

November 15, 2012

National Energy Board
444 Seventh Ave., SW
Calgary, Alberta T2P 0X8
Canada

Dear Sir or Madam:

At a meeting in Washington, D.C. on October 25, 2012, with the National Energy Board (NEB), the U.S. Energy Information Administration (EIA), and the U.S. Census Bureau, the NEB explained upcoming amendments to the *National Energy Board Act*. These amendments may exempt Canadian natural gas imports from requiring Board authorizations, modernize the reporting requirements to simplify the regulations and reflect current market conditions, and amend reporting requirements under the *National Energy Board Export and Import Reporting Regulations*, among other considerations.

The United State Census Bureau's Foreign Trade Division (FTD) and the Bureau of Economic Analysis (BEA) consider NEB as the most reliable source of U.S. natural gas and the only source of electricity trade data. The FTD and BEA are responsible for producing the monthly U.S. International Trade in Goods and Services report and NEB-sourced natural gas and electricity accounted for US\$13.56 billion of U.S. imports and US\$4.30 billion of U.S. exports in 2011.

The use of NEB data by U.S. statistical agencies came about due to the United States and Canada Data Exchange, established in 1987. This is an arrangement where the U.S. substitutes Canadian import statistics for U.S. exports to Canada and similarly, Canada substitutes U.S. import statistics for Canadian exports to the United States. Natural gas and electricity are two exceptions where, through Statistics Canada, the U.S. relies on NEB data for both northbound and southbound trade data.

The BEA also uses the natural gas and electricity data from the NEB to measure U.S. merchandise trade in the U.S. International Transactions Accounts. These trade statistics are also an essential component of the national income and product accounts and the input-output accounts of the United States produced by BEA.

The EIA uses NEB data for generating all production, consumption, import and export energy statistics for Canada. NEB data are used in EIA's International Energy Statistics public query system, and as inputs to the international module to EIA's monthly Short Term Energy Outlook model and the International Energy Outlook. The data are also used to respond to Congressional inquiries concerning energy supply conditions in Canada. Any delay in the release of NEB data would negatively impact EIA's timely release of its international data. If NEB adopts voluntary

reporting, EIA will need to search for alternative resources to supplement the data and spend more resources evaluating both NEB and new data sources.

The Office of Fossil Energy at the Department of Energy (DOE) receives natural gas data from the NEB on a monthly basis to verify natural gas imports from Canada and U.S. exports to Canada. NEB data are also used to verify and monitor in-transit shipments that flow from the U.S. through Canada back into the U.S., and shipments from Canada into the U.S. that flow back into Canada. These in-transit shipments, i.e., shipments that originate and are ultimately consumed in the same country, are excluded from U.S. and Canadian energy supply estimates. If NEB terminates data collection on U.S. natural gas exports to and imports from Canada, DOE would lose a key resource to validate the import/export data it collects. EIA receives data on natural gas exports and imports from DOE on a monthly basis. U.S. natural gas exports to Canada are volatile and without NEB data, EIA would require greater resources to validate natural gas import/and export data. Although the amendments to the National Energy Board Act do not affect electric licenses, EIA currently relies on NEB data for U.S. imports and exports of electricity. EIA uses these data in their publications on U.S. export energy statistics.

There are several implications if the National Energy Board Act is modified. Voluntary reporting by natural gas filers will more than likely lead to undercoverage problems. Additionally, if modifications include extending reporting deadlines so that filers are allowed more than 30 days to send their monthly data to NEB, Statistics Canada and the U.S. Census Bureau will rely more heavily on estimation, impacting the quality and timeliness of trade data. Also, eliminating data elements deemed critical by the U.S. Census Bureau and international trade data users will result in the U.S. Census Bureau being unable to deliver relevant and useful trade data.

The U.S. Census Bureau, BEA, and EIA, are requesting that the NEB carefully consider the impact of amending the *National Energy Board Act*. Statistics Canada and U.S. statistical agencies rely on the NEB as the source of this high profile commodity and ask that the Board be mindful of any changes that could potentially compromise or weaken the quality of Canadian and U.S. trade data. Thank you for your consideration.

Sincerely,

Nick Orsini
Chief, Foreign Trade Division
U.S. Census Bureau

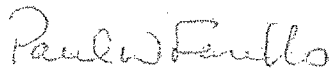
Paul Farello
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U.S. Energy Information Administration

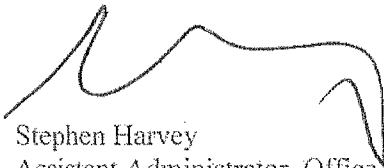
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