



LETTER DECISION

File OF-EI-Gas-GL-L384-2012-01 01
4 February 2013

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Dear Mr. Olthafer and Mr. MacKillop:

**LNG Canada Development Inc. (LNG Canada)
Application for a Licence to Export Liquefied Natural Gas (LNG) pursuant to
Section 117 of the *National Energy Board Act* (NEB Act)
National Energy Board Reasons for Decision**

On 27 July 2012, LNG Canada applied to the National Energy Board (Board) pursuant to section 117 of the NEB Act for a licence (Licence) authorizing the export of LNG (Application). LNG Canada seeks a Licence term of 25 years, starting on the date of first export, and a maximum annual volume of 24 million tonnes of LNG (24 MMt/y), which corresponds to a natural gas equivalent of 3.23 Bcf/d¹ for a total of 32.95 Tcf over the term. Further, LNG Canada requests a 15 per cent annual tolerance to accommodate operating variables. LNG Canada proposed the point of export would be at the outlet of the loading arm of a proposed natural gas liquefaction terminal (Terminal) to be located near Kitimat, British Columbia. LNG Canada also requests that the Licence end on December 31, 2022 if exports have not commenced on or before that date.

The Terminal is currently being developed under a Joint Development Agreement amongst Shell Canada Limited, as managing partner of Shell Canada Energy (Shell), Diamond LNG Canada Ltd. (an affiliate of Mitsubishi Corporation), Kogas Canada LNG Ltd. (an affiliate of Korea Gas Corporation) and Phoenix Energy Holdings Limited (an affiliate of PetroChina Investment (Hong Kong) Limited). While Shell currently owns 100 per cent of LNG Canada, these parties intend to enter into a shareholding agreement whereby each will own shares in LNG Canada.

¹ As calculated by the Board from an export of 1180 Bcf/year divided by 365 days.

Summary of the Notice Process and Submissions

On 25 September 2012, the Board directed LNG Canada to publish a Notice of Application and Comment Period in several publications and to serve the Notice of Application and Comment Period on persons and agencies identified by the Board, including Parties to the GH-1-2011 and GH-003-2011 Hearings.

The Notice of Application and Comment Period requested that any potentially impacted person who wished to file submissions on the merits of the Application do so by 9 November 2012. LNG Canada was required to file any reply submissions by 19 November 2012.

The Board received submissions from the following parties:

- British Columbia Ministry of Energy, Mines and Natural Gas
- FortisBC Energy Inc. (FortisBC)
- Fort Nelson First Nation
- Gitga'at First Nation
- Gitxaala Nation
- Niska Gas Storage Partners LLC (Niska Gas Storage)

After being granted extensions by the Board, FortisBC and Fort Nelson First Nation filed their submissions on 16 November 2012.

The British Columbia Ministry of Energy, Mines and Natural Gas indicated that it supports the Application, outlining benefits of LNG exports to British Columbia. Niska Gas Storage wished to be registered as an interested party but did not anticipate actively participating in the Application process.

FortisBC raised concerns related to pipeline infrastructure development, transportation costs, and commodity prices. It stated that the Application does not acknowledge the regional impact on basis differentials and that LNG Canada should develop additional supply scenarios so that the potential impact on the domestic market, and especially the British Columbia market, can be better understood. In a subsequent letter dated 19 November 2012, FortisBC clarified its comments to indicate that it supports the LNG export projects being developed in British Columbia and the Board granting a Licence to LNG Canada.

Fort Nelson First Nation, Gitga'at First Nation, and Gitxaala Nation raised a number of concerns with the Application, which are discussed below.

After being granted an extension by the Board, LNG Canada filed a reply to the submissions of Fort Nelson First Nation, FortisBC, Gitga'at First Nation, and Gitxaala Nation on 26 November 2012. Gitxaala Nation, on 30 November 2012, filed a reply to the original response of LNG Canada, which the Board subsequently allowed, also allowing LNG Canada to file a final reply on 11 December 2012.

The Board issued one Information Request (IR) to LNG Canada on 11 October 2012. LNG Canada filed its response to the IR on 19 October 2012.

Mandate of the Board on an Export Licence Application

The Board, as an administrative tribunal, is bound by the powers granted to it by legislation.² Part VI of the NEB Act gives the Board the authority to regulate natural gas exports. Section 118 of the NEB Act specifies what the Board is legally mandated and authorized to consider when assessing a gas export licence application. It states:

On an application for a licence to export oil or gas, 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 to the trends in the discovery of oil or gas in Canada.

Thus, in deciding whether to issue a gas export licence, it is the Board's view that it may only consider the "surplus" criterion contained in section 118 and cannot consider unrelated matters. The Board notes that the NEB Act was amended by the *Jobs, Growth and Long-term Prosperity Act* (JGLTPA), which received Royal Assent on 29 June 2012. The JGLTPA removed a former requirement in section 118 of the NEB Act that, in addition to the "surplus" criterion, the Board have regard to "all considerations that appear to it to be relevant" when assessing an application for a gas export licence.

Therefore, the Board focused its assessment of LNG Canada's Application on the "surplus" criterion contained in section 118.

Surplus Determination

LNG Canada concluded that the proposed export of LNG in its Application is unlikely to cause Canadians difficulty in meeting their energy requirements at fair market prices. In support of this conclusion, LNG Canada submitted the following macro level studies: Natural Gas Supply and Demand Forecast to 2045 prepared by the Ziff Energy Group (Ziff), an Export Impact Assessment Report prepared by Mr. Roland Priddle, and an Overview of Principal Gas Supply Basins in Western Canada prepared by Sproule Associates Limited (Sproule).

Ziff submitted that the remaining Canadian gas-resource base and North American gas-resource base are large, with Western Canadian gas resources more than enough to accommodate projected future Canadian gas demand, including the proposed LNG exports. Further, information provided by Sproule indicated Western Canadian shale-gas resources could be even larger than the shale-gas resource estimate provided by Ziff. Ziff also indicated that the cost curve for the addition of new gas production into the market is low.

Ziff and Mr. Priddle submitted that the North American gas market is large, integrated, liquid, transparent, flexible, and responsive to changes in supply and demand. Ziff and Mr. Priddle also provided that integrated markets derive their gas from multiple sources, relying on prices and differentials to allocate supply to demand. Ziff further expects any export-related impact on gas prices to be only a modest increase. Mr. Priddle added that the applied-for exports would at most

² *Rio Tinto Alcan Inc. v. Carrier Sekani Tribal Council*, 2010 SCC 43 at para. 55, citing *R. v. Conway*, 2010 SCC 22 (*Rio Tinto*)

result in only a modest rise in North American gas prices, an increase in gas supply offsetting most of the new gas export demand and have very little effect in terms of reduced North American gas demand. Mr. Priddle also observed that this style of open, competitive market has worked successfully in North America for more than 25 years. Mr. Priddle stated the market has adaptive mechanisms, like gas storage, which can reduce any potential short-term strains at the onset of exports.

The LNG Canada Application also contained an LNG Markets Study, provided by PFC Energy. This study provided a discussion and analysis of global LNG markets, with a particular focus on LNG and gas demand and supply forecasts for Korea, Japan and China.

Views of the Board

The Board's role is to evaluate whether the natural gas proposed to be exported is surplus to reasonably foreseeable Canadian requirements. In fulfilling this mandate, the Board recognizes that Canadian natural gas requirements are met within a North American integrated market. Depending on regional characteristics, exports and imports contribute to either gas supply or gas demand. In North America, natural gas supply and demand adjusts to changes in price signals. It is in the context of this dynamic marketplace that the Board must consider whether the "surplus" criterion in section 118 of the NEB Act is satisfied. Given the focus on this criterion, and the needs of Canadians, the Board found the Application's LNG Markets Study to be not particularly relevant in this case.

The Board is satisfied that the gas resource base in Canada, as well as North America, is large and can easily accommodate reasonably foreseeable Canadian demand as well as the proposed LNG exports regardless of whether the gas supply originates from the specific corporate supply pool presented in the Application. The Board further accepts that the incremental cost of adding new production to displace any exported LNG is low, which is another indicator of a well supplied market. The Board agrees with Mr. Priddle and Ziff that the North American gas market is large, integrated, transparent, liquid, flexible, and responsive such that market participants have a multitude of options for securing gas supplies.

The Board notes that the evidence in this Application is generally consistent with the Board's own market monitoring. Since deregulation in 1985, North American gas markets have functioned efficiently and there is no evidence to suggest that they will not continue to do so in the future.

Based on all of the foregoing, the Board is satisfied 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.

Issues Raised During Comment Period

Aboriginal Matters

Fort Nelson First Nation submitted that the Application relies on a significant increase in gas production within Fort Nelson First Nation territory, which may have serious impacts on its treaty rights by damaging the environmental integrity of the land. Fort Nelson First Nation further submitted that, before issuing the Licence, the Board must be satisfied that the Crown has discharged its duty to consult Fort Nelson First Nation. It stated that, as LNG Canada has not presented evidence regarding the consultation of Fort Nelson First Nation, the Board should reject the Application. Fort Nelson First Nation requested that the Board hold an oral hearing to receive such evidence.

Gitga'at First Nation expressed concern that LNG exports from the Terminal will significantly impact its Aboriginal rights and title because of an increase in ship traffic through its territory. Gitga'at First Nation submitted that any approval that would advance LNG Canada's proposed project ahead of the Crown's consultation obligations being met is a breach of the Crown's duty to consult. It further submitted that, until the Crown's duty of consultation and accommodation is fulfilled, the Licence should not be granted.

Gitxaala Nation also expressed concern that LNG Canada's proposal to export LNG by tanker would have serious adverse impacts on its Aboriginal rights and title. It stated that frequent tanker trips will create navigational hazards, very substantial wakes that will erode the foreshore, pollution, and aesthetic disruption of a pristine landscape, and a spill would be disastrous. Gitxaala Nation stated that the Board must consider these potential impacts when deciding on the Application, as the exercise of the Board's discretion is subject to section 35 of *Constitution Act, 1982*. Gitxaala Nation submitted that the proposed export project is necessarily and causally connected to an export Licence because the project will only occur if the Board grants a Licence. Further, Gitxaala Nation stated that the Board should not issue a Licence until it is satisfied that the Crown has adequately consulted with Gitxaala Nation.

Gitxaala Nation also submitted that the Application is deficient and premature, arguing that an oral public hearing is necessary, following the completion of the environmental assessment and TERMPOL processes for the proposed project, so the Board can fully understand the proposed project's impacts on Aboriginal rights and title.

In reply, LNG Canada submitted that the Board's sole consideration when assessing the Application is the "surplus" criterion in section 118 of the NEB Act, and that the Board cannot consider potential environmental or related social effects allegedly connected to the proposed export or Terminal. LNG Canada noted that the construction, operation, decommissioning and abandonment of the Terminal fall under the authority of a number of provincial and federal agencies, none of which include the Board.

LNG Canada further submitted that the Board must be satisfied that the issuance of the Licence upholds the honour of the Crown by either concluding that the Licence does not authorize potential adverse impacts on asserted Aboriginal or treaty rights which would trigger a duty to consult, or that the duty to consult is satisfied. LNG Canada stated that, in this case, the former applies as the Licence does not authorize physical activities or works.

LNG Canada's position was that an oral hearing was not warranted, as the Board has the evidence required to determine that the Application does not trigger a duty to consult and that the decision to issue a Licence would not impact asserted Aboriginal and treaty rights.

Views of the Board

In the Board's view, the concerns of Fort Nelson First Nation, Gitga'at First Nation, and Gitxaala Nation relate to potential adverse impacts of physical activities such as the Terminal and associated facilities and marine shipping, and upstream gas exploration, development and production. The Board notes that LNG Canada's Application does not seek approval for any of these activities.

The Board is satisfied that the issuance of a Licence will not directly or indirectly authorize or cause the physical activities and associated potential adverse impacts of concern to Fort Nelson First Nation, Gitga'at First Nation, and Gitxaala Nation. It is also not capable of influencing or pre-determining the decisions of other regulators and government agencies required for those activities to be carried out. Further, the issuance of a Licence would not, in the Board's view, impact the ability for meaningful consultation to take place during the course of those other decision-making processes.

In the past, the Board applied a "necessary connection" test to determine the type of potential environmental effects and directly related social effects it would consider in its assessment of a gas export licence application. In the Board's view, the "necessary connection" test is no longer relevant due to the recent amendment to section 118 of the NEB Act. The Board also does not consider the "necessary connection" test to be a replacement for, or analogous to, the law relating to Aboriginal and treaty rights as described by the Supreme Court of Canada.³

LNG Canada has noted that it expects the Terminal and associated marine shipping, specifically, to be subject to a series of other federal and provincial regulatory approvals and reviews. In the Board's view, the regulatory and environmental assessment schemes that are in place relating to the review and approval of the Terminal and associated facilities and marine shipping, and upstream gas exploration, development and production are the appropriate contexts in which the concerns of the Fort Nelson First Nation, Gitga'at First Nation, and Gitxaala Nation should be raised and considered.

Finally, as previously stated, the Board is bound by the powers granted to it by legislation. The Board concludes that the sole consideration on an export licence application is the "surplus" criterion identified in section 118 of the NEB Act. Thus, the Board's statutory mandate in considering LNG Canada's Application does not extend to potential adverse impacts of physical activities such as the Terminal and associated facilities and marine shipping, or gas exploration, development and production.

The Board notes that the NEB Act does not require a public hearing to be held for this Application, leaving any decision to do so at the Board's discretion.⁴ Based on the Board's determinations that the Licence would not authorize the physical activities of concern to Fort Nelson First Nation, Gitga'at First Nation, and Gitxaala Nation as

³ *Rio Tinto, supra; Haida Nation v. British Columbia (Minister of Forests)*, 2004 SCC 73

⁴ NEB Act, section 24(3)

potentially impacting Aboriginal and treaty rights, and regarding the Board's mandate under Part VI of the NEB Act, the Board finds that a public hearing is not necessary. The choice of a written process to seek the views of interested parties was, in the Board's view, the right one in the circumstances of this case.

Applicability of the Canadian Environmental Assessment Act, 2012 (CEAA 2012)

Gitxaala Nation submitted that the Board, as a federal authority, is prevented by section 7 of *CEAA 2012* from making a decision on this Application until federal environmental assessment requirements are met. This is because, in Gitxaala Nation's view, the Licence "would permit a designated project to be carried out in whole or in part". In support of its position, Gitxaala Nation also relies on section 5(2) of *CEAA 2012*.

LNG Canada disagrees with Gitxaala Nation's interpretation of sections 5 and 7 of *CEAA 2012*. LNG Canada submitted that the issuance of the Licence would not permit any physical activity listed in the *Regulations Designating Physical Activities* relevant or incidental to the Terminal to be carried out. It further submitted that section 5 of *CEAA 2012* is not a trigger for an environmental assessment. Instead, it establishes the environmental effects to be reviewed when an environmental assessment is required.

Views of the Board

In the Board's view, LNG Canada's Application does not trigger the environmental assessment requirements of *CEAA 2012*. As the Board concluded above, a decision on this Application does not authorize the physical facilities of concern to Gitxaala Nation (whether they constitute a "designated project" or not under *CEAA 2012*), including the Terminal. Similarly, a decision on this Application does not, in the Board's view, permit the Terminal and any associated facilities or physical activities to be carried out, in whole or in part, within the meaning of section 7 of *CEAA 2012*. This will require decisions of other regulators and government agencies. In the Board's view, the question to be asked under section 7 of *CEAA 2012* is not whether a designated project would be carried out without the export Licence. Rather, the test is whether the Licence "would permit a designated project to be carried out in whole or in part". The Board has found that it would not.

The Board does not consider section 5 of *CEAA 2012* to be relevant to the interpretation of section 7 of *CEAA 2012*. In the Board's view, section 5 does not inform the trigger for *CEAA 2012*; rather, it describes the environmental effects that must be taken into account once *CEAA 2012* has been triggered.

Status of Other Regulatory Approvals and Likelihood that they will be Obtained

As noted previously, Gitxaala Nation submitted that the Application is premature and should be re-submitted after the environmental assessment and TERMPOL processes are completed, incorporating information arising from them.

Fort Nelson First Nation submitted that the Application relies on a significant increase in gas production in its territory, but does not consider its impact on Fort Nelson First Nation's treaty rights, or how that impact would affect regulatory approval of the forecasted production. Fort Nelson First Nation further submitted that the Board cannot assume the forecasted production will receive regulatory approval, nor rely on it to determine whether there is sufficient supply of Canadian gas to justify issuing the Licence.

In reply, LNG Canada stated that the Board is not required to delay issuance of the Licence until approvals for the Terminal are sought or obtained. LNG Canada also submitted that the issue before the Board is whether Canadians will be able to meet their reasonably foreseeable requirements for gas if the Licence is approved. LNG Canada stated that, in doing this, the Board cannot reasonably engage in a granular level assessment of the probabilities of each potential reserve or resource contributing to Canadian gas supplies. LNG Canada noted that the Application relies on a number of potential supply sources, including the broader Western Canadian Sedimentary Basin.

Views of the Board

The Board is of the view that the Licence is a standalone authorization. The NEB Act does not require that a Licence be issued before, concurrently, or after the issuance of authorizations required for any facilities or activities that may be necessary to enable the export.

The Board acknowledges that production forecasts are typically based on assumptions which carry some uncertainties. However, in this instance and as previously noted, the Board is satisfied that the gas resource base in Canada, as well as North America, is large and can easily accommodate reasonably foreseeable Canadian demand as well as the proposed LNG exports. The Board has concluded that the "surplus" criterion in section 118 of the NEB Act is satisfied. In this case, this conclusion is not dependent on whether specific gas resources, as opposed to others, will in fact contribute to supply. As LNG Canada has noted, the Application relies on a number of potential supply sources.

Proper Applicant and Transportation Arrangements

Gitxaala Nation stated that the Board cannot adequately assess transportation arrangements, particularly marine shipping, because the Application does not include this information, as required by section 12(e) of the *National Energy Board Act Part VI (Oil and Gas) Regulations* (Part VI Regulations). Gitxaala Nation further submitted that the Application does not identify the proper proponents because LNG Canada will not be conducting the shipping. Gitxaala Nation requested that the Board require details of shipping arrangements through Gitxaala Nation's traditional territory, including copies of shipping contracts and all regulatory conditions that will apply to the shipping.

LNG Canada replied that section 116 of the NEB Act permits an arrangement where the holder of the Licence is a special purpose joint venture company acting on behalf of the joint venture participants who retain individual ownership and marketing rights to the gas to be exported. LNG Canada explained that having LNG Canada hold the Licence gives individual owners

flexibility in the allocation of their participating interests in the Terminal amongst each other over time without the need to amend regulatory licenses.

Views of the Board

Section 116 of the NEB Act prevents any person, except as otherwise authorized by the regulations, from exporting gas except under and in accordance with a licence issued by the Board. In the Board's view, this section does not require the holder of the licence to also be the owner of the gas proposed for export. The Board finds that LNG Canada is an appropriate holder of the Licence as this arrangement would still ensure LNG volumes leaving Canada would do so under authorization.

While section 12(e) of the Part VI Regulations requires gas export licence applicants to file certain details of the transportation arrangements relating to the proposed export, the Board notes that it may exempt applicants from this requirement. In this case, the Board did not require details of marine shipping arrangements in order to satisfy its mandate under section 118 of the NEB Act. As stated previously, the issuance of a Licence does not authorize physical activities such as marine shipping, nor does the Board's statutory mandate extend to a consideration of potential adverse impacts of marine shipping.

Export Point

Gitxaala Nation stated that the export point specified in the Licence, rather than the outlet of the loading arm of the Terminal as identified in the Application, must be defined where LNG tankers will pass into international waters. Gitxaala Nation submitted that this is consistent with the NEB Act and would make it clear that the LNG must travel through Gitxaala Nation's traditional territory before being exported.

LNG Canada replied that the NEB Act and the Part VI Regulations do not require international borders to be the export point. LNG Canada also noted that designating the loading arm of the LNG Terminal as the export point is consistent with the Board's decisions in GH-1-2011 and GH-003-2011.

Gitxaala Nation and LNG Canada both relied on different provisions of the *Energy Administration Act* to support their submissions.

Views of the Board

The point of exportation of gas from Canada is a matter in respect of which the Board may include a condition in a gas export licence.⁵ The Board considers the designation of the export point to be for administrative purposes, which reasonably requires a precise location. The point at which LNG tankers will pass into international waters is not a precise location. Further, the designation of the export point as the outlet of the loading arm of the Terminal is consistent with previous Board decisions.

In the Board's view, the NEB Act or the Part VI Regulations do not require the export point to be designated as the location at which LNG tankers pass into international

⁵ Part VI Regulations, section 14(f)

waters. The Board accepts as reasonable LNG Canada's proposed export point as the outlet of the loading arm of the Terminal.

Exemptions and Additional Licence Terms and Conditions

Section 12 of the Part VI Regulations contains filing requirements for gas export licence applications. LNG Canada did not request any specific exemptions from section 12 of the Part VI Regulations, noting that the Application was filed with a primary focus on the surplus question in section 118 of the NEB Act. LNG Canada stated that, to the extent the Board requires it to seek specific relief from the filing requirements in the Part VI Regulations, it would do so.

LNG Canada requested a 15 per cent annual tolerance to the amount of gas that may be exported under the Licence in any 12-month period in order to allow LNG Canada to manage variability in the quantity of LNG that could be produced at the Terminal. LNG Canada also requested that, unless otherwise authorized by the Board, the Licence end on December 31, 2022 if exports have not commenced on or before that date.

Views of the Board

The Board notes that it may exempt applicants for gas export licences from the filing requirements contained in section 12 of the Part VI Regulations. In its Interim Memorandum of Guidance Concerning Oil and Gas Export Applications and Gas Import Applications under Part VI of the *National Energy Board Act*, dated 11 July 2012, the Board indicated that it no longer requires applicants for gas export licences to file the information contained in section 12(f) of the Part VI Regulations.

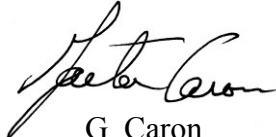
As stated previously, the Board focused its assessment of the Application on the "surplus" criterion contained in section 118 of the NEB Act. In the Board's view, the information included in LNG Canada's Application was responsive to this inquiry and the Board did not require any additional information to satisfy its mandate under section 118 of the NEB Act. The Board also recognizes that not all of the filing requirements contained in section 12 of the Part VI Regulations are relevant for this Application. Therefore, the Board exempts LNG Canada from the filing requirements contained in section 12 of the Part VI Regulations that were not included in the Application.

The Board accepts LNG Canada's request for a 15 per cent tolerance and a sunset date of December 31, 2022 as reasonable.

Disposition

The foregoing constitutes our Reasons for Decision in respect of the Application by LNG Canada. For these reasons, the Board decides to issue a licence to export liquefied natural gas with the terms and conditions described in Appendix I to this letter to LNG Canada Development Inc., subject to the approval of the Governor in Council.

The Board reminds LNG Canada that, as required by the *National Energy Board Export and Import Reporting Regulations*, it must submit to the Board, on or before the last day of each month during the term of the Licence, a return for the previous month containing specified information pertaining to transactions under the Licence.



G. Caron
Presiding Member



L. Mercier
Member



D. Hamilton
Member

cc: British Columbia Ministry of Energy, Mines and Natural Gas,
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Fort Nelson First Nation,
Attention: Lana Lowe, Director, Fort Nelson First Nation Lands & Resources,
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Gitga'at First Nation,
Attention: Arnold Clifton, Chief Councillor, facsimile: 250-841-2541

Gitxaala Nation,
Attention: Tim Dickson and David Gruber,
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Niska Gas Storage Partners LLC,
Attention: Jason A. Dubchak, Vice-President,
General Counsel & Corporate Secretary, facsimile: 866-208-6397

Appendix I

Terms and Conditions of the Licence to be Issued for the Export of Liquefied Natural Gas

General

1. LNG Canada Development Inc. (LNG Canada) shall comply with all of the terms and conditions contained in this Licence unless the Board otherwise directs.

Licence Term, Conditions and Point of Export

2. Subject to Condition 3, the term of this Licence shall commence on the date of first export from the liquefaction terminal referred to in LNG Canada's application dated 27 July 2012, which is to be located near Kitimat, British Columbia, Canada (the Liquefaction Terminal) and shall continue for a period of 25 years thereafter.
3. Unless the Board otherwise directs prior to 31 December 2022, the term of this Licence shall end on 31 December 2022, unless exports from the Liquefaction Terminal commence on or before that date.
4. The quantity of LNG that can be exported under the authority of this Licence is:
 - (a) Annual quantity not exceeding 24,000,000 tonnes, which is the approximate natural gas equivalent of 33,000,000 10³ m³ or 1180 Bcf.
 - (b) Term quantity not exceeding 670,000,000 tonnes, which is the approximate natural gas equivalent of 933,000,000 10³ m³ or 32,950 Bcf.
 - (c) As a tolerance, the amount of LNG that may be exported in any 12-month period may exceed the annual quantity by 15 per cent.
5. Natural gas will be exported at a point at the outlet of the loading arm of the Liquefaction Terminal.