



Finally, Some Good News for TransCanada Corporation's Investors

Description

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) received a double dose of good news last week. First, the company learned that **Petronas** and its partners gave a conditional final investment decision to build the Pacific Northwest LNG project in British Columbia. That's important news for TransCanada as it represents a major milestone for its Prince Rupert Gas Transmission project.

Further, that LNG project is also important to the company's \$1.7 billion North Montney Mainline Pipeline project, which just happens to be the second piece of good news; the company found out last week that the project was recommended for approval by the National Energy Board. While it's still possible the Pacific Northwest LNG project could fall through, or be delayed, right now TransCanada is finally moving forward on a pipeline project, which is welcomed news for investors.

Lots of work left to do

While Petronas and its partners have agreed to invest to build the Pacific Northwest LNG project, it's not a done deal just yet. The group still needs British Columbia lawmakers to endorse a deal on royalties that has already been signed by the government.

Further, the project still needs to pass a federal environmental review, which will take more time as more information has recently been requested on plans to mitigate damage to a salmon spawning habitat. That being said, the fact that the group isn't pulling out of the project amid a weak energy market is a welcome sign for TransCanada as it will be building several of the natural gas pipelines needed to support the west coast LNG export market.

Two of its key projects are the Prince Rupert Gas Transmission project and the North Montney Mainline Pipeline project. However, the approval for North Montney came with conditions, 45 to be exact, and now TransCanada needs to demonstrate how it will meet those necessary conditions before construction can begin. In the meantime, the company can at least move one more step forward with the Prince Rupert Gas Transmission project; construction is slated to start later this year with an in-service date around the end of the decade.

Just one piece of a big-growth pipeline

These projects represent just a portion of TransCanada's growth pipeline. Overall, the company is proposing to build upwards of \$13 billion in natural gas pipeline projects just to support the LNG industry in British Columbia. However, it remains to be seen how much of that amount will be invested by the company; it's very unlikely that all 19 proposed LNG export terminals will be built as the Petronas project is the only one to receive a final investment decision.

As important as natural gas pipelines are to the company, the \$13 billion of potential investments represents just a small portion of TransCanada's overall project pipeline. In fact, the company has a \$46 billion capital plan that it's working to complete, with a bulk of its projects being oil pipelines. Among the largest of those projects are the controversial Keystone XL and Energy East Pipelines, which, at the moment, are delayed indefinitely.

Investor takeaway

While TransCanada's large oil sands pipelines aren't any closer to being built, the company did move closer to breaking ground on two key natural gas pipeline projects. With the final investment decision on Pacific LNG now in hand, the company looks to begin construction on its Prince Rupert Gas Transmission project later this year.

Further, the company now has conditional approval for the North Montney Mainline Pipeline project, which takes it one step closer to building that pipeline as well. Both projects will drive important growth for TransCanada by the end of this decade.

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