



POLICY UPDATE

News and views from the Metropolitan Halifax Chamber of Commerce November 10, 1997

Chamber Pleased with Sable Panel's Decision

The Chamber was pleased with the decision delivered on October 27 by the Joint Public Review Panel to assess the Maritimes and Northeast Pipeline (MN&P) and Sable Offshore Energy projects. The Chamber's goal has always been to see Sable development proceed in a timely manner and with the maximum benefit for Nova Scotia. The panel's decision moves us along toward that goal.

From the beginning, the Chamber has taken a very active role in the review of the Sable Offshore Energy Project (SOEP). As you may remember, in early July 1997, the Chamber had delivered to the Joint Review Panel a series of principles which the Chamber believed should be used to guide the development of the Sable resources. These principles were:

1) Timeliness - All acceptable proposals before the Joint Review Panel should be dealt with in a timely manner. The potential for other applications to appear should not be grounds for delay.

The Chamber is pleased that this particular principle was met. The National Energy Board and other regulators can now focus on the swift consideration of additional projects while the approved projects can move forward.

2) Open and Fair Access-

There should be equal access to the transmission infrastructure, both offshore and onshore, for both future suppliers of natural gas and its purchasers.

The Joint Review Panel ensured the open and fair access to natural gas that the Chamber had called for by rejecting the idea of SOEP dedicating its entire supply of natural gas to one shipper. In rejecting this approach to gas sales the Panel has opened the way for other consumers and shippers to purchase Sable gas directly once it has come ashore.

3) Financially Self Supporting -

The mainline should be financially self supporting. Any lateral off the mainline should also be self supporting. There should be no subsidy from the government or from other markets serviced by the transmission system.

The Chamber was not satisfied with the Panel's decision to recommend that the lateral and mainline costs be linked together.

4) Fair Rate Structure - Those closest to the resource should pay lower transmission charges, consistent with fair economic principles.

The Chamber was disappointed with the Panel's decision on this issue. The Panel recommended a single toll approach for Nova Scotia and New Brunswick with a 10 year discount for Nova Scotia.

Over the long term, this approach will see those who are farther away from the resource paying the same transportation costs as those who are closest to it.

5) Future Opportunities -

Natural gas liquids offer the potential for significant industrial development in Nova Scotia. The decision of the Joint Review Panel should not prevent future exploitation of this resource.

The Chamber is particularly pleased with the Panel's recognition of the importance of natural gas liquids in maximizing the benefits to Nova Scotia from this project. The panel has stated what the Chamber had been advocating from the beginning -- that Nova Scotia needs a long term vision to promote the development of a petro-chemical industry in the province.

Natural gas liquids, including ethane, and their use in a Nova Scotian-based petro-chemical industry, offer long term potential for economic growth and jobs. Based on the Panel's decision this potential can no longer be ignored.

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