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The Kinder Morgan Pipeline

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The Kinder Morgan Pipeline

The Canadian government granted permission for the Trans Mountain Pipeline project proposal on November 29, 2016. The project calls for the addition of 987 kilometers of new pipeline network to the existing line from Strathcona Country, Alberta, and Burnaby, British Columbia. The Trans Mountain Pipeline infrastructure project was designed to respond to pleas from Western Canadian oil-producing companies and West Coast processing plants for the increased transmission capacity to enhance increased oil and gas production and allow entry to West Coast emerging economies. The development will result in a twinned flow path, expanding the system's ability from 300,000 to 89,000 barrels a day. However, the project has remained controversial since different stakeholders have taken hard-line stances regarding its implementation.

Among the stakeholders are the aboriginals, who are opposed to the pipeline project. Kinder Morgan plans to construct the new pipeline on lands whose tenure is challenged. The infrastructure runs through the Secwepemc region, where First Nations claim the indigenous title, a territory right acknowledged by Canada's apex court as never to be surrendered or renounced via international conventions. Since it was criminal for Indigenous groups to engage politically or hire an attorney to argue in their best interests at the period, the Secwepemc were unable to resist the initial Trans Mountain pipeline being constructed via their land in 1951. However, they cannot be coerced to give up their land rights to implement the project. The aboriginals are concerned about the environment and the climatic impact of fossil fuel, and how it will affect the indigenous territories in the long term. Canada has to ensure the country's greenhouse emissions are within the limits of the Paris Agreement on climate change, and that is why the aboriginals are right to an extent. Everybody has a perspective about the pipeline project, and they must have the liberty to talk about it. The executive of the Kinder Morgan pipeline encouraged civic engagement by accepting telephone calls from inhabitants and actively listening to the issues raised. These problems must be addressed in the best way possible and considered during the project design stage. The environmentalist groups want assurance that the project will not cause harm to the natural ecosystem. There is a way for the government to implement the project devoid of oil spills and leaks that can harm the ecosystem.

The government must evaluate the pipeline pathway for reasons other than cost convenience and reliability of construction. It must recognize the economic and environmental consequences that come with the project's implementation. A path near the road will necessitate road closures during building works, resulting in increased traffic congestions. If the route runs via parks regularly, it will destroy many trees and ecosystems for native wildlife. The project must ensure that a delicate balance remains. One can pick the optimum positions for the pipe to pass along the highway and the best moments to have the construction proceed by evaluating the traffic and road situations. There is a way to reduce congestion. The pipeline positioning should be along the uphill with no on or off access roads. If the infrastructure must run through the park, it should be near its boundaries or on steep slopes. This is because there will most likely be less wildlife commotion.

The Canadian government must ensure there is a conducive climate for investors. According to the government, the pipeline project would benefit the citizens of Canada by making oil and gas available via the expansion of the existing infrastructure. Kinder Morgan Canadian subsidiary is good at lobbying. Companies can garner support for desirable policy measures or legislative changes by donating money to election campaigns or meeting with an elected politician. They can also endorse major parties whose broader policy agendas are similar to their own. Although the rules differ from region to region, advocacy and making donations to political outfits are lawful in Canada. Saskatchewan, whose prominent political entity seems to have benefited generously from vast amounts of money from Alberta-based oil corporations in the last couple of years, is one of the few regions with no cap on corporate funding. Above everything, these strategies give companies like Kinder Morgan access to central policymakers who have the authority to support projects that benefit their aspirations, such as relocating a border or implementing projects in contested territories. Since Kinder Morgan Canada is a private division, monitoring its political processes in great detail is challenging. However, it has donated $38,000 to the BC Liberal Party between 2011 and 2015. Kinder Morgan launched 458 lobbying-related interactions with provincial politicians, including face-to-face consultations and written correspondence and reviews delivered to public servants. Whereas there is no denying that infrastructure projects can come with economic benefits, we must scrutinize the hidden agenda of some government officials pushing to implement the project.

The pipeline project is not sustainable in the long term. The world is moving away from fossil fuels because of climate change and environmental concerns regarding oil spillage and the destruction of natural habitats. The project will aid oil delivery to the Pacific Coast for export to Asia and reduce its reliance on selling its oil to the United States. However, if the Canadian government is serious about climate change, it ought to invest tax payer's money in renewable energy because there is no guarantee that the pipeline, once finished, will increase the country's profits. Michael Porter identified five industry-specific powers that have a significant effect on a firm's value. They are as follows: Risk of new competition, supplier bargaining influence, buyer bargaining power, the threat from alternative products, and rivalry among present actors. Kinder Morgan has no danger of new entrants in the region regarding the pipeline expansion project.

However, it must contend with the bargaining power of suppliers since the local suppliers are engaged during the implementation of the project. The company must also contend with the power of buyers, who want the best product in the long run. It pressures the company and the pipeline to continue delivering quality and sustainability to the clients, who affect the project's profitability. Though the project is being implemented, the threat of substitutes from renewable energy solutions may deem the project unprofitable in the long term. Also, there is intense rivalry in the oil and gas industry, which sometimes drives down profits. Canada might implement the project successfully but never realize meaningful profit since the oil-exporting sector is competitive and fluctuates. Nevertheless, Kinder Morgan has a competitive advantage in this scenario because it is a company that has existed for a long time and has a subsidiary in the region located in Canada. It also constructed the initial oil pipeline, making it a frontrunner among different pipeline corporations available.

To sum it up, Because of globalization, global commerce in oil and gas has grown substantially over the last few years, and the prices of oil are now evaluated or defined at the international price point. As global trade in oil products expands, so does infrastructure for transporting oil and gas from one region to another to satisfy the ever-increasing demand. Canada is an oil-producing country that has traditionally relied on the United States market to sell its oil via pipelines. However, emerging markets in the Asia regions, fueled by globalization and increased interconnectivity, have informed the decision to expand its pipeline network. The country is also looking to expand its net foreign income, and selling its oil via the new pipeline to additional countries will succeed. One can only achieve this success if the aboriginal communities, environmentalists, and other interested parties are consulted and given assurances about the project's safety during the planning stage.

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