|  |
| --- |
| Government divesting crude-by-rail program February 11, 2020 [Media inquiries](#media-contacts)By transferring the crude-by-rail program to the private sector, the government is saving Alberta taxpayers $500 million.The total cost of divestment is $1.3 billion, less than the projected $1.8 billion cost of operating the program. This is also $200 million less than projected in Budget 2019.“In the last election, we made a clear commitment to cancel the previous government’s risky deal made in the dying days of their government to spend billions on crude-by-rail contracts. We are saving Alberta taxpayers $500 million, and bringing an additional 120,000 barrels per day of egress online. It is also encouraging to hear that the private sector indicates this number will continue to grow under current market conditions.”Jason Kenney, Premier “Shipping crude by rail is something the private sector is in the best position to be doing itself. Enabling industry-led rail capacity is an important aspect of ensuring sufficient market access for our resources. We promised Albertans that we would act in their best interest and transfer these contracts to industry.”Sonya Savage, Minister of Energy “As a government, we are accountable to the taxpayer. We negotiated the best terms to get Albertans out of this tough situation. Industry is better able to manage the financial risk associated with the ebbs and flows of the marketplace. We will continue to make decisions that achieve the best outcomes for Albertans.”Travis Toews, President of Treasury Board and Minister of Finance By divesting all crude-by-rail contracts, an additional 120,000 barrels per day of takeaway capacity will come online. Facilities are already being used by industry to move crude oil. Having this additional capacity available to industry will help create the market conditions for companies to make positive investment decisions, such as increasing drilling or oil production.In total, 19 contracts – for rail cars, loading and unloading capacity, logistics and other services – are being finalized by the Alberta Petroleum Marketing Commission (APMC), on behalf of government. Due to commercial confidentiality, additional details about the contracts cannot be released by government.Quick facts* A government-operated crude-by-rail program was projected to cost $10.6 billion and bring in $8.8 billion in revenues, a loss of $1.8 billion.
* Budget 2019 included a $1.5 billion allocation for the cost of divestment. Actual costs are $1.3 billion, $200 million less than the budget projection.
* About 300,000 barrels of crude oil per day are currently exported from Canada via rail.
* Divesting the crude-by-rail program will add 120,000 barrels per day of takeaway capacity.
* Contracts cover all aspects of the crude-by-rail program, including rail cars, buffer cars, inspection and delivery fees, railway tolls, terminals, storage tanks, loading at terminals, interconnection, various taxes, customs, cross-border fees, and logistics.
* The crude-by-rail program would have incrementally increased the amount of crude shipped by rail over a period of several months, starting in July 2019. It would not have hit the 120,000 per day threshold until summer 2020.

Media inquiriesKavi Bal 780-818-2710Senior Press Secretary, Energy |
|  |