

(\$28.96/thousand m³) to \$1.25/Mcf (\$44.14/thousand m³) at the Toronto city-gate, November 1, 1975. This was increased to \$1.405/Mcf (\$49.62/thousand m³) in July 1976 and \$1.505/Mcf (\$53.15/thousand m³) in January 1977.

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

Over the longer term it may be assumed that there will be a 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 building pipelines. A proposal to build a 48-inch (122 cm) 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 NEB in March 1974. An alternative proposal to build a 42-inch (107 cm) line from the Delta to carry only Canadian gas to the existing pipeline systems of Alberta and British Columbia was filed in the summer of 1975.

Construction of northern pipelines would make substantial supplies of gas available, but estimates indicate that costs of frontier gas would 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 but the federal government reiterated its stand and discussions were to continue.

13.4 Uranium and nuclear energy

To meet the fuel requirements for the growing number of nuclear power generating stations around the world, the demand for uranium has increased markedly since 1974 and is expected to continue growing dramatically over the next two decades at least. This strong demand is in sharp contrast to that over the previous decade when the demand was small, prices were depressed, and many mines that had opened in response to the military demand from the US and UK in the late 1950s were forced to close.

In the early 1970s the over-supply of uranium throughout the world had driven prices to below \$5/lb. (\$11/kg) of uranium oxide (U₃O₈). The increased demand which began in 1974 resulted in prices climbing to about \$40/lb. (\$88/kg) U₃O₈ in 1976.

Export demand and the need to meet domestic requirements resulted in the announcement of a new uranium policy in September 1974. Sufficient uranium will be reserved for domestic use to enable each nuclear power reactor which is 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 approaching 15 000 MW by 1986, requiring an immediate allocation of about 81,000 tons (73 000 t) of uranium oxide for these reactors. This reserve requirement is apportioned among mining companies according to their uranium resources relative to the total Canadian recoverable resources as determined by a Uranium Resource Appraisal Group established in the Department of Energy, Mines and Resources.