 9 Reversal and Energy East Pipeline have so far received much broader political support than their counterparts to the West coast or to the Gulf coast. Both the government of Alberta and federal government are of course strong advocates, with Alison Redford and Joe Oliver actively promoting them

(McCarthy and Vanderskippe 2012).<sup>3</sup> New Brunswick premier David Alward has been as vocal as Redford and Oliver, as he openly pushes for his province to become Canada's eastern oil hub (Hussain 2013). Alward has been touting the economic benefits to both his province and the country were oil to be refined in or exported out of New Brunswick (Bissett 2013). Even federal NDP leader Thomas Mulcair has come out in support of an oil pipeline to the east, albeit one that meets stringent safety and environmental standards (Curry and McCarthy 2012). In May 2013, Mulcair raised concerns about the ability of the regulatory review process to determine the safety of converting it to ship diluted bitumen.<sup>4</sup> Liberal leader Justin Trudeau echoed Mulcair's concerns about the quality of the process (CBC News 2013).

The potential opposition stems from Quebec premier Pauline Marois, but even Marois seems somewhat ambivalent, if not optimistic, about the prospects for both the Line 9 Reversal and Energy East (McCarthy and Vanderklippe 2013). The decision in Quebec will be one that weighs the economic benefits against the environmental risks of the pipelines (Vanderklippe and Cousineau 2013). Given the two oil refineries in the province and the construction jobs on the pipeline and refinery expansion, the economic benefits to the province may mirror those of New Brunswick (Hussain 2013). Quebec's official position is nonetheless undecided pending further information. The province has decided to conduct its own provincial assessment of Line 9B, parallel to the NEB process going on now (Vanderklippe and Cousineau 2013; Beaudin 2013).<sup>5</sup> Municipalities in both Ontario and Quebec have been more actively vocal in opposition to the pipeline, but it is still unclear whether they will be able to sway the minds of their respective premiers (Solyom 2013; Environmental Defence 2012).

Going West to East is definitely the third choice of the oil sands sector. Given comparative pipeline and shipping costs, it would prefer more direct Pacific coast and Gulf coast access (TD Economics 2012). But West to East proposals completely change the political structure of the situation because they hold the promise of supporting more jobs in Canada, thus bringing more palpable economic benefits to the jurisdictions that face environmental risks. They still face potential veto points from environmental-oriented governments like Quebec, but they are likely to avoid the formidable potential veto point of First Nations opposition. It would certainly be noteworthy if the Energy East proposal ultimately comes to fruition and aides the expansion of the oil sands: it would be built on the backbone of the TransCanada pipeline that was the first major nationally divisive pipeline conflict in the late 1950s.

## **Conclusion**

The oil sands have been the main driver behind the growth of Alberta, but pipeline capacity constraints threaten continued growth and the profitability of the oil sector. The landlocked nature of the oil sands resource means the oil sector and Alberta need cooperation from other jurisdictions to pursue their interests. The resulting political risk is determined by the relationship between the institutional rules of the game and the structure of the policy problem.

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<sup>3</sup> Saskatchewan and Manitoba are not poised to oppose the pipelines, being natural resource dependent provinces themselves (McCarthy and Vanderklippe 2013).

<sup>4</sup> "It's a technical question. Normally, when you have a credible environmental regulation system, this kind of thing can be observed, but there is no system of environmental regulation in Canada, with Stephen Harper. So, people have to say 'no' to this, because you absolutely cannot trust them to produce a result that is safe for the environment" (Uechi 2013).

<sup>5</sup> The NEB hearings on Line 9 are noteworthy for the first application of the government's new restrictions on public participation in regulatory hearings  
<http://www.neb-one.gc.ca/clf-nsi/rthnb/nws/nwsrls/2013/nwsrls07-eng.html>

Each of the projects comes with political risk, but the level of risk varies by project. As described earlier, political risk is a function of five variables:

1. the number of institutional veto points
2. whether opposition groups have access to veto points
3. whether the project can take advantage of existing infrastructure
4. the salience of place-based, concentrated environmental risks
5. the jurisdictional separation of risks and benefits

Table 2 summarizes the risk for each project along each of these factors. The Keystone XL project faces the most veto points, but the relevant ones at the state level have already been overcome. The most formidable remaining veto point is held by the President of another country whose political values diverge from the governing parties in Canada and Alberta. The salience of place-based, concentrated environmental risks to the Ogallala aquifer created strong opposition that produced a significant delay in the approval process. With the rerouting of the pipeline around that area, opposition based on concentrated risks has receded. The remaining opposition relies primarily on a more challenging political argument about greenhouse gas emissions – a diffuse global risk. That shift significantly reduces the political risk, but the remaining unknown is whether President Obama will choose to take a stand on global warming by saying no to Keystone XL.

<b>Table 2 – The Political Risks of Five Oil Sands Pipeline Proposals</b>					
	Keystone XL	Northern Gateway	Kinder Morgan Expansion	Line 9	Energy East
Veto points	High	High	High	Medium	Medium
Opposition access to veto points	Medium	High	High	Medium	Medium
Need for new infrastructure	High	High	Medium	Low	Medium
Concentrated risks	Medium	High	High	Medium	Medium
Risk-benefit separation	High	High	High	Low	Low

The two Pacific coast pipelines do not confront the veto of another country, but they do face significant potential veto points and a clear jurisdictional separation of risks and benefits. Both pipelines face strong resistance from First Nations with access to courts. Driven by concerns about concentrated risks of pipeline and especially tanker accidents, both pipelines face a hostile public opinion environment in BC. Northern Gateway faces opposition from the Government of BC, at least for now. Kinder Morgan has the advantage of being able to take advantage of an existing pipeline right of way, but the disadvantage of putting an additional three hundred or so oil tankers a year through a city aspiring to the “world’s greenest.”

The West to East pipelines do have to cross the potential veto points of several provinces. But they have a more favourable distribution of risks and benefits because they can support refinery jobs in Eastern provinces. They can also take advantage of existing infrastructure, Line 9 more so than Energy East. First

Nations opposition is not currently an issue. Perhaps the biggest challenge will be selling the projects to environmentally-oriented Quebec, but the presence of refinery jobs in Montreal and Quebec City may make that easier. The West to East pipelines are the least desirable and cost-effective of the five options for getting to tidewater, but at present they clearly pose the least political risk.

There are, of course, important linkages and interactions between these projects.<sup>6</sup> The same networks of interest groups, on both sides of the issue, operate in all five cases. Two of the pipeline companies (Enbridge, TransCanada) have multiple projects, and the entire oil sands sector would benefit from greater market access. There's a strong network of environmental groups in operation, who share an interest to reining in the growth the oil sands. The governments of Canada and Alberta have an intensive interest in expanding pipeline capacity, and both have been very active in lobbying the US on Keystone XL.

Finally, and perhaps most importantly, there are strong interactions among the fates of each project. It's no accident the Harper government turned up the pressure on Northern Gateway pipeline critics just after the Obama decision to put off approval of Keystone XL. Given the economic and political power pushing oil sands growth, the pressure for access to tidewater is intense. If one outlet is choked off, pressure on the other pipeline options will increase. At the same time, the more mature a new pipeline proposal becomes, the more likely it is to attract greater environmental opposition. The West to East proposals have not received the same attention from environmental opponents as the three others, but that could well change if it turns out the most likely destination for new capacity is the Atlantic.

Given the importance of oil sands growth to the Canadian oil sector, the Harper government, and the government of Alberta, there is immense pressure to increase access to tidewater with new pipelines. These actors have considered tidewater access inevitable, and the US State Department's analysis seems to concur. But the pressure for new pipeline infrastructure has been resisted by opposition forces that have, thus far, proven to be surprisingly formidable. No particular project is inevitable. What is inevitable is the clash between locked-in oil sands growth and expanded access to tidewater and offshore market. How that clash gets resolved will reveal the emerging power relations at the intersection of energy and the environment in North America.

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<sup>6</sup> Interactions between the projects are addressed in more detail in Hoberg et al 2012.

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