

1979 BILL 60

First Session, 19th Legislature, 28 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 60

**THE NATURAL GAS PRICING
AGREEMENT AMENDMENT ACT, 1979**

**THE MINISTER OF ENERGY
AND NATURAL RESOURCES**

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 60

BILL 60

1979

THE NATURAL GAS PRICING AGREEMENT AMENDMENT ACT, 1979

(Assented to , 1979)

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 amended by this Act.

2 Section 1 is amended

(a) in subsection (1) by repealing clause (b),

(b) in subsection (1) by adding the following after clause (i):

(i.1) “market development levy”, with respect to any
month, means the amount determined by the Commis-
sion as the market development levy for the month
under an order made pursuant to section 16.1;

(c) by repealing subsection (3).

**UNIVERSITY
OF ALBERTA LIBRARY**

Explanatory Notes

1 This Bill will amend chapter 38 of the Statutes of Alberta, 1975 (2nd Session).

2 Section 1 presently reads in part:

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 determined by the Commission;

(3) For the purposes of this Act, in determining for any month the Alberta cost of service with respect to gas intended to be removed from Alberta, there shall be deducted an amount equal to the revenues received from the original buyer's sales of gas in Alberta in that month (other than gas delivered by him to the Commission and repurchased by him from the Commission pursuant to section 14) less the amount paid to the producers in respect of that gas.

The content of the definition of "Alberta cost of service" and of subsection (3) is being transferred to the proposed section 1.1 of the Act. See section 3 of this Bill.

3 The following is added after section 1:

1.1(1) For the purposes of this Act, the Alberta cost of service with respect to any gas or the movement of any gas shall be as determined by the Commission and may include costs and charges wherever incurred that

(a) are attributable to the acquisition of the gas by the original buyer, except the contract field price or regulated field price, whichever applies,

(b) are associated with the movement and metering of the gas in Alberta,

(c) 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,

(d) consist of interest or other costs or charges that, 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, or

(e) are prescribed by regulation.

(2) Subject to section 7, the Commission shall determine the Alberta cost of service for an original buyer of gas intended to be removed from Alberta that shall, unless otherwise ordered by the Commission, apply to all gas purchased in the month by that person as an original buyer.

(3) In determining for any month the Alberta cost of service for an original buyer there may be deducted an amount equal to

(a) the revenues received from the original buyer's sales of gas in Alberta in that month less the amount paid to the producers in respect of that gas, and

(b) any costs and charges refunded to the original buyer that have been included in prior months Alberta cost of service.

(4) Subsection (3)(a) does not apply to sales of gas made to the Commission pursuant to section 14 if the gas is repurchased by the original buyer pursuant to that section.

3 The content of the definition of “Alberta cost of service” in section 1(1)(b) and of section 1(3) is recast in the proposed section 1.1.

4 Section 2 is amended by adding “, market development levies” after “price adjustments”.

5 Section 6(1) is amended by adding the following after clause (c.5):

(c.6) prescribing categories of costs and charges for the purposes of section 1.1(1)(e).

6 The following is added after section 16:

PART 2.1

MARKET DEVELOPMENT

16.1(1) The Commission may by order determine an amount for any month as the market development levy for the month.

(2) A market development levy shall be expressed in an order under this section as a number of cents per gigajoule of gas.

(3) An order under this section may be made effective as of the first day of the month preceding the month in which the order is made.

(4) The market development levy for any month shall not exceed the maximum amount per gigajoule prescribed by the regulations.

16.2 If during any month the Commission sells to a person pursuant to section 14(4) gas intended to be removed from Alberta, the purchaser from the Commission shall, upon demand, pay to the Commission in respect of each gigajoule of gas delivered to the purchaser in that month, an amount equal to the market development levy for that month.

4 Section 2 presently reads:

2 For the purposes of this Act and any regulation or order under this Act, prices for gas, price adjustments and the Alberta cost of service or any kind of Alberta cost of service with respect to gas or the movement of gas shall be expressed in or converted to cents per million gigajoule based on gross or higher heating value, upon such conditions as to the delivery of the gas as are specified in the gas sales contract for the gas, the contract relating to the movement of the gas or an order of the Commission under Part 2, as the case may be.

5 This amendment is consequential to the proposed section 1.1(1).
See section 3 of this Bill.

6 Authorizes market development levies, provides for payment of those levies to the Commission, and establishes the Natural Gas Pricing Agreement Market Development Fund to encourage the development of markets for Alberta gas outside Alberta but within Canada.

16.3(1) There shall be a fund called the “Natural Gas Pricing Agreement Market Development Fund” (in this section referred to as the “Development Fund”) which shall be held and administered by the Commission.

(2) The Commission shall keep a separate accounting record of the Development Fund.

(3) The Commission shall pay into the Development Fund the amounts collected by it pursuant to section 16.2.

(4) The Commission shall pay from the Development Fund the amounts it is authorized to pay pursuant to regulations under subsection (5).

(5) The Lieutenant Governor in Council may make regulations

(a) prescribing the maximum amount of a market development levy for the purposes of section 16.1(4);

(b) authorizing the Commission to make payments from the Development Fund to persons carrying on business as distributors of gas, wherever produced, to consumers within Canada but outside Alberta;

(c) governing any other matter incidental to the administration of the Development Fund.

(6) The Commission may with the approval of the Lieutenant Governor in Council enter into agreements with any person to whom payments may be made from the Development Fund upon any terms and conditions that may be prescribed by the Lieutenant Governor in Council.

(7) The Commission shall

(a) after the end of each calendar year prepare a report summarizing the operation of the Development Fund for the preceding calendar year and a financial statement showing the revenues of and expenditures from the Development Fund during that preceding year, and

(b) submit the financial statement to the Auditor General for audit.

(8) When the report for a calendar year and the financial statement, as audited by the Auditor General, are prepared under subsection (7), the Commission shall submit them to the Minister who shall lay a copy of them before the Legislative Assembly if it is then sitting and, if not then sitting, within 15 days after the commencement of the next sitting.

7 Section 1.1(1) as enacted by section 3 of this Act is amended by striking out “or” at the end of clause (d) and by adding the following after clause (d):

(d.1) in the case of gas intended to be removed from Alberta, are attributable to any market development levies paid in respect of the gas, or

8(1) This Act, except sections 2(b), 4, 6 and 7, comes into force on the day upon which it is assented to.

(2) Sections 2(b), 4, 6 and 7 come into force on a date or dates to be fixed by Proclamation.

7 This amendment adds in the market development levy as an element of the Alberta cost of service.