OUTRUNNING THE STORM

British Columbia: Oil Shock Response Briefing

Outrunning the Storm — Hydro Advantage, Marine Exposure, and the LNG Opportunity

LSCM Inc. | Dougald Lamont | May 26, 2026

BC's structural advantage: BC Hydro provides near-100% clean electricity — every electrification option is more economical here than in gas-dependent provinces. Primary exposures: horticulture diesel transport, 20 off-grid First Nations communities, marine industry, and BCEHS air ambulance. The LNG Canada flaring situation at Kitimat is both a regulatory problem and a major economic opportunity.

STRUCTURAL POSITION

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, BC)	$0.8–1.5B	$2.5–4.5B	$7–12B
Programme investment required	~$1.2B (T1+2)	~$2.5B (T1+T2+T3)	~$4.5B (full)
Net benefit of acting (annual)	$0.6–1.2B/yr saved	$2–4B/yr saved	$6–10B/yr saved
Jobs created (direct + indirect)	10,000–18,000 job-yrs	18,000–30,000 job-yrs	28,000–50,000 job-yrs

IMMEDIATE PRIORITY: HYDRO EXPORT REVENUE

- BC Hydro CAISO/BPA export maximisation: BC Hydro surplus is ~5–8 TWh/yr. At $150/bbl gas, US Pacific Northwest spot prices spike. Revenue premium $100–150M at $150 scenario at zero capital. Requires only a Board direction from the BC government as shareholder.
- This is a zero-cost, weeks-deployment revenue opportunity that funds other BC response measures.

KEY VULNERABILITIES

- Horticulture produce supply chain is heavily diesel-dependent; Interior and Northern Health rural staff commuting costs spike at $150.
- 20 off-grid First Nations communities on BC's remote coast are exposed to full diesel cost shock.
- BCEHS (BC Emergency Health Services) air ambulance: fuel guarantee required at $150 to maintain service. Without it, rural and northern BC residents face service reduction.
- Marine diesel: BC's coastal fishing industry, ferry services, and coastal First Nations resupply all face fuel cost spikes.

- LNG Canada at Kitimat: flared 350 million m³ of gas in 2025 — the highest volume of any LNG export facility globally. This is regulatory liability and a massive methane-to-materials feedstock opportunity simultaneously.

PRIORITY ACTIONS

Immediate (Zero-Cost)

- BC Hydro BPA/CAISO export maximisation: Board direction from BC government. Revenue $100–150M. Weeks to deploy.
- BCEHS emergency fuel cost transparency communication to Health Minister: zero cost; creates basis for budget authority.
- Freight backhaul load-matching on Metro Vancouver–Interior corridors: commercial platforms exist.

Quick Actions (Weeks to 6 Months)

- BCEHS air ambulance fuel guarantee: necessary at $150 to maintain service to rural and northern BC.
- Off-grid community solar + battery microgrid packages ($25M BC share Tier 2): 20 off-grid First Nations communities.
- Aerodynamic truck retrofits ($40M BC share): BC long-haul corridors generate near-zero cost fuel savings.
- Horticulture cold-chain efficiency: supply chain most exposed provincial agricultural sector nationally.
- Coastal First Nations biomass heating: NRCan CERRC programme; coastal communities have access to forestry waste.
- Expedited interconnection for BC wind and solar projects: 78+ GW pipeline awaiting BCUC approval.

LNG Canada / Methane-to-Materials

- Issue formal regulatory notice to LNG Canada requiring flaring reduction plan within 12 months, with pyrolysis-based pre-flare diversion as approved compliance pathway.
- Commission Kitimat–Prince Rupert pyrolysis hub feasibility: co-located with LNG Canada, intercepts gas before flare stack. 350 Mm³/yr feedstock yields ~250,000 t turquoise hydrogen + 750,000 t solid carbon annually.
- Carbon product qualification with Asian battery manufacturers: Pacific export route from Prince Rupert is BC's strategic advantage.

PASSENGER RAIL — BC SCENARIOS

- Vancouver–Kamloops–Prince George: CN Okanagan Subdivision exists. 3-car DMU, BC's fastest-growing region in ~3.5 hours vs. 4+ hour drive on congested Hwy 97. Track upgrade $400–800M.
- Rogers Pass Auto-Train (Vancouver–Calgary): Via CP main line; overnight auto-carrying service through the Rockies. The single most compelling auto-train corridor in Canada. Terminals: $40–60M. Auto carrier cars: $25–37M. At $150 oil, demand is overwhelming.
- Prince George–Prince Rupert: CN Skeena Subdivision. Hydrogen or DMU service replacing expensive air travel; serves Indigenous communities along the route.
- Total BC rail package: ~$1.4B–2.5B. Comparable highway (twinning Hwy 1 through BC): $8B–30B+.

LONG-TERM STRUCTURAL INVESTMENTS

- Full electrification of Vancouver–Kamloops rail corridor: BC Hydro's clean grid makes this the most economically justified electrified rail project in Canada after HFR.
- BC critical minerals transport corridors: Ring of Fire equivalent in BC (Stikine, Iskut, Tatshenshini districts); rail access to critical mineral deposits is the shared-cost argument with mining companies.
- Coastal First Nations community microgrids: run-of-river micro-hydro well-suited to BC's coastal hydrology; pumped hydro storage at topographically suitable Yukon/BC sites.

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