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October 26, 2012

Ms. Sherri Young
Secretary of the Board
National Energy Board
444 -7th Avenue SW,
Calgary, AB T2P 0X8

Re: Part VI Oil & Gas Consultation file number Ad-GA-ActsLeg-Fed-NEBA-Amend 0101

Ms. Young,

Thank you for the opportunity to comment on the above referenced consultation.

The Canadian Gas Association (CGA) is primarily interested in changes that will impact the NEB's abilities and duties in its role as an impartial monitor of, and information source on, natural gas markets in Canada. In this regard CGA believes that the particular change in respect to the tracking and documenting of import gas flows - unless an alternative means of public monitoring exists - potentially prevent the proper execution of the responsibilities of the NEB as set out in section 118 of the revised NEB Act.

The revised section 118 of the Act states that ..."the Board shall satisfy itself that the quantity of oil or gas to be exported does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada, having regard for the trends in the discovery of oil or gas in Canada". The determination of that must be based on a complete data set, but if the capacity to measure import data no longer exists, then this determination can't proceed. Canada exports half of our natural gas production, and increasingly we are importing gas. The elimination of the tracking and publication of natural gas export and import volumes, revenues, and prices would call into question the ability of the NEB to fulfill their new section 118 obligations.

CGA notes that the NEB's own reports identify the critical nature of natural gas imports in terms of understanding natural gas markets in Canada. NEB analysis also notes that Canada is likely to become much more import dependent in the future, particularly in central and eastern provinces. This suggests that import information is of growing importance to the proper determination of "surplus".

Moreover, CGA believes that a complete import picture is essential for transparent price discovery, which in turn is critical to determine if a market is well supplied, in surplus, or possibly being manipulated by those who might have inside/proprietary knowledge about the supply demand balance. Any loss of information on traded volumes, trade revenues, and pricing, even in aggregate form makes determination of market surplus/deficit extremely difficult.

Finally, CGA notes that neither the NEB nor most other market watchers predicted the arrival and impact on supply and foreseeable surplus of natural gas from unconventional resources in North America. However trade flows did and could continue to provide valuable confirmation of such market shifts either towards or away from surplus.

Again, the NEB may have another source for import information in mind to meet the need for a determination of "surplus". If so, CGA would appreciate knowing what that source is.

CGA would be happy to discuss any questions that the NEB may have regarding our comments. Please feel free to contact Nathalie Bousquet in my office should you wish to schedule any follow-up. Nathalie can be reached at (613) 748-0057 ext. 304.

Thanking you in advance for your consideration of these comments, I remain,
yours respectfully,

A handwritten signature in black ink, appearing to read 'Timothy M. Egan', written over a horizontal line.

Timothy M. Egan
President and Chief Executive Officer