



# THE SCHOOL OF PUBLIC POLICY

## The Sturgeon refinery – New numbers are in – Taxpayers on the hook for a financial dud - New report from The School of Public Policy

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Calgary – The North West Redwater (NWR) Sturgeon Refinery seemed like a good idea on paper. Take cheap raw bitumen and upgrade it to diesel, then sell it for a higher price. Upgrade in Alberta, create jobs, diversify. Simple, right? The numbers show otherwise. Today, The School of Public Policy with author, Brian Livingston released a report that details the returns to the refinery, and the costs to Alberta taxpayers.

The refinery will produce petroleum products consisting of approximately **40,000 bpd** of low sulphur diesel, **28,000 bpd** of diluent and **13,000 bpd** of other lighter petroleum products. It will also be able to capture **1.2 million tonnes** per year of carbon dioxide emitted from the refinery's operations. This captured carbon dioxide will be compressed, put into a pipeline and then injected into an existing oil field in order to achieve increased production of crude oil.

According to author, Brian Livingston "The projections show that in the first full year of operation of the NWR Sturgeon Refinery in 2019, it is projected to lose a cash amount of about **\$24 million** (about \$1 per barrel of diluted bitumen supplied). If the cost of the diluted bitumen feedstock were lower, or the price of the petroleum products were higher, then APMC and CNRL would earn a profit. If the converse occurred (feedstock costs higher or petroleum product price lower), then the loss to APMC and CNRL would be **greater than \$24 million.**"

The government of Alberta has given financial assistance to the NWR Sturgeon Refinery in order to support its strategy of having bitumen refined in Alberta. In essence, it would appear that the NWR Sturgeon Refinery could be viewed as Alberta's equivalent of the Quebec and federal governments' investment in Bombardier, or the federal and Newfoundland government's support of the Muskrat Falls electric project in Newfoundland. Taxpayers bear 75 per cent of these risks and returns for the refinery, as such they deserve to know the real costs, and why their tax dollars are being used to support diesel production.

The paper can be downloaded at <https://www.policyschool.ca/publications/>

-30-

**Media contact:**

Morten Paulsen

[morten.paulsen2@ucalgary.ca](mailto:morten.paulsen2@ucalgary.ca)

403.220.2540