Enbridge Oil Spill

- Line 6B spill in Marshall, Michigan
- 21,000 barrels of heavy crude oil spill in a tributary of the Kalamazoo River
- Clean up costs more than $1 billion
- Increased attention on potential ecological and economic damage that could result from Line 5 failure in the Straits of Mackinac
Increased Focus on Pipelines

Michigan Petroleum Pipeline Safety Task Force recommendations:

• Prohibit heavy crude oil from moving through the Straits pipeline
• Independent risk analysis, adequate financial insurance
• Independent alternatives analysis
• Additional information from Enbridge
Increased Focus on Pipelines

Task Force recommendations:

– Mapping of existing pipelines
– Emergency planning and spill response collaboration
– Emergency response training and drills
– Regular consultation with PHMSA
– Legislation on spill response plans, spill reporting, civil fines
– Evaluate hazardous state liquid pipelines safety program
– Legislation or rule making for siting future pipelines
– Create an advisory committee on pipeline safety
– Create a petroleum pipelines information website
Creation of the Pipeline Safety Advisory Board

Charged with:

– Recommendations for implementation of the Michigan Petroleum Pipeline Task Force Report
– Identifying best practice in pipeline safety and siting across the United States
– Recommendations on pipeline emergency response and planning
– Recommendations on state policies and procedures regarding pipeline siting
– Recommendations to increase transparency and public engagement on pipelines
PSAB Public Engagement

- First meeting – Oct. 28, 2015
- 14 public meetings
- 417 written comments
- 194 verbal comments
Independent Reports

- Independent Alternatives Analysis for the Straits Pipeline
- Independent Risk Analysis for the Straits Pipeline
- Seven public feedback sessions regarding Alternatives and Risk analyses
Enforcement of terms of 1953 easement related to:

- Gaps in protective coating on the pipeline
- Pipeline support anchors
Key Developments

• June 2017 – hydrotest in June 2016, monitored by state experts; positive result
• August 2017 -- gaps discovered in coating of Line 5, at least one dinner-plate sized; cathodic protection still operating.
First Agreement

• November 2017
• Demands specific actions of Enbridge with hard deadlines
• Immediate safety improvements
• Increased transparency, oversight for Line 5
• Contemplates second agreement
Feasibility Analysis

- Could you build a tunnel providing secondary containment?
- Dr. Michael Mooney, head of Colorado School of Mines underground construction department, hired as a part-time state employee
- Result: tunnel a feasible alternative
Anchor Strike

- April 2018
- ATC transmission circuit severed, dielectric fluid spilled
- Damage to abandoned Consumers Energy lines
- Small dents to Line 5
- DNR issues emergency “no anchor” rule
Second Agreement

- Oct. 3, 2018
- Further Protects Line 5 across Michigan through increased stewardship
- Requires accelerated actions at 13 sensitive Line 5 water crossings other than the Straits, with future actions at 68 other crossings
Second Agreement

- Requires $1.8 billion financial assurance by Enbridge in event of a spill
- Pipeline shutdown at 8’ waves for one hour
- Staff available 24 hours a day to be onsite within 15 minutes at 6.5’ waves
- New radar system to monitor wave height
Second Agreement

- Improved communication
- Cameras for USCG to monitor ships
- New USCG-established “no anchor zone”
Second Agreement

Multi-use utility tunnel

- Maintains critical connections to provide needed energy
- Nearly eliminates risk of oil leak in the Straits
- Allows multiple utilities to be housed and protected
Second Agreement

Multi-use utility tunnel
- Supports economic development
- Enbridge will invest an estimated $350 to $500 million
- Design, construction, operation and maintenance 100% funded by Enbridge
Second Agreement

Multi-use utility tunnel

– Other infrastructure owners’ lease payments will offset operations and maintenance expenses

– Project would take 7-10 years to complete
Technical feasibility

Dr. Michael Mooney
Colorado School of Mines
1953 Easement

- Granted by Department of Conservation to Lakeland Pipe Line Company and its successors
- No termination date
- Deactivation
Role of the MBA

• Construction of tunnel decided in October 2018 agreement
• MBA asked to oversee the tunnel on behalf of the people of the state
Why the MBA?

• Decades of experience and expertise managing the Mackinac Bridge
• Solid record of success and bipartisan action
• Would own and oversee tunnel operation; Enbridge would lease space
Potential MBA, Enbridge Agreement

• Seeking MBA feedback on possible terms to further shape the agreement based on comments
• Draft outline of terms sent to members reflects current thinking on structure, etc., for discussion
Potential MBA, Enbridge Agreement

Principles reflected in draft:

– Bridge revenues protected

– Enbridge would pay for construction, operation and maintenance with clear milestones, visibility for MBA

– Enbridge would own tunnel from construction to completion and indemnify MBA

– MBA not required to accept tunnel if tunnel fails to meet agreed-upon technical specs
Potential MBA, Enbridge Agreement

- Upon completion and acceptance, MBA would give Enbridge a 99-year lease to operate a pipeline in the tunnel.
- Enbridge lease paid for by performing operation and maintenance.
- Third parties can lease space; their lease revenues offset operation and maintenance.
- MBA would help secure permits, provide use of state lands, joint defense.
Potential MBA, Enbridge Agreement

• Enbridge would be responsible for decommissioning
• MBA would have no liability or responsibility for pipeline operation
• Third parties would be responsible for operation of their own infrastructure
Potential MBA, Enbridge Agreement

- Indemnity would survive termination for impossibility, etc.
- If Enbridge causes termination, the company reimburses MBA for any staff time, etc.
- If MBA causes termination, Enbridge keeps the tunnel and right to construct, operate
Anticipated Third Agreement with State

- End date on use of dual pipelines in Straits: Dec. 31, 2028
  - Date can be extended based on permitting, litigation delays for tunnel construction
- Clear plans to remedy current known conditions (coatings)
- Increased inspection regime, visibility
Thank you. Questions?