Court Filings Bring Information to Light

Enbridge Lying Exposed

In an attempt to continue the operation of its Line 5 oil pipeline, for years Enbridge has insisted its Line 5 pipeline was critical infrastructure for Michigan, and that Midwest gas and propane prices would soar without it. The company's own researcher says gasoline prices would increase less than 1 cent per gallon if pipeline shuts down.

Independent experts have debunked Enbridge filings in a Wisconsin lawsuit filed by the Bad River Band of the Lake Superior Tribe of Chippewa Indians to remove Line 5 from tribal lands.

Their research thoroughly rebuts Enbridge court findings, pointing to "factual errors, missing context, false assumptions, logistical fallacies and/or specious reasoning."

Enbridge Line 5 Pipeline Threatens the Great Lakes Every Day it Operates in the Straits of Mackinac

Overview

The Bad River Band has worked since 2017 to force Enbridge to remove Line 5 from its land in Wisconsin, especially near the Bad River Watershed. As it has with Gov. Gretchen Whitmer's order in Michigan, Enbridge refuses to shut down Line 5 while falsely claiming the pipeline is a way to keep gasoline prices in check.

The research of the experts thoroughly rebuts Enbridge's court filings and points out "factual errors, missing context, false assumptions, logical fallacies, and/or specious reasoning."

Expert findings, which often reflect verbiage in Enbridge' own filings, show:

- The 1953 Line 5 pipeline is no longer the most efficient or cost-effective way to deliver oil.
- Worries about gasoline, jet fuel and diesel fuel prices are overstated by Enbridge in commercials and public statements. Enbridge court filings say price increases likely would be less than 1 cent per gallon.
- Enbridge claims of rising costs, safety issues and greenhouse gas emissions in alternative delivery methods to Line 5 are logistically untrue. Rail and truck can combine — and already are used by many companies — to deliver oil products.
- U.S. propane production has more than enough capacity without imported fuel from Enbridge.

Independent Researchers

- **Jill Steiner,** lead researcher at Saldo Research and working for Public Sector Consultants. She has expertise in propane supply, including in Michigan.
- **Randy Meyer**, an expert in logistics and transportation who works with energy companies.
- **Graham Brisben**, founder of Professional Logistics Group and PLG Consulting, a logistics and supply chain consulting firm.

What follows is a breakdown of the issues Enbridge has raised in court and how the experts rebut each point.

Enbridge says: The oil products Enbridge provides through Line 5 are critical to the supply of gasoline, jet fuel and diesel in Michigan, Ontario and western Pennsylvania. It says costs of alternative delivery methods will be passed on to consumers.

The truth: In one of Enbridge's reports, the researcher it hired, Neil K. Earnest, writes that price increases for gasoline, jet fuel and diesel will be less than 1 cent per gallon:

> **7.10.** Consequently, refined product supply reductions in Michigan will require additional transfers of gasoline, jet fuel, and diesel into the Midwest, primarily from the Gulf Coast. The existing northbound refined product pipelines are believed to have sufficient available capacity to accommodate the reduction in Michigan transportation fuel supply, so the transportation costs between the Gulf Coast and the Midwest will not substantially increase. Nonetheless, additional demand will apply upward pressure on Midwestern fuel prices. I estimate that a Line 5 shutdown will have a small impact on Michigan gasoline, jet fuel, and diesel prices, likely less than 1 ¢/gal.

Later in the same report, Earnest writes, "My estimate of the increase in Wisconsin transportation fuel prices is the same as that for **Michigan gasoline prices, i.e., approximately 0.5 cents per gallon."**

Enbridge says: A Line 5 shutdown would create a propane shortage in Michigan, cause panic buying and drastically increase prices.

The truth: Propane currently produced in the United States would more than offset the loss of Line 5, and, in some cases, prices would decrease. Jill Steiner writes:

- Public Sector Consultants estimates that closure of Line 5 will have minimal impact on the availability and cost of propane and butane. Substantial increases in natural gas production and related NGLs ensure there will be adequate supply to meet the needs of Wisconsin, Michigan and Ontario

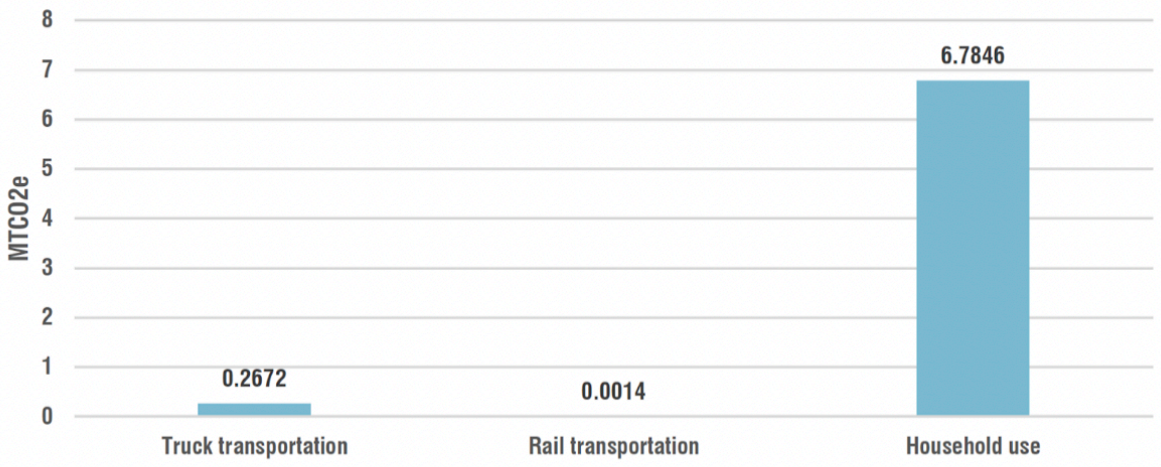
- Natural gas liquid production in the United States has increased 170% in the last 20 years. This has led to U.S. propane production more than doubling since 2010. Imports as a percentage of supply have declined from 9.6% in 2010 to 5.3% in 2019.
- While production of propane has increased, the amount of propane consumed has remained steady since 2010. The increased production has allowed for a nearly 12-fold increase in exports. Since 2017, propane exported has exceeded the amount of propane consumed by U.S. consumers and businesses.
- Increased supplier diversity will give propane retailers more options to serve their customers, increase supply competition in the market, and potentially decrease prices for propane in the long run.

Enbridge says: Greenhouse gas emissions will increase dramatically if transporting propane or butane by rail or truck.

The truth: Differences in emissions from products transported by pipelines, trucks or rail is essentially even when compared to the amount of greenhouse gas emissions when the products are used by consumers and businesses.

- In a detailed analysis, Steiner's team found that while emissions from transportation by truck are significantly higher than by rail, transportation emissions are small when compared to the emissions created when fuel is used by consumers. The conclusion, whether by pipeline, truck or rail, greenhouse gas emissions are nominal when compared to consumer use.

EXHIBIT 56. Greenhouse Gas Emissions from Propane Transportation and Household Use, Line 5 Distance Equivalent



Source: PSC calculations using Line 5 distance equivalents

Enbridge says: Line 5 provides the only logical way to move its oil products to the Midwest and Canada.

The truth: **Markets are efficient and will move to fill the void.**

Randy Meyer is principal consultant from Third Rail Group, with expertise in logistics and transportation. He wrote, "The Case for Rail to Transport Oil" for the Toronto Sun in 2016. His firm was hired to examine Enbridge's "Rennicke Report," which looked at the feasibility of Enbridge using rail, truck and other pipelines to transport products. Meyer found:

- The Rennicke Report is built upon faulty assumptions that start at the beginning of the report and are carried through to its final conclusions.
- The overall premise of the Rennicke Report is that the markets have not had time to, and would not be able to, adjust to the wind-down of Line 5. … In reality, Enbridge and shippers have been on notice that Line 5 may shut down for several years.
- Rail does have the capacity to move the 226.7k bp of crude oil that the Rennicke Report states would have to be replaced in the event of a Line 5 shutdown — and more. Crude oil transport by rail peaked at 412k bpd in February 2020. … As of December 2021, crude oil by rail shipments are back to 131k bpd, but are not expected to recover to previous highs.
- According to the Canadian Energy Regulator, 76% of all propane exports from Canada were by rail compared to 7% by pipeline.
- According to the U.S. Energy Information Administration, just over three years after a starting point of 0% in late 2011, 52% of the crude oil supply to the East Coast refineries was supplied by rail by February 2015.

Graham Brisben is founder of Professional Logistics Group and PLG Consulting, a logistics and supply chain consulting firm.

Enbridge says: There is no reasonable way to shut down and reroute Line 5 that will not cause problems in the supply chain and in pricing.

The truth: Several reasonable alternatives exist to transport Enbridge's oil products if Line 5 shuts down. Brisben writes:

- Both Mr. Rennicke and Mr. Earnest make a very specific assumption in their reports that the prospective shutdown of Line 5 would be sudden but temporary. … By (inaccurately) assuming that a shutdown occurs suddenly, both authors present consequences that are dramatic and dire.
- "Re-plumbing" of an oil line if it needs to be rerouted provides an orderly process to continue the delivery.
- His firm has identified areas in which the Rennicke Report contains factual errors, missing context, false assumptions, logical fallacies, and/or specious reasoning.
- The Rennicke Report, and in certain regards, the Earnest Report, takes a rather staunch and absolute position that alternative logistics solutions for Line 5 products and markets are either unavailable or operationally infeasible. However, statements made in the Rennicke Report taking this position often rely on faulty information, facts, assumptions, and/or reasoning.
- Enbridge has several supply-chain alternatives if Line 5 shuts down. Among them: Reversals of other pipelines, moving products to other existing pipelines, and moving oil products by rail or shipping.

In Summary

Once again, the facts — this time from a court case — prove Enbridge holds no sway over gasoline prices. A 1-cent difference is the answer, as documented by Enbridge's own researcher.

It's time for policymakers, regardless of political affiliations, and consumers to call foul play on Enbridge's manipulation. Closing Line 5 will not impact gasoline or propane prices.

It's beyond time to shut down Line 5 and protect fragile lands, vital waterways and Great Lakes industries and jobs from a Canadian pipeline with a long history of leaks. Shut it down. In Wisconsin. In Michigan.

Documents

All documents referenced here available at:
https://www.oilandwaterdontmix.org/court_documents_expose_enbridge_lies