

Via Email: PartVIConsultation@neb-one.gc.ca

July 8, 2015

**National Energy Board
517 Tenth Avenue SW
Calgary, AB T2R 0A8**

Attention: Suchaet Bhardwaj

Dear Mr. Bhardwaj:

Re: Changes to Natural Gas Export Licence Term under Part VI of the *National Energy Board Act* – Consultation on Proposed Regulatory Amendments
NEB File No: Ad-GA-ActsLeg-Fed-NEBA-Amend 01 01
Comments of LNG Canada Development Inc. (“LNG Canada”)

We have reviewed the Board’s correspondence dated June 29, 2015, requesting comments on the proposed amendments to the *National Energy Board Part VI (Oil and Gas) Regulations* (the “Part VI Regulations”). LNG Canada appreciates the opportunity to provide its comments for your consideration.

On April 21, 2015, the Canadian Minister of Finance announced the Government of Canada’s intention to increase the maximum term limit of natural gas export licences from 25 to 40 years to support and improve regulatory certainty for the liquid natural gas (“LNG”) industry.¹ LNG Canada is of the view that further regulatory certainty could be achieved by ensuring that there is consistency in the definitions of “gas” and “natural gas” for LNG export licences for terms of 25 and 40 years. One way to achieve this is to ensure the definition of “natural gas” to be used in the Part VI Regulations is consistent with the regulatory framework applicable to the export of LNG, under the *National Energy Board Act*.

At present, the *National Energy Board Act* defines “gas” as:

- (a) Any hydrocarbon or mixture of hydrocarbons that, at a temperature of 15 °C and a pressure of 101.325 kPa, is in a gaseous state”, or

¹ *Economic Action Plan 2015*, Chapter 3.5.

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(b) Any substance designated as a gas product by regulations made under section 130;²
(Emphasis added).

In the National Energy Board's Reasons for Decision in GH-1-2011 regarding KM LNG's LNG Export Application, the Board determined that "[u]nder the NEB Act, the definition of 'gas' is inclusive of LNG."³

The proposed definition of "natural gas" to be included in the Part VI Regulations states:

"natural gas" means a mixture of gas that is composed of at least 85% of methane and that may contain any hydrocarbon or mixture of hydrocarbons in a gaseous state and minor amounts of non-hydrocarbon gasses and impurities.

In order to avoid any unwanted distinctions in the characterization of "gas", as it applies to LNG for export licences of 25 years, or "natural gas", as it is intended to apply to LNG for export licences of 40 years, LNG Canada submits that a consistent definition should be applied in both. Therefore, we respectfully submit that the definition of "natural gas" should include a reference to the fact that it is in a gaseous state, at a temperature of 15°C and a pressure of 101.325 kPa.

We thank you for the opportunity to comment on this important matter.

Yours truly,



Susannah Pierce
Director

² *National Energy Board Act*, R.S.C., 1985, c. N-7, s. 2, definition: "gas".

³ National Energy Board Reasons for Decision GH-1-2011, *KM LNG Operating General Partnership, (LNG Export)*, October, 2011, page 8.

