

Government Relations Plan

Introduction

Transportadora de Gas del Sur (TGS) is the largest natural gas extraction business in Argentina. In order to successfully expand into the Canadian market, it is imperative that TGS obtains all necessary approvals and clearances from both federal and provincial government agencies in Canada. This plan has been drafted to hone in on what are the key goals, objectives, issues, messages, and tactics that need to be considered when obtaining the required government approvals.

Goal

To obtain necessary approvals and clearances from Alberta Energy, the Alberta Energy Regulator (AER), Natural Resources Canada, the National Energy Board (NEB), and other government agencies, in order to secure entry into the Canadian oil and gas market through an expansion into Alberta.

Objectives

- To obtain clearance of compliance to all applicable legislation such as the Environmental Protection Act (EPA), both provincially and federally, through the completion of an environmental compliance assessment
- To secure mining rights to the desired mining reserves in Alberta.
- To enhance recognition amongst the regulatory and government agencies
- To excite key decision-makers about the potential contributions that TGS can make to the Alberta and Canadian economies

Contextual Issues

There are a number of factors that will affect TGS's expansion and must be considered when looking at these factors from the context of effective government relations planning.

First, the current Canadian political climate must be considered. From a political standpoint, particularly when it comes to oil and gas mining and consumption, elected

government officials are highly concerned with the public perception of any actions in the industry. Many Canadians are highly environmentally-conscious and consequently from the perspective of politicians it is imperative that Canadian voters are not being sent the message that their politicians are not sharing their environmental concerns. Bringing in a new oil and gas mining company will upset many of these Canadians, so it is critical that when engaging in any government relations with these elected officials that TGS bears this point in mind. TGS must be sensitive to this political climate in order to ensure that the message that TGS can greatly benefit the Canadian economy is embraced and top-ranking politicians become supporters of the project rather than oppose it.

Second, the economic factors surrounding the oil and gas industry in Canada must be kept in mind when engaging in any negotiations: particularly future demand and pricing projections. As it stands, there is a very promising outlook for energy production and demand in Canada over the foreseeable future. This is not only an excellent reason to attempt to breach the Canadian market, but it is also a very strong selling point when engaging in discussion with government officials. It is important to stress the fact that Canada will be seeing increased demand that the current suppliers may be unable to meet and TGS can fill this gap. Additionally, future gasoline prices certainly need to be taken into consideration as this will greatly affect the profitability of the project. While these prices tend to fluctuate greatly in the short-term, as this is a project that will span over the course of decades it is important to consider the projected long-term prices of these resources.

Finally, TGS must consider the current financial constraints of the government agencies with which they meet. Some agencies will have larger budgets and other may be very over-budget. If TGS enters discussions with the perception that the organization could potentially receive a government subsidy for their expansion they may be met with some very uncooperative decision-makers. In most government agencies budgets are very tight and have been allocated to projects in advance with little wiggle-room for unplanned projects. Therefore it is crucial that TGS maintains a focus on the amount of revenue that the project will generate for the government and refrain from any early discussion about costs to the government in order to obtain buy-in from key decision-makers.

Key Messages

- Transportadora de Gas del Sur will engage in all business activities using the most environmentally-sensitive methods available and will make it a key business objective to set a high standard for all companies in the industry
- TGS is aspiring to be one of the Canadian energy industry's greatest partnerships in growing the oil and gas market nation-wide
- TGS will generate a substantial amount of revenue for Canadian government agencies and in the long-term will contribute greatly in strengthening the Canadian economy and energy infrastructure

Tactics, Metrics, and Measures of Success

- Schedule open-discussion “feeler” meetings with all key government agencies (Alberta Energy, the Alberta Energy Regulator (AER), Natural Resources Canada, the National Energy Board (NEB)) to obtain input and ensure that all key government stakeholders feel involved in the process and know their concerns are appreciated and understood from day one
- Hire a legal team to complete a compliance assessment of all laws that TGS would be expected to follow upon entry into Alberta. Complete a report or compliance plan that can be provided to government officials to demonstrate how TGS plans to ensure all laws are respected and followed
- Develop brief and focused information packages and presentations that will appeal to the concerns of elected officials and help assure these individuals that TGS will do everything in its power to ensure the politicians receive public support for the project
- Hire one or more reputable lobbyists to deliver TGS's message and set up meetings quickly with key government officials and influence their decisions
- Complete a plan of all required documentation, government forms, and approvals that need to be submitted and approved in order to obtain clearance to enter the market, and ensure all applications are submitted in a timely manner

- Create partnerships with industry associations and government agencies in order to secure as many supporters are possible for the project and avoid encountering strong opposition where possible
- Secure agreements and pre-approvals for the purchase of land and mining rights to avoid any potential complications