

1973 Bill 53

Second Session, 17th Legislature, 21 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 53

The Arbitration Amendment Act, 1973

THE MINISTER OF MINES AND MINERALS

First Reading

Second Reading

Third Reading

Printed by QUEEN'S PRINTER for the Province of Alberta, EDMONTON

BILL 53

1973

THE ARBITRATION AMENDMENT ACT, 1973

(Assented to _____, 1973)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1. *The Arbitration Act is hereby amended.*
2. *The following section is added after section 16:*

16.1 (1) In this section,

- (a) “commodity value of gas” means the maximum price obtainable for gas in a specific regional market area having regard to the mix of end uses and the prices of competitive energy sources in the regional market area;
 - (b) “field value” means the commodity value of gas less just and reasonable costs, charges and deductions that are or may be fixed, determined or allowed for the transportation and distribution of that gas from the point of sale under the gas purchase contract to the point of end use;
 - (c) “gas purchase contract” means a contract for the sale and purchase of gas produced in Alberta but does not include a contract for the sale of gas by the owner of a gas utility (as defined in *The Gas Utilities Act*) to a purchaser for consumption by that purchaser.
- (2) This section applies to every submission, whether coming into existence before or after the commencement of this section, which provides for the redetermination of the purchase price of gas sold under a gas purchase contract by arbitration in the event that buyer and seller are unable to agree upon the redetermination, notwithstanding anything in the gas purchase contract or any other document.
- (3) Where arbitration is conducted with respect to the redetermination of the price of gas sold under a gas purchase contract, the arbitrators shall
- (a) use the commodity value of gas as the major criterion in determining the field value,

Explanatory Notes

1. This Bill will amend chapter 21 of the Revised Statutes of Alberta 1970.

2. The new section 16.1 affects arbitration relating to redetermination of selling price under purchase contracts of Alberta produced gas. The arbitrators will be required to be persons ordinarily resident in Alberta and they will be required to use the commodity value of the gas as the major criterion in determining its field value, which in turn will be used to set the redetermined price of the gas.

- (b) use the field value so determined in fixing the re-determined price of the gas, and
 - (c) specify in the award the date on which the redetermined price is effective.
- (4) The arbitrators conducting an arbitration to which this section applies shall be persons ordinarily resident in Alberta.
- (5) Any agreement by any person to vary or make inapplicable any or all of the provisions of this section is against public policy and void.
- (6) This section does not apply in any case where the hearings before the arbitrators commenced before May 10, 1973 and any award based on hearings commenced on or after that date and not conforming to the provisions of this section is void for all purposes.

3. This Act comes into force on a date to be fixed by Proclamation.