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THE LNG CASINO

GAMBLING WITH CANADIAN INVESTOR AND COMMUNITY EQUITY

INVESTORS *for* PARIS COMPLIANCE

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ABOUT INVESTORS FOR PARIS COMPLIANCE

Investors for Paris Compliance (I4PC) is a shareholder advocacy organization that works to hold Canadian publicly-listed companies accountable to their net zero commitments. More information can be found here.

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01 INTRODUCTION

There is an irony that in the name of addressing economic uncertainty, Canada has turned to LNG, one of the riskiest economic bets given weak market conditions and high capital costs. But, that is not a story we will hear from most of the actors in the LNG space, whether that's the project proponents, the developers, or even the banks financing LNG.

This is partly because each of these actors has found ways to get paid while letting others bear most of the risk. Early promoters seek to be bought out. Developers earn fees. Banks structure loans to be shorter term and are first in line to be paid back in case of trouble. Each is incentivized towards LNG project boosterism, regardless of long-term viability.

Meanwhile, it is the equity holders who will bear most of the financial risk, while host communities deal with pollution, flaring, and environmental risks. Equity holders may be pensions or other asset owners directly invested or via their stakes in private equity funds. Or these may be First Nations communities that have received government support to take equity stakes in projects in their territories. If a project faces challenges, equity holders bear the risk.

And the risks are plentiful. Market fundamentals have meaningfully softened since the peak of LNG hype. While numerous countries are increasing LNG production, demand projections have weakened due to a number of factors including volatile gas prices, and the decreasing cost and escalating deployment of renewables. Developers and promoters try to use offtake agreements to reduce project risk, but those agreements are becoming shorter-term and increasingly tied to the same spot prices as uncontracted supply.

Meanwhile, cost overruns have become standard for Canadian LNG project development. No Canadian LNG project has reached any considerable stage of completion without some aspect going significantly over budget, like Woodfibre LNG's 72.5% total overrun,[1] and the Coastal GasLink – LNG Canada's feeder pipeline – going 133% over budget.[2]

With an array of factors driving volatility in the market to develop new projects, LNG development has become a kind of high-stakes global casino, with dodgy players looking to make a quick buck. Their job isn't necessarily to create a long-term viable project, but more to create a credible project that will attract capital. And, to do this, concerns about market fundamentals must be downplayed, instead telling a story of LNG's rosy future.

Meanwhile, there are already signs of a pullback on LNG projects given over supply and tepid demand. December 2025 saw a number of significant signals that investors have soured on LNG, just as the long-expected global oversupply had begun to precipitate.[3] Energy Transfer cancelled its Lake Charles LNG project in Louisiana after failing to find enough equity partners.[4] Shell withdrew its participation in a major Argentinian LNG export project.[5] Meanwhile, Pakistan cancelled the import of 35 LNG cargoes from Qatar.[6]

And in Canada, the only LNG facility that only recently started producing – LNG Canada – now has its major backers seeking to reduce their exposure to the project. Petronas already did so, and now Shell and Mitsubishi are seeking to sell some of their stakes.[7]

The question now is whether the realities of LNG's economic challenges become accepted widely in financial markets to the point where LNG promoters stop trying to sell potential equity holders on new projects. Until that time, placing big bets on projects marketed as good for secure revenue may end in some players going bust.

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02 DODGY PLAYERS

In September 2025, a $15 billion LNG project was pitched for Newfoundland by Crown LNG and Fermeuse Energy. While it was reported on as if it was a credible proposal,[8] neither company had any operational projects, and shared the same CEO. Moreover, Crown LNG had faced significant regulatory challenges in the U.S., being out of compliance with NASDAQ,[9] and was ultimately delisted after not meeting financial benchmarks.[10]

This is not an isolated example. The LNG casino is full of players with questionable track records and practices. In the U.S., New Fortress Energy pitched investors on a "Fast LNG" model of modular, floating LNG systems, telling them the first unit would be operational by 2022, with more quickly following.[11] This drove up its market capitalization to $9.5 billion. Yet, the company didn't deliver, crashing the stock, with investors suing for misrepresentation. The CEO, however, banked $217 million in dividends.

In Louisiana, Venture Global has been accused of gaming the system by signing long-term contracts to deliver LNG at low prices to global actors such as Shell, BP, and Repsol, but instead selling into the spot market for better prices, claiming it was still in the "commissioning" phase of development.[12]

Mexico Pacific Limited's (MPL) proposed Saguaro Energía LNG terminal has been fraught with challenges including investor volatility, permitting errors, and economic challenges.[13] Ownership has moved from firm to firm, totalling seven different owners, including one with a registered address of a mailing shop in Fort Worth, and another registered to a strip mall in Delaware. Despite not reaching a final investment decision, the project has had four different presidents and two CEOs.

Some LNG developers also have dodgy criminal and human rights records. Petronas is a state-owned Malaysian oil and gas company involved in LNG Canada, the defunct Pacific NorthWest LNG, and holder of an offtake agreement with Cedar LNG. Petronas has been the subject of a number of anti-corruption probes, including accusations of abuse of power for personal gain,[14] with executives convicted of corruption and money-laundering.[15]

Petronas was also embroiled in the second Sudan civil war, contracting a security company using child soldiers to protect its oil concession.[16] Several towns were looted and burnt down in the effort to clear the area for development. Petronas maintained ownership, and production began in 2006.

A delegation of First Nations in British Columbia have raised complaints against Petronas regarding its involvement in LNG Canada and Coastal GasLink.[17] Petronas was also accused of misrepresenting First Nations support of Pacific Northwest LNG, overstating buy-in and incorrectly implying consensus from First Nations.[18]

Woodfibre LNG, in Squamish, is majority owned by Pacific Energy Corporation, in turn a subsidiary of Singapore-based Royal Golden Eagle (RGE) Group. RGE is led by billionaire Sukanto Tanoto. His logging companies have been accused of being the one of the world's largest drivers of deforestation.[19] He has also been accused of using shell companies and dodgy accounting for tax evasion.[20]

LNG players also include promoters with no actual projects under their belts. A project in Baie-Comeau in Quebec is being pitched by Marinvest Energy Canada, a shell company of the firm Marinvest Energy AS in Norway. The latter has no active LNG projects.

Steelhead LNG is another example of this phenomenon. It announced two LNG terminals on Vancouver Island, raising some investor money,[21] but ultimately withdrawing. Instead, today Steelhead has pivoted towards litigation, suing Cedar LNG and ARC Resources, among others, with accusations of patent infringement and corporate espionage.[22, 23]

Overall, when you enter the LNG casino, you need to be aware of who else is in there with you. They may not be the steady, credible actors you'd like to play with.

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03 LENGTHENING ODDS – WORSENING LNG ECONOMICS

When you place your bets on LNG, what are your odds of success? The answer is: getting worse. LNG was promoted as the fuel of the future throughout the 2010s, supposedly affordable and lower-emitting. The emergence of fracking at scale, in tandem with a shift away from coal combustion, led analysts to believe in an impending "golden age of gas."[24]

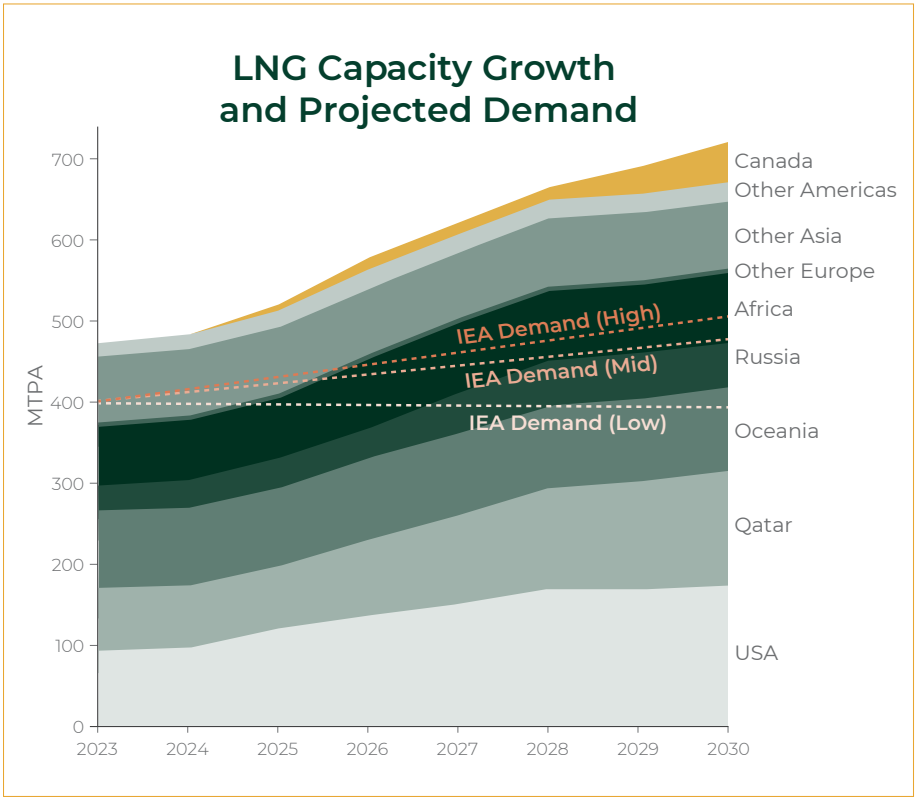

FIGURE 1: PROJECTED LNG SUPPLY AND DEMAND CHANGE[25]

Accordingly, growth in supply has been significant. In 2013, global liquefaction capacity was around 180 million tons per year (MTPA).[26] By 2024, that figure had increased by around 260%, to 474 MTPA.[27] The International Energy Agency (IEA) has identified an additional 220 MTPA[28] under construction or having reached a positive final investment decision to be in the market by 2030.

Promoters have tried to spark Canadian production, with 36.3 MTPA set to be added to Canada's existing 14 MTPA in the near future, and numerous other projects being proposed across Canada's Atlantic and Pacific coasts, and even in Hudson Bay.

This LNG building has led to an impending glut. Bloomberg projects an oversupply to form by 2026, growing every year until 2029 to amount to 30 MTPA.[29] An oversupply creates a buyers market, depressing prices and cutting into already thin margins.

Europe saw significant LNG demand growth, 40% between 2021 and 2023 due to the Ukraine war and the subsequent phaseout plan of Russian gas.[30] But, even the most bullish of projections – like BP's current trajectory model – see European LNG demand peaking in 2030 with only moderate growth in the meantime.[31] Other models suggest demand has already peaked, like Ember's analysis of EU member states' energy plans which projects a 7% decline between now and 2030.[32]

Early models predicted that Asia – with its high potential for continued economic growth – would emerge as a prime opportunity to develop a market for LNG.[33] But a number of factors, including the scaling of renewables and volatile gas prices, have dented this projection.[34] The world's largest importer of LNG, China, has seen declining imports with no growth on the horizon as it develops its own internal gas production and ramps up pipeline imports from Russia.[35] Potential Indian buyers have suggested that the price of LNG would need to drop by about half for meaningful South Asian demand growth.[36]

As the LNG glut approaches, a buyer's market has begun to form. Offtake agreements, contracts to purchase LNG from producers that serve as a key derisking mechanism, have shortened in tenure. Those agreements which have historically spanned the bulk of a project lifetime, have begun shortening to as low as three years.[37] This means that the export capacity of a terminal must find new buyers afterwards, in a market with more producers than ever and a questionable outlook for demand.

These contracts are also increasingly exposed to the volatile prices of the spot market. With a rapidly growing and not fully contracted supply, there has been a growth in the share of LNG sold on a spot basis.[38] The IEA suggests that the spot price of LNG may approach that of the marginal cost of American LNG supply, challenging the viability of the Canadian sector due to its high infrastructure costs.

With LNG markets facing uncertainty, global markets facing oversupply, and projected prices in flux, any new project carries a risk of being unable to recover invested capital. In fact, the IEA projects that as many as 70% of new LNG projects may struggle to provide returns,[39] which could affect Canada's high-cost projects at an outsized rate. Those high-cost projects face exacerbated costs from the high price of domestic transport in Canada.[40] Meanwhile, while low gas prices were a major factor in the development of Canada's LNG sector,[41] the rise of Canadian LNG projects is likely to raise gas prices and cut into that advantage.

And, project cancellations are increasing. In December 2025, Energy Transfer LP announced it was suspending its Louisiana Lake Charles LNG project.[42] It cited its decision to shift away from LNG, towards traditional pipelines as a capital allocation choice which would provide a superior risk/return profile.

More recently, Shell and Mitsubishi began exploring the reduction of their share in LNG Canada.[43] Shell, which earns its revenue in kind by taking and selling LNG from the terminal proportional to its ownership share, is looking to sell as much as 75% of its stake in the project, while maintaining its offtake agreement with the terminal. By taking payment upfront and agreeing to pay for its supply going forward, Shell would functionally be betting on a drop in the future price of LNG. While some speculate that Shell and Mitsubishi are doing so to help fund the expansion of LNG Canada,[44] others say this is a sign of trouble.[45]

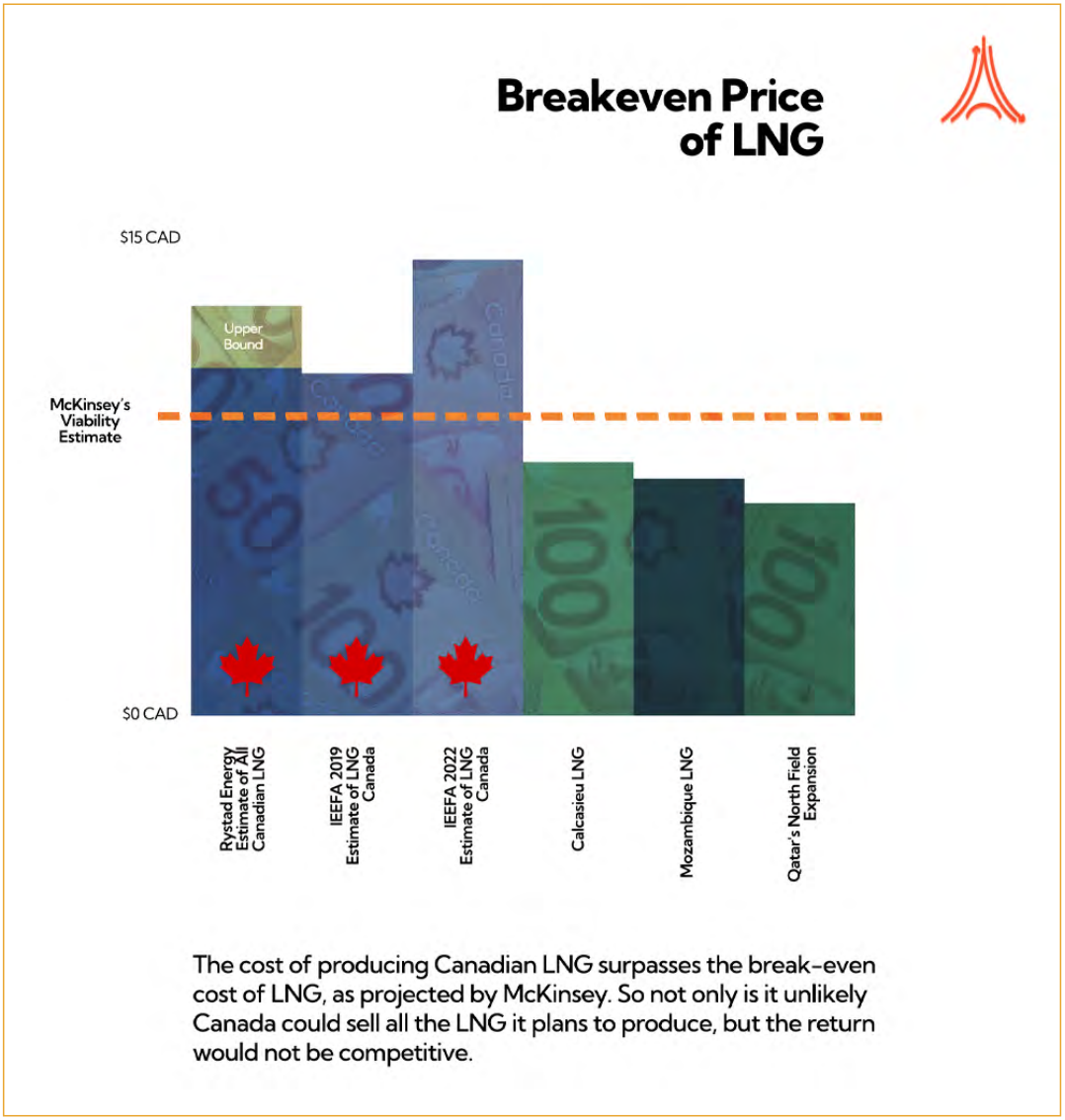

FIGURE 2: BREAKEVEN PRICE OF LNG[46]

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04 SETTING THE GAMING TABLE – PERMITS AND SUBSIDIES

In the early stages of project pitching, government support establishes credibility. At a minimum, this means early permits. But, even better is government subsidies, particularly when project fundamentals are weak. Government support creates a buzz that promoters can use to attract early-stage investors.

In seeking permits, fossil fuel projects often create public controversy regarding land rights, environmental impacts, and climate impacts. Community opposition has contributed to the cancellation of certain projects. Energy East, for example, faced significant opposition from Indigenous groups along the proposed route.[47]

Industry has begun utilizing community involvement to mitigate reputational risk. TC Energy's controversial Coastal GasLink pipeline – which became a focal point of conflict over Indigenous consent – offered indigenous communities along its corridor equity options.[48] Projects like Ksi Lisims and Cedar LNG have also involved indigenous equity stakes though the materiality of Indigenous equity stakes is not always clear.

Taxpayer money is being used to finance these stakes. The new federal budget proposed a doubling of the Indigenous Loan Guarantee Program,[49] and indicated that it would be available for use in infrastructure projects selected by the Major Projects Office.

These subsidies may result in projects having an easier time obtaining buy-in, but communities maintain risk regardless. There is a significant opportunity cost to using access to federal money for projects that have poor market fundamentals. That money could have been used to build equity in something more favourable.

Past subsidies have been extensive. The federal government has provided both direct and indirect subsidies to a number of LNG projects. It has provided direct investments, like its $275 million investment into LNG Canada,[50] contributions through the Strategic Innovation Fund like its $200 million commitment to Cedar LNG,[51] and loans from Export Development Canada, like its $700 million in contributions to Coastal GasLink which included subsidy components.[52] The B.C. government has also provided significant incentives like discounted electricity, carbon tax exemptions, corporate income tax breaks, and sales tax deferrals, estimated at $5.35 billion on LNG Canada alone.[53]

The International Institute for Sustainable Development estimates that governmental support for LNG projects will amount to just under $4 billion between now and 2031.[54] However, lately there has been an increase in momentum for subsidies due to trade battles, regardless of market fundamentals.

The current federal government prioritized Ksi Lisims and LNG Canada Phase II via the major projects office. It is unclear whether and to what degree this includes more government subsidies, such as preferential lending from government agencies, tax incentives, or the de-risking of certain types of investments such as those eligible for use of the Indigenous Loan Guarantee Program.

The BC government continues to divert resources towards public infrastructure supporting LNG projects. B.C. is currently planning the North Coast transition line – referred to the MPO by B.C. Hydro – which is slated to deliver up to 600 megawatts of electricity to Ksi Lisims.[55] It indicated that it may provide "cost certainty" to end use customers like Ksi Lisims, creating costs for the government. The resulting revenue gaps of discounted electricity would have to be made up for by either BC taxpayers or ratepayers through higher electricity costs.

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05 CHANGING THE ANTE MID-GAME: COST OVERRUNS

A major risk to LNG project equity holders is the potential for costs to exceed the expected budget. Delays at any stage of development, increasing labour and materials costs, legal and permitting challenges, and environmental and social concerns can all contribute to significant cost overruns.

While cost overruns are often presented as a potential risk – an uncertain outcome that may occur should development not go according to plan – Canada's LNG development history shows that they are almost a guarantee. In fact, every single major Canadian LNG export project that has reached substantial development has gone meaningfully over budget.

Some, like Woodfibre LNG and its 72.5% cost overrun,[56] have seen the direct costs of terminal construction go over budget. Others, like LNG Canada, have seen external components like feeder pipelines go over budget. LNG Canada is fed by the Coastal GasLink pipeline which went 133% over budget.[57] The only two currently active Canadian LNG developments which have not publicly gone over budget are Tilbury LNG, which is in its early planning phase, and Summit Lake PG LNG, which has paused its impact assessment process.

Equity owners are most impacted. If more money is needed, equity owners may face ownership dilution, be forced to contribute more capital, or see the project take on more debt. If more debt is raised, it increases the ongoing cost of capital, reducing profits to equity owners and exacerbating risk in a price collapse scenario. This impacts the revenue needed for investors to derive expected returns, or even break even.

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PROJECT	STAGE	OWNERSHIP	COST OVERRUNS
LNG Canada	Stage 1: Completed. Stage 2: Pre-FID	Shell, Petronas, PetroChina, Mitsubishi, Kogas	Attached to Coastal GasLink and its 133% cost overrun.
Woodfibre LNG	Under construction. Targeted completion in 2027.	Pacific Energy Corporation, Enbridge	72.5% cost overrun.
Cedar LNG	Under construction. Targeted completion in 2028.	Haisla Nation, Pembina Pipeline	42% increase from original estimate.
Ksi Lisims	Pre-FID	Wholly-owned subsidiary of Western LNG, with partnership from Rockies LNG and the Nisga'a Nation.	Attached to PRGT and its 140% cost overrun. Terminal overrun of up to 213%.
Tilbury LNG	Early planning phase	FortisBC	N/A
Summit Lake PG LNG	Permitting phase, Impact assessment paused.	JX LNG	N/A

Legal and social challenges can add considerable costs. The Coastal GasLink pipeline, for example, cost $14.5 billion CAD compared to an initial budget of $6.6 billion CAD in part due to opposition from Wet'suwet'en Hereditary Chiefs whose land the project crossed without clear consent.[58]

Failures to achieve permitting, engage sufficiently with local communities, or abide by regulatory compliance impacts all actors to varying degrees, depending on what stage of permitting the delay or denial occurs at, and to what severity.

Projects may also fail to move past the permitting and regulatory approval stages. This may occur through a perceived inability to comply with environmental regulations and maintain viability, or through an outright denial of permitting like in the case of GNL Quebec.[59] In the case of project collapse or insolvency in this phase, the cash flow waterfall dictates the degree to which parties can recoup losses.

Earlier in 2025, Woodfibre LNG announced a significant increase in construction costs, with the project estimate shooting up over 70% from initial estimates.[60] It cited challenging construction logistics as central to its overrun. The Trans Mountain Pipeline, which faced a barrage of construction delays, ballooned from an initial estimate of $5.4 billion to over $34 billion – an increase of about 530%.[61]

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06 RIGGING THE GAME: SOME WIN, REGARDLESS

Getting an LNG project from idea to operation is a massive, capital-intensive undertaking that involves several types of actors. These actors have different roles and incentive structures, and some will get paid no matter what, while others end up taking on most of the risk.

While there is often overlap between these categories of participants, they can be described as:

Promoters - those who initiate the project and line up early interest.

Developers - those who build and operate the project.

Lenders - those who the project borrows money from.

Equity Holders - those who own the project.

Those earlier in the list get paid first, while those later in the list bear more of the risk. This also means that those who get paid first have more of an incentive to engage in project boosterism, downplaying risk factors that fall on others.

Let's explore the categories of actors and see how they are incentivized:

PROMOTERS

The process of initiating an LNG project is done by a promoter, sometimes a small company with limited amounts of capital, as we see in Canada with Crown LNG, Marinvest, and Steelhead. A promoter identifies a site, assembles early-stage feasibility studies, and negotiates preliminary community engagement and regulatory steps.

The promoter contributes a small amount of capital to the project, enough for initial project scoping and consultations. Promoters also aim to attract initial partners. Indigenous and local community partners may be approached early to gauge interest in equity participation, or benefit agreements.

A legally separate entity called a Special Purpose Vehicle (SPV) is created to help sponsors by ring-fencing risk. If the project encounters major risks – cost overruns, regulatory failure, or demand collapse – that result in insolvency and an inability to clear debts, sponsors can walk away with their only exposure being their capital commitments. This means that promoters can abandon the project without liability on their broader corporate assets, placing heightened risk on equity partners and debtholders.

With an initial plan in place, promoters may get a return from selling the rights to the project to a developer. This early exit can mean that promoters have incentives detached from the long-term success of projects. It is therefore in the interest of the promoter, particularly when conducting engagements with potential project partners, to undersell the risks and overstate the upside. Potential subsidies, alongside more bullish projections for the project outlook, are desirable in so much as they inflate the perceived value of the project.

For example, when Pembina Pipeline acquired Veresen in 2017 for US$9.4 billion, the core of the deal was the Jordan Cove[62] LNG export terminal, supposed to deliver 7.8 MTPA of LNG to market from the Oregon Coast. Veresen stated to investors that its initial filings were "a major milestone for the projects."[63] But, after the sale went through, the floor fell out under the project. In 2021, Pembina announced that it was pausing the development of Jordan Cove LNG. Later that year, Pembina formally abandoned the project,[64] leaving Veresen's investors with billions from the deal, and Pembina left holding the bag.

DEVELOPERS

Developers organize the technical, financial, and logistical capacity to advance the LNG project. They are often larger energy companies who may have also been project promoters as well as equity holders, while collecting developer and management fees. They take over the job of commissioning feasibility studies, conducting ongoing consultations and permitting, negotiating with upstream gas producers to secure supply, as well as negotiating offtake agreements.

The fees earned by developers create an incentive to advance projects even when economics weaken. Because developers earn fees during construction and operation, they can be insulated from long-term downsides that pure equity holders and communities face.

Examples of LNG developers include Shell in LNG Canada, Pembina Pipeline in Cedar LNG, and Pacific Energy in Woodfibre LNG. These companies engage in promoting the feasibility of projects. Shell's CEO promoted the local pricing advantages of LNG Canada (while later seeking a sale),[65] while Pembina CEO called Cedar LNG's product "industry-leading, low-carbon, [and] cost-competitive."[66] Ultimately, the stakes of the developer are lower than that of a traditional equity investor, with development fees stacking the odds in their favour and incentivizing the promotion of riskier projects.

LENDERS

Debt providers lend money to the SPV and charge interest. Lenders may include commercial banks and private finance, as well as federal or provincial entities like Export Development Canada. Institutional actors may also lend money via bond issuances.

In general, lenders get paid first. Throughout the permitting and construction process, lenders may receive partial repayments. Additionally, lenders will require some portion of the project to be paid for by equity investors alongside collateral to insulate from downside risk, often upfront, which indicates that the project is well financed. Accordingly, it is imperative to project promoters and developers that they are able to attract equity investors.

Banks, as lenders and facilitators of major project financing, do not share a financial interest in the long-term success of LNG projects or in the sector as a whole. Rather, the construction of these projects and the initial financing process provides banks a return. Risks to lenders are more limited than that of equity owners – they receive payments first, and have priority in recouping debts should a project fail.

Reclaim Finance estimates that Canada's five largest banks provided over $US16 billion in financing towards LNG expansion between 2021 and 2024,[67] with the following breakout:

RBC	US$6,189,000,000
Scotiabank	US$6,010,000,000
CIBC	US$2,469,000,000
TD	US$1,092,000,000
BMO	US$872,000,000

Because banks get paid early in the LNG risk cycle, they are incentivized towards boosterism rather than acknowledging weak market fundamentals or shaky environmental claims. For example, RBC CEO Dave MacKay said, "Particularly Asia wants our LNG. They need it. It's cleaner than what they're using today, the amount of coal being burned."[68] Or, both Scotiabank's CEO and National Bank's CEO have called for regulatory rollbacks in order to promote LNG and other fossil fuel projects.[69, 70]

We do not hear Canadian bank CEOs talking about LNG's emerging global over-supply problem, even though that could bite investors that the banks are funnelling towards LNG projects.

EQUITY INVESTORS

Equity represents the ownership portion of the project. Equity partners purchase some proportion of the project and derive returns from the project generating positive cash flow. Equity investors may include energy companies, global utilities and LNG buyers taking stakes to secure access, larger institutional investors seeking assets for inclusion in infrastructure and private equity funds, and Indigenous and community equity partners.

Pensions are often heavily invested in LNG projects through private equity funds. For example, pensions like BCI, the TTC Pension Plan, the Nova Scotia Health Employees Pension Fund, and the CBC Pension all invest in Brookfield's Infrastructure Funds. Those infrastructure funds include investments like Cheniere Energy, which owns a number of American LNG projects like Sabine Pass LNG and Corpus Christi LNG.

Equity investors are betting that the project will be profitable over its lifespan. They do not collect fees during the permitting or construction of the project, and only make their money back if the project is able to sell its product at above its lifetime breakeven cost for a sustained period of time. While it varies by project, successful LNG export projects generally offer positive returns after 10-20 years.[71]

In general, risk and returns flow in inverse directions. Where money flows first to promoters, developers and lenders, long-term risk is absorbed by equity holders and communities. At each stage after the initial promotion, promoters and developers collect management fees or exit some portion of their equity stake. Lenders, meanwhile, collect repayment on loans.

Meanwhile, equity holders face a continued risk of being required to either dilute their stake or contribute more capital if the project goes over budget, and only receive revenue if the project attains operating profitability. And, each stage of development brings risk to equity holders. Only if the project is permitted, built, and constructed on budget does revenue begin to flow towards equity holders. Even when liquefaction and delivery of LNG begins, price or demand fluctuations may mean that the project does not offer sufficient revenue to provide equity owners positive returns.

There has recently been a wave of departures of equity investors from the LNG industry, particularly in Canada. Petronas recently sold parts of its stake in LNG Canada,[72] while Shell and Mitsubishi weigh the same.[73] Other major owners, like Woodside Energy, have sold-down their stakes in the sector.[74]

Investors shifting away from LNG signals that even industry proponents are cautious about the sector's long-term trajectory. If market fundamentals were better, existing owners would not be hedging their bets. Instead, we see owners like Shell selling off future LNG revenue for a lump sum today.

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07 CASINO MARKETING

Keeping LNG investment flowing in the face of bad market fundamentals requires a sales job. That sales job is made by project promoters, industry associations, starry-eyed politicians, and banks that have less stake in the long-term success of LNG projects.

Canadian LNG public relations generally employs three themes: Indigenous leadership, environmental sustainability, and economic security. Let's explore these claims and their limitations:

INDIGENOUS LEADERSHIP

Canadian LNG projects, particularly in BC, usually require some degree of Indigenous participation to proceed. Cedar LNG and Ksi Lisims both have Indigenous partners, while Woodfibre LNG has recognized an Indigenous "co-regulator."

LNG developers and their cheerleaders tend to claim or imply that some Indigenous participation equates to widespread support. Canada Action, a pro-LNG advocacy group, highlighted a number of pro-LNG quotes from members of First Nations in Canada.[75] The Canadian Energy Centre claimed "broad support" for the Coastal Gaslink pipeline from Indigenous communities.[76] Coastal GasLink touted "unprecedented agreements of support from all 20 Indigenous communities."[77]

Yet, these claims often fail to mention the complexity of Indigenous consent, glossing over the significant Indigenous opposition to certain LNG infrastructure where consensus from all parties is necessary. For example, in the case of the Ksi Lisims and the related Prince Rupert Gas Transmission project, there is also opposition from members of the Gitanyow, Gitxsan and Msimshian Nations.[78],[79] The Lax Kw'alaams,[80] Metlakatla,[81] Haida[82] and Kitsumkalum[83] First Nations have all voiced opposition to Ksi Lisims, providing explicit notices of non-consent. Despite Coastal Gaslink's claims, it neglected its obligation to obtain consent from Wet'suwet'en hereditary leadership, sparking nationwide protests.

Any discussion of LNG projects in Canada must recognize the foundational legal reality that Indigenous title is a constitutionally protected right, and not a stakeholder preference or procedural hurdle that can be overcome by one group's support.

The Supreme Court of Canada's landmark Tsilhqot'in Nation v. British Columbia decision in 2014 formally declared Indigenous title to land outside a reserve.[84] Even where title has not been formally declared, governments must engage in consultation and accommodation when project proposals risk infringing upon rights. The decision notes that "the right to control the land conferred by Aboriginal title means that governments and other seeking to use the land must obtain the consent of the Aboriginal title holders," and that "if the Crown begins a project without consent prior to Aboriginal title being established, it may be required to cancel the project upon establishment of the title."

ENVIRONMENTAL SUSTAINABILITY

LNG projects are objectively major polluters, enabling greater fossil fuel use during the climate crisis. It's therefore not surprising that LNG proponents engage in several forms of greenwashing to try to secure support for their projects.

Some claims attempt to distract from the dirty product by talking about using clean electricity to move it. RGE, the lead investor in Woodfibre LNG, has made the misleading claim that the project will have net zero emissions. It claims that its utilization of hydroelectric power and carbon offsets render it non-emitting. This, however, ignores the emissions from the use of LNG and in the production of transportation of its feedgas. Regardless of the emissions of its production, methane emissions from production are significant and undermeasured,[85] while the continued consumption of gas is incompatible with global net zero.[86]

Other claims centre on the potential to reduce emissions by somehow displacing coal. For example, National Bank argued that Canada has a "vital role" in increasing its gas exports in order to reduce global emissions by displacing coal consumption.[87]

However, LNG's portrayal as a 'transition fuel', to help wean high-emitting markets off of coal, is inaccurate. With renewables quickly scaling, LNG is competing more directly with renewables than it is with coal for new energy demand.[88] Coal is significantly cheaper than LNG,[89] particularly when considering that domestic coal infrastructure is already in place compared to new LNG infrastructure which would need to be built both on the supplier and consumer side. As such, to displace coal, LNG prices would have to drop to a point that Canadian production is no longer profitable.

Moreover, with methane leaks along the LNG supply chain, some studies conclude that LNG does not offer any meaningful emissions reductions over coal, instead simply locking in future emissions.[90]

Additionally, other environmental issues associated with LNG projects impact the health of local communities. LNG Canada, for example, has been flaring 1500% more gas than initially expected.[91] Gas flaring is associated with meaningful reductions in air quality,[92] while LNG terminals impact marine ecosystems via thermal pollution.[93]

ECONOMIC SECURITY

Ironically, in the face of bad market fundamentals, LNG proponents reach for claims about "security" to seek support. This is particularly heightened in the face of Trump's attacks on Canada and the need to do something – anything – to respond.

The most prominent security-related public relations regarding LNG projects is the inclusion of Ksi Lisims and LNG Canada Phase II on the list of "major projects" worthy of regulatory bulldozing and possible further subsidies. In making the announcement, Prime Minister Carney characterized these projects as ones that will strengthen Canada's "independence, resilience, and security."[94]

Another prominent example is Enbridge's CEO Greg Ebel invoking the building of the Saint Lawrence Seaway to argue for supposedly similar nation building LNG and other fossil fuel projects via extensive environmental rollbacks.[95] Ebel characterized this agenda as "Build Canada Now," as if the country equated with his own company's narrow economic interests.

Yet, as this report has shown, the prospects for new LNG projects are not good given a global supply glut and shaky demand, and rapid cost reductions in renewables and battery storage. Proponents appealing to "security" arguments are willfully ignoring the insecurity of the industry. Canada's high reliance on fossil fuels in the face of the energy transition presents economic risk. Further concentration into fossil fuels via LNG expansion would trade one risky dependency – trade with the United States – for another; fossil fuel over-production.


iStock.com / Ramon Cliff

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08 CONCLUSION: KNOW WHEN TO FOLD 'EM

Across the LNG project lifecycle a pattern emerges: the people who promote, structure, and finance LNG projects often will not be the ones who bear the consequences when those projects falter. The risks flow downhill to equity holders, including communities, pensions, and long-term investors. Meanwhile, the early rewards flow to early promoters, developers, and lenders who are paid regardless of whether a project fully delivers.

Boosters continue to frame LNG in terms of economic security, but the evidence tells a different story. Market fundamentals have weakened dramatically. Global supply is surging while demand in core markets is plateauing or declining. Offtake agreements are shorter, more exposed to volatile spot prices, and less effective as de-risking tools. Meanwhile, Canada's high-cost projects face structural disadvantages.

Layered on top of these headwinds is a domestic development environment defined by cost overruns and social conflict. No Canadian LNG project has avoided significant cost overruns. Pipelines and terminals have seen costs balloon by double initial estimates.

Yet promoters continue to tell everyone to place their bets. Opaque companies with limited capital pitch visions of economic prosperity despite weak fundamentals, in hopes of securing permitting and governmental support. Banks promote these projects as fundamental to economic growth while earning interest and underwriting fees that earn revenue independent of project success. Even when these projects collapse, as with Jordan Cove or New Fortress Energy, the people who made big promises walk away with their cut.

Communities and equity owners, however, do not. Indigenous and local partners are encouraged to take equity stakes that expose them to long-term financial risk.

The result is an industry that resembles a casino more than a stable pillar of national economic strategy, with promoters gambling with other people's money. Canada's LNG debate is arriving just as the global LNG boom is fading. The oversupply that analysts warned about is materializing. Major players are cancelling and scaling back projects, but new proposals continue to surface, bolstered by political enthusiasm.

But, in the LNG Casino, the game is rigged, and the equity holders pay. Until market realities are fully acknowledged and the incentives of promoters, developers, and financiers are aligned with those of long-term investors and communities, new LNG proposals should be treated as risky, high-stakes bets. Some players will go bust.

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