

**NATIONAL ENERGY BOARD**

IN THE MATTER OF the *National Energy Board Act*, RSC, 1985,  
c. N-7, as amended, and the Regulations made thereunder;

AND IN THE MATTER OF an Application by Triton LNG Limited  
Partnership for a licence pursuant to section 117 of the *National  
Energy Board Act* authorizing the export of liquefied natural gas.

To: Secretary  
National Energy Board  
444 - 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 0X8

---

**APPLICATION OF TRITON LNG LIMITED PARTNERSHIP**

---

**OCTOBER 29, 2013**

## I APPLICATION

1. Triton LNG Limited Partnership ("Triton LNG LP" or the "Applicant") hereby applies to the National Energy Board ("NEB" or "Board"), pursuant to section 117 of the *National Energy Board Act* ("*NEB Act*"), for a licence to export liquefied natural gas ("LNG") in accordance with the following terms and conditions:

**Duration:** The term of the licence shall be 25 years commencing on the date of first export of LNG under the licence;

**Annual Quantity:** Subject to the annual tolerance, the quantity of LNG that may be exported in any 12-month period shall not exceed 2,300,000 tonnes, which is the approximate natural gas equivalent of 3,260,000  $10^3\text{m}^3$  or 115 Bcf;

**Term Quantity:** The quantity of LNG that may be exported over the term of the licence shall not exceed 58,000,000 tonnes, which is the approximate natural gas equivalent of 81,500,000  $10^3\text{m}^3$  or 2,880 Bcf; and

**Annual Tolerance:** The quantity of LNG that may be exported in any 12-month period may exceed the annual maximum by 15 percent;

**Early Expiration Date:** Unless otherwise directed by the Board, the term of the licence shall end 10 years after the date of issuance of the licence if the export of LNG has not commenced on or before that date;

**Export Point:** The point of export of LNG from Canada shall be at the outlet of the loading arm of the natural gas liquefaction facility located near either Kitimat or Prince Rupert, British Columbia.

2. In submitting this application, the Applicant has had regard for:

- the criteria for considering an application for a licence to export gas, set out in section 118 of the *NEB Act*, that the Board shall satisfy itself that the quantity of 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 to the trends in the discovery of gas in Canada;

- the filing requirements set out in Guide Q of the Board's Filing Manual;
- the *Interim Memorandum of Guidance Concerning Oil and Gas Export Applications and Gas Import Applications under Part VI of the National Energy Board Act* ("Interim MOG") issued by the Board on July 11, 2012; and
- the Board's Letter Decision dated February 4, 2013 respecting the export application of LNG Canada Development Inc. ("LNG Canada").

3. The Applicant is filing in this Application information to demonstrate that the quantity of gas to be exported by it does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada, having regard to the trends in the discovery of gas in Canada, as required by section 118 of the *NEB Act*. Consistent with Guide Q of the Filing Manual, the Interim MOG and the LNG Canada Letter Decision, the Applicant seeks relief from the filing requirements contained in section 12 of the *National Energy Board Act Part VI (Oil and Gas) Regulations* ("Part VI Regulations"), except where those requirements are addressed in this application.
4. The Applicant also requests exemptions from the reporting requirements set out in section 4 of the *National Energy Board Export and Import Reporting Regulations* ("Reporting Regulations"). The Applicant requests that its reporting requirements be limited to quarterly reporting of (i) aggregate volumes of gas exported; (ii) aggregate value of export revenue at the export point; (iii) average heating value of the gas exported; and (iv) aggregate export volume by country of destination.

## **II BACKGROUND**

### **(a) The Applicant**

5. Triton LNG LP is a partnership formed under the laws of Alberta and registered to do business in British Columbia. The general partner of Triton LNG LP is Triton LNG Inc. The limited partner of Triton LNG LP is AltaGas Idemitsu Joint Venture Limited Partnership ("AltaGas Idemitsu LP"). AltaGas Pacific Partnership and Idemitsu Canada Corporation each own a 50 percent interest in AltaGas Idemitsu LP.
6. AltaGas Pacific Partnership is a subsidiary of AltaGas Ltd. ("AltaGas"). AltaGas is a diversified energy infrastructure business with a focus on natural gas, power and regulated utilities and an enterprise value of approximately \$7.5 billion.
7. Idemitsu Canada Corporation is a subsidiary of Idemitsu Kosan Co., Ltd. ("Idemitsu"). Idemitsu is Japan's second largest petroleum company with consolidated net sales (2012) of approximately \$47 billion. Its primary businesses include refining, manufacturing and sale of petroleum, lubricants and petrochemical products.

### **(b) Triton LNG Project**

8. Triton LNG LP is preparing preliminary engineering designs for the construction of liquefaction facilities and has identified potential site locations in the vicinity of Kitimat and Prince Rupert, British Columbia. The LNG facilities are expected to include:
  - a Floating Liquefaction Storage and Offloading (FLSO) vessel, with two liquefaction trains and storage of up to 200,000 m<sup>3</sup> of LNG;
  - a marine berth and related bulkhead, dock, and mooring infrastructure to support long-term docking of the FLSO vessel and temporary docking of LNG carriers; and
  - shore side facilities, including power supply, condensate storage, water supply and return, cooling water system, feed gas pipeline and metering, and support buildings.

9. It is anticipated that the FLSO vessel will have an annual production capacity of approximately 2.3 million tonnes per annum of LNG and will require approximately 9,210 10<sup>3</sup>m<sup>3</sup>/day (325 Mmcf/day) of feed gas, inclusive of process fuel. The LNG production will be offloaded from the FLSO vessel through a loading arm to LNG carriers for transport to export markets.
10. Triton LNG LP is currently developing the project feasibility study, which is expected to be completed in 2014. Subject to the completion of the feasibility study, consultations with First Nations, permitting, regulatory approvals and facility construction, the proposed LNG exports could begin as early as 2017. Triton LNG LP is now in discussions with supply and market participants to develop commercial supply and offtake agreements.

**(c) Transportation Arrangements**

11. The feed gas for the Triton LNG project will be transported on the system of Westcoast Energy Inc., carrying on business as Spectra Energy Transmission, to the interconnect with the Pacific Northern Gas Ltd. ("PNG") system. Triton LNG LP has signed a 20 year Transportation Reservation Agreement with PNG for 325 Mmcf/day of natural gas transportation capacity related to the PNG expansion. The British Columbia Environmental Assessment Office has issued an order accepting PNG's expansion project into the environmental assessment process.

**(d) Gas Supply**

12. The feed gas for the Triton LNG project will be supplied from the Western Canadian Sedimentary Basin and will be secured through a mixture of gas purchase contracts made directly with other resource holders and supply through transactions made at market hubs. It is anticipated that the LNG facility will be connected by pipeline systems to the principal market hubs, including AECO/NIT and Station 2, where large volumes of natural gas are traded and market prices are established through trading.

**III SURPLUS DETERMINATION**

13. As stated by the Board in the Interim MOG and the LNG Canada Letter Decision, the role of the Board, in considering a gas export application, is to evaluate whether the gas

to be exported is surplus to reasonably foreseeable Canadian requirements. To enable the Board to fulfill this mandate, consistent with the Filing Requirements, the Applicant is providing herewith:

- a report prepared by Ziff Energy - a division of HSB Solomon Associates LLC ("Ziff Energy") entitled "Long Term Natural Gas Supply and Demand Forecast"; and
- a report prepared by Roland Priddle entitled "Triton LNG Limited Partnership Gas Export Licence: Impact Description and Surplus Evaluation".

14. The Ziff Energy report provides descriptions of the gas supplies expected to be available to the Canadian market and of the expected gas requirements for Canada over the requested export licence term. Among the Ziff Energy conclusions are that:

- North American and Canadian gas resources are robust and continue to grow with the development of horizontal drilling and multi-stage fracture technologies.
- North American gas supply is expected to grow from 80 Bcf/day in 2012 to 119 Bcf/day in 2050.
- Canadian gas supply is expected to grow from 13 Bcf/day in 2012 to 21 Bcf/day in 2050, as new gas supplies more than offset declines of high cost conventional gas.
- Canadian gas demand growth is expected to be driven principally by a switch away from coal-fired power generation, gas for growing oil sands production, and LNG liquefaction.
- Canadian gas demand is expected to grow from 8.7 Bcf/day in 2013 to 20.5 Bcf/day in 2050.
- The North American gas market is highly liquid, open, and efficient.
- Canadian gas markets are a component of the integrated North American market and have been and will continue to be adequately supplied.

- North American and Western Canadian gas supply will not be curtailed to meet projected base demand and incremental demand from the Triton LNG project.
- The incremental price impact of the Triton LNG project on AECO natural gas prices will be negligible, averaging US \$0.02/Mcf.
- The export of gas proposed by Triton LNG LP will not cause Canadians any difficulty in meeting their natural gas requirements at fair market prices.

15. Mr. Priddle's report provides a description of the implications of the proposed gas export volumes on the ability of Canadians to meet their gas requirements and an evaluation whether this gas is surplus to Canadian requirements. Mr. Priddle concludes that:

"Triton's exports will not impair Canadians' ability to adequately meet their gas requirements with supplies at prices which will derive from the normal functioning of the large, dynamic, integrated North American market and with a variety of options to meet their needs. Given the large resource base, favourable trends in gas discovery and low incremental supply costs, these modest exports can be evaluated as surplus to reasonably foreseeable requirements for use in Canada."

16. The assessments of Ziff Energy and Mr. Priddle demonstrate that the quantity of gas to be exported by the Applicant does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada, having regard to the trends in the discovery of gas in Canada.

#### **IV RELIEF REQUESTED**

17. The Applicant respectfully requests that the Board issue a licence authorizing the export of natural gas subject to the following terms and conditions:

**Duration:** The term of the licence shall be 25 years commencing on the date of first export of LNG under the licence;

**Annual Quantity:** Subject to the annual tolerance, the quantity of LNG that may be exported in any 12-month period shall not exceed 2,300,000 tonnes, which is the approximate natural gas equivalent of 3,260,000 10<sup>3</sup>m<sup>3</sup> or

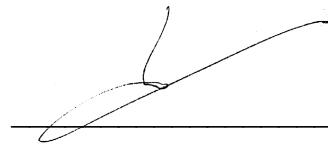
115 Bcf;

- Term Quantity:** The quantity of LNG that may be exported over the term of the licence shall not exceed 58,000,000 tonnes, which is the approximate natural gas equivalent of 81,500,000 10<sup>3</sup>m<sup>3</sup> or 2,880 Bcf; and
- Annual Tolerance:** The quantity of LNG that may be exported in any 12-month period may exceed the annual maximum by 15 percent;
- Early Expiration Date:** Unless otherwise directed by the Board, the term of the licence shall end 10 years after the date of issuance of the licence if the export of LNG has not commenced on or before that date;
- Export Point:** The point of export of LNG from Canada shall be at the outlet of the loading arm of the natural gas liquefaction facility located near either Kitimat or Prince Rupert, British Columbia.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED this 29 day of October, 2013.**

Triton LNG Limited Partnership  
by its counsel,  
Norton Rose Fulbright Canada LLP

Per: \_\_\_\_\_

  
D. G. Davies



Communications related to this application should be directed to:

Wendy Thomas  
Triton LNG Limited Partnership  
1700, 355 4<sup>th</sup> Avenue SW  
Calgary, AB T2P 0J1  
Telephone: 403-691-7191  
Fax: 403-269-5700  
Email: [wendy.thomas@altagas.ca](mailto:wendy.thomas@altagas.ca)

and to:

Takumi Sato  
Triton LNG Limited Partnership  
1700, 355 4<sup>th</sup> Avenue SW  
Calgary, AB T2P 0J1  
Telephone: 403-264-9590  
Fax: 403-264-7313  
Email: [takumi.sato@idemitsu.com](mailto:takumi.sato@idemitsu.com)

and to:

D. G. Davies  
Norton Rose Fulbright Canada LLP  
3700 Devon Tower  
400 Third Avenue SW  
Calgary, AB T2P 4H2  
Telephone: 403-267-8183  
Fax: 403-264-5973  
Email: [don.davies@nortonrosefulbright.com](mailto:don.davies@nortonrosefulbright.com)