

**Primeau, Josée (BAPE)****241****DQ93.1****Objet:** Rabaska LNG Terminal Project - Question from the Joint PanelProjet d'implantation du terminal méthanier  
Rabaska et des infrastructures connexes

Lévis

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**From:** MacCallum, Doug (ENERGY) [mailto:Doug.MacCallum@ontario.ca]**Sent:** March 9, 2007 3:25 PM**To:** Cliche, Dominic [CEAA]**Cc:** Greenizan, Bill (ENERGY); McKeever, Garry (ENERGY); Hiltz, Bonnie (ENERGY)**Subject:** RE: Rabaska LNG Terminal Project - Question from the Joint Panel

Mr. Cliche,

Please find the following responses to your questions

1. What role does the Government of Ontario foresee for natural gas in its energy strategy?

The Government of Ontario sees natural gas playing an increasingly important role in both its energy policy and its efforts to reduce greenhouse gas emissions.

A major initiative to reduce greenhouse gases in the Province is the phase out of coal-fired electricity generation. The role of natural gas-fired generation in this context is to help meet peak demand and to meet local reliability needs when no other alternatives are practicable. To that end, the Government of Ontario, through the Ontario Power Authority (OPA), has contracted for over 3,800 MW of new natural gas fired combined cycle power generation to be online in the 2007-2010 time period. An additional 414 MW of cogeneration (combined heat and power (CHP)) supply has also been contracted by the OPA, with 2008-2010 projected in-service dates.

The net result of the OPA contracting will be to increase Ontario's demand for natural gas for electricity generation. By 2012, it is expected that average annual natural gas demand from new electricity generation will be 0.4-0.8 bcf/d with peak-day incremental demand forecasted to be in the 0.8-1.3 bcf/d range. Based on current estimates of Ontario natural gas demand (2.7 bcf/d annual average and 4 bcf/d winter peak), the new demand from the electricity sector could increase Ontario's requirements by as much as 30% - even assuming no growth in the commercial, residential, and industrial sectors.

2. How does the Province view the development of LNG (such as Rabaska) in Quebec or other provinces as potential sources of diversification for natural gas supply?

Facing an anticipated increase in natural gas demand, Ontario has a favourable view of prospective LNG projects in Quebec and elsewhere. From a continental perspective, LNG is expected to play an important role in North America to offset declining conventional supplies and meet growing demand (primarily from electricity generation). With respect to Quebec LNG projects, expectations are that Ontario natural gas users will benefit due to improved diversity of supply, increased security of supply, and, potentially, greater price competition.

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