



Canadian Energy Initiatives and the Policy/ Regulatory Environment



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Presentation Outline & Goal

- Canadian energy importance & policy
- Major Canadian energy projects
- Government of Canada preparations for an Alaska Highway Pipeline





Importance of Energy to Canada

- \$50 Billion in capital spending
- \$110 Billion industry revenues
- \$24 Billion in payments to Governments
- Producing 16.9 Bcf/d, Canada exports 10.3 Bcf/d to the US
 - 58 Tcf of proved reserves - 3rd largest natural gas producer
- Producing 2.8 mb/d, Canada exports 1.8 mb/d to the US
 - Oil reserves are second only to Saudi Arabia
- Canada is resource-based economy





Canadian Energy Policy

- Shared jurisdiction
 - Cooperation with provinces and territories
 - Respects the rights of First Nations
- Market orientation
 - New emphasis on regulatory efficiency
- Focused interventions
 - Sustainable development & environmental protection





Carbon Capture and Storage

- Central Element of Canada's Climate Change Plan
- Weyburn-Midale CO₂ EOR Project (2.8Mt/yr)
- Large-Scale Demonstration Projects
- R&D Projects
 - Storage research and atlas
 - Capture R&D
 - FEED studies





Oil Sands Development

- Sixty nine major projects underway or under consideration
- On track for \$100 billion in investment by 2011
- Production could rise to 3.3 mb/d by 2020
- Environmental assessments required for oil sands projects
- Recent EAs have taken ~1 year





Recent NEB Regulatory Decisions

Project	Description of Pipeline	Application Date	NEB Reasons Released	Duration
Brunswick	91 mi, gas, \$350m, 800 MMcf/d	23 May 2006	31 May 2007	12 months
Keystone	540 mi conversion and 232 mi new, crude, \$12b, 590,000 to 1.1m bbl/d	12 December 2006	20 September 2007	9 months
Southern Lights	Reverse flow and 179 mi, diluent, \$384m, 180,000 bbl/d	9 March 2007	19 February 2008	12 months
Alberta Clipper	1000 mi, crude, \$3b, 450,000 bbl/d	30 May 2007	22 February 2008	10 months





Mackenzie Gas Project

- C\$16 Billion proposal to bring 1.2 bcf/d of natural gas in the Mackenzie Delta to market
 - Basin opening project promises more exploration, economic development, royalties, tax revenue, additional energy supply
- Five partners including the Aboriginal Pipeline Group
- Two independent review processes underway:
 - Joint Review Panel – report expected March '09
 - National Energy Board – expect decision late '09
- 3 winter construction seasons – first gas 2014





Mackenzie Gas Project (con't)

- GoC has spent/committed \$800 million in support of the review process, related science, settlements, and socio-economic offsets
- Established Mackenzie Gas Project Office
- The GoC continues to work to support the advancement of the project





Canada supports an Alaska Highway Pipeline

- Benefits to Canada *depend on project configuration*:
 - Northern development
 - Increased use of existing Canadian pipes
 - Increased use of petrochemical infrastructure
 - Macroeconomic (GDP & employment impacts)
 - Canadian/North American sourced steel
 - Engineering and construction participation
 - Provincial / federal tax revenues





Government of Canada – Project Management

- Minister Prentice (Environment Canada) is lead minister
- NRCan coordinates all aspects of the Alaska file:
 - Interdepartmental steering committee
 - Environmental Assessment and Regulatory working group is actively engaged
- With project certainty and availability of project details, additional work will be required in the areas of:
 - Aboriginal engagement
 - Benefits, socio-economic impacts
 - Science requirements





Alaska Highway Pipeline – Commercial Parties

- Two commercial parties have pipeline proposals to move Alaskan gas through Canada
 - TransCanada/Foothills – under the Northern Pipeline Act
 - ConocoPhillips/BP – under the National Energy Board Act
- NRCan continues to monitor developments and prepare for any eventuality
- 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





Provincial / Territorial / US Governments

- NRCan maintains regular contact with Yukon, BC, Alberta, and First Nations
- Interests include:
 - Yukon: exploration, market access
 - BC: employment opportunities
 - Alberta: hub integration, commercial liquids access
 - First Nations: consultation, business opportunities
- Regular bilateral meetings with US federal and Alaska state officials
 - Office of Federal Coordinator's gap analysis/readiness exercise

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Natural Resources
Canada

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Canada

Canada



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
 - Actively participated in 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

