

Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of July 2002

Public Hearing Applications

Hearing Decisions Pending

- 1. Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and Construct the the Weejay Lateral - GH-2-2002 (File 3200-W005-11)**

The Board held a public hearing from 25 to 27 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

- 2. Province of New Brunswick - Short-term Orders to Export Natural Gas - MH-2-2002 (7500-M093-3)**

The Board held a public hearing from 15 to 30 July in Fredericton, New Brunswick on an application from the Province of New Brunswick requesting that the Board hold a public hearing to examine the rules for natural gas exports.

Hearing in Progress

- 1. Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)**

The Board will hold a public hearing in two phases on an application by WEI to expand its Southern Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing was held on 8 and 9 July in Abbotsford, British Columbia. Phase 2 of the hearing will commence on 30 September in Chilliwack, British Columbia and will continue in Williams Lake, British Columbia on 3 October and will then reconvene in Chilliwack on 7 October.

Phase 1 of the hearing dealt with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with, design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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Hearings Scheduled

1. Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities - GH-3-2002 (File 3400-M124-4)

The Board will hold a public hearing commencing on 30 September in Saint John, New Brunswick on an application from M&NP to construct additional facilities on its natural gas pipeline system in Nova Scotia and New Brunswick. M&NP proposes to construct one custody transfer meter station and four compressor stations on its mainline.

M&NP stated that these facilities are required to provide transmission service to EnCana Corporation of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005. The estimated cost of the facilities is \$190.8 million.

2. Sumas Energy 2, Inc. (SE2) - International Power Line (IPL) - EH-1-2000 (File 2200-S040-1)

At the request of SE2, on 19 February 2001 the Board adjourned the public hearing relating to the SE2's request for approval to construct an 8.5 kilometre (5.3 miles) IPL. On 19 February 2001 the Board was to hear argument on a motion on whether the Board should consider the environmental effects in Canada of the proposed power plant to be located in Sumas, Washington.

On 21 June, the Board decided that, as 16 months have elapsed since the hearing was adjourned, the interests of parties and matters pertaining to this application may have changed. Therefore, prior to reconvening the public hearing, the Board has decided to seek comments from all parties on the manner in which the Board should proceed in continuing its consideration of this application.

SE2 applied to construct a 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The proposed IPL would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights-of-way of Canadian Pacific Railway, the City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation in Abbotsford.

Hearing Applications Filed

1. New Brunswick Power Corporation (NB Power) - Construct an International Power Line (IPL) (File 2200-N088-1)

On 31 May 2001, NB Power applied to construct

and operate a 345 kilovolt IPL of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

2. EnCana Corporation (EnCana), formerly PanCanadian Energy Corporation - Natural Gas Pipeline (File 3200-P022-1)

On 1 March, EnCana applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. EnCana anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or Postponed

1. Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)

The Joint Review Panel for the Georgia Strait Crossing Pipeline Project has postponed commencement of its public hearing scheduled for 17 June. A new date will be announced at a later time.

2. Mr. Robert A. Milne, 3336101 Ontario Limited, c.o.b. as Milne Crushing & Screening - MH-1-97

For more information on this matter, refer to item 1 under Hearing Applications, Hearings Postponed in issue No. 62 of the Regulatory Agenda dated 1 October 1997.

3. Crowsnest Pipeline Project - Natural Gas Pipeline

For more information on this matter, refer to item 1 under Hearing Applications, Hearing Application Suspended of issue No. 63 of the Regulatory Agenda dated 1 January 1998.

Non Hearing Applications

Electricity Matters

Matters Completed

1. Duke Energy Marketing Canada Ltd. (Duke Energy) - Amend Electricity Export Permits (File 6200-D064-1-1)

On 26 July, the Board approved an application dated 13 May from Duke Energy to amend electricity export permits EPE-135 and EPE-136. These permits authorize Duke Energy to export electricity over international power lines in British Columbia, Manitoba and Ontario. Duke Energy is also requesting to amend the permits to allow for exports from international power lines in New Brunswick.

2. Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)

On 12 July, the Board approved an application dated 1 May 2001 from Morgan for permits to export up to 779 gigawatt hours of interruptible energy and up to 1 557 gigawatt hours of firm energy annually for a period of 10 years.

Matters Under Consideration

3. Advantage Energy Inc. (Advantage) - Electricity Export (File 6200-A101-1)

On 15 July, Advantage applied for permits to export up to 20 000 megawatts of firm power and up to 20 000 megawatts of combined firm and interruptible power per year for a period of 10 years.

4. Consumers Energy Company (Consumers) - Electricity Export (File 6200-C209-1)

On 24 May, Consumers applied for permits to export up to 16 000 gigawatts of firm power and up to 24 000 gigawatt hours of combined firm and interruptible energy per year for a period of 10 years.

On 12 June, the Board sent a letter to Consumers requesting additional information.

5. Emera Energy Inc. (Emera) - Electricity Export (File 6200-E115-1)

On 23 May, Emera applied for permits to export up to 1 000 megawatts of firm or interruptible power and up to 4 800 gigawatt hours of firm or interruptible energy per year for a period of 10 years.

On 7 June, the Board sent a letter to Emera requesting additional information.

6. Hydro One Delivery Services, Inc. (HODS) - Lake Erie Link (File 2200-H026-1)

On 26 July, the Board invited public comments on the scope of the environmental assessment on a proposal by HODS to construct and operate an international power line between Canada and the United States across Lake Erie. Written comments are to be filed by 13 September.

The proposed Lake Erie Link would consist of: i) one, two or three pairs of 150 kilovolt buried submarine electricity cables and fibre optic cables from near the Nanticoke Thermal Generating Station near Simcoe, Ontario to two possible destinations in Ohio and/or Pennsylvania in the United States; ii) an onshore converter station; and, iii) approximately 3.5 kilometres (two miles) of onshore power line. The length of power line within Canada would be approximately 60 kilometres (37 miles), depending on the route chosen.

In April, HODS filed a preliminary information package with the Board regarding the Canadian portion of the proposed Lake Erie Link which initiated early co-ordination and scoping for the federal environmental assessment process under the Canadian Environmental Assessment Act (CEAA) in advance of a formal application.

7. Split Rock Energy LLC (Split Rock) - Electricity Export (File 6200-S093-1)

On 8 May, Split Rock applied for permits to export up to 600 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 11 June, the Board sent a letter to Split Rock requesting additional information.

Pipeline Matters

Matters Completed

1. Section 58 Applications

The Board has approved applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. Alliance Pipeline Ltd. (Alliance) - Kaybob North Lateral Project (File 3400-A159-9)

On 7 June, Alliance applied for approval to construct approximately a 26.4 kilometre (16.4 mile), 610 millimetre (24 inch), natural gas lateral in west-central Alberta from Alliance's AB45 Meter Station in NW 10-59-18 W5M to a point of interconnection with the Alliance Mainline in NE 26-61-18-W5M. The lateral will have an initial capacity of 8.5 million cubic metres (300 million cubic feet) per day. The estimated cost of the project is \$21.2 million and the proposed in-service date is 1 January 2003.

On 5 July, the Board sent a letter to Alliance requesting additional information.

Traffic, Tolls And Tariff Matters

Matters Completed

1. TransCanada Pipelines Limited (TCPL) - Final 2001 Tolls (File 4200-T001-15)

On 18 July, the Board approved an application dated 25 June from TCPL for final tolls for 2001 reflecting the Board's decision regarding TCPL's Fair Return Application issued on 21 June (RH-4-2001).

2. TransCanada Pipelines Limited (TCPL) - Reports of the 2002 Tolls Task Force (4775-T001-1/02-05)

The Board has approved the following resolution of the 2002 Toll Task Force:

| Resolution No. | Date approved | Subject |
|----------------|---------------|--|
| 07.2002 | 25 July | Tolling Amendment for Multiple Handshake/Pooling Service |

3. Trans Mountain Pipe Line Company Ltd. (TMPL) - Final Tolls for 2002 (File 4200-T004-10)

On 31 July, the Board approved an application dated 21 June for approval of final tolls set forth in Tariff No. 48 for Petroleum and Final Tariff No. RP17 for Refined and Partially Refined Petroleum and MTBE effective 1 August 2002.

Matters Under Consideration

4. TransCanada Pipelines Limited (TCPL) - Facilities Deactivation, Accounting Treatment (File 3400-T001-192)

On 10 January, the Board convened a conference of interested parties to discuss issues surrounding TCPL's application to deactivate 36 compressors on its Mainline that had not been operated for more than 12 months. TCPL divided the compressor units into two categories. Twenty-two of the units (Category A) were to be retired immediately for accounting purposes and physically decommissioned over the next 3 to 4 years. The fourteen other compressors (Category B), pending further review by TCPL, will be either retired and physically decommissioned or held for possible reactivation. As a result of the conference, it was agreed that the Board would provide guidance on what an appropriate accounting treatment might be for those Category B compressors that TCPL plans to deactivate and hold for possible reactivation.

On 18 July, the Board issued a letter providing a proposal which represented the Board's initial views as to what an appropriate accounting treatment might be in this instance and that would be fair to both TCPL as well as its shippers. Comments from interested parties on the proposed accounting treatment are due by 9 August 2002 and TCPL has until 16 August to reply to any comments received.

5. TransCanada Pipelines Limited (TCPL) - Final 2002 Tolls (File 4200-T001-17)

On 19 July, TCPL applied for approval of final tolls for the year 2002. On 25 July, the Board decided to seek comments of interested parties on the application.

Frontier Matters

1. **BP Canada Energy Company** was given approval on 22 July, pursuant to section 59 of the **Canada Oil and Gas Production and Conservation Regulations**, to decommission and dismantle the Pointed Mountain Gas Processing facility in the N.W.T.
2. **Petro Canada** was given approval on 22 July, pursuant to section 184 of the **Canada Oil and Gas Drilling Regulations**, to terminate the PC Devon Kugpik L-46 well.
3. **Paramount Resources Ltd.** was given approval on 30 July, pursuant to section 184 of the **Canada Oil and Gas Drilling Regulations**, to terminate wells Para et al Cameron N-28 and Para et al Cameron B-08.

4. Geological, geophysical or geotechnical operation: Seven applications were approved pursuant to section 5.1(b) of the Canada Oil and Gas Operations Act.

| Company | Area | Operation ID | Date |
|---------------------------|------------------|----------------|---------------------|
| EOG Resources Canada Inc. | Mackenzie Valley | 9227-E035-001E | 3 July |
| Devon ARL Corporation | Mackenzie Delta | 9337-D030-001E | 5 July (correction) |
| Devon ARL Corporation | Beaufort Sea | 9424-D030-001E | 5 July |

| Company | Area | Operation ID | Date |
|----------------------------------|------------------|----------------|---------|
| TGS-NOPEC Geophysical Company | Davis Strait | 9724-T063-002P | 11 July |
| Petrel Robertson Consulting Ltd. | Mackenzie Valley | 9233-P062-001E | 12 July |
| EXPLOR DATA Ltd. | Mackenzie Valley | 9229-E034-008P | 16 July |
| TGS-NOPEC Geophysical Company | Davis Strait | 9724-T063-002P | 17 July |

Review

Review Pending

1. Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)

On 17 October 2000, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drownings have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the

Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December 2000, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the **National Energy Board Rules of Practice and Procedure, 1995**, including notification to potentially interested persons.

Amendments to Regulations, Rules and Guidelines

1. **Guidance Notes for the Onshore Pipeline Regulations**

The Board has sought comments from the public on proposed amendments to the **Guidance Notes for the Onshore Pipeline Regulations, 1999**.

The 1999 Guidance Notes were developed as a companion to the **Onshore Pipeline Regulations, 1999**. They are intended to provide additional explanation of specific sections of the Regulations and to provide examples of methods which could be used to achieve compliance. The proposed amendments of the Guidance Notes incorporate comments received from stakeholders as well as learnings from the Board's activities such as audits performed pursuant to the **Onshore Pipeline Regulations, 1999**.

2. **National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)**

The Board intends to replace the existing **Pipeline Crossing Regulations, Part II** with regulations targeted at damage prevention (to be known as **Damage Prevention Regulations**). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

On 30 May, the Board released a document entitled **A Conceptual Draft of the Proposed National Energy Board Damage Prevention Regulations & Guidance Notes**. The document contains the framework, concepts and ideas that will eventually form the new regulations. The Board also released the results of a national survey of Canadians who own land crossed by a federally-regulated pipeline. This survey was conducted for the Board by COMPAS between January 17 and February 02, 2002 and will be used in the development of the new regulations.

The Board intends to meet with stakeholders over the next six months. Planning is underway for "town hall" style meetings at numerous locations across Canada. Details of these meetings will be announced as they become available.

The conceptual draft of the proposed regulations and the COMPAS survey are available on the Board's web site at http://www.neb-one.gc.ca/safety/damgprev/index_e.htm.

3. **Canada Oil and Gas Diving Regulations (Diving Regulations) and Guidance Notes (File 2001-1)**

For more information on this matter, refer to item 4 under **Amendments to Regulations and Rules** in the May 2001 issue of the **Regulatory Agenda**.

4. **The Canada Oil and Gas Drilling Regulations (COGDR) and the Canada Oil and Gas Production and Conservation Regulations (COGPCR) (File 0406-14)**

For more information on this matter, refer to item 5 under **Amendments to Regulations and Rules** in the May 2001 issue of the **Regulatory Agenda**.

5. **Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)**

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the Guidelines which was released for public comment in February.

6. **Regulations and Guidance Notes Pertaining to Canada Labour Code, Part II**

The process of amending the **Canada Oil and Gas Occupational Safety and Health Regulations** pertaining to oil and gas activities, under the provisions of the **Canada Labour Code, Part II**, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

Applications - Copies Required to be Filed

For a list of the number of copies required for the different types of applications, see our Internet site under the heading **Submit a Document**.

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For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: **About Us, Our People**.

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Appendix I

Section 58 Applications

Gas Pipelines

| Applicant | File/Order | Application | Est. Cost |
|----------------------------------|---|--|-----------|
| TransCanada PipeLines Limited | File: 3400-T001-192-2 Order: MO-6-2002 | Application dated 9 July; approved on 18 July. Modify its Plant 13B compression facilities near Caron, Saskatchewan. | 175 000 |
| Westcoast Energy Inc. | File: 3400-W005-293 Order: XG-W005-33-2002 | Application dated 21 June; approved on 15 July. Re-establish depth of cover on the mainline south of Compressor Station 9. | 100 000 |

Oil Pipelines

| Applicant | File/Order | Application | Est. Cost |
|---------------------------------------|--|---|------------------|
| Enbridge Pipelines (Westspur) Inc. | File: 3400-E103-13 Order: XO-E103-11-2002 | Application dated 30 May; approved on 2 July. Upgrade its SCADA and business systems communications. | 350 000 |
| Enbridge Pipelines Inc. | File: 3400-E101-46 Order: XO-E101-12-2002 | Application dated 30 May; approved on 12 July. Deactivate 28.6 kilometres of Line 1. | Not available |
| | File: 3400-X101-13-2002 Order: XO-101-13-2002 | Application dated 17 May; approved on 30 July. Install pump vent flush lines. | 800 000 |

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament.

The Board's regulatory powers under the **National Energy Board Act** include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil,

natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the **Canada Oil and Gas Operations Act** and certain provisions of the **Canada Petroleum Resources Act** encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the **Northern Pipeline Act** and the **Energy Administration Act**. In addition, Board inspectors have been appointed safety officers by Human Resources Development Canada to administer Part II of the **Canada Labour Code**.

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