



File 3200-G070-1

4 May 2006

Mr. Jean Brisset des Nos
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Dear Mr. Brisset des Nos:

Rabaska Project

The National Energy Board (the Board) has received your letter dated 17 March 2006 in which you ask the Board when it will consider the Gros-Cacouna and Rabaska LNG facilities and determine the need for them given the quantity of gas that is required to meet the needs of Quebec.

As you are aware, on 8 July 2004, the Board announced that it would likely be a Responsible Authority under the *Canadian Environmental Assessment Act* (the CEA Act) with respect to the Environmental Assessment (EA) review process for the Rabaska project. It was then anticipated that the proponents for the Rabaska project were going to be filing complete applications under Part III of the *National Energy Board Act* (the NEB Act) for the proposed Rabaska LNG facilities and the associated pipeline. The anticipated filing of these applications constituted, at that time, the trigger necessary for the Board to declare itself a likely Responsible Authority with respect to the Rabaska project and would have triggered a regulatory review under the NEB Act.

For the Cacouna Energy Project, the proponents of that project have never indicated that they would be filing an application with the Board, either for the LNG facilities or any associated pipeline. As a result, it was communicated to the Canadian Environmental Assessment Agency on 13 October 2004 that the Board would not be a responsible authority but could be in possession of specialist or expert information or knowledge for federal pipeline matters.

Since then, it has been made clear by the proponents for the Rabaska Project that no application for its LNG facilities would be forthcoming to the Board and that any application for the associated pipeline had become uncertain. To date, no application has been received by the Board.

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With no applications before the Board, the Board cannot undertake a regulatory review under the NEB Act of those projects. With respect to the Board's responsibilities for the EA review process under the CEA Act, it was decided, as you are aware from the Board's letter dated 7 February 2006, that given the uncertainty in the timing of the pipeline application, which would officially trigger the CEA Act, the Board would no longer be a Responsible Authority for the Rabaska Project. However, in a manner similar to the Cacouna Energy Project, the Board indicated that, if requested, it could be in possession of specialist or expert information or knowledge in the area of federal pipeline matters. The Canadian Environmental Assessment Agency has already contacted the Board for expert knowledge and it is expected that more expertise will be sought from the Board as the EA review process for the Rabaska Project unfolds.

As for the Cacouna Energy LNG facilities and the Rabaska LNG facilities, which the Board understands are of more concern to you, since no application has been filed with the Board in either case, there simply is no legal trigger that could warrant a regulatory review by the Board under the NEB Act nor is there any trigger that would give the Board EA responsibilities under the CEA Act other than to provide, upon request, expert knowledge on federal pipeline matters. Therefore, the Board cannot consider these LNG projects and will not determine the need for these facilities since the Board is a statutory tribunal that must draw its powers from its enabling legislation. However, if and when applications are filed under the NEB Act for connecting pipelines, the Board will undertake a regulatory review of these pipelines.

Yours truly,



Michel L. Mantha
Secretary

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