

principle of further price increases. In approving the new export price of \$1/Mcf, the government stipulated that additional export revenues thus generated should be paid to gas producers to encourage additional exploration and production. In British Columbia most of the additional revenue was paid to the British Columbia Petroleum Corporation.

In May 1975 the Minister of Energy, Mines and Resources announced increased export prices of natural gas at \$1.40/Mcf in August, and \$1.60/Mcf in November 1975.

Inquiry into natural gas supplies. Hearings on the supply, demand and delivery of Canadian natural gas were held in a number of cities in the gas producing and consuming areas of Canada starting in November 1974, and completed in March 1975. The National Energy Board released its report in July 1975.

Over the longer term it may be assumed that there will be a large and growing demand for natural gas in Canada at prices competitive with oil. Exploration in the Arctic areas and off the Labrador Coast has been more successful in finding large natural gas reserves than oil. The ability to use these resources to meet demands in the settled areas of Canada depends on the building of pipelines. A proposal to build a 48-inch gas pipeline from Prudhoe Bay in Alaska and the Mackenzie Delta in Canada to carry Alaskan gas to the US and to move Delta and Beaufort Sea gas to Canadian markets was placed before the National Energy Board in March 1974. An alternative proposal to build a 42-inch line from the Delta to carry only Canadian gas to the existing pipeline systems of Alberta and British Columbia was filed in the spring of 1975.

Construction of northern pipelines will make substantial supplies of gas available, but estimates indicate that costs of frontier gas will be higher than the current Canadian price or the "commodity value" of gas in terms of the present price of oil in Canada.

The Government of Canada has expressed the view that the price of natural gas in Canada should rise over a period of years to reflect a more competitive valuation with respect to oil, on a delivered energy equivalent basis. Phased increases in gas prices, to reflect such a "commodity value" with crude oil, were discussed by provincial and federal representatives for more than a year prior to the Energy Conference of April 1975. No price changes were announced at that time, but the federal government reiterated its earlier stand and discussions were to continue with the provinces.

13.3 Uranium and nuclear energy

Total western world energy requirements in 1990 are expected to be about 2.7 times those in 1970. The annual growth rate for energy of all kinds is forecast at 5%, for electric energy at 6%, and for energy provided by nuclear plants at rates varying from 32% in the earlier years to 13% in the later years. Nuclear energy's share of total world energy requirements is expected to increase from less than 1% in 1970 to about 21% in 1990, largely at the expense of coal but also partly as a substitute for natural gas in the North American market.

The market for uranium shifted early in 1974 from a surplus supply situation to one of tight supplies as several international producers curtailed marketing activities and nuclear programs accelerated because of the crisis in world oil. Prices recovered sufficiently to make exploration for uranium attractive and in January 1974 the government announced that Eldorado Nuclear Ltd., a Crown company, would carry out an exploration program over five years at a cost of up to \$15 million. Canadian producers were particularly successful in negotiating several major contracts in 1974 to bring total commitments made since 1966 to over 135,000 tons of uranium oxide, about 118,000 of which remains to be delivered.

This export demand and the need to meet domestic requirements resulted in the government's announcement of a new uranium policy in September 1974. Sufficient uranium must be reserved for domestic use to enable each nuclear power reactor which is either operating, committed for construction or planned for operation in the next 10 years to operate at an average annual capacity factor of 80% for 30 years from the start of the period, or in the case of reactors which are not yet in operation, for 30 years from their in-service dates. Current projections indicate an operational nuclear capacity of about 16,000 MW by 1984, requiring an immediate allocation of about 80,000 tons of uranium oxide for these reactors. Responsibility for this supply will be apportioned among mining companies according to their uranium resources relative to the total Canadian recoverable resources. A uranium resource appraisal group established within the Department of Energy, Mines and Resources is assessing