# OUTRUNNING THE STORM

## Alberta: Oil Shock Response Briefing

*Sections 5 and provincial analysis, Outrunning the Storm*

LSCM Inc. | Dougald Lamont | May 26, 2026

*Alberta's paradox: royalty revenue rises with oil price while farm, hospital, and household costs rise simultaneously. The moral test identified in the report: the province most enriched by the shock also has the greatest ability — and obligation — to use its windfall to protect those who are most exposed.*

## STRUCTURAL POSITION

- Approximately 4.1 million barrels of oil equivalent per day — 80% of Canada's total crude oil production.
- ~40,000 farms; AHS (world's largest single-province health authority serving 4.7 million Albertans).
- Gas-heated hospitals, homes, and commercial buildings — most exposed major province to gas price spike.
- ATCO remote communities and northern First Nations in Treaty 6, 7, and 8 territories face diesel dependency crisis.

| Metric | $90/bbl | $150/bbl | $200/bbl |
|---|---|---|---|
| Cost of inaction (annual, AB) | $1.5–2.5B | $4–7B | $12–18B |
| Programme investment required | ~$1.8B (T1+2) | ~$3.5B (T1+T2+T3) | ~$6B (full) |
| Net benefit of acting (annual) | $1–2B/yr saved | $3–6B/yr saved | $10–16B/yr saved |
| Jobs created (direct + indirect) | 15,000–25,000 job-yrs | 25,000–45,000 job-yrs | 40,000–70,000 job-yrs |

## SECTORAL IMPACTS AT $150/bbl

### Agriculture

- Diesel at $2.80–3.20/L: smaller trucking operators serving rural Alberta face insolvency or exit.
- The QE2 corridor between Calgary and Edmonton sees freight cost increases cascading into every sector.
- Agriculture transport to export terminals becomes prohibitively expensive for lower-value grain.
- ~40,000 farms face 35–55% input cost increases; canola crushing operations particularly exposed.

### Transportation

- Air travel costs spike, disproportionately affecting communities with limited road alternatives.
- At $150/bbl, Edmonton–Fort McMurray air becomes extraordinarily expensive for 500,000+ rotational workers annually.
- Winter maintenance of Alberta's road network faces cost overruns.

### Healthcare

- AHS operates 100+ acute care sites across enormous geographic footprint; rural and northern facilities most exposed.
- Communities like Fort Chipewyan, Wabasca-Desmarais, Paddle Prairie, and dozens of First Nations reserves are air ambulance-dependent.
- Gas-heated hospitals face compounding energy cost pressure without alternatives installed.

## IMMEDIATE OPERATIONAL CHANGES (0–90 Days)

### Royalty Revenue Allocation

- Immediately direct a portion of shock-period royalty surplus to a dedicated Oil Shock Resilience Fund separate from general revenues.
- Commit Heritage Savings Trust Fund earnings above baseline to household energy transition grants.
- Establish a transparent shock royalty ledger so Albertans can see the windfall and its deployment.

### Food and Agriculture

- Activate AFSC emergency operating credit expansion — AB share of national $1.2B farm finance emergency loans.
- Emergency bulk anhydrous ammonia pre-purchase: AB share $360M — 4–6 week procurement window.
- Deploy provincial extension agrologists to top-100 highest-input farms for nitrogen management review.
- No-till expansion: AB still has significant conventional tillage acreage; agronomic advisory campaign.

### Transportation

- Enforce 90 km/h speed limit for trucks on Trans-Canada and QE2 corridors.
- Freight backhaul load-matching programme for Calgary–Edmonton–Fort McMurray corridor.

### Healthcare

- AHS energy audit and LED/BAS retrofits for 100+ acute care sites — immediate cost reduction.
- STARS fuel cost guarantee: AB share $12M/yr additional at $150 — must be committed before STARS reaches break-even threshold.
- Rural health worker fuel allowance: SK, AB, MB are the highest-need provinces.

## LONG-TERM STRATEGIC INVESTMENTS

- SAGD steam-to-oil ratio optimisation: real-time control system tuning can reduce natural gas consumption per barrel 15–25% at minimal capital.
- Heat pump conversions from gas at scale — AB has among the highest per-capita gas heating exposure nationally.
- ATCO remote community microgrid deployment: solar + battery for all off-grid communities.
- Hydrogen hub along Trans-Canada corridor: AB's existing hydrogen infrastructure (transitioning grey to blue/green) can supply FCMUs for rail.

- Calgary–Edmonton passenger rail: 300 km, two cities of 1.5M+ population, CP main line available. At $150 oil, economics are overwhelming.
- Edmonton–Fort McMurray hydrogen overnight train: 435 km CN line, serves 500,000+ rotational workers annually.

# VULNERABLE POPULATIONS — TARGETED INTERVENTIONS

### Low-Income Urban Households

- Pre-approved emergency utility supplement processing — Calgary and Edmonton have Canada's largest absolute energy cost gap for low-income renters.
- Community warming centres confirmed in advance of heating season.

### First Nations Communities

- Treaty 6, 7, and 8 territories: ATCO remote community diesel subsidy indexed to oil price immediately.
- Emergency fuel pre-positioning for all fly-in or winter-road-only communities before freeze-up.
- Structured co-investment in methane-to-materials programme through Alberta Indigenous Opportunities Corporation.

### Small and Mid-Size Farmers

- AFSC emergency credit ($1.2B provincial share): targeted at debt-to-asset >35% operations.
- Young Farmer Emergency Grant ($25,000; AB share $45M): necessary at $150 to prevent exit wave.

### Rural Seniors

- Home heating fuel emergency assistance programme: proactive outreach to rural seniors identified through ATCO/Fortis customer lists.

*Source: Section 5 (Alberta provincial report) and Section 2 (sectoral reports), Outrunning the Storm. May 26, 2026.*