

**Arctic NGO Forum Workshop #1**  
**Arctic Oil and Gas Development—Challenges and Prospects**  
**Haparanda, Sweden November 11-12, 2012**  
**NGO Panel**

**Alternatives North Speaking Notes**

**Presentation Outline**

- Background on Alternatives North
- Experience on Oil and Gas Issues
- Lessons Learned
- Suggestions for Arctic NGO Forum Issues and Focus

**Background on Alternatives North (see [www.alternativesnorth.ca](http://www.alternativesnorth.ca))**

- Alternatives North is a social justice coalition and non-profit society operating in the Northwest Territories, Canada based in Yellowknife
- Established 20 years ago, representatives of churches, labour unions, environmental organizations, women and family advocates, seniors, and anti-poverty groups
- Alternatives North is a volunteer-driven organization, with no paid staff or even an office
- Focus on public policy research, advocacy and education
- Work dependent on the interests, skills, availability of funding
- Reputation for getting things done

**Participation in Oil and Gas Issues**

- participated in the review of the Mackenzie Gas Project
  - Mackenzie Valley Pipeline proposed in the 1970s with the Berger Inquiry to review the proposal
  - The [Berger Inquiry](#) set a high-water mark for public participation
  - Mackenzie Valley Pipeline and Berger Inquiry were very significant in terms of the political development of northern Canada
  - Project ultimately withdrawn for financial reasons
- Early 2000s, the three companies with natural gas fields in the Mackenzie Delta (Imperial Oil a subsidiary of Exxon, Shell and Connoco-Philips) developed a new proposal, the Mackenzie Gas Project or MGP
  - a proposal to develop three anchor fields of natural gas in the Mackenzie Delta by building a 1200 km 30 inch pipeline to Alberta, essentially to fuel Tar Sands development
  - the three anchor fields would produce gas up to about 0.83 billion cubic feet per day (which would drain these in less than 10 years) but the proponents wanted to build the pipeline to 1.2 bcf/d, expandable to 1.8 bcf/d, no projections or description of where the additional gas would come from but it would eventually spill over into the offshore

- cost of the project was originally predicted to be about \$7.5 billion but was
- MGP often described as a “basin-opening” development
- Two separate reviews conducted of the MGP from 2004 to 2011
  - Joint Review Panel (JRP) based on federal government environmental assessment legislation and Aboriginal land claims agreements, examined environmental and socio-economic impacts
  - National Energy Board process examined financial feasibility and technical issues
  - Numerous delays caused by the proponents who threatened to withdraw the project at least twice
  - The JRP report is the best example of a sustainability assessment undertaken in Canada
  - JRP recommended that the MGP could go ahead but only if all 176 of its recommendations were adopted as a package, 115 recommendations aimed at governments which rejected all but 10, many of the positions and recommendations from Alternatives North well reflected in the JRP report
  - The NEB went on to issue approvals for the MGP to go ahead with sunset clauses requiring the developers to start the project by 2013
  - The shale gas ‘bubble’ and dramatically lower natural gas prices hit the market just as the MGP reviews were starting to wind down and ultimately caused the demise of the MGP
  - If the MGP had gone ahead, as many in the business community and government had pushed, the public would have been left holding the bag and there would undoubtedly be huge pressure for further subsidies
  - There are still secret negotiations going on between the federal government and the proponents for subsidies in the form of “government investment” in infrastructure to assist the MGP
- Alternatives North participated in both reviews, one of the few NGOs that was there from beginning to end
  - Our focus was on ‘big picture’ issues such as adequacy of economic rent or revenues to government, benefit retention, socio-economic impacts, environmental management of the project, contributions towards sustainability
  - Did not oppose the MGP at the beginning but marshaled evidence and experts, but finally concluded that the MGP should not proceed as proposed due to inadequate government planning and management
  - AN worked closely with other NGOs and First Nations, where possible

### **Lesson Learned**

Probably nothing new here for most NGOs, but here are the key observations and lessons we learned from our involvement in the MGP.

- To be really effective, it is essential to have good contacts and intelligence from within governments and industry (where possible).

- Links to academia are very important and can often lead to alternative experts and evidence that can be used, often at a very reasonable or no cost.
- Asking the right questions, at the right time is critical and can lead to new information and unintended impacts on project timing and support
  - Alternatives North asked the National Energy Board to compel a revised economic feasibility assessment and schedule for the MGP as a result of shale gas. The revised project schedule revealed that the proponents were not serious and lead to a withdrawal of tangible government support.
- Many NGOs have very limited capacity, but never underestimate the power of committed individuals. Limited resources can often go a long way when provided to resourceful and effective NGOs.
- National and international NGOs should work through and support locally based NGOs wherever possible. Support can be in the form of funding and/or access to expertise (technical and organizational) to help build local capacity.
- Before, during and following the MGP, there has been an over-emphasis on protected areas, and an over-investment by funders in conservation organizations. This work is essential but should be placed in a broader concept of sustainability and not as an end in itself. There is still a need for work on the bigger picture policy and issues to ensure a more balanced approach.

### **Suggestions for the Arctic NGO Forum**

- The shale gas and shale oil boom has provided some “breathing space” from further Arctic offshore drilling in northern Canada, perhaps elsewhere too. NGOs need to be strategic and focused, to make the most of this ‘gift’.
- We need to shift the burden associated with the risks and liabilities of Arctic offshore drilling back on to the private sector from the public sector.
  - There needs to be full financial security for Arctic offshore drilling operators to cover worst case scenarios. This should include spill prevention, spill response and preparedness.
  - Some jurisdictions have ridiculously low liability caps, including Canada which is set at \$75 million by regulation.
  - The recent [Lloyd’s report](#) is useful in outlining some of the risks with Arctic offshore development.
  - There may be a role for the Arctic Council in setting and implementing stricter financial security based on worst case scenario planning, better spill prevention and preparedness, perhaps even a circumpolar spill contingency fund.
  - By requiring full financial security, this may be enough to drive away less capable operators and may even prevent offshore development in high risk areas.

- The Inuvialuit Final Agreement in Canada provides for worst case scenario planning, full liability and compensation for any damage to resource harvesting, and may provide some useful guidance.
- Ecosystem Based Management approaches and examples should be better documented and pursued as the preferred method to determine no-go zones and to manage offshore exploration and development. This approach should be promoted and pushed with the Arctic Council.
- In some jurisdictions, certainly in Canada, there is a rapidly declining commitment and capacity to properly regulate and management offshore and onshore development. For example, the National Energy Board in Canada has not had to deal with a specific Arctic offshore drilling operation in almost 30 years and cannot possibly have adequate technical expertise. There are also many examples of ‘regulatory capture’ in relation to the management of hydrocarbon resources. Some effort at measuring and reporting on regulator capacity and perhaps even developing standards might be useful to discuss or propose within the Arctic Council, even as part of spill prevention and preparedness.
- The Arctic NGO Forum should also consider how it can better share experiences, knowledge, expertise, best practices, case studies and other information to build stronger capacity amongst its members and other NGOs and Indigenous peoples organizations. In Canada, it is increasingly difficult for NGOs to communicate and coordinate their activities as a result of the withdrawal of federal government support and active demonization of our work. There is also a need for Canadian NGOs operating in the Arctic to better communicate and coordinate their activities amongst themselves and with other circumpolar NGOs to make more effective use of the Arctic Council, given the futility of attempting to change policies and practices domestically.

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## Additional Resources on Northern Canada

### Mackenzie Gas Project

Here is the Canadian Environmental Assessment Agency website on the Mackenzie Gas Project which provides some limited information on the Joint Review Panel:

<http://www.ceaa-acee.gc.ca/default.asp?lang=En&n=71B5E4CF-1>

The Panel's report and the government response to it can be found here:

- Governments of Canada & of the Northwest Territories Final Response [[PDF - 298 KB](#)]
- Joint Review Panel Report: *Foundation for a Sustainable Northern Future*
- Executive Summary [[PDF - 896 KB](#)]
- Volume 1 [[PDF - 7,939 KB](#)]
- Volume 2 [[PDF - 4,448 KB](#)]

The National Energy Board carried out its own review of the MGP and its documents are found here:

<https://www.neb-one.gc.ca/ll-eng/Livelihood.exe/fetch/2000/90464/90550/338535/338661/customview.html?func=ll&objId=338661&objAction=browse&sort=name&redirect=3>

The NEB had a special panel to review the MGP and its final report is found here:

<https://www.neb-one.gc.ca/ll-eng/Livelihood.exe?func=ll&objId=658356&objAction=browse>

### Presentation to the National Energy Board

posted April 18, 2010

The National Energy Board (NEB) for the proposed Mackenzie Gas Project (MGP) held a hearing for Final Arguments in Yellowknife during the week of April 12. Alternatives North presented its [position](#), making the argument that there is clearly no justification for the NEB to grant a certificate to the proponents.

And, Alternatives North made the news the previous week during a hearing on economic feasibility of the project. Our efforts were captured in an [editorial cartoon](#).

(Added May 24, 2010) During the Final Argument, AN had a chance to [reply](#) to the other interveners that went after our presentation in Yellowknife.

Imperial Oil as the lead proponent continues to comply with the certificate that the NEB issued back in 2010 and later approved by federal cabinet, but they have not yet decided whether to construct as they are still looking for some form of subsidies given that the current project is not economically viable. Shell has its portion of the MGP up for sale.

Here is the Imperial Oil website with its take on the MGP:

[http://imperialoil.ca/Canada-English/operations\\_ngas\\_mgp.aspx](http://imperialoil.ca/Canada-English/operations_ngas_mgp.aspx)

Here is the website of the Aboriginal Pipeline Group which would hold a minor share in pipeline itself if it were to go ahead and funding can be found:

<http://www.mvapg.com/>

## **Key Documents on Resource Management in the NWT**

### 2010 NWT Environmental Audit

[http://www.aadnc-aandc.gc.ca/DAM/DAM-INTER-NWT/STAGING/texte-text/ear10\\_1317743037188\\_eng.pdf](http://www.aadnc-aandc.gc.ca/DAM/DAM-INTER-NWT/STAGING/texte-text/ear10_1317743037188_eng.pdf)

#### Key Points

- Environmental Audit is the legally mandated process for reviewing the Mackenzie Valley Resource Management Act (current Regulatory Improvement Initiative, McCrank report, John Pollard as Chief Federal Negotiator to amalgamate boards, are mostly without any solid foundation, either factually or legally)
- need for a timely and formal response to the Audit recommendations (still no response to 2005 Audit)
- sound analysis undertaken as part of the audit and many conclusions and findings the same as 2005 (need to complete outstanding land rights negotiations, need to complete land use plans, full funding and implementation of the MVRMA required, most delays are caused by the federal government)

### Perspectives on Regulatory Improvements in the Mackenzie Valley

[http://mvlwb.com/files/2011/07/Perspectives\\_on\\_Regulatory\\_Improvement\\_in\\_the\\_Mackenzie\\_Valley-MVLWB.pdf](http://mvlwb.com/files/2011/07/Perspectives_on_Regulatory_Improvement_in_the_Mackenzie_Valley-MVLWB.pdf)

#### Key Points

- The land and water boards are working together well to improve guidance and certainty
- Many of the negative issues or perceptions are a result of federal actions or inactions

### Review of the Environmental Assessment Process in the Mackenzie Valley

[http://reviewboard.ca/upload/news/Stantec\\_MVEIRB\\_FINALReport%202011\\_1317659186.pdf](http://reviewboard.ca/upload/news/Stantec_MVEIRB_FINALReport%202011_1317659186.pdf)

#### Key Points

- Limited analysis undertaken (comparative review of a few environmental reviews across several jurisdiction) rather than a full review as was done for the NWT Environmental Audit
- No external involvement of stakeholders
- Driven largely by the Board's view that efficiency should be the highest priority
- Main recommendations focus on improving scoping efficiency, developing a defined process for referrals to environmental impact reviews, developing environmental assessment processes for large versus small projects, improving guidance materials and implementing rules based timelines

The GNWT paper on regulatory improvement was better than expected from this pro-development government.

<http://www.executive.gov.nt.ca/regulatoryimprovement/>

Submission by The Northwest Territories & Nunavut Chamber of Mines, The Prospectors And Developers Association of Canada And The Mining Association of Canada to Mr. Neil McCrank, Q.C., P.Eng., the Special Representative of the Minister of Indian Affairs and Northern Development for the Northern Regulatory Improvement Initiative

[http://www.miningnorth.com/docs/NRII%20\(Table%20of%20Contents,%20Body,%20Appendices%20A%20to%20C\).pdf](http://www.miningnorth.com/docs/NRII%20(Table%20of%20Contents,%20Body,%20Appendices%20A%20to%20C).pdf)

The Road to Improvement. Report to the Honourable Chuck Strahl Minister of Indian Affairs and Northern Development. *"The Review of the Regulatory Systems Across the North"* Road To Improvement. Neil McCrank, Minister's Special Representative May 2008.

[http://epe.lac-bac.gc.ca/100/200/301/inac-ainc/road\\_improvement-e/ri08-eng.pdf](http://epe.lac-bac.gc.ca/100/200/301/inac-ainc/road_improvement-e/ri08-eng.pdf)

### **Response to McCrank Report**

Alternatives North has prepared a [response](#) to the McCrank Report "Road to Improvement." See the [news release](#).

Action Plan to Improve Northern Regulatory Regimes

<http://www.aadnc-aandc.gc.ca/eng/1100100015534>

A Review of Selected Environmental Management Issues for the Proposed Mackenzie Gas Project. Prepared by Kevin O'Reilly for Alternatives North. April 2007.

[http://aged.alternativesnorth.ca/pdf/070412\\_ANCEnvironmentalManagmentIssues.pdf](http://aged.alternativesnorth.ca/pdf/070412_ANCEnvironmentalManagmentIssues.pdf)

The Mining Reclamation Regime in the Northwest Territories: A Comparison with Selected Canadian and U.S. Jurisdictions. Prepared by: Michael M. Wenig, Canadian Institute of Resources Law and Kevin O'Reilly, Canadian Arctic Resources Committee. 21 January 2005.

[http://carc.org/pdfs/mining49\\_nwtminingreclam\\_final\\_21jan05.pdf](http://carc.org/pdfs/mining49_nwtminingreclam_final_21jan05.pdf)

### **Arctic Offshore Drilling Review**

National Energy Board Page on the Arctic Offshore Drilling Review—contains links to the public registry of filings, transcripts of meetings, commissioned research reports, NEB’s final report

<http://www.neb-one.gc.ca/clf-nsi/rthnb/pplctnsbfrthnb/rctcffshrdrlIngrvw/rctcffshrdrlIngrvw-eng.html>