GREAT LAKES
BUSINESS NETWORK

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Date: March 24, 2021

To: Senator Ed McBroom
Natural Resources Committee Chair
Michigan State Senate, 38th District
P.O. Box 30036
Lansing, MI 48909-7536

Senator Dan Lauwers
Energy and Technology Committee Chair
Michigan State Senate, 25th District
P.O. Box 30036
Lansing, MI 48909-7536

Representative Joe Bellino
Energy Committee Chair
Michigan State House, 17th District
P.O. Box 30014
Lansing, MI 48909

Subject: Great Lakes Business Network requests equal opportunity to address Line 5 concerns

Dear Sen. McBroom, Sen. Lauwers, and Rep. Bellino,

On behalf of the Great Lakes Business Network and our more than 170 members representing a diverse array of business leaders across the state of Michigan and the Great Lakes region, we write today to express our concern regarding the recent hearings highlighting the interests of the Canadian oil industry. We have requested an equal opportunity to share our concerns regarding Enbridge's pipeline 5, yet have been afforded no opportunity for representation.

The 68-year old Line 5 pipeline swaying in open waters at the Straits of Mackinac continues to threaten economic and environmental disaster to Michigan's Great Lakes more than a decade after our state suffered the largest freshwater oil spill by the same operator into the Kalamazoo River. Citizens and state leaders from both parties acknowledge the risks are extraordinary, and Governor Whitmer has set a May 12th deadline to remove the pipeline from Michigan's bottomlands, effectively shutting down the pipeline. Even Enbridge concedes the risk of the pipeline by pursuing an extraordinary tunnel project under the Straits to maintain continued oil flow.

What's been lost amidst this debate is a clear understanding of who benefits most from the continued operation of Line 5. Overwhelming advertising by Enbridge over the past several

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years has intentionally obfuscated the fact that Line 5 has become critically important to Canadian refineries in Ontario and Quebec, and significantly less important for Michigan's interests. In fact, Line 5 has become a Canadian shortcut to transport western Canadian oil to refineries in eastern Canada, risking Michigan's Great Lakes to benefit Canadian oil companies.

Because of this, it's especially disturbing for Canadian government and business officials to be invited to the Michigan State Capitol by legislators to argue for the continuation of Line 5. Members of the Great Lakes Business Network deserve an equal opportunity to present information that has been withheld or purposely ignored, which clarifies how Line 5 is primarily benefiting Canadian oil interests.

Dramatic shifts have occurred in the economic and environmental circumstances that existed when Enbridge and the state of Michigan reached their 1953 agreement on Pipeline 5. Because these changes have happened incrementally, the full picture of how Line 5 oil now primarily benefits Canada has not been well documented, and Enbridge continues to promote misinformation. A 2018 report from the Groundwork Center for Resilient Communities called Candian profits, Michigan Risk framed those changes very well, and highlighted the clear conclusion that Line 5 no longer primarily benefits Michigan. Below are the key points:

1) **A glut of western Canadian oil far exceeds demand in Midwest**
   Expanded oil production in North America, especially from the tar sands region in the Canadian province of Alberta, has created a transportation challenge to move that oil to markets on the east coast, as well as for export across the globe. Today, there is far more oil being transported through the Great Lakes region than there is capacity to refine it here. The vast majority of light crude oil now flowing through Line 5 passes through Michigan on its way toward the east coast, while other pipelines carry the heavy crude to supply Michigan's needs.

   It's important to note that the amount of oil brought into Michigan through Enbridge pipelines has increased since 2012 by 380,000 barrels per day (bpd) - a 65% increase of oil flowing through Michigan. This expansion happened with incremental capacity increases, but most notably a more than doubling of the capacity of Line 6b from 240,000 bpd to 500,000 bpd. This was described by Enbridge as a "replacement" of the failed pipeline after the catastrophic 2010 spill into the Kalamazoo River. More than a replacement, Enbridge capitalized on that spill to excessively increase their pipeline capacity for the benefit of Canadian refineries.

2) **A clear plan shared with stockholders to move that oil through the Midwest to Canada's east coast, completed in 2015 with Line 9 reversal**
   In 2012, Enbridge announced to its shareholders a new corporate strategy that would push oil to the Canadian East Coast. The company's Eastern Canadian Refinery Access Initiative was one of the company's most sweeping expansions in its history — a $3

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billion series of pipeline projects across its system aimed to move western Canadian crude to eastern refineries and prevent bottlenecks in the U.S. Midwest. The company boasted of capitalizing on “existing pipeline infrastructure” rather than new pipeline construction to reach large eastern refineries. In late 2015, Enbridge successfully completed this strategy, making Line 5 a key piece of Canadian infrastructure that serves as a shortcut through the Great Lakes — jeopardizing Michigan’s iconic Straits of Mackinac.

Enbridge’s Eastern Canadian Refinery Access Initiative has allowed the company to capitalize on the excess pipeline capacity and further direct light crude oil eastward toward refineries in Montreal and Quebec. In fact, the initiative has been so effective that Enbridge even reversed the direction of their Line 9 to transport over 300,000 barrels per day of crude eastward. According to their website, this was to “allow for discounted western Canadian crude, which can be sourced from a number of locations in Alberta, Saskatchewan, Manitoba, and the Bakken region to access Quebec refining markets.”

3) **Canada has not built a pipeline in their own country to move oil, cementing reliance on Line 5**

In fact, proposed northern routes through Canada, like Transcanada’s Energy East pipeline, were met with fraught environmental concern and staunch tribal opposition from within Canada. This led to Canadian pipeline plans being scrapped as market economics became increasingly less favorable. However, with the existing shortcut through the Great Lakes in place, Enbridge continues to capitalize on refineries in Quebec and Montreal. Meanwhile, Michiganders continue to bear the risk and responsibility of a potential spill while reaping marginal benefits.

The Energy East pipeline was scrapped by Enbridge’s competitor TransCanada only months after Enbridge completed it’s Eastern Canadian Refinery Access Initiative with the Line 9 reversal – referencing the “changed circumstances” of the Line 5 shortcut through Michigan that is serving Canada’s oil interests.

Enbridge isn’t the only company which has proven quickly adaptable to market demands. The Cochin pipeline, purchased by the Pembina Pipeline Corporation in 2019, was able to reverse flow and change products in a remarkably short period of time, demonstrating that pipelines in the region continue to adapt rapidly to meet market demands. Pipelines are able to change flow direction, switch the products being moved, and often adjust the quantity of product being moved at a given time. This can all happen with minimal changes to the existing pipeline infrastructure.

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However, Line 5 continues to serve as a profitable linchpin in Enbridge's strategy — offering a shortcut through the Great Lakes to move light crude oil to meet Canada's needs, all the while risking Michigan's environment and economy for minimal financial benefit to the state. Enbridge has effectively muddied the issue, fabricating unfounded concerns of propane shortages and price hikes in Michigan's Upper Peninsula and diverting public attention from the fact that Line 5 now primarily serves Canada.

Today, the state of Michigan continues to needlessly imperil the Great Lakes for a pipeline which primarily benefits Canadian oil interests. Those risks associated with Enbridge's Line 5 are glaring and well-documented, as evidenced by a history of inattention to pipeline safety and repeated violations of the agreement which justified Gov. Whitmer's 2020 revocation of the easement. Additionally, the economic benefit or perceived need for Line 5 in Michigan has been disproven in countless reports and the limited product that the state does receive from Line 5 can be provided in other ways, should the line be shut down.

For our state leaders, the protection of Michigan's public trust must remain paramount to the business interests of one Canadian company. We appreciate your consideration and hope to be afforded an equal opportunity to share our concerns before your respective committees.

Kind Regards,

Larry J. Bell

Larry Bell
Great Lakes Business Network Co-Chair

Juliette McAvoy

Juliette King-McAvoy
Great Lakes Business Network Co-Chair