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## How Amarjeet Sohi can help Ottawa sell Trans Mountain

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Just days before the federal government loses its Trans Mountain training wheels, Ottawa is hoping a new rider will help to pedal the pipeline sale process forward.

Part of the \$4.5-billion deal that saw Canadian taxpayers take ownership of the controversial oil sands pipeline required the previous owner — Kinder Morgan Canada — to help the feds find a new buyer. That aspect of the deal expires on July 22nd, less than one week after Amarjeet Sohi was moved from the infrastructure portfolio to become Canada's new natural resources minister.

"I can't help but believe the appointment of Amarjeet Sohi is a positive to the Trans Mountain expansion and the potential for a sale," Dan Tsubouchi, chief market strategist at Calgary-based Stream Asset Management, told BNN Bloomberg via email.

Not only does Sohi represent an Edmonton-area riding directly adjacent to the 1,100-kilometre Trans Mountain pipeline's starting point, Tsubouchi argues, but his previous job made him a key player in the establishment of the Canada Infrastructure Bank.

"The Canada Infrastructure Bank's mandate is to use federal support to attract private sector and institutional investment to new revenue-generating infrastructure projects that are in the public interest," Tsubouchi said. "While the existing pipeline operating business wouldn't fit this mandate, the Trans Mountain expansion is a perfect fit for the bank's mandate."

"The challenge isn't to find a buyer and finance the existing operating assets, it's how to value and ultimately fund the Trans Mountain expansion," Tsubouchi said.

The odds of announcing a partial sale in the near future are high, according to **Veritas Investment Research Vice-President Darryl McCoubrey**, with the Alberta government likely to take a stake. Alberta previously offered to make up to \$2 billion of provincial money available to help fund the near-tripling of the pipeline's capacity in exchange for equity, though Alberta government spokesperson Cheryl Oates told BNN Bloomberg via email the province currently has nothing new to announce.

"As for the overall sales process, until construction begins in contested regions of British Columbia, I doubt private capital will show interest," **McCoubrey** told BNN Bloomberg via email. "However, if construction begins [and the court denies B.C.'s] attempt to control shipments, the Trans Mountain expansion will be worth considerably more than the price paid to [Kinder Morgan Canada]."

When — or, rather, if — Sohi can successfully navigate Trans Mountain through its myriad of legal and constitutional challenges to the point where the expansion can move ahead with certainty, Darrell Bishop of Haywood Securities believes the project's next boss could literally end up the same as the old boss.

"Kinder Morgan Canada could just buy it back," the research director of Calgary-based Haywood told BNN Bloomberg via email. "It seems far-fetched at first, but let it sink in for a moment."

"When Kinder 'sold' the project they kept the storage in Edmonton and all of the docks and facilities at the Port [of Vancouver]," Bishop said, referring to the dozens of tanks near the pipeline's start and end points capable of holding more than 15 million barrels worth of crude oil at a time. "So if you're Kinder [Morgan Canada] then why not just let the government advance it through the regulatory process to construction and then buy it back?"

Despite the optimism Canada's new natural resources minister has engendered among some energy experts, not everyone in Canada's oil patch is convinced Sohi becoming pipeline salesperson-in-chief will either help or hurt the sale process.

"I didn't get the impression that [former Natural Resources Minister] Jim Carr had meaningful influence in one direction or another," Chris Cox, senior vice-president of equity research at Raymond James, told BNN Bloomberg via email. "I haven't seen anything yet that would suggest Amarjeet Sohi will take a different approach."

"While it is commendable what he has done with the Canada Infrastructure Bank," Cox said, "the hurdles facing the Trans Mountain expansion seem far more arduous from a stakeholder relations standpoint."