

LNG for the Maritimes

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Energy Observers say LNG for domestic markets could be economic boom

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FREDERICTON - An anticipated influx of liquefied natural gas into the Canaport LNG terminal carries untapped opportunity for the Maritime markets that could boost economic development, according to the Atlantica Centre for Energy.

The National Energy Board released its recommendations into a 25-year licence application for Repsol Energy Canada Ltd. to import liquefied natural gas and export regasified LNG into the U.S. northeast. The licence will become final following a consultation period.

Spanish-based Repsol is partnering with Irving Oil Ltd. to build the LNG terminal near Saint John.

Market studies undertaken by Repsol show that up to one quarter of the LNG it expects to bring to the new Saint John terminal could be sold into the Maritime market.

Tim Curry, president of the Atlantica Centre for Energy, said that availability of new quantities of natural gas will be a huge benefit to local economic development.

"A quarter of a billion cubic feet per day of discretionary capacity would be two to two and half times what the Maritimes is using now, it allows for a lot room for growth," Curry said.

Repsol Energy North America has a daily contract to sell one billion cubic feet a day, but only three-quarters of that is destined to pre-arranged buyers, leaving the rest to be put on the market.

"Given that not all of the applied-for export volume is contractually committed to the export market, Repsol reiterated its commitment to make gas available to Maritimes Canada on competitive terms and conditions," the documents said.

"We're pleased that the NEB concluded that this new source of natural gas supply will be a very beneficial resource for energy markets in Canada and the Northeast U.S.," said Phil Ribbeck, president of Repsol Energy Canada, Ltd. and Repsol Energy North America Corporation, in a release.

The report filed with the national regulator from Concentric Energy Advisors indicated that there is "significant long-term demand" for natural gas in the region and that growth will be fuelled by access to LNG and the reduction in domestic supply.

"The demand projections also indicated that the Atlantic Canadian market by itself is not sufficient to absorb the entire output from the Canaport LNG terminal. Repsol indicated in its application that the ability to export the natural gas to serve anchor markets in the U.S. northeast is therefore fundamental to the availability of incremental supplies to serve Canadian markets," the report said.

Repsol was given the licence on Thursday to import LNG to the Canaport terminal in Saint John and export shipments. The company had applied in January for a 25-year licence to supply 365 billion cubic feet of liquefied natural gas annually into the terminal and export up to one billion cubic feet a day of gas to customers in the United States.

The national regulator said in a release it had concluded that the operation would be a "useful addition to the supply of natural gas in North America."

Curry said the long-term licence, which had been opposed by some interveners earlier this year in favour of a 10-year deal, is a "major step forward" because it offers more stability.

"What this does is give business the confidence to invest in facilities and manufacturing processes that require natural gas," Curry said. "It also gives long-term choices to residential and commercial customers to make the commitment to invest in natural gas."

The national energy regulator denied Repsol's request to also export Canadian natural gas, saying the company did not provide enough information.

Company representatives did not return requests for an interview.

Energy Minister Jack Keir said the pending licence approval fits well into the province's overall energy strategy.

"It's great news for New Brunswick's energy hub," Keir said. "It was the LNG terminal approval that really has started the whole ball rolling on all the possibilities that go with the energy hub vision."