

**ALASKA NATURAL GAS PIPELINE  
CANADIAN RELATIONS  
AUGUST 2011**

The Office of the Federal Coordinator has a good working relationship with the provincial and territorial governments who are interested in the project: the Yukon Territory, the Northwest Territories, Alberta and BC. Canada maintains the position that the Mackenzie Gasline Project (MGP) must go first. The U.S. position is the Alaska natural gas pipeline project and the MGP are two exciting Arctic pipeline projects that will provide benefits to both Americans and Canadians and there is room for both projects in the North American markets.

**NORTHERN PIPELINE AGENCY**

The Northern Pipeline Agency (NPA) was created with the proclamation of the Northern Pipeline Act in April 1978 to oversee planning and construction of the Canadian portion of the Alaska Highway Gas Pipeline Project by the Foothills Group of Companies (TransCanada). The Minister of Natural Resources is responsible for the management and direction of the Agency. Pending resumption of planning and construction of the pipeline, the only office in the NPA that is staffed is the Office of the Commissioner, which maintains a small support staff.

The NPA's mandate is twofold:

- it carries out Government of Canada responsibilities in relation to the pipeline and facilitates the efficient and expeditious planning and construction of the pipeline, taking into account local and regional interests, in particular those of native people; and
- it maximizes the social and economic benefits from the construction and operation of the pipeline while at the same time minimizing any adverse effect on the social and environmental conditions of the area's most directly affected by the pipeline.

The NPA acts as a single window between federal authorities and TransCanada, and between provincial and territorial governments, and the Government of the United States. In keeping with the Act, many regulatory powers of other Government of Canada departments and agencies related to the pipeline project are delegated to the NPA. This is not the case for those powers reserved exclusively to the National Energy Board or shared between the Board and the NPA.

The NPA is reviewing how to expedite the process of a renewed TransCanada application. They are reviewing the historical Certificate of Public Convenience and Necessity (CPCN) licenses with respect to "Updating the Environmental Assessment and Regulatory." Canada Regulatory Officials believe the Go-No-Go decision on the Alaska Natural Gas Transportation Project (ANGTP) was made during the 1970s-80's. However, the NPA will require updated information/studies to supplement the Environmental Docket.

The NPA is reviewing its procedures for "Completing the Yukon CPCN—Terms and Conditions." The Yukon CPCN was never properly "promulgated" into law. Although for intents and purposes the Yukon CPCN was deemed complete. It was not promulgated into law because the ANGTP of the 1970's died for economic reasons and at that time there was a view that such "promulgation" was not needed. This "promulgation" matter is technical in nature and highlights the fact that loose ends remain. Also, the Rights of Way for the Yukon will have to be extended soon as it expires in 2012. Both the BC and Alberta CPCN Environmental Assessment and Socioeconomic conditions were

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properly promulgated into law back in the 70's-80. It is likely that all First Nations will have to be properly consulted during reviews.

### MAJOR PROJECTS MANAGEMENT OFFICE

The MPMO was established in 2007 to support the Government of Canada's new approach to the regulatory review of major resource projects - an approach that ensures a more effective, accountable, transparent and timely review process. The MPMO is located under Natural Resources Canada.

The MPMO's mandate is two-fold:

- to provide overarching project coordination, management and accountability for major resource projects within the context of the existing federal regulatory review process; and,
- to undertake research and identify options that drive further performance improvements to the federal regulatory system for major resource projects.

If any other entity besides Foothills Group of Companies (TransCanada) pursues a project, it will be subject to the MPMO application review process. There will be a Joint Review Panel (JRP) commissioned for the project; however, the highest levels of Canada's government will not allow the process to be hampered like the MGP process.

The MPMO will develop a Project Agreement (PA) identifying the roles and responsibilities of Canada's agencies. PA's will be signed by the Deputy Ministers. PA's will be entered into after the applicant files a Project Description (PD). PD's are used to determine the information needed in order to commence an Environmental Assessment (EA). Once the MPMO accepts the PD, the Canadian Environmental Assessment Agency (CEAA) would post a Notice to Commence the EA.

### CANADA'S OPEN SEASON

The Open Season process in Canada is not regulated like the United States. There are no laws or regulations per se related to an Open Season; however, there is guidance. The Open Season is commercially driven and the company must prove to the National Energy Board (NEB) that their project can be "used and useful." To this end, the Company must demonstrate that its Open Season was "open and transparent"—meaning that there were not any back room deals favoring one shipper/customer over another. There is an NEB process called "Tolling" that is formal and on the record. The Tolling Process is where the NEB requires the Company to prove its service is "fair and just"—this is customer protection oversight.

### CONTACTS AND ADDITIONAL INFORMATION

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