

1986 BILL 1

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First Session, 21st Legislature, 35 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# BILL 1

**NATURAL GAS PRICING AGREEMENT  
AMENDMENT ACT, 1986**

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THE PREMIER

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First Reading .....

Second Reading .....

Committee of the Whole .....

Third Reading .....

Royal Assent .....

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*Bill 1*

## **BILL 1**

1986

### **NATURAL GAS PRICING AGREEMENT AMENDMENT ACT, 1986**

*(Assented to \_\_\_\_\_, 1986)*

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) is amended*

*(a) in clause (k) by striking out “section 6” and substituting “section 5”;*

*(b) by repealing clause (o) and substituting the following:*

(o) “regulated field price” means

(i) with reference to a gas sales contract, the price to be paid for gas delivered under the contract by virtue of the operation of

(A) section 11(1) and (2), or

(B) the regulations, if regulations are made under section 7(1)(b.01) in relation to the gas,

or

(ii) with reference to a resale contract, the price to be paid for gas delivered under the contract by virtue of the operation of

(A) section 11(4), or

(B) the regulations, if regulations are made under section 7(1)(b.01) in relation to the gas;

*3 Section 2(2) is amended by striking out “original buyer or gas” and substituting “original buyer of gas”.*

*4 Section 6(c) is amended by striking out “section 14” and substituting “section 15”.*

*5 Section 7(1) is amended*

*(a) by repealing clause (b) and substituting the following:*

(b) exempting any class of gas from the operation of section 11(1) and (4)(c);

## Explanatory Notes

**1** This Bill will amend chapter N-4 of the Revised Statutes of Alberta 1980.

**2** Section 1(1)(k) and (o) presently read:

*1(1) In this Act,*

*(k) "price adjustment" with respect to any month means the amount determined by the Commission as the price adjustment for the month under an order made pursuant to section 6;*

*(o) "regulated field price" means*

*(i) with reference to a gas sales contract, the price to be paid under the contract by virtue of the operation of section 11(1) and (2), and*

*(ii) with reference to a resale contract, the price to be paid under the contract by virtue of section 11(4);*

**3** Corrects a typographical error in the Revised Statutes of Alberta 1980.

**4** Corrects an error in the Revised Statutes of Alberta 1980.

**5** Section 7(1) presently reads in part:

*7(1) The Lieutenant Governor in Council may make regulations*

*(b) exempting any class of gas sales contracts from the operation of section 11;*

(b.01) in relation to any gas within any class of gas exempted from the operation of section 11(1) and (4)(c), prescribing the price to be paid for the gas under the gas sales contract or resale contract under which it is sold and delivered, or the method by which that price is to be determined;

*(b) by repealing clause (e).*

**6** *Section 11 is amended*

*(a) in subsection (1) by striking out “When a federal-provincial agreement is in effect during any month,” and substituting “If a federal-provincial agreement establishes an Alberta border price in respect of a month,”;*

*(b) in subsection (2) by striking out “When a federal-provincial agreement is in effect during any month,” and substituting “If a federal-provincial agreement establishes an Alberta border price in respect of a month,”;*

*(c) by repealing subsection (3).*

**7** *Section 13 is repealed.*

*(e) exempting any class of resale contracts from the operation of section 11(4);*

**6** Section 11 presently reads in part:

*11(1) When a federal-provincial agreement is in effect during any month, the price of gas delivered in that month under a gas sales contract and intended to be removed from Alberta shall for all purposes be deemed to be an amount equal to*

*(a) the Alberta border price for the month plus the price adjustment for the month*

*less*

*(b) the Alberta cost of service with respect to the gas and the movement of the gas from the contract delivery point to the point on the Alberta border at which the gas is or will be removed from Alberta.*

*(2) When 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 in 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 Commission 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 Commission 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.*

*(3) This section does not apply to any gas sales contract exempted from the operation of this section by the regulations.*

**7** Section 13 presently reads:

*13(1) 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 the gas outside Alberta, as determined by the National Energy Board;*

*(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 General in Council under Part III of the Petroleum Administration Act (Canada).*

*(2) Notwithstanding subsection (1)(a), if gas is delivered within Alberta to the pipeline facilities of Foothills Pipe Lines (Alta.) Ltd., then, for the*

8 *Section 15 is amended*

*(a) in subsection (3) by repealing clause (a) and substituting the following:*

(a) in the case of gas intended to be removed from Alberta, in an amount per gigajoule prescribed by or determined under the regulations, or

*(b) by repealing subsection (5) and substituting the following:*

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

(a) in the case of gas intended to be removed from Alberta, the price in respect of the gas prescribed by or determined under the regulations, and

(b) in the case of gas intended for consumption in Alberta, the amount paid as compensation for the gas under subsection (3)(b).

*(c) by adding the following after subsection (7):*

(8) The Lieutenant Governor in Council may, in respect of gas intended to be removed from Alberta or any class of gas intended to be removed from Alberta, make regulations prescribing

(a) an amount per gigajoule for the purposes of subsection (3)(a) or the method by which that amount is to be determined, and

(b) a price for the purposes of subsection (5)(a) or the method by which that price is to be determined.

9 *The following are validated:*

(a) *Natural Gas Pricing Agreement Amendment Regulation (Alta. Reg. 384/85);*

(b) *Natural Gas Pricing Agreement Amendment Regulation (Alta. Reg. 105/86);*

(c) *Natural Gas Pricing Agreement Amendment Regulation (Alta. Reg. 174/86).*

10 *This Act, except section 9, is deemed to have come into force on November 1, 1985.*

*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.*

**8** Section 15(3)(a) and (5) presently read:

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

*(a) in the case of gas intended to be removed from Alberta, in an amount equal to the Alberta border price less the Alberta cost of service with respect to that gas and the movement of that gas from the delivery point prescribed in the Commission's order under subsection (1) to the point on the Alberta border at which the gas is or will be removed from Alberta, or*

*(5) When 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 in 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 that 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)(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,*

*(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, and*

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

**9** Validates certain regulations.

**10** Coming into force.