



June 30, 2016

Environment and Climate Change Canada
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To Whom It May Concern:

Subject: NOVA Gas Transmission Ltd. (NGTL) 2017 System Expansion Upstream Greenhouse Gas Emissions Estimates Draft for Public Comments

Thank you for your notification of the upstream greenhouse gas emissions estimate for the NGTL 2017 System Expansion that was posted for public comment on June 1, 2016. I am pleased to respond on behalf of the Government of Alberta.

The Government of Alberta respectfully recommends Environment and Climate Change Canada consider incremental emissions associated with the NGTL 2017 System Expansion to be zero or negligible. Alberta's position is based on declining natural gas production forecasts for the province and effects within the NGTL system.

Multiple recent forecasts predict declining natural gas production in Alberta between 2016 and 2030. These forecasts include:

- The National Energy Board of Canada's Energy Future 2016: Province and Territory Outlooks (reference, low price, no liquefied natural gas, and high liquefied natural gas scenarios),
- The Alberta Energy Regulator's ST-98-2016 Alberta's Energy Reserves 2015 & Supply/Demand Outlook 2016-2025, and
- The Government of Alberta's 2016 budget.

Despite incremental capacity offered by the NGTL System Expansion, declining natural gas production is forecast to continue in Alberta.

Within the NGTL system, the incremental capacity for the NGTL 2017 System Expansion would not equate to an increase in overall production for the province. The NGTL 2017 System Expansion supply forecast expects receipts to increase in the western portion of the system where unconventional production is found and decrease in other areas where conventional production is found. At NGTL's recent Towerbirch hearing before the National Energy Board, NGTL indicated that the Western Canadian Sedimentary Basin's natural gas supply declines at 18 percent per year. At that rate of decline, NGTL needs to replace about 2 billion cubic feet per day of supply each year. The NGTL 2017 System Expansion will increase design flow by



443 million cubic feet per day or about 25 per cent of the annual replacement requirement. Additionally, the decision to connect new supply to the NGTL system is driven by individual producer determinations and whether or not the prevailing market price, relative to their costs, provides an adequate return on their investment.

In conclusion, the NGTL 2017 System Expansion would provide regional capacity within the system but would not overcome the trend of declining natural gas production for the province of Alberta. Accordingly, we respectfully recommend Environment and Climate Change Canada consider incremental emissions associated with the NGTL 2017 System Expansion to be zero or negligible. Please contact Kate Rich, Climate Change Policy (kathleen.rich@gov.ab.ca), if further clarity is needed.

Thank you for considering Alberta's comments.

Sincerely,

Lora Pillipow
Assistant Deputy Minister

cc: Cynthia Farmer, Assistant Deputy Minister, Alberta Energy
Graham Statt, Assistant Deputy Minister, Alberta Environment and Parks
Garry Pocock, Deputy Minister, Alberta Intergovernmental Relations
Kate Rich, Executive Director, Climate Change Office