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Closure of Enbridge Line 5 on Would Have Huge Impact on East Canadian Refineries

Stratas Advisors

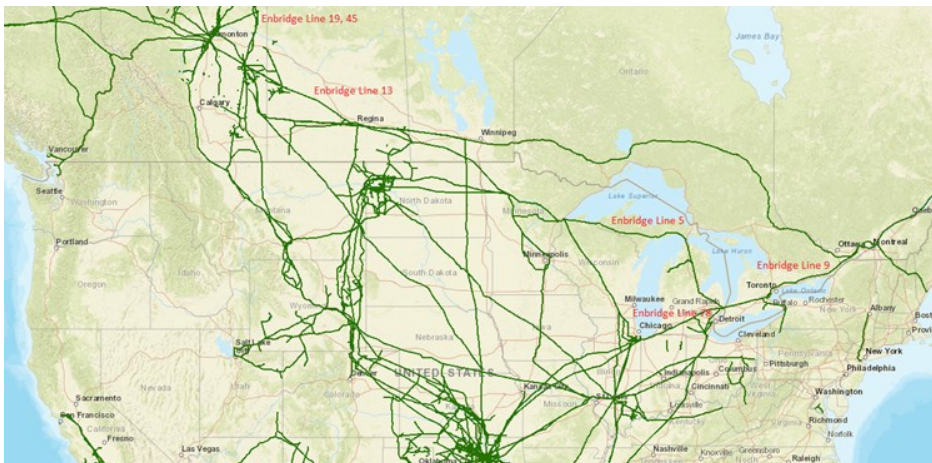
If Enbridge Line 5 closes, Line 78B will be able to provide enough light crude for Sarnia refineries. There would be a shortage of light crude supply for Montreal, Kinatone and Nanticoke refineries (Lines 7 and 9). If contractual restrictions between Enbridge and non-Sarnia refineries lead to shortage of light crude supply to Sarnia refineries, trucks and railroads would be used to transport the required light crude. Until the whole supply chain comes to an equilibrium, the refineries will run at low utilization.

Former Michigan Gov. Rick Snyder's administration made agreements in 2018 with Enbridge for a replacement of the risky 66-year-old Line 5 pipeline running through Straights of Mackinac. The administration of the current governor, Gretchen Whitmer, has declared the agreements invalid. Enbridge took the case to the Michigan Court of Claims. If no new agreement is achieved, Enbridge would have to shut down Line 5. It would cause a huge disruption of light crude oil supply to Eastern Canada and US Mid-Continent refineries.

Enbridge Line 5 pipeline

Enbridge Line 5 pipeline carries NGL and light crude. Total capacity of line 5 is 540 Mbpd. The line ends in Sarnia, Canada. Enbridge line 78B, with a capacity 500 Mbpd, ends in Sarnia, Canada. Stratas Advisors estimates that Line 5 carries 300 Mbpd and line 78B carries 300 Mbpd of light crude.

Enbridge Pipeline	From	To	Length, miles	Diameter, inches	Capacity, Mbpd	Liquids Transport
Line 5	Superior, WI	Sarnia, Canada	645	30	540	NGLs, Light Crude
Line 78B	Stockbridge, MI	Sarnia, Canada	109	30-36	500	Light, Medium, Heavy Crude

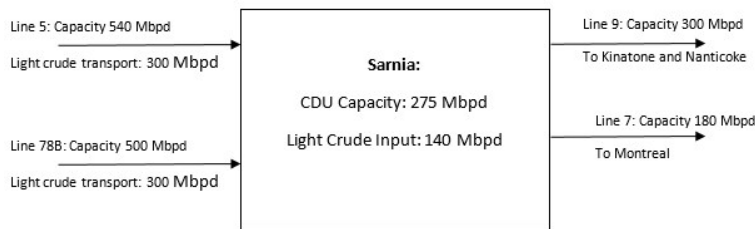


Source: Stratas Advisors

Sarnia Refineries

Sarnia has three operating refineries with a combined capacity of 275 Mbpd. These three refineries use 140 Mbpd of light crude.

Refinery	CDU, Mbpd	Light Oil Processing, Mbpd	Reformer, Mbpd	FCC / HCR, Mbpd	Coker, Mbpd	Nelson Index
Suncor Energy Products	85	29	23	16		14
Shell Canada Ltd.	71	23	22	14		7
Imperial Oil	119	37	21	30	25	11
Total	275	89	66	60	25	32



References

<https://www.greatlakesnow.org/2019/06/line-5-goes-to-court-enbridge-raises-stakes-in-pipeline-tussle/>

https://www.enbridge.com/~/_media/Enb/Documents/maps/2019_LP_Customer_Handbook_FINAL.pdf

<https://www.toledoblade.com/local/environment/2019/06/18/toledo-refining-company-eyes-line-five-controversy-with-worries-about-shutdown-job-losses/stories/20190618002>

A detailed report with regional-level analysis is available to subscribers of our *Global Refining and Products* service. Complete data for the analysis can be found on *Stratas Advisors' Data Tool*. Not a subscriber? [Create an account](#).