OUTRUNNING THE STORM

Atlantic Canada: Oil Shock Response Briefing

Nova Scotia, New Brunswick, PEI & Newfoundland & Labrador

LSCM Inc. | Dougald Lamont | May 26, 2026

Atlantic Canada's defining challenge: the highest per-capita heating oil dependency in Canada (approximately 287,000 oil-heated households — ~25% of all Atlantic households), a single operating refinery for the entire region (Irving Oil, Saint John NB), and an aging, rural, and lower-income population with limited capacity to absorb rapid fuel cost increases.

NEW BRUNSWICK (NB)

Structural position: Point Lepreau nuclear (660 MW baseload) + Irving Oil refinery — only operating refinery east of Montréal and Atlantic Canada's sole refined product source.

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, NB)	$0.3–0.5B	$0.8–1.5B	$2.5–4.5B
Programme investment required	~$0.5B (T1+2)	~$1.2B (T1+T2+T3)	~$2.5B (full)
Net benefit of acting	$0.25–0.4B/yr	$0.7–1.2B/yr	$2–4B/yr

NB Key Vulnerabilities

- Rural NB heats with fuel oil — combined with NS, Atlantic Canada is Canada's largest concentrated heating oil exposure.
- Irving Oil refinery = single point of failure for Atlantic Canada's entire refined product supply. Any outage during a global supply shock would be catastrophic.
- Forestry sector (J.D. Irving, Twin Rivers) runs on diesel-intensive operations; at $150 oil, margins compress dramatically.
- Point Lepreau reliability is critical — any outage forces NB Power to import gas-fired power at elevated prices.
- Moncton logistics hub serves as Atlantic Canada's distribution gateway; trucking spikes here cascade into all four provinces.

NB Priority Actions

- URGENT: Coordinate with Irving Oil on domestic supply priority — negotiate domestic allocation guarantee for Atlantic Canada during shock period.
- URGENT: File Point Lepreau licence extension application immediately (12–18 month CNSC timeline — delay is irreversible).
- URGENT: Establish 90-day heating oil reserve for rural communities at regional supply depots before shock materialises.
- Launch NB emergency heat pump programme with federal Atlantic funding ($7,500+ subsidy/household; emergency contractor licensing).
- Expand wood pellet and biomass heating in forestry-region communities — enormous residue volumes available.

- Protect Moncton logistics corridor: freight rate transparency, backhaul elimination, CN/CP intermodal utilisation.
- URGENT: Establish emergency Atlantic Canada fuel supply coordination mechanism with NS/PEI/NL — four provinces, one refinery, no formal joint supply protocol.

NOVA SCOTIA (NS)

Structural position: ~300,000 households on heating oil — highest per-capita heating oil dependency in Canada. Grid transitioning from coal/gas but not yet clean. Inshore fishing fleet on marine diesel.

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, NS)	$0.4–0.7B	$1.2–2B	$3.5–6.5B
Programme investment required	~$0.8B (T1+2)	~$1.8B (T1+T2+T3)	~$3.5B (full)
Net benefit of acting	$0.35–0.6B/yr	$1–1.8B/yr	$3–5.5B/yr

NS Priority Actions

- Scale Efficiency Nova Scotia heat pump programme to 30,000 conversions before October 2026 — emergency contractor capacity surge required.
- 90-day emergency heating oil reserve before heating season.
- URGENT: Marine diesel subsidy for fishing vessels under 45 feet — coastal fishing industry cannot absorb $3.50/L diesel without government support.
- NS Power accelerated wind/tidal procurement on Cape Breton.
- Community biomass heating from forestry residue for rural communities.
- Rural housing weatherisation emergency fund targeting lowest-income oil-heated households.
- Halifax port logistics support — Halifax is Atlantic Canada's primary import/export hub.

PRINCE EDWARD ISLAND (PEI)

Structural position: Canada's smallest province; entire fuel supply arrives via Confederation Bridge on tanker trucks — no redundancy. Potato agriculture faces concentrated propane storage risk October–May.

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, PEI)	$0.06–0.1B	$0.18–0.3B	$0.5–1B
Programme investment required	~$0.1B (T1+2)	~$0.25B (T1+T2+T3)	~$0.5B (full)
Net benefit of acting	$0.05–0.08B/yr	$0.15–0.25B/yr	$0.45–0.85B/yr

PEI Priority Actions

- On-island fuel oil reserve essential: island has absolutely no backup supply if bridge is disrupted at $150+.
- Potato storage propane reserves must be secured before harvest (October–November) or entire harvest is at risk.

- Heat pump conversion programme surge ($10,000 grant/household; emergency contractor licensing).
- Ferry fuel subsidy (Wood Islands–Caribou) to maintain essential marine link.
- Emergency wind capacity expansion — PEI already at 25% wind; further expansion at $150 is obviously economic.
- Bridge toll freeze to protect affordability of essential island access.

NEWFOUNDLAND & LABRADOR (NL)

Structural position: Offshore oil producer — royalty windfall at high prices — yet Labrador First Nations and Inuit communities face most acute diesel-dependent vulnerability in the Atlantic region. Report insight: NL must deploy royalty windfall into permanent energy resilience.

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, NL)	$0.3–0.6B	$0.9–1.8B	$3–6B
Programme investment required	~$0.6B (T1+2)	~$1.5B (T1+T2+T3)	~$3B (full)
Net benefit of acting	$0.25–0.5B/yr	$0.8–1.5B/yr	$2.5–5B/yr

NL Priority Actions

- Emergency diesel stockpile for Labrador coastal/fly-in communities — pre-position before barge window closes; if missed, airlift is 8–15× more expensive.
- Marine diesel subsidy for inshore fishing fleet — NL's largest export sector.
- Nalcor/NL Hydro programme to reduce Holyrood thermal station backup dependency.
- Rural NL heat pump conversions and weatherisation — outport communities are among Canada's most isolated and oil-dependent.
- Labrador community solar + battery microgrids.
- Establish NL Energy Transition Fund directly from offshore royalty windfall — use the boom to end recurring exposure.
- Food security fund for outport communities to pre-position non-perishables before sea freight season closes.
- Labrador–Island Link extension: Muskrat Falls excess capacity to isolated Innu and Inuit communities ($400–700M; requires Innu Nation consent and benefit-sharing).

Source: Provincial summary sections, sectoral chapters, and provincial briefs, Outrunning the Storm. May 26, 2026.