Alaska Natural Gas Pipeline Project: The Canadian Perspective

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Presentation Outline

- Canadian energy policy framework
- The need for, and benefits of Alaskan gas
- Government of Canada preparations
Canadian Energy Policy

- Shared jurisdiction
  - Cooperation with provinces and territories
  - Respects the rights of First Nations
- Federal focus – interprovincial and international
- Market orientation
  - New emphasis on regulatory efficiency
- Focused interventions
  - Sustainable development & environmental protection
Canadian Pipeline Policy

- Guiding Principles
  - Project management approach
  - Modern regulatory regime
  - Support Aboriginal economic development
  - Ensure Canadian benefits are realized
  - Market-based approach
North American Natural Gas Outlook

- Rising demand
  - Economic growth and power generation
- Declining domestic supply
  - Conventional basins are in decline
- Need for new natural gas
  - Liquefied natural gas
  - Frontier and unconventional gas
  - Alaska and Mackenzie
North American Benefits of Alaska Gas

- Alaska has large natural gas reserves
  - 35 Tcf proved reserves in Prudhoe Bay
  - Potentially 100 Tcf, or more, of additional resources
  - Stable domestic supply source
- Moderating force on gas prices
- Positive employment and GDP effects
- Expanded pipeline infrastructure and potential development of new resources along pipeline route
Canadian Benefits from Alaskan Gas

Benefits to Canada depend on project configuration:
- Northern development
- Enlarged Alberta hub
- Commercial access to ethane
- Canadian/North American sourced steel
- Engineering and construction participation
- Provincial / federal tax revenues
Alaska Gas and Canadian Pipelines

- Declining Western Canadian Sedimentary Basin supply
  - Rising Alberta natural gas demand (e.g. oil sands)
  - Spare capacity on several major Canadian pipelines
  - Less utilization means higher pipeline tolls
  - Spare capacity at ethane extraction facilities
- Alaskan gas could refill capacity, lowering tolls
  - Benefits all producers and consumers
Alaska Gas Pipeline – Commercial Parties

- Two commercial parties have pipeline proposals to move Alaskan gas through Canada
  - TransCanada/Foothills – under the NPA
  - ConocoPhillips/BP – under the NEB
- Both projects must clear their own hurdles
- NRCan continues to monitor developments and prepare for any eventuality
  - Preference for private resolution to commercial dispute
Canadian Regulatory Regimes

- Ultimate review process depends on project that emerges
  - Canada is committed to ensuring an efficient and effective regulatory review process under any project outcome
  - NEB and NPA review timelines are in line with expedited US review
  - Government of Canada is reviewing all relevant acts and legislative requirements
  - Regardless of review process, coordination will be required
Government of Canada – Project Management

- Minister Prentice (Industry Canada) is lead minister
- NRCan coordinates all aspects of the Alaska file
  - Interdepartmental steering committee
  - Environmental Assessment and Regulatory working group is actively engaged
- Project certainty will warrant other working groups, e.g.
  - Aboriginal engagement
  - Benefits, socio-economic impacts
  - Science requirements
Provincial / Territorial / US Governments

- NRCan maintains regular contact with Yukon, BC and Alberta
- Interests include:
  - Yukon: exploration, market access
  - Alberta: hub integration, commercial liquids access
  - BC: employment opportunities
- Regular bilateral meetings with US government
  - Participating in Drue Pearce’s gap analysis/readiness exercise
Importance of First Nations

- Alaska pipeline will cross traditional lands of Aboriginals in Yukon, BC, and possibly Alberta
  - Constitutional duty to consult Aboriginal peoples
  - Aboriginal support is critical
- Government of Canada is proactive in early aboriginal engagement and committed for the duration of the project
  - Already conducted three Aboriginal workshops in the Yukon
Conclusion: The Canadian Perspective

- Government of Canada supports the Alaska highway pipeline

- Many benefits for Canada and North America

- Government of Canada is actively preparing for project