

Mooney, Susan

From: Jeff Edelstein
Sent: Monday, June 16, 2014 1:11 PM
To: Mooney, Susan
Subject: FW: WSJ Article Comment

To post under "Public Comments"

From: William Hastings [whhastings@novaatlantic.com]
Sent: Friday, June 06, 2014 3:25 PM
To: Jeff Edelstein
Cc: whhastings@novaatlantic.com
Subject: WSJ Article Comment

Jeff.

In the article I referred to in my earlier note, there is the attached comment from Husky. I note it specifically as it may seem counter to some of the things we've discussed - but cannot be supported by real world numbers and design capacities. The quote is as follows;

"The Energy East pipeline will connect western Canada to global markets. Once you're in the water, you can get oil around the world at a very, very low price," said Husky's Mr. Ghosh. He said the pipeline would make it as cheap to ship oil-sands crude to markets such as India from the Atlantic coast as from Canada's Pacific coast."

This should be taken in context in that 1.1 mmbbls of design capacity is for Montreal, Quebec, and New Brunswick refineries alone and leaves little, if any, extra export capacity by the time oil reaches St. John. Secondly, the pipeline tariff to St. John will be much higher (5X plus) versus the pipeline tariff to the West Coast. Lastly, the distance for ultra-large tankers that would be used to India is 13,300 miles from St. John (after the large pipeline tariff haul) vs. 11,200 miles from the West Coast (after a short pipeline tariff haul). A SuezMax (smaller tanker) could be used through the Suez Canal from St. John (9,250 miles) but would have much higher unit transport costs. Again - all of this assumes much higher pipeline capacity than stated on Energy East.

At the end of the day, the reality is that India will be supplied by other heavy oil projects, if they desire that type of feedstock, such as those being developed in Africa or the Middle East.

My key point here is that the issue facing us and the Committee is much larger and material for South Portland, Portland, and Maine than the initiative before you now, again I've stated that in my presentation for the record. The energy industry can only do certain things economically / engineering-wise even though Husky, in this case, is touting a very broad scope.

Thanks for the chance to present and discuss the issues. It has been a very professional and thorough process. I'm confident that what is best for Maine and Portland will emerge from this and future work. I am available for further discussion and review if you need that.

Bill Hastings

