

1976 Bill 49

Second Session, 18th Legislature, 25 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 49

THE NATURAL GAS PRICING AGREEMENT AMENDMENT ACT,
1976

THE MINISTER OF ENERGY AND NATURAL RESOURCES

First Reading

Second Reading

Third Reading

BILL 49

1976

THE NATURAL GAS PRICING AGREEMENT AMENDMENT ACT, 1976

(Assented to _____, 1976)

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

1. *The Natural Gas Pricing Agreement Act is hereby amended.*

2. *Section 1 is amended*

(a) *as to subsection (1), clause (b), by striking out the words "as prescribed by or pursuant to the regulations" and by substituting the words "as determined by the Minister",*

(b) *as to subsection (1) by striking out clause (f),*

(c) *as to subsection 1, clause (o) by adding at the end thereof the words " , subsections (1) and (2) or the regulations under section 6, clause (c.1), whichever applies to the contract",*

(d) *by adding the following subsection after subsection (1):*

(1.1) Where any reference is made in this Act or any regulation or order under this Act to a month¹ whether by its name or not, the reference shall be² construed to be the period from 8:00 a.m. on the³ first day of that month to 8:00 a.m. on the first day of the next succeeding month.

(e) *as to subsection (4), clause (a) by striking out the words "a supplier and producer delivers" and by substituting the words "a producer supplies and delivers".*

3. *The following section is added after section 5:*

5.1 A producer, an original buyer or any other buyer of gas in Alberta or any person operating a pipeline for the transmission of gas in Alberta shall, upon the request of

Explanatory Notes

1. This Bill will amend chapter 38 of the Statutes of Alberta, 1975 (Second Session).

2. (a), (b) and (c): Section 1(1)(b), (f) and (o) presently read:

1. (1) In this Act,
 - (b) "Alberta cost of service" with respect to any gas or the movement of any gas means the costs and charges, wherever incurred,
 - (i) that are attributable to the acquisition of the gas by the original buyer, except the contract field price or the regulated field price, whichever applies,
 - (ii) that are associated with the movement and metering of the gas in Alberta,
 - (iii) that are related to any processing required to cause the gas to become marketable gas or that are otherwise related to the supply of the gas, and
 - (iv) that consist of interest or other costs or charges which, under a contract entered into prior to November 1, 1975, were recoverable by the original buyer from the price at which he sold the gas, or any portion of those costs or charges,
as prescribed by or pursuant to the regulations;
 - (f) "designated officer" means an officer of the Department of Energy and Natural Resources, a board, commission or other public body created by an Act of the Legislature or any member or employee thereof designated by the Minister as the designated officer for the purposes of this Act;
 - (o) "regulated field price" means, with reference to any gas sales contract, the price to be paid under the contract by virtue of the operation of section 10.
- (d) The new subsection (1.1) will interpret "month" in accordance with standard invoicing practices in the gas industry.
- (e) This corrects a drafting inconsistency in section 1 (4) (a).

3. The new section 5.1 provides for the furnishing of information on request.

the Minister or a person authorized by the Minister for the purpose, furnish to the Minister or that person any information specified in the request and relating to

- (a) the determination of any Alberta cost of service, or
- (b) transactions under which price adjustments are paid or are required to be paid, or
- (c) transactions under section 14.

4. *Section 6, subsection (1) is amended*

- (a) *by striking out clause (a),*
- (b) *by adding the following clauses after clause (c):*
 - (c.1) providing for any matter referred to in section 10, subsection (3.1);
 - (c.2) exempting the original buyers under any class of gas sales contracts from the payment of price adjustments;
 - (c.3) prescribing standard methods for the conversion of volumetric measurements of gas to million Btu's for any purpose related to this Act;

5. *Section 8 is amended*

- (a) *by striking out the word "prescribed," and*
- (b) *by striking out the words "or the regulations".*

6. *Section 10 is amended*

- (a) *as to subsection (2), clause (a), subclause (ii) by striking out the words "designated officer" wherever they occur and by substituting the word "Minister",*
- (b) *by adding the following subsection after subsection (3):*
 - (3.1) Where all or part of the gas sold under a gas sales contract in any month is resold in Alberta under one or more other contracts,
 - (a) subsections (1) and (2) do not apply to that gas sales contract with respect to that month, and
 - (b) the price to be paid for the gas under the gas sales contract for the month and the manner in which any price adjustment for that month is to be paid and the persons by whom and to whom it is to be paid,

4. Section 6 (1) (a) presently reads:

6. (1) The Lieutenant Governor in Council may make regulations:
(a) for the purposes of section 1, clause (b);

The deletion of subsection (1) (a) is a consequence of the amendment to section 1 (1) (b) of the Act: see section 2 (a) of this Bill.

If regulations are made under the proposed clause (c.2), the producers may nevertheless be entitled to apply for payment from the Natural Gas Pricing Agreement Act Fund of an amount equal to the price adjustment.

5. Section 8 presently reads:

8. Any Alberta cost of service prescribed, determined or estimated pursuant to this Act or the regulations applies notwithstanding any order of the Public Utilities Board under The Gas Utilities Act.

The amendment here is complementary to the amendments to section 1 (1) (b) and section 6 (1) being made by sections 2 (a) and 4 (a) of this Bill respectively.

6. Section 10 (2) presently reads:

- (2) Where a federal-provincial agreement is in effect during any month, the price of gas delivered in Alberta in that month under a gas sales contract for consumption within Alberta shall be

- (a) an amount equal to
(i) the Alberta border price for the month plus the price adjustment for the month
less
(ii) an amount estimated by the designated officer as the amount that would be the Alberta cost of service with respect to the gas and the movement of the gas from the contract delivery point to a point on the Alberta border specified by the designated officer if the gas were to be moved between those points and pipeline facilities were available for that purpose,
or
(b) an amount equal to the contract field price plus the price adjustment for the month,
whichever is the lesser.

- (a) References to "designated officer" are being removed from the Act. The only functions of the designated officer are to make estimates of the Alberta cost of service under section 10 (2) (a) (ii) and section 14 (3) (a) (i) of the Act. The Minister will be empowered to make these estimates as a result of the amendment but he may delegate that function under section 3 of the Act.
- (b) The proposed subsection (3.1) will allow for the determination of the regulated field price by regulations under section 6 of the Act in cases where gas is sold more than once in Alberta.
- (c) Where an agreement is made under the proposed subsection (5), the producer may nevertheless be entitled to apply for a payment from the Natural Gas Pricing Agreement Act Fund of an amount equal to the price adjustment.

shall be determined in accordance with the regulations.

(c) *by adding the following subsection after subsection (4):*

(5) A producer and an original buyer may, with the approval of the Minister, enter into an agreement under which the original buyer is exempted from the payment of price adjustments under this section.

7. Section 14, subsection (3), clause (b), subclause (i) is amended by striking out the words "designated officer" wherever they occur and by substituting the word "Minister".

8. This Act comes into force on the day upon which it is assented to.

7. Section 14 (3) (b) (i) presently reads:

(3) Where any gas is delivered to the Minister pursuant to an order under subsection (1), the Minister shall compensate the person to whom the order is directed

(b) in the case of gas intended for consumption within Alberta, in an amount equal to the lesser of

(i) the Alberta border price minus an amount estimated by the designated officer as the amount that would be the Alberta cost of service with respect to the gas and the movement of the gas from the delivery point prescribed in the Minister's order under subsection (1) to a point on the Alberta border specified by the designated officer if the gas were to be moved between those points and pipeline facilities were available for that purpose, and

See notes to sections 2(b), 6(a) and 7 of this Bill.