How Lucky Do You Feel? Understanding B.C.’s Fracking Gamble

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The gamble

• Why critics see fracking as a Ponzi scheme
• Betting on gas demand in Asia
• What it will take to win the bet
• Is this the way to build back better?
• Gambling with taxpayers' money

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A Ponzi scheme

“Investors contribute money to the ‘portfolio manager’ who promises them a high return, and then when those investors want their money back, they are paid out with the incoming funds contributed by later investors.”

- Investopedia definition of a Ponzi scheme

Betting on Asian gas demand

- Picking the data to support the plan
- Hype vs. reality
- What if the assumptions are wrong?
  - Winter heating demand
  - Competing energy sources
  - COVID-19
  - What else? (Who knows?)

What it will take to win the bet

- Gas demand has to recover
- Gas prices have to recover without losing to renewables, or
- Countries must be willing to pay more
- Region must accept climate vulnerability
- B.C. has to win a big enough share
This is a COVID recovery?

• Massive subsidies
• Purpose-built hydro megaproject
• Disincentive for homegrown renewables
• Leading but still lukewarm energy efficiency programs
• What if B.C. invested as if a just, green recovery mattered?

The gamble

• The house doesn’t always win…
• But where does it usually end?