

## The Province of Alberta's Climate Change Plan (*sub nom.* Western Canadian Oil Producers Dancing on the Head of a Pin)

It must have seemed odd at first blush seeing Big-Oil shoulder-to-shoulder (figuratively and literally) with Premier Notley on Sunday during the provinces roll out of the review panel's report on climate change (the "details" of which have now been widely reported so won't be repeated here). After all, we are in the new reality of a wide plateau of \$40.00/bbl oil. How one might rightly ask, can our beleaguered producers possibly absorb another body blow in this perfect storm of declining global oil consumption and the U.S. shale oil renaissance with the resultant low net-backs for Canadian oil producers...much less have the leaders of Shell Canada, Canadian Natural Resources Ltd., Suncor Energy Inc. and Cenovus Energy Inc. seemingly welcome the blow with open arms.

The answer is simple.

There are many uncertainties in the world of Western Canadian oil producers, but one certainty is that we need additional tidewater access for our oil production, full stop period. Without the new pipelines and associated infrastructure to get our product to points other than the U.S. Gulf Coast, our producers remain bottlenecked with the commensurate abysmally low net-backs relative to other North American and global oil producers. However, call it perception or reality (and the distinction really doesn't matter), very recent history has evidenced from the highest offices that the reality/perception of "dirty-oil" trumps pipeline projects in the sphere of public opinion. So Mr. Edwards, Mr. Williams and friends had to be resigned into the "if you can't beat 'em, join 'em camp" and to their credit likely saw this coming months ago given the foreshadowing within the Kinder-Morgan/TransMountain NEB hearings and all attempts within those hearings to draw into consideration, downstream and upstream GHG considerations.

So let's take a body, but not a fatal blow and address in some measure the political realities in the United States. All in the hopes that this short term pain serves our enterprises (to say nothing of the planet) advantageously over the longer term. This particularly when the pain is not absorbed only by the oil producers but instead by an economy-wide carbon tax.

It is a rare occurrence when both our industry and our planet benefit from a single political action. Even rarer in Alberta when describing that action is to use the word "tax" and "benefit" in the same sentence.

As noted by many others, Sunday was in fact a "game-changer". One to be embraced, respected and celebrated as our industry continues what would appear to be a very long migration across the plateau.

by Michael A. Thackray, Q.C

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#### a cautionary note

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