

1981 BILL 88

Third Session, 19th Legislature, 30 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 88

**NATURAL GAS PRICING AGREEMENT
AMENDMENT ACT, 1981**

THE MINISTER OF ENERGY AND
NATURAL RESOURCES

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 88

BILL 88

1981

NATURAL GAS PRICING AGREEMENT AMENDMENT ACT, 1981

(Assented to _____, 1981)

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2 *Section 1(1)(a) is repealed and the following is substituted:*

(a) "Alberta border price" means, with respect to the term of a federal-provincial agreement or any period during that term, the amount determined as the Alberta border price for the term or that period, as the case may be, under the federal-provincial agreement;

(a.1) "Alberta cost of service" means the Alberta cost of service determined in accordance with section 1.1;

3 *Section 1.1 is amended by adding the following after subsection (4):*

(5) Notwithstanding anything in subsections (1) to (4), if gas is delivered within Alberta to the pipeline facilities of Foothills Pipe Lines (Alberta) Ltd., then, for the purposes of this Act, the Alberta cost of service with respect to that gas shall not include any costs or charges associated with the movement and metering of the gas in those pipeline facilities, as determined by the National Energy Board.

4 *Section 4 is amended by repealing subsections (2), (3) and (4) and substituting the following:*

Explanatory Notes

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

2 Section 1(1)(a) presently reads:

1(1) In this Act,

(a) "Alberta border price" means

(i) the imputed Alberta border price as defined in paragraph 2 of the letter referred to in section 4, subsection (3), clause (a) with respect to the period during which the federal-provincial agreement referred to in that subsection is in effect, or

(ii) in the case of any other federal-provincial agreement, the amount determined under the agreement as the Alberta border price or the imputed Alberta border price;

3 Section 1.1 provides for the manner of determining the Alberta cost of service with respect to gas produced in Alberta. See also section 5 of this Bill.

4 Section 4 presently reads:

4(1) With the approval of the Lieutenant Governor in Council, the Minister may enter into an agreement on behalf of the Government of

(2) A federal-provincial agreement may provide for the determination of an amount as the "Alberta border price" for the term of the agreement or for various periods during the term of the agreement.

(3) Without limiting the generality of subsection (1), a federal-provincial agreement may also provide for the following:

(a) the authorizing of the payment by the Government of Alberta or the Commission to the Government of Canada of payments, to be called "market development incentive payments", for the purpose of facilitating the expansion of markets for gas produced in Alberta in provinces east of Alberta;

(b) the manner of calculating market incentive payments to be made under the agreement;

(c) the manner in which and the time at or by which market development incentive payments are to be made to the Government of Canada, and the manner in which the Government of Canada will hold the payments received by it;

(d) the rights and obligations of the Government of Canada in respect of the expenditure of money received by it as market development incentive payments;

(e) the rights and obligations of the Government of Canada, the Commission and the Government of Alberta in respect of the furnishing of information pertaining to market development incentive payments or to the expenditures referred to in clause (d);

(f) any other matter incidental to the matters described in clauses (a) to (e).

(4) The *Regulations Act* applies to orders of the Lieutenant Governor in Council under this section but if an order under this section is filed under that Act within 1 month after the commencement of the term of the agreement approved by the order or the effective date of any amending agreement approved by the order, the order may provide that it shall be deemed to have been in effect as of the commencement of the term of the agreement or the effective date of the amending agreement, as the case may be, and not the date of filing.

5 *Section 12 is amended*

(a) *by renumbering the section as section 12(1);*

(b) *by repealing subsection (1)(b) and substituting the following:*

Alberta with the Government of Canada for the purpose of establishing prices for the various kinds of gas during any period and for any other purposes related to the provisions of this Act.

(2) An agreement under subsection (1) may provide for the determination of an amount called the "imputed Alberta border price" or the "Alberta border price".

(3) The Lieutenant Governor in Council may declare that the following documents, namely,

(a) the letter dated October 17, 1975 from the Minister of Energy and Natural Resources and the Minister of Federal and Intergovernmental Affairs to the Minister of Energy, Mines and Resources of Canada, and

(b) the reply to that letter by the Minister of Energy, Mines and Resources of Canada,

be deemed to be an agreement made under subsection (1) with the approval of the Lieutenant Governor in Council and to have been in effect for the purposes of this Act as of November 1, 1975.

(4) The Regulations Act applies to orders of the Lieutenant Governor in Council under this section but an order made under subsection (3) and filed under that Act shall be deemed to have been in effect as of November 1, 1975 and not the date of filing.

5 Section 12 presently reads:

12 In this Part,

(a) "Canadian cost of service" with respect to any gas or the movement of any gas means the costs or charges of transmission and metering and all other costs associated with the movement of

(b) “international border price” of any gas means the price of that gas as specified in the licence or other authorization issued by the National Energy Board permitting the export of that gas from Canada or as prescribed by the Governor in Council under Part III of the *Petroleum Administration Act* (Canada).

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

(2) Notwithstanding subsection (1)(a), if gas is delivered within Alberta to the pipeline facilities of Foothills Pipe Lines (Alberta) Ltd., then, for the purposes of this Part, the Canadian cost of service with respect to that gas shall include any costs and charges associated with the movement and metering of the gas in those facilities as determined by the National Energy Board.

6 *Section 14(5)(b) is amended by striking out “and” at the end of subclause (i), by adding “and” at the end of subclause (ii) and by adding the following after subclause (ii):*

(iii) any other costs or charges determined by the Commission as being deductible for the purposes of this clause.

7 *Section 16 is amended*

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

(d) money required to be paid, by the Commission to the

the gas outside Alberta, as determined by the National Energy Board;

(b) the “international border price” of any gas means the price of that gas at the point it crosses the international boundary of Canada as specified in the licence of the National Energy Board authorizing the removal of that gas from Canada or as otherwise prescribed by the Government of Canada.

6 Section 14(5) presently reads:

(5) Where the Commission sells gas pursuant to subsection (4), the price at which the gas shall be sold shall be

(a) in the case of

(i) gas sold for consumption within Canada, or

(ii) gas used in the transmission of Canadian gas back to Canada in any pipeline system in the United States for which the person to whom the Commission's order is directed under subsection (1) is charged in connection with such transmission,

the amount paid as compensation for the gas under subsection (3);

(b) in the case of gas sold for consumption outside Canada, except any gas referred to in clause (a), subclause (ii), the international border price less the sum of

(i) the Alberta cost of service with respect to the gas and the movement of the gas from the point at which the Commission delivers the gas to the purchaser to the point on the Alberta border at which the gas is or will be removed from Alberta, and

(ii) the Canadian cost of service with respect to the gas and the movement of the gas from the Alberta border to the point at which it crosses the international boundary of Canada.

7 Section 16(4), (5) and (6) presently reads:

(4) The following shall be paid out of the Fund:

(a) compensation payable by the Commission pursuant to section

Government of Canada as market development incentive payments pursuant to a federal-provincial agreement.

(b) *in subsection (5)(a) by adding “or to make any payments referred to in subsection (4)(d)” after “compensation or costs referred to in subsection (4), clauses (a) and (b)”;*

(c) *in subsection (6)(c) by adding “and money required to make payments referred to in subsection (4)(d)” at the end of the clause;*

(d) *by adding the following after subsection (8):*

(9) When a federal-provincial agreement is no longer in effect, the Commission

(a) may transfer all of the money then in the Fund to the Natural Gas Price Administration Act Fund under the *Natural Gas Price Administration Act*, and

(b) on transferring the money, may make from the Natural Gas Price Administration Act Fund any payments that would have been made from the Natural Gas Pricing Agreement Act Fund if the federal-provincial agreement had remained in effect.

8 *The Natural Gas Pricing Agreement Amendment Act, 1979 is amended by repealing sections 2(b), 4, 6, 7 and 8.*

14 with respect to gas delivered to the Commission under that section;

(b) any cost of service incurred by the Commission with respect to gas delivered to the Commission under section 14 and the movement of the gas from the point of delivery to the Commission to the point of delivery to the purchaser of the gas from the Commission;

(c) moneys paid to producers, original buyers and second buyers pursuant to the regulations under subsection (5).

(5) The Lieutenant Governor in Council may make regulations

(a) authorizing the Commission to make payments on a monthly basis from moneys in the Fund that are not from time to time required to pay any compensation or costs referred to in subsection (4), clauses (a) and (b), to

(i) eligible producers,

(ii) eligible original buyers by way of reimbursement to those buyers for the price adjustments required to be paid by them by virtue of the operation of section 10, subsections (1) and (2), and

(iii) eligible second buyers by way of reimbursement to those buyers for the price adjustments required to be paid by them by virtue of the operation of section 10, subsection (3.1), clause (c);

(b) prescribing the classes of producers, original buyers and second buyers eligible to receive payments pursuant to regulations under clause (a);

(c) prescribing the conditions on which the payments shall be made and the manner in which they shall be made;

(d) governing any other matter incidental to the making of payments to producers, original buyers and second buyers under this section.

(6) The regulations under subsection (5)

(a) shall, as far as practicable, provide for payments to eligible producers, original buyers and second buyers on an equitable basis;

(b) may authorize the Commission or any other person to do any act in connection with the administration of the regulations;

(c) shall be administered in such a manner that the eligible producers, original buyers and second buyers receive all of the moneys in the Fund except for those moneys required to pay for compensation or costs referred to in subsection (4), clauses (a) and (b).

8 This section will amend chapter 54 of the Statutes of Alberta, 1979. The provisions to be repealed have not been proclaimed in force. Provisions in this Bill have been substituted in their place.

9 *The Natural Gas Price Administration Act is amended*

(a) *by adding the following after section 5(c.5):*

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

(b) *by adding the following after section 17(8):*

(9) When a federal-provincial agreement under the *Natural Gas Pricing Agreement Act* comes into effect, the Commission

(a) may transfer all of the money then in the Fund to the Natural Gas Pricing Agreement Act Fund under the *Natural Gas Pricing Agreement Act*, and

(b) on transferring the money, may make from the Natural Gas Pricing Agreement Act Fund any payments that would have been made from the Natural Gas Price Administration Act Fund if the federal-provincial agreement had not come into effect.

10 *Section 4 shall be deemed to have been in force at all times on and after November 1, 1981.*

In accordance with section 4(1) of The Interpretation Act, 1980, this Bill, except section 4, comes into force on the date it receives Royal Assent.

9 This section will amend chapter 70 of the Statutes of Alberta, 1975 (Second Session).