

TransCanada Corporation Fights Back After Unending Pipeline Delays

Description

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) is beginning to tire as roadblock after roadblock has been put in its way as it attempts to build new oil pipeline projects in Canada. However, while the company is tired of the delays, it still has a lot of fight left. That's abundantly clear from the its statements over the past few days.

War of words

TransCanada's frustration is clear in a recent *Globe and Mail* story about the company published a few days ago. CEO Russ Girling, who was quoted extensively in the story, said that Canada needs to decide what it wants to be in the future as it needs to make a choice about whether to be "a resource-based nation or not." He also said the country has to "quit the little bickering that goes on between us and get to the bigger picture." This can only be done if the government steps up to lead instead of being divided about which direction it should take and giving into the very strong voices of the minority that opposes the company's resource-driven future.

Over the past few years, Canada has become a much tougher place for energy-related companies to operate. It has gone from emerging into the "energy superpower" that Prime Minister Harper touted it could become to one that has stifled energy growth by not forcing resolutions, instead allowing division to halt progress. This is why there's billions of dollars' worth of liquified natural gas projects along the West Coast that are hold and a number of stalled pipelines projects.

Moving to plan C

Because of this uncertainty, TransCanada is now turning its attention to other options instead of waiting for action. This included moving past the long delayed Keystone XL by moving forward with the Energy East pipeline. However, as that pipeline also faces a delay, the company is now taking a much closer look into using rail as a work around. That third option is one that peers like **Kinder Morgan Inc.** and **Enbridge Inc.** have already embraced because their own major oil sands pipeline projects continue to face delays.

What's interesting about rail is that not only does it cost more for shippers, but its carbon emission profile is high. In fact, TransCanada thinks rail emits three times the greenhouse gas emissions of pipelines. The reason this is so interesting is because environmentalists are pushing back on pipeline projects because they hope that this will stifle the development of new oil sands projects, which are more carbon intensive than conventional oil projects.

However, it's much easier to get a rail terminal built these days than it is to build a new pipeline, so TransCanada is just going to shift gears and pursue rail. It really has no choice as the company doesn't want to lose customers to Kinder Morgan and Enbridge, both of which are well ahead of it when it comes to rail.

Investor takeaway

TransCanada refuses to let these pipeline delays impact its business. Instead, it's fighting back with both words and actions. The company wants to help the country move forward in developing its resource base so that it can emerge as an energy superpower. And if that means it needs to look at other options, it's going to do what's necessary to ensure that Canada's oil has access to the market, even if it needs to work harder to do so.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

Category

1. Energy Stocks
2. Investing

Date

2025/08/26

Date Created

2015/02/11

Author

mdilallo

default watermark

default watermark