

Review of *Worst Case Scenario*
The National Film Board of Canada
(2001)

Director: Glynis Whiting
Producer: Jerry Krepakevich

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Worst Case Scenario is a National Film Board documentary, directed by Glynis Whiting and narrated by David Suzuki. It investigates the Alberta Energy and Utility Board's (EUB's) process for determining whether the drilling of a sour-gas well near Rocky Mountain House in west-central Alberta is in the public interest. All natural gas developments in Alberta, from drilling onward, require the approval of, and are regulated by, the EUB. To assist it in ascertaining whether a project is in the public interest, the EUB encourages public involvement. Project applicants are required to disclose information to the local community. A process of dispute resolution is encouraged, starting with consultation, progressing to mediation and, if these do not produce resolution, a public hearing. Applicants are required to provide funds to cover reasonable technical and legal costs for those who qualify to participate in the hearing as interveners.

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As the documentary begins, Shell Canada Limited has applied to the EUB to drill an exploratory, critical level 4, sour-gas well, and has informed residents living nearby in the Clearwater River valley of the drilling plan. It plans to drill within a month. The information included an emergency evacuation plan for use in the event of a blow-out. However, the residents do not consider the plan to be adequate. Some homes were not included in the plan, and some have escape routes only in the direction of the well. Some residents are offended at the short notice. There are also concerns that the emergency response-planning zone had been reduced to a four-kilometre circle around the well on the theory that in the event of a blow-out the gas and the drilling rig would be immediately ignited.

The residents quickly organize into a group called the Clearwater Coalition (CC) to challenge Shell's proposal. For a few months the CC and Shell attempted to resolve their differences through mediation. This does not prove successful and the dispute goes on to the stage of a public hearing. Shell and the CC bring forward their experts. The EUB decision denies Shell's application on the grounds that the emergency response plan cannot guarantee public safety.

While the documentary presents a fair and balanced view of the process, the viewer is left wondering what is to be learned about the EUB's process for evaluating the benefits and costs of such projects. This is one of the few wells that the EUB has denied. Did the denial come about because there was an exceptionally strong prima-facie case against drilling, because the CC provided well-organized and articulate intervention, or because the process was being filmed for this documentary? All three factors played some role, but sorting out their separate influences is impossible. Not every application will be subjected to the scrutiny of a National Film Board documentary, and not all communities will present their cases as ably as the CC. If these two factors had not been present, would the process have generated a similar decision? While this case can be interpreted as exhibiting a growing public awareness of the dangers of sour-gas and a willingness to challenge the energy industry, and while the documentary can be used to reinforce that trend, we are still left with the same basic process. The EUB evaluates the merits of a project based primarily on the evidence brought to it by the applicant and the interveners. The onus of making the case that the risks to the local community exceed the benefits is placed on the interveners.

While the applicant is required to cover reasonable costs for the technical and legal experts required by the interveners, there are still significant costs that must be born by the intervener. Not all interveners will be as willing and able to do their homework as the CC members. Approvals will occur, not necessarily because the projects yield positive net benefits, but because effective intervention is too difficult. The EUB operates with the null hypothesis that most oil and gas developments are in the public interest. Its conflict resolution process puts the onus on the interveners

to prove otherwise. This minimizes type I errors (errors associated with rejecting the null hypothesis when it is correct). The assumption is that type II errors (errors associated with accepting the null hypothesis when it is false) are inconsequential. For Shell's critical level 4 sour-gas well, there were significant costs associated with type II error. Due to the efforts of the CC, the EUB recognized these costs, and rejected the null hypothesis. It held Shell to a higher than normal standard of proof. Unlike most applicants Shell has not been encouraged to reapply, as the EUB saw little that Shell could do to reduce the risk to an acceptable level. The documentary applauds the CC for its effort and perseverance, which convinced the EUB to recognize the costs of type II error in the case at hand. However, it ignores the related question of whether the EUB will apply the same standards in future hearings involving sour-gas projects, regardless of whether the interveners are able to make their case as well as the CC. For projects in which there are significant costs associated with type II error, the applicant should automatically be required to adhere to a higher standard of proof.