

The Trans Mountain Expansion Project (TMX): Alberta Premier Jason Kenney and the Russians

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A funny thing happened on the way to the Trans Mountain Expansion Project (TMX)...or rather, several funny things. And they all have to do with Alberta Premier Jason Kenney's fear of "foreign meddling" in Canada's pipeline politics.

You may recall that at a stop in Vancouver on March 6, 2018, Kenney told CBC News,

"I think we have legitimate questions to ask about the ultimate source of some of the funds that are being spent in Canadian politics to bottleneck our resources," he said. "In whose interest is it that Canadian oil and gas does not get to global markets? Well, obviously, it's in the interest of Russia, with the fourth-largest reserves on earth."

There has long been fierce opposition to the TMX project (owned at the time by Texas-based Kinder Morgan), which will nearly triple the pipeline's capacity to bring Alberta diluted bitumen (dilbit) to the West Coast. Kenney further stated,

"If the Russian government decided to deploy an organized social media campaign to attack U.S. energy, so there's less American energy exports, it's entirely reasonable to assume they might have tried to do the same thing in Canada. I have no evidence of that, but it's a reasonable question." [1]

Kenney's Russian musings may have been prompted by a lengthy, March 2, 2018 article in the Financial Post by Claudia Cattaneo entitled "Russian meddling another worry for Canadian energy exports." [2]

Russian Bots?

All of this prompted the B.C. NGO Dogwood Initiative to launch an impromptu selfie campaign, urging supporters to send photos to Kenney to reassure him that they aren't Russian bots. "It's time to fess up," Dogwood's Kai Nagata wrote. "Are you being paid by Vladimir Putin? Post a picture of yourself with the hashtag #NotARussianBot to show that you're a real Canadian, expressing your opinions in a democracy." [3]

Throughout March 2018, the Russia meddling theory got widespread coverage in Canadian media, and then suddenly the coverage stopped.

I suspect that an aide to Jason Kenney quietly took him aside and told him something like this: "Mr. Kenney, sir, do you realize that the pipe being provided for Kinder Morgan's TMX is actually being manufactured by a Russian-owned company?"

In other words: Oops.

On May 2, 2017 (almost a year before Kenney's Russia musings), Kinder Morgan had announced an agreement to purchase more than 75 per cent (nearly 300,000 tonnes) of the pipe needed for the TMX from a steelmaking factory in Regina owned by Evraz North America, subsidiary of Evraz Plc, Russia's No.2 steelmaker. [4]

As Dogwood put it in a posting on March 22, 2018 while "everyday British Columbians have no ties to Vladimir Putin, Kinder Morgan does. If Kenney is fond of conspiracy theories, he should look at the Russian businessmen who have every interest in seeing this pipeline built." [5]

Meanwhile, a more serious problem concerning those pipes was starting to get some attention, at least from pipeline opponents.

Condition 9

The National Energy Board (NEB) had determined 157 conditions to be met by Kinder Morgan for its TMX project. Condition 9 required the company to file, and get approval for, a Quality Management Plan (QMP) *4 months prior* to the manufacturing of any pipe and major components for the project.

But in November 2017, DeSmog Canada (now The Narwhal) published an article revealing that Kinder Morgan had awarded pipeline manufacturing contracts (to Evraz North America) between May and July of 2017, and manufacturing of the pipe had begun in October, but without an approved QMP in place. [6]

As author Carol Linnit explained,

"The quality management plan requires Trans Mountain to supply documentation regarding the qualifications of pipeline contractors, vendors and suppliers, quality auditing of manufactured pipe and the preservation of pipe during shipping and storage."

Given that Kinder Morgan had no such approved QMP before contracting the pipe manufacturing, Linnit noted that "Kinder Morgan Trans Mountain may be in violation of a condition [Condition 9] laid out by the National Energy Board, Canada's federal pipeline regulator." [7]

As Dogwood's writer put it, this "corporate rule-breaking" is a "more concerning component of Kinder Morgan's Russian pipe deal...It's the kind of thing you might expect in a corrupt petrostate - like Russia." [8]

New Angles

Jason Kenney then appeared to have moved on from his Russian meddling theory, to a surprising new angle. In a speech to oil executives at the Oil Sands Trade Show in Fort McMurray in September 2019, Kenney said that Alberta needs to take a hardline approach against environmentalists like autocratic regimes do against critics. He said,

"They know they couldn't get away with this in Vladimir Putin's Russia. In fact,

Greenpeace did do a protest on an offshore rig in Russia and their crew was arrested and thrown in a Siberian jail for six months and funnily enough they've never been back - I'm not recommending that for Canada, but it's instructive. It's instructive." [9]

(In reality, the Greenpeace crew was jailed in Saint Petersburg, released after a few months, and then won a lawsuit in which the Russian government had to pay them millions of dollars in compensation for the illegal seizure in international waters.) [10]

Not surprisingly, Canadian civil liberties groups reacted strongly to Kenney's hardline approach. Amnesty International Canada warned Kenney that his anti-environmentalist initiatives undermine constitutional rights, and free speech. Kenney then accused Amnesty International of aligning with foes of Alberta's oil patch and of protecting "foreign-funded billionaires". [11]

But Kenney soon dropped that angle too. I suspect a dutiful aide again approached him and said something like this: "Mr. Kenney, sir, do you realize that Evraz North America, the company whose Canadian subsidiary manufactured the pipes for TMX, is actually owned in part by Roman Abramovich, a Russian citizen who also holds an Israeli passport and whose net worth is about \$15 billion?"

Oops again.

"Pipe in the Ground"

By December 2019, the National Post was announcing that TMX construction was set to begin at a site near Edmonton, with "pipe in the ground before Christmas" and large stockpiles of pipe "massed at yards in the B.C. towns of Vavenby, Hope and Kamloops" and preparatory work ongoing in Valemount. [12]

That prompted me to try to determine what had happened with regard to that Kinder Morgan QMP and the lack of regulatory approval under Condition 9, which governs the actual pipes.

After all, a lot had happened since that November 2017 De Smog/ The Narwhal article had been published. A shortlist would include: the replacement of the National Energy Board by the Canada Energy Regulator (CER); the \$4.5 billion purchase of TMX by the Canadian federal government; Jason Kenney's launch of a "war room" (the Canadian Energy Centre, with Claudia Cattaneo on board) and a \$2.5 million public inquiry into "anti-Alberta energy campaigns;" a Federal Court's quashing of TMX approval due to lack of meaningful consultation with Indigenous groups; and a federal election.

As well, The Tyee writer Geoff Dembicki had thoroughly debunked Kenney's Russian conspiracy theory, tracing its origins to a notorious U.S. PR firm. [13] (Equally interesting, in the U.S. The Nation magazine had thoroughly debunked widespread Russian meddling in the 2016 election.) [14]

But what about Condition 9 and those pipes, manufactured before any approved QMP and now stored at various locations across the pipeline route?

So in December 2019 I read through all the entries under Condition 9 on the NEB/CER website and could not find any mention at all of the actual pipes in these filings, which were

made over many months and which ended as of mid-June 2018. In mid-December, I contacted the CER and asked: “Does this mean that full approval for Condition 9 compliance in the Quality Management Plan is still pending?”

In response to my question, the CER provided a letter sent by the NEB to Kinder Morgan, dated 22 June 2018. The letter stated that the NEB

“requires Trans Mountain to submit a letter signed by the Trans Mountain Accountable Officer confirming that the procurement, manufacture, transportation, and storage of all pipe and major components prior to 21 March 2018 was undertaken in conformance with Trans Mountain’s internal processes and procedures. The letter must also confirm that pipe and major components comply with all relevant internal specifications. The letter must be submitted to the Board no later than 29 June 2018.”

Kinder Morgan had duly responded with a letter (also provided to me by CER), dated 28 June 2018 and signed by Ian Anderson (President, Trans Mountain Pipeline ULC, Kinder Morgan Canada Inc.). It stated:

“As the accountable officer of Trans Mountain, I, to the best of my knowledge, as of the date of this confirmation and after due inquiry, confirm that the procurement, manufacture, transportation and storage of all pipe and major components prior to 21 March 2018 was undertaken in conformance with Trans Mountain’s internal processes and procedures. I also confirm that pipe and major components comply with all relevant internal technical specifications.”

Federal Regulation?

I may be wrong, but it seems obvious to me that the NEB told Kinder Morgan exactly what to write in order to meet Condition 9 at that late date, and then Kinder Morgan wrote exactly that.

I then contacted Lynn Perrin, who has been following the pipeline regulatory approval process for years as a Director of Pro Information Pro Environment United People Network, otherwise known as Pipe Up. I asked her: is it normal for the NEB/CER to accept a company letter confirming that all QMP guidelines and conditions for the pipes have been met, six months after the manufacturing had already begun?

Perrin’s answer by email was short and to the point: “Two Auditor General reports note that the NEB does not enforce Conditions the majority of the time!” The reports cover years of such lack of enforcement by the federal regulatory body. [15]

I guess this is how the politburo functions in a petro-state.

Nonetheless, opposition to TMX continues, regardless of “pipe in the ground” near Edmonton. Stay tuned for TMX Part 2: The Pipeline and The Supremes.

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Notes

[1] Quoted in Justin McElroy, "Why Kinder Morgan and Russian interference in elections are more closely related than you think," CBC News, March 6, 2018.

[2] Claudia Cattaneo, "Russian meddling another worry for Canadian energy exports," Financial Post, March 2, 2018.

[3] Alexandra Bly, "Dogwood Snarks Back After Kenney Claims Pipeline Opponents Are Russian Agents," The Energy Mix, March 9, 2018.

[4] Reuters Staff, "Russia's Evraz to supply pips for Kinder Morgan's pipeline expansion," Reuters, May 2, 2017.

[5] Sophie Harrison, "One Small problem with Jason Kenney's 'Russian bots' theory," Dogwood posting, March 22, 2018.

[6] Carol Linnit, "Kinder Morgan At Risk of Violating NEB Condition With Premature 300,000-Tonne Pipeline Order," DeSmog/The Narwhal, November 3, 2017.

[7] Ibid.

[8] Harrison, op. cit.

[9] Quoted in "Jason Kenney: Vladimir Putin's Jailing of Dissidents is 'Instructive' on How to Deal With Environmentalists," Press Progress, September 11, 2019.

[10] Ibid.

[11] Ibid.

[12] Geoffrey Morgan, "Trans Mountain construction set to begin, with 'pipe in the ground before Christmas'," National Post, December 2, 2019.

[13] Geoff Dembicki, "Enviros Tools of Russians? The Weird Conspiracy Theory Firing up Kenney's Inquiry," The Tyee, November 22, 2019.

[14] Aaron Mate, "New Studies Show Pundits Are Wrong About Russian Social-Media Involvement in US Politics," The Nation, December 28, 2018.

[15] The 2 Auditor General Reports can be found at:

[<https://foroilfreeshores.files.wordpress.com/2016/05/auditor-general-2010-report-on-transportation-of-dangerous-goods.pdf>] and

[http://www.oag-bvg.gc.ca/internet/English/parl_cesd_201601_02_e_41021.html#hd3a]

Featured image: Premier Jason Kenney and Cabinet at Government House, in Edmonton on Tuesday, April 30, 2019. (Photo by Chris Schwarz/Alberta Government)

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