



*Office of the Minister  
MLA, Calgary-North West*

AR41840

September 20, 2022

The Honourable Jonathan Wilkinson  
Minister of Natural Resources Canada  
Government of Canada  
580 Booth Street, 21<sup>st</sup> Floor, Room C7-1  
Ottawa, Ontario K1A 0E4  
[NRCan.Minister-Ministre.RNCan@Canada.ca](mailto:NRCan.Minister-Ministre.RNCan@Canada.ca)

Dear Minister Wilkinson:

We are writing to raise continued concerns over the lack of egress to markets for Alberta's natural gas and to once again highlight the importance of critical NOVA Gas Transmission Ltd. (NGTL) expansion projects.

As you are aware, AECO spot settlement prices normally trail Henry Hub due to infrastructure restraints and transportation costs to move product to the US Gulf Coast. Most recently, however, AECO spot prices have been especially weak and volatile, even falling into negative price territory on August 18 after the NGTL system announced additional pipeline maintenance, further impacting takeaway capacity. Coupled with sustained robust natural gas production in Canada, export constraints have now resulted in a differential that, in relative terms, represents more than a 50 per cent discount to Henry Hub prices, far exceeding historical ranges.

AECO spot pricing is expected to remain volatile for the next several weeks as NGTL completes its planned summer maintenance schedule, likely persisting into October. While these particular restrictions are temporary, this ongoing issue and the current differential highlights the severe sensitivity of the Canadian gas market to pipeline capacity constraints and reinforces the need for prioritizing the expansion of the NGTL. Without expansion, our resources will continue to be deprived of fair market value, impacting natural gas producers, governments and Canadians alike.

Alberta is responsible for the stewardship of significant Crown energy resources, including the administration of royalties. The NGTL system has a significant role in gathering, transporting and delivering Alberta's natural gas resources to markets. As the owner of this resource, we have a direct interest in maintaining the safe, responsible, fair, economic, and efficient transportation of natural gas supplies. However, we rely on you, our federal counterpart, to provide effective legislative and regulatory frameworks to ensure timely access to markets for our resources.

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It is within this context that we express deep concern that Canada continues to delay approval of expansion projects that would support market access and a fair return for our resources. Without explanation, for instance, Canada extended the deadline to approve the NGTL 2023 expansion project. Alberta has provided separate correspondence asking the Government of Canada to move swiftly to complete its review and seek Governor in Council approval as soon as possible to ensure timely construction and delivery of gas to demand markets across North America.

Likewise, the federal review processes for NGTL's 2021 expansion project has resulted in an entire construction season lost, delaying critical access to markets, increasing costs, and further distressing AECO gas prices. The federal government needlessly overhauled a regulatory framework that was already one of the world's best – and it has driven away much-needed investment, jobs, and royalties in Canada at this critical time. We implore you to recognize this problem and immediately address the underlying regulatory issues.

The Prime Minister recently made headlines when he announced that Canada has entered into a joint declaration of intent that may eventually see hydrogen shipped to Germany to replace Russian energy imports – yet, notably, no feasible steps have been taken that would enable access to markets for gas production out of Canada. The Prime Minister went on to claim that there has never been a strong business case for LNG on the east coast. This is clearly an uninformed opinion regarding the economic need and commercial viability of energy projects that will only serve to cast further doubt on the credibility of Canada's already challenged regulatory framework and erode investor confidence in the process.

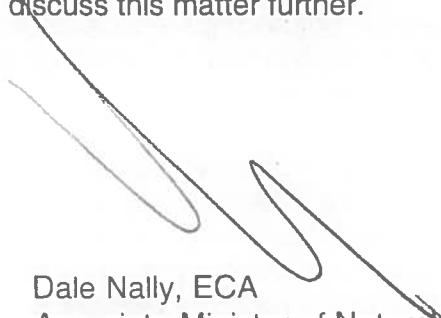
We recommend a more collaborative and supportive approach, working with provinces who steward these natural resources on behalf of their citizens and with the energy industry who is well positioned to determine commercial viability. This includes addressing federal policies and decision-making processes that are preventing adequate and timely egress and ensuring NGTL expansion projects are considered in a timely fashion. Canadians can no longer afford delays, which have unfortunately become chronic in our country's regulatory framework.

We look forward to meeting with you to discuss this matter further.

Sincerely,



Sonya Savage, K.C., ECA  
Minister of Energy



Dale Nally, ECA  
Associate Minister of Natural Gas and Electricity