



October 16, 2013

Sent Via Email (PartVIConsultation@neb-one.gc.ca)

Ms. Sheri Young  
Secretary of the Board  
National Energy Board  
444-7<sup>th</sup> Avenue SW  
Calgary AB T2P 0X8

Dear Ms. Young:

**Re: Proposed Changes to the National Energy Board Export and Import Regulatory Framework**  
**File Ad-GA-ActsLeg-Fed-NEBA-Amend 0101**  
**Letter of Comment**

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BG International Limited ("BG") is in receipt of the National Energy Board ("NEB" or "Board") letter, dated 29 August 2013, wherein the Board requested interested parties to submit comments regarding proposed changes to the NEB's export and import regulatory framework relating to, *inter alia*, reporting requirements under the *National Energy Board Export and Import Reporting Regulations* (the "*Reporting Regulations*").

In general terms, BG is supportive of the Board's proposed changes and thanks the Board for its efforts in striving to create a focused and efficient regulatory framework for imports and exports under its jurisdiction. BG's specific comments in relation to the Board-proposed changes to the *Reporting Regulations* are set out below.

### **Introduction**

BG is a corporation organized under the laws of England and Wales. It is extra-provincially registered in British Columbia and conducts business in Canada as BG Canada. On 17 June 2013, a wholly owned subsidiary of BG, Prince Rupert LNG Exports Limited, filed an application pursuant to section 117 of the *National Energy Board Act* for a licence authorizing the export of up to 21.6 million tonnes of liquefied natural gas ("LNG") per year. On this basis, BG has an interest in the NEB's proposed changes to its export and import regulatory framework.

### **Comments on Proposed Changes to the *Reporting Regulations***

BG notes that as part of the Board's earlier Part VI Oil and Gas Consultation Initiative it provided a letter of comment, dated 26 October 2012, which touched upon the *Reporting Regulations*. Specifically, in its letter of 26 October 2012, BG submitted that reporting in accordance with the four information requirements discussed and accepted in GH-1-2011 was reflective of the realities of LNG development. BG reaffirms its letter of 26 October 2012 and its respectful submission that the quarterly reporting obligations accepted by the Board in Decision GH-1-2011 and applied to Licence GL-298 reflect the realities of LNG development and ought to be applicable to all LNG export reporting under the *Reporting Regulations*.

Alternatively, should the Board disagree with BG's comments above, BG notes the following issues which may arise for LNG export licence holders if the *Reporting Regulations* are amended to reflect the Board-proposed changes rather than the quarterly reporting obligations noted above.

*Reporting requirement section 4(h): the country to which the gas was exported*

BG interprets this reporting requirement as requiring that the export authorization holder report the country to which the gas was in fact exported to. In contrast, BG notes that, given the nature of the global LNG market, the country of destination, as determined at the point of export from Canada, may not always reflect the final destination of the exported LNG. For example, during transport, diversions or other changes may occur, resulting in LNG being delivered to countries other than as determined at the export point of Canada. Changes or diversions that occur after the LNG has left the export point in Canada may not be within the control of the exporter. Moreover, the exporter may not receive information in relation to transit, including changes or diversions, once the LNG has left the export point in Canada. This would be of particular concern as an active spot market for LNG cargoes develops.

BG submits that, accordingly, it may not be possible for exporters of LNG to accurately comply with this reporting requirement. BG submits that a more reasonable reporting requirement would be to require exporters to report the country to which the gas was exported, as determined at the export point from Canada.

*Reporting requirement section 4(j): the point of sale within a country of destination to which gas was exported*

BG submits that, for similar reasons expressed above as to why exporters may not always be able to accurately report the country of destination, exporters likewise may not always be capable of accurately reporting the point of sale within a country to which gas has been exported to. The reality is that an LNG cargo, like a waterborne crude cargo, may be bought and sold more than once prior to physically offloading in any particular destination.

**Conclusion**

BG appreciates the opportunity to provide comments to the Board in regard to its proposed changes to the *Reporting Regulations*. If the Board has any questions with respect to the above comments, please contact the undersigned.

Sincerely,



Lisa Yoho  
Director, Regulatory  
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