

Re: The YUB's public session on YEC's LNG project proposal is Monday, March 31, at 7pm

Sandy & Lois Johnston [loisrunner@gmail.com]

Sent: March 31, 2014 3:17 PM
To: Yukon Utilities Board
Attachments: Comment to YUB-LNG.docx (151 KB)

Hello Deanna,
I would like to submit our letter to the YUB hearing for the record. See attached. Thanks.
Lois and Sandy Johnston

On 2014-03-28, at 11:22 AM, Yukon Utilities Board wrote:

> Good morning Ms. Johnston,
>
> Thank you for your email. I have registered you to make an oral comment before the Board during the community session on Monday, March 31, starting at 7:00 p.m. at the Westmark Whitehorse.
>
> I'm attaching the Community Session Guidelines for your reference. You can also find further information, including the Minister of Justice's Terms of Reference outlining the scope of this proceeding, on the YUB website at <http://yukonutilitiesboard.yk.ca/proceedings/yec-lng-project-proceeding/>
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>
> From: Sandy & Lois Johnston [loisrunner@gmail.com]
> Sent: March 28, 2014 11:19 AM
> To: Yukon Utilities Board
> Subject: The YUB's public session on YEC's LNG project proposal is Monday, March 31, at 7pm
>
> I would like to register as a speaker at YUB's public session on YEC's LNG project proposal to be held on Monday March 31.
> Please confirm.
> Thank you,
> Lois Johnston<Community session guidelines.final.pdf>

Comment to: Yukon Utility Board Public Meeting on LNG
Monday, March 31, 2014

Yukon Energy Corporation is proposing a major investment in public money with its plan to build a new LNG facility for back-up power generation. According to the terms of reference given for this hearing, specific aspects of this project will be reviewed during this hearing. They include:

1. the public need for this project at this time;
2. the capability of existing and currently committed generation and transmissions facilities to provide electric power generation to meet forecast load requirements and the effect of this project on this capability;
3. what alternatives might be advisable; and
4. whether it is prudent to build this facility at this time.

I would like to speak to the last aspect, that of whether or not it is prudent to build this facility at this time.

To be “prudent” according to the Canadian Oxford dictionary means “to be careful to provide for the future”.

- Is it prudent to be switching to LNG when there are many questions about its predictability of long term supply and cost (economic and environmental)?
 - A recent National Energy Board report: *Canada's Energy Future: 2013. Energy Supply and Demand Projections to 2035*, states that “...future natural gas prices are a key uncertainty. Since 2000, annual average gas prices in North America have had large swings, with prices peaking in 2003 to 2005 and current prices being less than half of the 2008 prices”. (page 56)
 - The world price is roughly 5 times higher than the North American price (<http://www.ferc.gov/market-oversight/mkt-gas/overview/ngas-ovr-lng-wld-pr-est.pdf>) but to date exports from North America have been hampered by lack of LNG facilities. This is about to change significantly. There are many LNG exporting plants in the planning or construction phase in North America, and at least nine in western Canada. This will invariably increase demand for natural gas, as will the major move underway to convert to LNG electrical generation in North America. Combined with the fact that Canada's current export permits cover an amount of gas that exceeds our current national production, projected increases in domestic and international markets can only lead us to believe that we will be paying much higher prices in the future (<http://www.watershedsentinel.ca/content/david-hughes-bc-lng-reality-check> - <http://www.watershedsentinel.ca/content/david-hughes-bc-lng-reality-check>).

- The NEB cautions us further about this when it states:

“Demand for natural gas, in Canada and internationally, could vary beyond the range considered in this analysis. The growth of gas use for power generation could ramp up more quickly, either to replace older coal plants or if planned new nuclear plants are not built. Domestic natural gas demand could also vary due to production or technology changes in fuel requirements for the oil sands. Changes in demand for Canadian and U.S. natural gas would have an impact on North American natural gas prices.” (<http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/nrgyft/2011/nrgsppldmndprjctn2035-eng.html> - s5)

- What safeguards are there to protect us as the future consumer? **It would be prudent to wait** to see what the impact of the coming exporting boom will have on the volatility of LNG prices before spending \$38 million on LNG infrastructure, and before we get locked in to something that very likely will cost a lot more than anticipated or stated. According to NEB, this boom is expected to begin around 2019. The NEB predicts...(quote) “as **rising prices** [emphasis added] and LNG exports support higher drilling levels, production ramps up continuously from 2019 onwards...” (page 52).

- Is it prudent to be switching to another emission-rich fossil fuel, i.e. natural gas, and committing to it with a major \$38M investment in light of the urgent need to reduce GHG emissions as reported by scientists of the Intergovernmental Panel on Climate Change, and in light of Canada’s obligation to reduce emissions by 17% by 2020 from 2005 levels?

The International Panel on the State of the Ocean has also sounded the alarm on the burning of fossil fuels. Scientists are stating:

“The health of the ocean is spiraling downwards far more rapidly than we had thought. We are seeing greater change, happening faster, and the effects are more imminent than previously anticipated. The situation should be of the gravest concern to everyone since everyone will be affected by changes in the ability of the ocean to support life on Earth” (<http://www.stateoftheocean.org/pdfs/IPSO-PR-2013-FINAL.pdf> - <http://www.stateoftheocean.org/pdfs/IPSO-PR-2013-FINAL.pdf>).

- we are not switching to a cleaner energy source with this project. The primary component of LNG is methane, a potent green house gas. The extraction, processing, transportation, liquefaction of LNG and associated fugitive emissions has been found to result in greater GHG problems than coal and diesel (<http://www.eeb.cornell.edu/howarth/web/Marcellus.html>).
- The economic costs of disasters related to climate change, i.e. costs to rate payers through taxes, are increasing dramatically. For example, summer storms and floods between 2010 and 2013 have resulted in a 600 per cent increase in federal liability for disaster relief to the

provinces—a total of \$4.1-billion to be paid out primarily over the next five years.

(<http://www.hilltimes.com/news/politics/2014/01/15/ndp-mp-wants-pbo-to-investigate-report-on-effects-of-climate-change-on-federal/37103>).

- In August 2013, Public Safety Canada rated natural disasters including the costs that come with them as the number one public safety risk. The recent dramatic increase in costs related to natural disasters indicates a broader trend in Canada and globally.
- Is there social licence to continue down the path we currently tread with increased reliance on fossil fuels confounding climate change? The public hearing of YESAB suggested not!

One important mandate of the Yukon Utilities Board is “fixing standards, classifications, regulations, practices, measurements or services to be observed, provided or followed by a public utility”. As such you should be very concerned about granting approval for a public utility that follows practices that exacerbates our GHG emissions, that proposes projects that have questionable economics due to high pricing uncertainties, and one that consciously locks rate payers into fossil fuels when we should be investing more in non-fossil fuel alternatives.

As a rate payer, I would prefer not to gamble on the volatility of LNG pricing and the high risks to the environment. I would rather see the expenditure go to maintaining the existing units (they are reportedly still good enough to be used in a ferry fleet), and actively pursuing non-fossil fuel alternatives to replace them. Options for alternatives have been presented at this hearing, which deserve greater attention.

Given the urgency to address GHG emissions, and the economic and environmental risks to rate payers and society, it is NOT prudent to advance this project at this time, or any time in the near future. We need to exercise greater care in providing future generations an environment in which they can prosper, rather than one in which they will be unable to bear the costs of mitigation and adaptation if we perpetuate this addiction to fossil fuels.