



Legal and Historical Risk Analysis of a Northwest Coast Pipeline

A northwest coast oil pipeline and tankers project, anticipated as part of Prime Minister Carney's "grand bargain" with Alberta Premier Danielle Smith, is a fool's errand. Canada tried a grand bargain with Alberta from 2015-2019, approving projects like LNG Canada Phase 1 and buying the Trans Mountain Pipeline Expansion in exchange for flimsy climate policies that Smith has since dismantled. Any pipeline will be saddled with legal, political and social challenges, will fail to deliver economic benefits, and is certain to undo progress towards reconciliation.

The last grand bargain was a grand fail

As former Environment and Climate Change Minister Catherine McKenna has [acknowledged](#), the federal government has poured billions of dollars into purchasing and constructing the Trans Mountain oil pipeline and tanker project with the understanding that Alberta and the oil and gas sector would reciprocate with emissions reductions. Instead, Alberta introduced an emissions pricing system that has failed to reduce Alberta's emissions and that Premier Smith has weakened in order to leverage pipeline negotiations with Canada. No matter the stakes, there is zero evidence – in fact, only evidence to the contrary – that climate bargaining with Smith will pay off.

All financial risk, no financial benefit

The Trans Mountain Pipeline Expansion project was initially projected to cost \$5.4 billion. It ended up costing [\\$34 billion](#) to build, in addition to the \$4.5 billion purchase price, meaning Canadians have loaned Trans Mountain about \$40 billion since 2018. Those costs will never be fully recouped through tolls paid by oil companies unless Trans Mountain can negotiate a better toll.

Trans Mountain's application to the Canadian Energy Regulator sought approval of a toll that would recover about 45% of the \$34 billion project cost, leaving a \$20 billion loss to be absorbed by the pipeline's owners, the Canadian public. In November 2025 the hearing was paused to allow Trans Mountain to negotiate with shippers. What is more, Pembina Institute analysis shows that jobs per barrel of oil has fallen sharply over a similar period, decreasing 43% from 2012 to 2023.

Both the International Energy Agency and Canadian Energy Regulator predict a steep decline of global oil markets if countries are serious about meeting climate targets, which is increasingly likely. Oil pipelines will become stranded assets, a financial burden that will be borne by Canadians – a burden that far outweighs any economic benefits.

Also, a north coast oil pipeline and tankers would pose a significant risk to BC's coastal economy. Ocean-based activities [contribute over \\$21 billion](#) to BC's gross domestic product and employ over 196,000 people. In the Great Bear Rainforest, Indigenous-led conservation initiatives and [major investments in sustainable development](#) over the past two decades have supported over 1,400 permanent jobs, led to the creation and acquisition of 140 businesses and attracted \$444 million in investments to the coast. These industries would be directly threatened by large crude oil tankers and the spill risk.

Northern Gateway failed for a reason

In 2012, the Harper government introduced sweeping measures to fast-track major project approvals, including pipelines. They not only failed in this goal, but resulted in ferocious blowback, including the Idle No More movement. One of the projects the federal government changed the rules to approve was Northern Gateway, a proposal to build a northwest coast bitumen pipeline from Alberta to Kitimat, BC.

Northern Gateway was strenuously opposed by First Nations, including Coastal First Nations whose territories would have been subjected to crude oil supertankers, and by the more than 100 signatory Nations to the [Save the Fraser Declaration](#), an Indigenous legal instrument banning tar sands pipeline and tankers projects from the Fraser River watershed and Fraser River salmon migration routes. It was also [fiercely opposed](#) by a broad cross-section of Canadians who demonstrated en masse against the project.

The Northern Gateway project failed the first time around despite support from Alberta and Canada, ultimately being struck down by the courts due to short-comings in Indigenous consultation. The attempts at fast-tracking the Northern Gateway and other pipelines led to a groundswell of support for restoring and strengthening our environmental laws, like the *Impact Assessment Act*. It also arguably contributed to the Harper government's downfall.

The risk of catastrophic spill

The risk of a spill is significant. The northern Pacific waters through which crude oil tankers would travel are some of the most treacherous in Canada, posing the risk of an Exxon-Valdez-scale oil spill in the Great Bear Sea. This is why Canada has excluded oil tankers from these sensitive inside waters since 1972 and formally legislated a ban on tankers carrying crude or persistent oil from the north Pacific Coast of BC with the *Oil Tanker Moratorium Act* in 2019. The Exxon Valdez oil spill released millions of gallons of crude oil into Prince William Sound, Alaska, affecting more than 2,000 kilometres of shoreline. The toxic contamination persists to this day.

Like the Northern Gateway proposal, any north coast pipeline would cross hundreds of streams and rivers, including the headwaters of the Fraser and Skeena rivers. The toxic effects of a spill would be felt for hundreds of kilometres, stretching down the entire length of the Fraser River to the sea.

The legal risk outweighs any possible benefit

A north coast pipeline will likely face significant costly and protracted legal battles. Coastal First Nations have [reiterated its opposition](#) to a pipeline, and on November 5th, along with BC Premier David Eby, signed the [North Coast Protection Declaration](#), urging the federal government to maintain the tanker ban.

Both the Northern Gateway and Trans Mountain pipeline and tankers projects had federal approvals overturned at least once due to inadequate consultation with First Nations. First Nations in BC have made it clear that they will use all available legal tools to fight this pipeline, too. Furthermore, since this time Canada and BC have adopted legislation committing themselves to align laws with the *United Nations Declaration on the Rights of Indigenous Peoples*, which affirms the standard of free, prior, and informed Indigenous consent. In the face of the unwavering opposition of Coastal First Nations to crude oil tankers in their territories, repealing or creating exemptions to the *Oil Tanker Moratorium Act* would be fundamentally at odds with the legal requirement that Canada take all measures necessary to ensure consistency of Canada's laws with the Declaration.

A north coast oil pipeline could irreparably undermine the reconciliation imperative

Introducing crude oil supertankers to the sensitive, and dangerous inside waters of the north Pacific Coast is an inevitable component of any north coast oil pipeline project. As Coastal First Nations [have said](#), First Nations in British Columbia “have fought to keep crude oil tankers out of our territorial waters for over 50 years.” The *Oil Tanker Moratorium Act* is not just the result of decades of work by Indigenous and non-Indigenous communities to protect BC's globally significant north coast marine ecosystem. It is a legal symbol of Crown-Indigenous reconciliation in action, a manifestation of Indigenous and federal law working in tandem towards mutual goals.

Any political agreement that envisions exempting a pipeline from the tanker ban would saddle First Nations – who are already overburdened with environmental, social and economic challenges – with the responsibility to devote time and resources yet again to defending communities and the environment from the catastrophic risks of oil spills. That would be the opposite of reconciliation, and counter to Prime Minister Carney's promises to only pursue projects that have Indigenous peoples' support.

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