

**Costs not known**

The doubts that have been raised with respect to the project principally turn around the question of the ultimate cost of the pipeline and the resulting marketability of the gas that will be shipped through it.

I can not tell you today what the cost of the pipeline will be. Obviously the single most costly part of the system — and the part that poses the greatest degree of uncertainty — is that for the pipeline and conditioning plant in Alaska. I understand that both the Prudhoe Bay producers and the Alaska pipeline sponsor have confidence in and are comfortable with the detailed cost estimates that are currently being developed in conjunction with the final design and engineering work currently under way for the Alaskan system.

In considering the feasibility of the Alaska Highway Gas Pipeline project, I think it is essential to keep certain key elements in perspective. A series of critical developments that have taken place since the emergence of the Organization for Petroleum Exporting Countries as a major force on the world stage, and the continuing uncertainties surrounding offshore oil supplies, have made this more than just an ordinary pipeline, more than just a pipeline to be considered in commercial terms alone.

This pipeline will provide access to some 26 trillion cubic feet of gas already discovered on the North Slope of Alaska. That represents 13 per cent of the total of established U.S. gas reserves and the largest and most important single source of new energy supplies available to the lower 48 states within the foreseeable future.

Securing access to that gas is vital to the realization of the national interest of the United States in substantially reducing its reliance on uncertain offshore energy supplies. Congress clearly had that consideration very much in mind when it stated in its resolution of last summer that the project "remains an essential part of securing this nation's energy future...".

In Canada, we share the same national objective of reducing our own, less critical dependence on foreign energy supplies. The Alaska Highway pipeline represents one means of achieving that goal, providing us with the means of access to our own established reserves in the Mackenzie Delta and those that appear to be available in significant volume offshore in the Beaufort Sea.

**Incentives for switching from oil**

But we have also adopted a number of other measures as part of our new national energy program that are aimed at encouraging conversion from consumption of scarce petroleum supplies wherever feasible to other forms of energy that are more abundant. The Canadian government has earmarked \$500 million in funds to support the extension of our existing gas pipeline system from Montreal eastward through Quebec and into the Maritime provinces and westward to Vancouver Island in British Columbia. It has provided for grants of up to \$800 *per* unit to encourage conversion of oil-burning furnaces to gas, electricity or other practical alternatives. And the government has also adopted a domestic pricing policy that will provide a further incentive to Canadians to switch from oil to natural gas consumption.