

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

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The 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

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A Ponzi scheme

- Developer promises big reserves
- Estimate is scaled back, or well runs down ahead of schedule
- Drill the next well to pay off the cost of the last one
- Stir, simmer, repeat



Jeremy Buckingham/Tickr

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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?)*



Wikipedia

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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


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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?*



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The gamble

- The house doesn't always win...
- But where does it *usually* end?



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Thank you!

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