

Dene not sold on pipeline pact
Renegotiate APG-producers deal, says Aklavik chief

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Aklavik (Mar 03/03)- An agreement between Mackenzie Valley gas producers and the Aboriginal Pipeline Group (APG) is short on benefits and long on risk, says Aklavik Chief Charles Furlong.

Furlong said the deal should be renegotiated.

"We are certainly looking at modifying the MOU (Memorandum of Understanding) so that it provides a better deal for aboriginal people and reduces the risk," said Furlong.

The APG signed the MOU with a consortium of Mackenzie Valley and Delta gas producers in late 2001.

The consortium is led by Imperial Oil and includes ConocoPhillips, Shell Canada and Exxon Mobil Canada.

The MOU provides for 33 per cent aboriginal ownership of the proposed \$4 billion pipeline.

The APG is expected to announce a \$70-million funding deal shortly to finance its share of the project's definition and regulatory phase.

TransCanada Pipelines is the rumoured financial backer.

Want fair deal

Dene bands signed the APG-negotiated MOU but decided last December to take a second look at the deal.

They also wanted more information on the competing 'Northern route' proposed by ArctiGas Resources of Calgary.

A review of both projects -- prepared by a committee of regional Dene leaders headed by Furlong -- was released Feb 11.

The report noted that Dene bands "very much" support construction of a pipeline but only if there is "a fair business arrangement" for aboriginals.

Of the two routes, the ArctiGas proposal is financially appealing but is the least likely to be built as no Canadian producers support it, the report said.

"It certainly is an attractive proposal," said Furlong.

"There is no risk to aboriginal people and there would be ownership down the road. But right now the way the politics and economics are, it just doesn't fit."

Support from "a single land claim group" might give ArctiGas some leverage to deal with producers, the chiefs observed, but there was nothing to suggest such a strategy might work.

No special incentive

The Dene leaders saw little to cheer about the APG deal with producers.

Expected land payments are "standard for a pipeline" and the agreement offers no special incentive to aboriginal groups, they reported.

An anticipated new proposal by TransCanada Pipelines "is rumoured to Address MOU weaknesses related to aboriginal equity funding" but may still fall short of aboriginal requirements.

The chiefs consider the signing of the MOU by Dene bands in 2001 was "not a carte blanche commitment to the APG to work on a final arrangement without full participation of the Dene leadership."

Furlong said the Dene want instead a deal that addresses "with clarity" the benefits and the risks for aboriginal people.

"Right now there are too many unanswered questions."

That includes liability provisions given project cost overruns, he said.

Nor does the MOU address how aboriginal groups might produce one-third of the gas for the line.

"It is pretty hard to sign a deal when you don't know what you are signing."

Furlong said the report will be on the agenda at a meeting of national Dene chiefs in April, tentatively in Yellowknife.

"Hopefully the report provides all of the questions the chiefs should be asking."

APG head Fred Carmichael said he hadn't yet seen the report and declined to comment on it.