Report #:DOE/EIA-0445(2006)
Release date: March 2006
Next release date: March 2007

Assumptions to the Annual Energy Outlook 2006

Table 56. Primary Assumptions for Natural Gas Pipelines from Alaska and MacKenzie Delta into Alberta, Canada

	Alaska to Alberta	MacKenzie Delta to Alberta
Initial flow into Alberta	3.9 Bcf per day	1.1 Bcf per day
Expansion potential	22 percent	58 percent
Initial capitalization	14.6 billion (2004 dollars)	5.1 billion (2004 dollars)
Cost of Debt (premium over AA bond rate)	0.0 percent	1.0 percent
Cost of equity (premium over AA bond rate)	5.0 percent	8.0 percent
Debt fraction	80 percent	70 percent
Depreciation period	15 years	15 years
Minimum wellhead price	$0.85 (2004 dollars per Mcf)	$1.06 (2004 dollars per Mcf)
Treatment and fuel costs	$0.44 (2004 dollars per Mcf)	$0.43 (2004 dollars per Mcf)
Risk Premium	$0.36 (2004 dollars per Mcf)	$0.28 (2004 dollars per Mcf)
Additional cost for expansion	$0.71 (2004 dollars per Mcf)	$0.11 (2004 dollars per Mcf)
Construction period	4 years	3 years
Planning period	5 years	2 years
Earliest start year	2015	2011

Note: The MacKenzie risk premium partially reflects the potential of capital cost overruns, whereas this is represented for the Alaska pipeline by using an initial capitalization that is 20 percent bigger than the expected estimate.

Source: Energy Information Administration, Office of Integrated Analysis and Forecasting. Alaska pipeline data are partially based on information from British Petroleum/ExxonMobil/Conoco Phillips and reflect assumed impact on Alaska pipeline finances as a result of the American Jobs Creation Act of 2004 and the Military Construction Appropriations Act, 2004.

Table 57. Exogenously Specified Canadian Production and Consumption
(billion cubic feet per year)

Year	Consumption	Production Eastern Canada
2000	3,301	142
2005	3,200	182
2010	3,800	355
2015	4,200	800
2020	4,400	830
2025	4,400	730
2030	4,400	730

Source: Consumption - EIA, International Energy Outlook 2005, DOE/EIA-0484(2005); Production - Based on projections from *Canada's Energy Future, Scenarios for Supply and Demand to 2025*, National Energy Board, Calgery, Alberta, 2003.

Table 58. LNG Cost Components

(2004 dollars per mcf)

	Low		High	
2004 Production	$0.33	Nigeria	$1.50	Peru
2004 Liquefaction	$1.38	All facilities	$1.38	All facilities
Shipping	$0.32	Venezuala to the Bahamas	$1.73	Qatar to Gulf Mexico
Regasification	$0.35	Gulf of Mexico	$1.11	Florida
Risk Premium	$0.16	Western Gulf	$1.23	South Atlantic

Source: Energy Information Administration, Office of Integrated Analysis and Forecasting. Gas supply costs are based on a March 31, 2003 report produced under contract to EIA by the Gas Technology Institute (GTI), using a conversion factor of 1,100 Btus/cf. Regasification costs are based on Project Technical Liaison, Inc. estimates. Shipping costs are based on various sources, including www.dataloy.com for transportation distances, the GTI Report, and EIA judgement. Liquefaction costs are based on data from Bear Sterns and Wood MacKenzie. Liquefaction, shipping, and regasification costs are determined endogenously in the NGTDM.