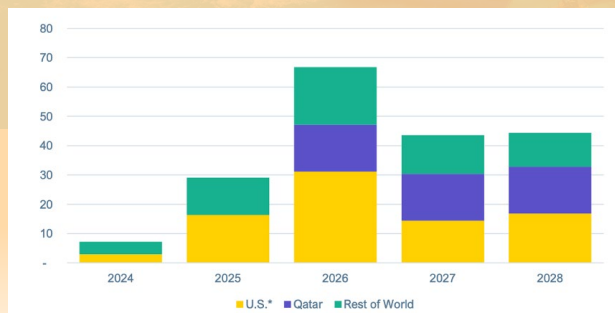


The Ksi Lisims LNG Project and the Broader Canadian LNG Sector Face Strategic Challenges

The Ksi Lisims LNG project faces significant infrastructure, regulatory, political, and financial risks

Growth in Global LNG Production Capacity
(Million Tons per Year)



Source: IEEFA estimates, based on data from the International Gas Union, the International Group of Liquefied Natural Gas Importers, Independent Commodity Intelligence Services, Kpler, Global Energy Monitor, company announcements and financial filings, and news reports



Ksi Lisims—a joint project by the Nisga'a Lisims Government, Rockies LNG, and Western LNG to liquefy 695 billion cubic feet per year of natural gas in a floating terminal in northwest B.C. for export—faces infrastructure gaps, market headwinds, and rising costs.

The construction cost may be substantially understated. Proponents estimate capital costs for the project at US\$550–\$600 per million tonnes per annum (mtpa), totaling C\$8.3–C\$9 billion. However, **alternate studies suggest costs could be as high as US\$1,200–\$1,900 per mtpa**, which would push the total to around C\$26 billion—nearly three times the original estimate.

The project's main feed gas line faces rising costs. Though only minor early-stagework has begun on the Prince Rupert Gas Transmission pipeline (PRGT), **costs have already doubled from \$5 billion to \$10–\$12 billion**, underscoring the financial and inflationary pressures facing the project and Canada's broader LNG sector.

The best-paying jobs may be outside of Canada. Floating Liquefied Natural Gas (FLNG) barges are usually built in specialized overseas shipyards, meaning most high-value engineering, fabrication, and construction jobs go abroad—leaving primarily operational roles

Indicative Liquefaction Plant Cost
(\$/tpa US\$ 2018 and \$/mmBtu US\$2018)

Liquefaction Project Location	MTPA Capacity	\$/tpa US\$ 2018	\$/mmBtu*
ALL Locations	490	946	\$3.31
Remote/ High Cost Locations	280	1,226	\$4.29
Qatar	78	482	\$1.69
USA Lower 48	61	660	\$2.31
West Africa	31	1,084	\$3.79
Russia / Arctic	33	1,292	\$4.52
Australia	89	1,789	\$6.26
Australia (excl Gorgon, Ichthys, Wheatstone, Prelude)	52	1,273	\$4.46
FLNG	12	1,975	\$6.91
FLNG (excl Prelude)	9	1,432	\$5.01

(*) Indicative \$/mmBtu based on \$3.50/mmBtu per \$1000/tpa. Source: LNG Canada FID presentation.

Source: Oxford Institute of Energy Studies, World Bank, Wood Mackenzie, Federal Reserve Bank of Minneapolis and SyEnergy





for local workers.

Revenue could be volatile. While Ksi Lisims LNG has secured 2 sales and purchase agreements (SPA) for 4 of its proposed 12 million tons per annum (mtpa), about **70% of projected capacity still lacks committed buyer**—leaving the project exposed to spot market risks and revenue volatility.

BC Hydro's ability to electrify Ksi Lisims LNG on schedule remains uncertain; without it, the project would need to fuel its process with natural gas, causing an estimated increase of:

\$2B

in capital costs

1.8M

tonnes of CO₂-e/year

Geography may not outweigh infrastructure costs and market risks. Western Canada's proximity to key Asian markets is an advantage, but shipping accounts for only about 12% of total costs to supply LNG to the market; thus, **the benefit may not be enough to ensure competitiveness**, especially when weighed against the project's structural challenge.

Key Takeaways from IEEFA's review of the Ksi Lisims project are:

- infrastructure gaps
- market uncertainties
- uneven risk distribution among stakeholders

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