



Public Notice

Economic Development:

Energy Sector Update

January 26, 2018

Need more information?

If you have any questions, comments or concerns, please contact:

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The Resource Base

Identified natural gas reserves in the Horn River, Liard and Cordova Basins remain the largest in western Canada and among the largest in the world. As such, while current activity in the sector is slow, interest in the investment community remains high and a number of domestic and foreign proponents are actively engaged in activities and investigations of ways in which the resource can be developed.

Mini-LNG

The term “small scale” or “mini-LNG” refers to the direct use of liquefied natural gas in its liquid form, as opposed to the traditional model of regasification and subsequent introduction into the gas transmission grid. These plants provide supply to end-users in places where traditional infrastructure does not reach, or to consumers requiring liquid fuel. It is well placed to meet the growing demand from the shipping and trucking industries for fuels that are more environmentally friendly than oil and diesel. Mini-LNG also enjoys advantages in addressing off-grid power generation for industrial and residential needs in remote locations. Because LNG burns more cleanly than other fossil fuels such as petroleum and coal, LNG is likely to gain further traction as market and regulatory pressures to transition to lower-carbon energy intensify.¹

At least two firms currently have plans to develop modular “mini-LNG” operations. These ventures would capitalize on the NRRM’s abundant supply of natural gas, along with our proximity to northern markets eager to convert from other forms of power generation and fuel to less expensive and cleaner LNG. In this model, locally produced natural gas would be liquefied at source and delivered to customers through a “pipeline on wheels” using the existing highway system.

One proponent in particular is currently in the engineering/procurement phase of project development with a projected commissioning date near the end of 2018. The scale of this project will initially be modest, but has the expectation of expanding once the reliability of supply and cost advantages are demonstrated to potential customers. The modular design of such plants lends itself to adapting quickly to new demand.

Natural Gas Innovation

In addition to investors considering the delivery of natural gas to market, others are engaged in early due diligence on the prospect of monetizing the resource through a number of innovative means. Recent discussions with one large Asian proponent indicated an interest in the potential conversion of natural gas into liquid fuel (Gas-to-Liquid), chemicals, plastics, and other derived products.

Also of note is information that the central Chinese government is promoting investment by Chinese companies in overseas energy projects, and that the NRRM has been identified as “an area of interest.”

NRRM Foreign Direct Investment Strategy

The NRRM Foreign Direct Investment Strategy currently under development, is a plan to assist in attracting industrial investors from other countries to the Northern Rockies, as part of an overall effort to establish a sustainable, diverse economy.

¹ Strategyand.pwc.com, *Small going big: Why small-scale LNG may be the next big wave*
Photo courtesy of KT Energy