

The Weekly Westerner

Box 4572, Station C, Calgary, Alberta T2T 5N3
Grey Eagle Hotel, 3777 Grey Eagle Drive (Corner of 37 St SW and Glenmore Drive)
Mondays 12.10 pm - 1.30 pm

President: Bill Fitzsimmons **President-Elect:** Marlene Doherty **Past President:** Gerry Meek
President-Elect-Nominee: Linda Anderson
Secretary: Gail Williams **Treasurer:** Don Edie
Directors: Judy Cochran, Gord Cox, Darren Grierson, Barb Hames,
Ken Montgomery, Drew Turnbull

Together We Are People of Action - Building Community

February 8, 2021 Edition: 54. 28 Reporter: Judy Cochran Editor: David Williams

With the polar vortex upon us, it was an ideal day to have a Zoom meeting and an ideal day to discuss the timely topic of the current state of oil and gas in Canada as we crank up our thermostats. I am sure our 55 participants would agree. It went back and forth between 54 and 55 as our illustrious president, **Bill Fitzsimmons**, had difficulty getting his connection warmed up. **Barb Hames** was certainly dressed for the weather. **Darren Grierson**, not so much!

Team 3 carried out the meeting duties today. Darren Grierson was our Zoom host and **Vivian Jones** was the greeter. Guests today included our guest speaker, **Brandon Anderson**, **Greg Shumlich**, **Stan Cichon** from Calgary at Stampede Park Club and a former member of RCCW, **Courtney Wilson**, **Maureen Kelsey**, a member of the Rotary Club of Nelson and a friend of **Debbie McMillan**, **Steve Armstrong**, **David Mills** and **Megan Bailey**. Welcome everyone!

Don Edie included four different quotes in his Inspirational Moment that relate to his Rotary experience.

Guest Speaker

Steve Strang introduced our guest speaker, Brandon Anderson. Brandon took over as CEO of North River Midstream two years ago. Prior to that, he had 20 years experience in the industry holding various leadership roles in the US, Mexico, and Canada. He is a born and raised Calgarian with one son. Welcome, Brandon!

Introduction to North River Midstream and Brookfield

North River Midstream is privately owned by Brookfield Infrastructure. North River Midstream is a large independent gas gathering and processing platform located in the heart of the Montney. This area is significant as most of the expected growth of natural gas and liquefied natural gas (LNG) will come from this region. Before oil can get anywhere for use, it needs to be gathered. Processing plants need to clean the oil and extract the liquids. This adds value, but also produces large emissions. Brookfield manages \$500 billion in assets with various arms including real estate, infrastructure, renewable power,

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private equity, Oak Tree and public securities. Brookfield is raising \$100 billion to transition from fossil fuel to other renewable energy sources under the leadership of **Mark Carney**.

Current State of the Canadian and North American Energy Industry

It is a changing world for the oil and gas sector. They now make up only 2% of the stock trading on the S&P 500. Major decline for some of the former giants like Exxon Mobile. Most trading is in the information technology sector, Apple for example. This, of course, affects Alberta's economy. Harder for the smaller companies to stay afloat and provide jobs. The bigger companies have investment capital and will continue consolidation. There is a growing change on how to provide energy sources to the world.

In Canada, we have a world class resource in the Montney area and the oil sands. The Montney and its sub plays are cheap to produce relative to other sources in North America. This includes costs to both produce and getting the product to market. The new technology of fractionation allows us to know where all the oil is. We have a mature sector now turning to manufacturing.

In North America, we can compete on the cost of supply and egress. We are awash in hydrocarbons. Our biggest and only customer, the US, no longer needs Canada. They have gone from being an importer to being an exporter. You ask why the Keystone pipeline did not get built?

- 1) The environmental impact.
- 2) The politics, and
- 3) The US doesn't need us as much as they used to. Yes, they still need to import heavy oil but no longer importing light oil.

We must turn to the world markets and their demand for energy supply. Japan has a high need for liquefied natural gas (LNG) and is willing to pay a premium. For propane, that is used around the world for home heating and various industrial uses, there are two terminals on the west coast to supply world market such as Asia, India, and parts of Europe again at a premium price. Shipping happens out of Rippet, north of Kitimat, BC. Some shipping from the east coast as well. The same scenario applies for the supply of crude. The federal government now owns the Trans Mountain pipeline.

Other countries that do not have all the regulatory requirements we have here in Canada can beat us to these world markets. It takes 25 days to ship LNG from the USA east coast to Asia, but only 10 days from the our west (BC) coast. We know it is difficult to get those pipelines built across Canada. The Energy East pipeline was to be repurposed, but was stopped by Quebec and Ontario.

Shell is an example of having the whole value chain. They have a play in the Montney region and they produce, liquefy the natural gas and ship it to markets in Asia. Not all companies in Canada have the resources to do that.

The governor of Michigan is not a friend of the energy sector and is concerned for the environmental safety of the Great Lakes. She wants to cancel the Enbridge permit to supply to Eastern Canada. Two

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unwanted effects of this move would be to cut off supply of propane, butane, LNG, and crude to Ontario, but also to parts of the US. After having a successful trading partnership with US, this is slowly being eroded by various governors with adverse effects.

Net Zero/Renewables and Pathways for the Future

Various governments worldwide are legislating their countries and industries to reach net zero. This means by a certain date a given amount of emissions will be offset to the point where the environmental effect for greenhouse gas emissions (GHG) is zero. Companies are on board and are committing to this by 2040-2050. It will not be easy and there is no game plan yet to achieve these targets. It is the social and business needs that are driving the transition to find ways to reduce emissions.

There are different assumptions from different forecasters for the future. Bottom line is no one can predict the future. Some say hydrocarbon usage will decline by 80% to reach net zero. We know this is not going away, that it is being driven by government policy for renewables and the energy sector needs to plan ahead for this, whatever this may look like.

Hydrogen

Lately, there has been a lot of talk about using hydrogen to reach net zero. Yes, it is a highly energy efficient molecule; yes, when combusted there are no carbon atoms produced, BUT it takes a lot to produce hydrogen. If electricity were to be used, it would take 63,000 wind turbines or 209 Site C dams – huge dams. There is not enough electricity in the world and the investment in infrastructure would be \$11 trillion!!

The governments here and around the world have come up with hydrogen strategies to get to net zero using hydrogen. To get there, they need to rely on both fossil fuel and electrolysis pathways. This opens up opportunities for our current energy sector as natural gas is needed to flush the hydrocarbons to get the hydrogen.

Summary

- The fossil fuel industry is no longer attracting capital or seen as a growth industry by the investment community
 - Canada (AB/BC) has a world class resource to be developed.
 - North America is awash in hydrocarbons, which we need to export to the world
- While fossil fuels will be part of the mix for decades, other forms of energy are becoming competitive and gaining market share, influenced by government policies and social forces
 - Hydrogen may be a solution and a big opportunity, but we are not there yet

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Rod McMahon thanked our speaker. Having recently relocated to Calgary, Brandon's talk helped provide Rod with a clarity and understanding of the energy sector.

Announcements

Marlene Doherty was pleased to announce on behalf of the Nominating Committee that **Bernie Ward** will be the Club Protection Officer and **Marie Rickard** will continue with the duties as Youth Protection Officer. On February 15, the fourth and final survey for International and Youth Service will be sent out to the club. Please complete the survey which, in turn, provides valued input towards developing our strategic plan.

Judy Cochran announced the Rotary Youth Leadership Awards (RYLA) camp is cancelled for this year due to Covid and related safety concerns. It has also been decided there will not be a virtual camp in its place.

Les Morgan announced two tickets for a two-night stay at Chateau Lake Louise was up for auction and the highest bidder will receive the tickets with the donation going to the club charity account. Debbie McMillan won the tickets with a \$400 bid. Thank you Les and **Patricia** for your gracious and generous offer.

President Bill officially closed the meeting. Brandon stayed on to answer further questions.

Coming Events

February: World Understanding Month	
1	Membership, Initiatives and Recommendations
8	Brandon Anderson: CEO NorthRiver Midstream - Current State of Oil and Gas in Canada
15	No Meeting. Family Day
18	Evening Meeting. Megan Bailey: Climate Change Economics
22	Ron Barmby Sunlight: Climate Change presentation with a different perspective
March: Literacy Month	
1	Club Engagement
8	TBD
15	Club Engagement: Presentation and Proposals for DDF: Pre-approvals
22	TBD
25	Evening Meeting. Past President Series #4
29	TBD
April: Maternal and Child Care Month	
5	No Meeting. Easter Monday
8	Evening Meeting. Green Shirt Day
12	Club Engagement: Sprint Assembly
19	TBD
26	Club Engagement: Developing Projects and Discussion
May: Youth Service Month	
3	ISC: Project Reviews and Updates



10	TBD
17	TBD
24	TBD
27	Evening Meeting. TBD
31	TBD
June: Rotary Fellowship Month	
7	Youth
14	RYLA and YEX
21	Gavel Handover
24	President Evening celebrating Bill Fitzsimmons' Rotary Year – Date timing tentative
28	TBD
July Stampede and Okanagan Cherries Month	
5	TBD
12	TBD
19	TBD
26	TBD