

more Canadians benefit from domestic gas production, which would also reduce Canada's reliance on imported oil.

A bidirectional Maritime pipeline could have been completed by now had even one-quarter of the projected \$7 billion PIP expenditure been spent on it. This could also have served the eventual transmission of offshore gas. Such missed opportunities suggest that a sense of proportion has been lost in administering government expenditures. Surely there is a responsibility to better assess on a dollar-for-dollar basis what can be accomplished by alternative spending programs.

We realize the legal and financial significance of long-term contracts for those who have invested in the gas distribution system. But we also want to encourage independent buying and selling of natural gas, and better pipeline access for the carriage of third party gas. This is a complex problem. The implications of making Trans-Canada PipeLine a common carrier should be investigated.

How should energy policy be directed in the national interest? Here one can distinguish between short-term and long-term considerations.

In the short run, we are vulnerable to abrupt oil price movements, up or down. The Committee supports limited intervention in the market in two circumstances. Given a large, sharp price *increase*, we advocate a consumer protection scheme of limited duration to smooth the transition and reduce the economic shock. Given a large, sharp price *decrease*, we advocate a floor price for oil sands and enhanced oil recovery production only, again of restricted duration, to sustain these production facilities for future needs.

Canada's longer-term interests are served by making the domestic energy system less vulnerable to events abroad. Beyond shifting our dependence from lighter crudes towards our more abundant heavy hydrocarbons, reducing the share of oil in Canada's energy mix through conservation, substitution by other fuels and alternative energy development are keys to success. The Canadian Home Insulation Program and the Canada Oil Substitution Program illustrate what is possible through energy conservation alone. For a net cost of less than \$1.5 billion, CHIP and COSP have reduced Canadian energy demand by approximately 75,000 barrels per day of oil and oil equivalent. No frontier oil field or new tar sands plant of comparable capacity could be put into production at this cost.

To consumers, we say that the proposals contained in this report represent your interest in having a sure and steady supply of energy, which is as much as possible a product of Canada and a job creator for Canada. By securing energy supply our economy will not be held hostage to international