



FUELING YUKON'S
ECONOMY

Workshop
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Whitehorse, Yukon

Summary Report for
Yukon Chamber of Commerce

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Introduction

Yukon Chamber of Commerce (Chamber) is leading a conversation about how fossil fuels affect Yukon's economy and way of life. Over four-fifths of Yukon's energy needs are being met by imported fossil fuels. This represents a 200 million dollar economic leak. To address this problem, the Chamber's Energy Committee is leading a project called Fueling Yukon's Economy. The main purpose of the project is to create a conversation that addresses the following questions:

1. Building an economy: Can we plug a \$200 million dollar economic leak?
2. Respecting the environment: How do we reduce our carbon footprint?
3. Fueling our needs: Can local development create more business opportunities and jobs?
4. Making a green transition: What are the business opportunities?

To get the Fueling Yukon's Economy conversation started, the Chamber held an introductory workshop in Whitehorse on May 25th, 2016. The workshop was opened to members of the Chamber of Commerce, the Yukon Conservation Society, Yukon Political Parties and related government officials. Around 40 people attended the morning session that began with a presentation by George Eynon called "Global and North American industry and market conditions: context for Yukon oil and gas self-sufficiency". George has more than 40 years' worldwide energy industry experience in upstream operations, regulation, and resource supply research and in management consulting: 20 plus years in oil & gas exploration and production operations—at technical, managerial, executive and board levels with major, independent, and junior companies; and 20 plus years in energy, management, and regulatory consulting & research in government, regulatory, and corporate environments.

Ben Ryan followed George and gave a presentation describing the Chamber's Energy Committee project called Fueling Yukon's Economy. Ben also gave an overview of the 2015 paper called "Participating in Vital Energy Needs – The Benefits of a Yukon Fuel Supply Chain". Following this facilitator Darielle Talarico opened up a group discussion with a few words on why it's hard to talk about the oil and gas industry in the Yukon.

During the facilitated discussion the following questions were asked of the workshop

participants:

1. What did you learn today that you didn't know?
2. What did you learn today that might be of interest or concern to businesses?
3. What questions still need to be answered?

The following topics came up in the discussion:

What did you learn today that you didn't know?

1. Yukon's present fuel supply comes from three locations as follows: 1/3 from an Alaska refinery using North Slope crude oil, 1/3 from a B.C. or Alberta refinery using Alberta Tars Sands crude oil and 1/3 from a Washington State refinery using U.S. Bakken crude oil sent by rail to Washington State, refined and then barged north to an Alaskan port.
2. Yukoners have been engaged in many electrical energy discussions but there has been very little shared information or exchanges regarding Yukon's use of fossil fuels for heating and transportation.
3. Yukon potentially has fossil fuel resources that could sustain present levels of use for 300 years.
4. Refineries are designed for the type of fuel received and the type of products to be produced. Any future refinery would be proposed by a private sector investor and have its own unique business case.
5. Canada's western Arctic and parts of the eastern Arctic and Southeast Alaska could be potential export markets for Yukon crude oil refined product.
6. Mining exploration and production is one of the biggest users of fossil fuels so any increase in exploration or actual mining production would increase the consumption of fossil fuels in the Yukon.
7. Yukon and the western Arctic still have untapped conventional oil and gas unlike many other jurisdictions which are now more focused on unconventional reserves.

What did you learn today that might be of interest or concern to Yukon businesses?

1. Business could benefit from conversations regarding Yukon's economy that are premised on shared interests versus positions. Conversations should also not pit one sector of the economy against the other.
2. Business could benefit from a local source of crude oil if it is priced competitively and doesn't negatively affect other Yukon industry sectors.
3. Business could potentially benefit from a more diversified economy that might include an oil and gas sector along with other renewable energy sectors.

Speaking to the Yukon Chamber of Commerce - What questions still need to be answered?

1. Conduct an oil and gas industry cost benefit analysis that includes a fossil fuel market scenario assessment comparing possible future market factors such as:
 - a. New emissions and carbon policy including carbon storage management and strategies.
 - b. New taxation policy.
 - c. New transportation taxes i.e. for road maintenance.
 - d. Future population growth with different assumptions around greater vehicle efficiencies and possible reduction in use per person (i.e. public transit, fuel switching for heating and transportation sectors to other sources such as electricity and wood based biomass).
 - e. Increase in mining exploration, development and production.
 - f. Decrease in per household energy use with better building codes, energy saving and efficiency measures including fuel switching to electricity or biomass via a utility or independent producer.
 - g. Related transportation topics and issues.
 - h. Type of refinery and products that might be developed.
2. Conduct an environmental footprint comparative analysis of continued importation of fossil fuels versus local development and refining of fossil fuels (with consideration of the above future market scenarios).

3. Establish Yukon Chamber of Commerce policy positions to ensure they reflect a business perspective and the views of membership.
4. Conduct a comparative analysis of Yukon and Federal policies regarding various Yukon industry sectors i.e. taxation, incentives, revenue sharing with First Nations, royalties and subsidies.
5. Assess oil and gas regulatory best practices for application in the Yukon.
6. Develop a Yukon Chamber of Commerce MOU with Yukon Government to access relevant data for policy analysis and sharing as required with members. As well, seek to identify key reports and make them available to members via the Yukon Chamber website.

Conclusions and Next Steps

The Fueling Yukon's Economy Workshop discussion provided a number of useful insights and suggested next steps. Workshop attendees shared what they learned from George Eynon and Ben Ryan's presentations through a facilitated conversation that produced a number of questions with regards to Yukon's fossil fuel use. In general, workshop attendees recognized the value in continuing a fact and interest based conversation regarding the economic leakage caused by the importing of fossil fuels.