



Can Canada Become an Energy Export Powerhouse?

Description

Earlier this week **TransCanada** ([TSX: TRP](#))([NYSE: TRP](#)) signed an important deal with **Chevron** ([NYSE: CVX](#)) and **Apache** (NYSE: APA) to build the \$1.9 billion Merrick Mainline Pipeline Project. It's an important project that will help link the emerging natural gas export market in British Columbia, which includes Chevron and Apache's Kitimat LNG joint venture, with natural gas supplies from production basins to the east.

Why this project matters

The TransCanada pipeline will transport 1.9 billion cubic feet of natural gas per day that's sourced through TransCanada's own NOVA gas transmission system. It will take the gas from that source to Chevron and Apache's proposed Pacific Trails Pipeline that will feed into the Kitimat LNG Terminal in British Columbia.

The project will ensure that gas can get from places like the Montney Shale, where TransCanada has proposed to build the North Montney Pipeline, to British Columbia to serve growing export capacity. Meanwhile, the Pacific Trails Pipeline from Chevron and Apache is also expected to be the final leg of the transport journey for gas that's produced from places like the Liard and Horn River Basins, where Apache and Chevron have a large acreage position.

What needs to happen next

The decision to proceed with the Merrick Mainline Pipeline Project still doesn't ensure that the Kitimat LNG facility will be built. That project must still receive final regulatory approval as well as a final investment decision from Chevron and Apache. This pipeline project also needs to be approved by the National Energy Board; that isn't likely to come until at least next year as TransCanada doesn't anticipate filing the necessary paperwork before the fourth quarter of this year.

However, this is still an important piece in getting Canada's massive natural gas supplies from its gas-rich shale plays to the world export marketplace. If all goes according to plan, the Merrick Mainline project will begin flowing gas by the first quarter of 2020, with Chevron and Apache then sending it out to Kitimat.

What it means for investors

For investors, TransCanada is an interesting opportunity to invest in a potential Canadian energy export boom. The company has a project backlog that now totals \$38 billion in commercially secured projects to be completed through the end of the decade. That's an impressive amount of growth potential for the company, as it will enable TransCanada to profit as it becomes the major transporter of gas and oil from production basins to export facilities.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVX (Chevron Corporation)
2. NYSE:TRP (Tc Energy)
3. TSX:TRP (TC Energy Corporation)

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