

# Factors Impacting the Financial Feasibility of a Pipeline Project

This infographic accompanies the Yellowhead Institute Special Report, *Buried Burdens: The True Costs of Liquefied Natural Gas (LNG) Ownership*.

Read the full report at [yellowheadinstitute.org](https://yellowheadinstitute.org)



In the early phases of any development, investment is required to finance the project. As described in the Yellowhead Special Report, *Buried Burdens: The True Costs of Liquefied Natural Gas (LNG) Ownership*, Indigenous communities are increasingly invited to participate in the financing. Yet, this investment comes with a risk.

Accurately estimating project costs is crucial for investors to seriously consider a project. This infographic depicts how risk revolves around market conditions, which are influenced by, and can in turn influence, a range of variables. These variables include hesitant investors, viable transport contracts, the global market, and the regulatory regime (Pineault, 2024). As a project progresses, its financial picture becomes clearer, and the budget becomes more reflective of current economic conditions, which are increasingly uncertain. Given the delays in the project and the uncertain LNG market, is the PRGT project even financially feasible?

## SHIPPING

At the time of writing, there are few long-term contracts secured for shipping, requiring shippers to rely on volatile short-term contracts. This is a significant financial risk as creditors demand higher interest rates on the investment, given the uncertainty.



## INVESTORS

As project costs are expected to rise during the construction phase, equity owners may need to refinance the project or seek additional sources of financing.



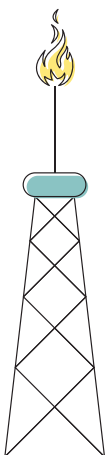
## REGULATORY

With recent provincial and federal laws being passed to expedite resource development, there are also many unanswered questions about approvals, now or in the future. This uncertainty may result in additional risk.



## GLOBAL MARKET

It isn't clear who will be buying this product. Without a clear indication of demand, especially into the future, there may not be a return on investment.



## PRICE

Given the challenging dynamics in the LNG market, to be competitive, the price may have to be lowered to attract demand. This will result in low profits.

