

KEY FINDINGS:

Likely Market Responses to a Potential Shutdown of Line 5

report from PLG Consulting



PLG Consulting's 111-page October 2023 report, ***Likely Market Responses to a Potential Shutdown of Line 5***, provides an overview of potential impacts and market responses in the event of a planned and orderly shutdown of Enbridge's Line 5 pipeline. Line 5 is part of Enbridge's Lakehead System, transporting crude oil and natural gas liquids from Superior, Wisconsin, to Sarnia, Ontario.

For several years, litigation and policy efforts have sought Line 5's closure. Recently, a federal court ordered the removal of a section of the pipeline by June 2026 – a significant development in the Line 5 saga. The report addresses what would happen to Line 5 products and markets in the event of a planned shutdown, exploring alternative options for crude oil and natural gas liquids (NGLs) transportation. PLG emphasizes that it does not take a position on the merits of a shutdown.

KEY FINDINGS

Market Adaptation: With advance notice, energy markets can be expected to adapt to a Line 5 shutdown without experiencing supply shortages or price spikes.

Resilience Characteristics: The report highlights the resiliency of Line 5 products and markets, with large energy firms having developed contingency plans since 2017.

Crude Oil Alternatives: Commercially viable and operationally feasible alternative supply chain solutions exist for crude oil, involving existing infrastructure and increased utilization of rail capacity.

NGL Alternatives: The report outlines solutions for propane delivery to specific regions, including utilizing existing rail terminals in the short term, and longer-term options like expanding rail terminals.

Long-Term Trends: Decarbonization will have long-term impact on refined fuels demand, considering factors like vehicle fuel efficiency standards and the growing market share of electric vehicles.

SUMMARY

A range of commercially feasible and operationally viable solutions exist for alternative crude and NGL supply chains in the event of a Line 5 shutdown.

For a more detailed understanding, please refer to the original document: <https://forloveofwater.org/PLG>

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