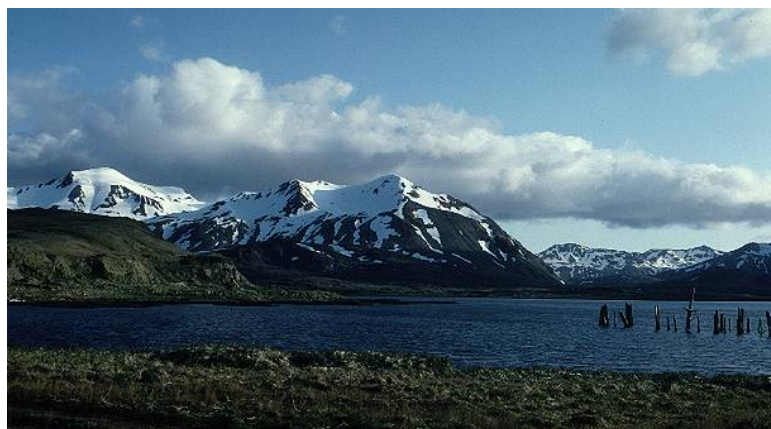




Alaska Natural Gas Pipeline Project: The Canadian Perspective



Sue Kirby
Assistant Deputy Minister
Energy Sector – Natural Resources Canada

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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