

soon, we can look forward to attaining this objective in most oil-consuming sectors and areas within a decade.

The stakes are very large indeed. Getting down to 10 percent oil usage would save about 150,000 barrels of oil a day in the residential field, another 150,000 in the industrial sector, and 75,000 in the commercial area. That's a saving of approximately 375,000 barrels of oil each day.

Energy substitution

What is involved here is a massive energy substitution program to allow energy consumers to move away from oil and over to relatively less expensive and more plentiful sources of energy whether that be natural gas, electricity, or other sources such as wood, solar, propane and other liquified gases, coal or biomass.

The potential for this kind of substitution in the residential area alone can be illustrated by citing the situation in Ontario. That province has about two million residences, and about half are now on natural gas while the other half rely on other forms of energy including oil. Of the million not now on natural gas, it is estimated that about a quarter million are in areas now served by gas mains and over 400,000 are within existing gas franchise areas. We are anxious to ensure that this large potential for energy substitution is realized without undue delay.

The nature of any substitution of oil — from oil not only to natural gas, but to electricity and other forms of energy — must be determined not only by local circumstance as it now exists, but as we can alter it by increasing the range of choice open to the consumer, within national energy objectives.

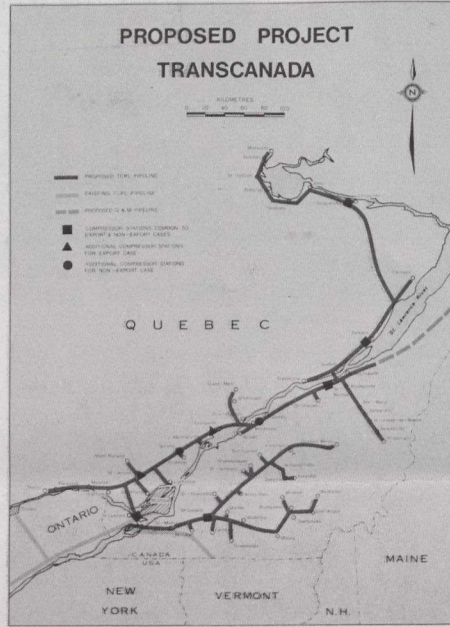
...Natural gas is in surplus supply and already has a price advantage over oil in most markets.

While this is a positive factor in any move to substitution, we are also confronted, of course, with a rather substantial effort of improving and extending the Canadian system of natural gas transmission and distribution....

Natural gas pipeline

The National Energy Board (NEB) has... recommended — and the Government is accepting the recommendation — that the natural gas system be extended beyond Montreal to Quebec City.

As I have indicated, there are some im-



portant financial details to be worked out to ensure the financial viability of this line and maximum penetration of gas into the residential, commercial and industrial markets. These details I hope to finalize in the next two months as part of our oil and gas pricing negotiations. There should, however, be no doubt in anyone's mind that the pipeline will be built and arrangements will be made to ensure this maximum penetration. It is a fundamental principle of our energy policy to ensure conversion from oil in the Quebec market.

In the Speech from the Throne, the Government said clearly that it favours the earliest possible construction of a natural gas pipeline to Quebec City and the Maritimes. This remains the Government's preferred option. However, the NEB has denied the application for the moment of the Trans-Quebec and Maritime Pipeline Company (Q&M) to extend the pipeline beyond Quebec City to the Maritimes. It has cited two reasons:

First, the Board has found that Q&M has not done sufficient environmental work. We would hope that Q&M would proceed as quickly as possible to develop this necessary work to ensure that any extension of the pipeline meets [Canadian] environmental standards.

The Board also found that the Q&M application does not adequately consider potential offshore development....

It is clear that the exploration activity in the Atlantic region in the last year has opened up exciting new possibilities. There is now the real potential that the Atlantic region could be self-sufficient in

both oil and gas as a result of potential discoveries at Hibernia and Sable Island. The Atlantic region at present has an energy system which not only delivers energy which is too insecure but delivers energy which is much too expensive. We must ensure that we do not solve the problem of insecurity by developing an energy system which leaves Atlantic Canada with energy which is even more expensive than the energy sources it has today. It is therefore critical that we choose the most efficient alternative energy sources for Atlantic Canada, that we proceed with the agreement of the provinces, and that together we ensure that the needs of its consumers are met.

We are determined, however, that there be no lessening in our drive to convert Atlantic Canada off oil. By necessity there will be a pause as we take time to examine the effect of these new offshore developments. We are determined that this pause be as short as possible, and to this end we are looking at ways in which exploration at Sable Island and Hibernia can be accelerated. We are also asking Q&M to continue to press ahead with the work required for their application so that the NEB could examine a new application as quickly as possible. We are optimistic that the short time taken in obtaining this new information will not result in a delay in the scheduled deliveries of natural gas to the Maritimes.

Major benefit

In Quebec, the construction and extension of the natural gas distribution network will be of major benefit to consumers in this province, and to the whole Quebec economy. The National Energy Board has estimated capital and operating costs of this system at over \$1 billion, not including the investment that will be made in conversion from oil to gas facilities....

By 1985 this system would be capable of delivering about 69.5 billion cubic feet of natural gas to the Quebec market, rising to 136.5 billion cubic feet by 1990. The Board's estimate is that this will mean a net displacement of fuel oil in the Quebec market of 27,000 barrels a day by 1985, and 52,000 barrels a day by 1990.

I am pleased to note also that the national objective of substitution of oil by other forms of energy is being advanced in British Columbia. My counter-

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