



Regulatory Agenda

The period covered in this Regulatory Agenda is the month of December 2004

Public Hearing Applications

Hearing Decision Issued

1. *TransCanada PipeLines Limited (TCPL) - North Bay Junction - RH-3-2004 (File 4775-T001-12)*

Reasons for Decision issued on 16 December 2004.

The Board approved an application from TCPL to establish a new receipt and delivery point on its Mainline at North Bay Junction, Ontario effective 28 February 2005.

The Board considered TCPL's application at a public hearing held from 16 August to 10 September 2004 in Montréal, Quebec and Calgary, Alberta for a total of 16 hearing days.

Hearing in Progress

1. *TransCanada PipeLines Limited (TCPL) - 2004 Tolls - Phase II - RH-2-2004 (File 4200-T001-19)*

The Board is holding Phase II of a public hearing which commenced on 29 November 2004 in Calgary, Alberta on an application from TCPL for approval of new tolls it may charge on its mainline system for the period 1 January to 31 December

2004. Phase II of the hearing deals with cost of capital matters. The hearing will resume on 17 January 2005.

Hearing Application Filed

1. *Imperial Oil Resources Ventures Limited (Imperial), Mackenzie Valley Aboriginal Pipeline Limited Partnership, ConocoPhillips (North) Limited, Shell Canada Limited and ExxonMobil Canada Properties - Mackenzie Gas Project (Files 3200-J205-1, 2520-C-19-4, 2620-C-19-7, 2620-C-12-7 and 2620-C-20-7)*

On 24 November 2004, the Board scheduled for public hearing five applications from Imperial Oil Resources Ventures Limited and other applicants for the Mackenzie Gas Project in Northern Canada. The proponents of the Mackenzie Gas Project are Imperial Oil Resources Ventures Limited, Mackenzie Valley Aboriginal Pipeline Limited Partnership, Imperial Oil Resources Limited, ConocoPhillips Canada (North) Limited, ExxonMobil Canada Properties and Shell Canada Limited.

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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The Board's hearing process will be coordinated with the Environmental Impact Review of the Mackenzie Gas Project by the Joint Review Panel contemplated by the *Cooperation Plan for the Environmental Impact Assessment and Regulatory Review of a Northern Gas Pipeline Project through the Northwest Territories*, dated June 2002.

The Board will announce at a later time the dates and locations of its public hearing.

The Mackenzie Gas Project includes a 1 220 kilometre (758 mile) pipeline to transport natural gas to a point of interconnection with the NOVA Gas Transmission Ltd. system in northern Alberta,

a 480 kilometre (298 mile) pipeline to transport natural gas liquids to a point of interconnection with the Enbridge Pipelines (NW) Inc. Norman Wells Pipeline at Norman Wells, N.W.T., three onshore natural gas fields known as Taglu, Parsons Lake and Niglintgak, a gathering system to transport production from the three fields, and a processing facility in the Inuvik, N.W.T. area where natural gas liquids would be separated from the natural gas for shipping. Other related facilities include compressor stations at Little Chicago, Norman Wells, Blackwater River and Trail River, N.W.T. and a heater station at Trout River, N.W.T.

Non Hearing Applications

Electricity Matters

Matter Completed

1. *Draft Model Conditions for a Certificate of Public Convenience and Necessity (Certificate) (Files 3400-T054-3 and 3740-T054-2002)*

On 23 December 2004, the Board issued Model Conditions potentially applicable to any international power line (IPL) for which a certificate is sought in the future. These Model Conditions have been developed from the ones sent out for comment from the Board on 30 June 2004.

The Board has established a set of Model Conditions so as to have a common and publicized starting point from which it could condition IPLs. However, the Board would continue to evaluate each application on an individual basis. Therefore,

- these Model Conditions could be varied as appropriate;
- not all Model Conditions would necessarily apply to all IPL applications; and,
- the Model Conditions do not necessarily represent all the conditions that could be placed on an approval.

Matter Pending

2. *ALLETE, Inc. d/b/a Minnesota Power (MP) - Electricity Export (File 6200-A172-1)*

On 10 June 2004, MP applied for permits to export up to 200 megawatts of firm power and up to 600 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

Frontier Matters

Matters Completed

1. *Paramount Resources Ltd. - Alter the Condition of a Well*

Paramount was given approval on 9 December 2004 to alter the condition of the well Fort Liard F-36.

2. *Imperial Oil Resources - Norman Wells*

Imperial's completion operations for the Norman Wells area were approved 20 December 2004.

3. *EnCana Corporation - Drilling*

EnCana was given approval on 22 December 2004 to drill the well Umiak N-05.

Pipeline Matters

Matters Completed

1. *Safety Advisory NEB SA 2004-02 (File 9700-A000-1-30)*

On 24 December 2004, the Board issued a safety advisory regarding the hazards associated with the use of threaded connections in applications where they may be subject to external forces and moments.

2. *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.

Traffic, Tolls and Tariffs Matters

Matters Completed

1. *Enbridge Pipelines Inc. (Enbridge) - Tariffs Nos. 267 and 268 (File 4400-E101-5-1)*

On 1 December 2004, the Board approved an application dated 17 November 2004 from Enbridge for approval of the extension of interim Tariffs Nos. 267 and 268 for transportation service on Line 9 to 31 March 2005.

2. *Foothills Pipe Lines Ltd. (Foothills) - Statement of Rates and Charges effective 1 January 2005 and Amendments to the Foothills Gas Transportation Tariff - Phase 1 and Subsidiary Companies' Tariffs of Foothills Pipe Lines (Alta) Ltd., Foothills Pipe Lines (Sask) Ltd. and Foothills Pipe Lines (South B.C.) Ltd. (Files 4200-F06-8 and 4775-F006-1-1)*

On 23 December 2004, the Board approved an application dated 1 December 2004 from Foothills regarding rates and charges for transportation services in Foothills' Zones 6, 7, 8 and 9 and amendments to the Gas Transportation Tariff – Phase 1 and subsidiary companies' tariffs of Foothills (Alta), Foothills (Sask) and Foothills (South B.C.) effective 1 January 2005.

3. *Foothills Pipe Lines Ltd. (Foothills) - Short-term Firm Transportation Service (File 4775-F006-1-2)*

On 23 December 2004, the Board approved an application dated 3 December 2004 from Foothills for approval of a short-term firm transportation service on Zone 9 and associated amendments to

the Gas Transportation Tariff – Phase 1 effective 1 January 2005.

4. *Terasen Pipelines (Trans Mountain) Inc. (Terasen) – Final Tolls (File 4200-T099-4)*

On 1 December 2004, the Board approved an application dated 3 November 2004 from Terasen for approval of final tolls, effective 1 October 2004, as provided in Petroleum Tariff No. 55 and Refined Petroleum Tariff No. RP23.

5. *Trans Québec & Maritimes Pipeline Inc. (TQM) - 2004 Final Tolls (File 4200-T028-15)*

On 23 December 2004, the Board approved an application dated 26 November 2004 from TQM for approval of final tolls on its pipeline system for the period 1 January to 31 December 2004.

6. *Trans Québec & Maritimes Pipeline Inc. (TQM) - 2004 Tolls (File 4200-T028-15)*

On 23 December 2004, the Board approved an application dated 8 December 2004 from TQM for approval of interim tolls effective 1 January 2005.

7. *TransCanada Pipelines Limited, B.C. System (TCPL) - Interim Tolls for 2005 (Files 3400-T054-1 and 4775-T054-1-1)*

On 23 December 2004, the Board approved in part an application dated 1 December 2004 from TCPL for interim rates and charges for transportation on the B.C. system effective 1 January 2005 and amendments to the B.C. System Gas Transportation Service Documents. (Refer to item 11 below)

8. *TransCanada Pipelines Limited (TCPL) - Interim Tolls for 2005 (File 4400-T001-25)*

On 22 December 2004, the Board approved an application dated 22 November 2004 from TCPL for approval of interim tolls effective 1 January 2005 on its Mainline system.

9. *Trans-Northern Pipelines Inc. (TNPI) – Interim Tolls for 2005 (File 4400-T002-11)*

On 30 December 2004, the Board approved an application dated 21 December 2004 from TNPI for approval of interim tolls for the period 1 January to 28 February 2005.

10. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion Project (File 4775-W005-1-16)*

On 16 December 2004, the Board approved an application dated 16 September 2004 from WEI for authorization to recover certain costs associated

with the Southern Mainline Expansion Project approved by the Board in GH-1-2002 Reasons for Decision.

Matter Under Review

11. *TransCanada Pipelines Limited, B.C. System (TCPL) - Final Tolls for 2004 (File 3400-T054-2004-1)*

On 27 October 2004, TCPL requested that the Board order that the 2004 interim rates authorized by Order TGI-10-2003 for the B.C. System are final tolls.

On 22 November 2004, the Board informed TCPL that it had decided to postpone its decision on the application pending the disposition of the Canadian Association of Petroleum Producers' application for review of the Board's RH-2-2004 Phase I Decision (see item 1 under *Appeal and Review, Review Pending* below).

Appeal and Review

Appeal Pending

1. *Sumas Energy 2, Inc. (SE2) - Application for Leave to Appeal a Board Decision*

SE2 applied to the Federal Court of Appeal for leave to appeal the Board's 4 March 2004 decision in which it denied an application from SE2 to construct the Canadian portion of an 8.5 kilometre international power line originating at the Canada/United States international boundary near Sumas, Washington and running to a BC Hydro substation in Abbotsford, British Columbia.

On 16 July 2004, the Court granted SE2's application to appeal the Board's decision.

Review Pending

1. *Canadian Association of Petroleum Producers (CAPP) - Review of Reasons for Decision RH-2-2004, Phase I - TransCanada PipeLines Limited's (TCPL) 2004 Tolls (File 4200-T001-19-R)*

On 12 November 2004, CAPP applied for a review of the Board's Reasons for Decision RH-2-2004, Phase I with respect to TCPL's 2004 Mainline Tolls.

CAPP stated that the Board committed errors that raise doubt as to the correctness of its decision. The errors relate to the determinations made by the Board concerning:

- approving tolls for Non-Renewable Firm Transportation Service to be determined on a biddable basis;
- allowing TCPL to include all forecast long-term incentive compensation costs in its 2004 cost of service;
- allowing TCPL to recover through tolls certain regulatory and legal costs relating to review and appeal proceedings.

Amendments to Regulations

Regulatory Initiatives Pursuant to the *National Energy Board Act*

1. *Cost Recovery Regulations - Electricity - Review (File 175-A000-72-2)*

The Board has decided to undertake a review of the *National Energy Board Cost Recovery Regulations* as they relate to the allocation of costs within the electricity industry. This decision was made following a request from some of the stakeholders.

As part of the review, the Board held an all-day workshop on 9 December 2004 in Calgary, Alberta.

2. *National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations*

On 14 November 2003, the Board sought comments from the public on the *Draft Guidance Notes for the National Energy Board Damage Prevention Regulations*. The document contained the draft legal text of the Board's proposed *Damage Prevention Regulations* and the proposed guidance. The deadline for written comments was 31 March 2004.

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as the *Damage Prevention Regulations*).

Regulatory Initiatives Pursuant to the *Canada Oil and Gas Operations Act*

3. *Canada Oil and Gas Diving Regulations and Guidance Notes*

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 and the Canada Oil and Gas Production and Conservation Regulations*

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. *The Canada Oil and Gas Geophysical Operations Regulations*

For more information on this matter, refer to item 6 under *Amendments to Regulations* in the October 2004 issue of the *Regulatory Agenda*.

Regulatory Initiative Pursuant to the *Canada Labour Code*

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

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

Appointment

On 6 December 2004, the Minister of Natural Resources Canada appointed Gaétan Caron as Vice-Chairman of the Board.

Mr. Caron has served as a Board member since June 2003. Before this, he was the Board's Chief Operating Officer for more than 10 years. He first joined the Board in 1979 as a pipeline engineer and has held several other key positions at the Board throughout his career and has managed several elements of its regulatory program - namely

safety, environmental and economic regulations.

Mr. Caron received a Bachelor of Science in rural engineering from Université Laval in 1979 and a Master of Business Administration from the University of Ottawa in 1987. He is also a Member of the Quebec Order of Engineers. Mr. Caron serves on the boards of several community and charitable associations, including the United Way of Calgary and Area.

Instructions for Filing

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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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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipelines Ltd.	File: 3400-A159-18 Order: XG-A59-45-2004	Application dated 29 October 2004; approved on 23 December 2004. Construct the Simonette Lateral in Alberta.	4 436 000
Westcoast Energy Inc.	File: 3400-W005-338 Order: XG-W005-43-2004	Application dated 3 November 2004; approved on 2 December 2004. Revetment on the bank of the Blueberry River at km 60.7 Silver-Dahl Pipeline.	120 000
Westcoast Energy Inc.	File: 3400-W005-337 Order: XG-W005-44-2204	Application dated 1 November 2004; approved on 22 December 2004. Revetment at Salmon River, approximately 25 kilometres north of Prince George, British Columbia.	350 000

Appendix II

(Matters not usually covered in the Regulatory Agenda)

<i>Company</i>	<i>Date</i>	<i>Filing</i>
Enbridge Pipelines (NW) Inc.	1 December	File 4400-E102-5: Filing of the 2005 Estimate of Full Cost of Service and Tariff No. 33.
Maritimes & Northeast Pipeline	6 December	File 4775-M124-1-4: Amend the turnback provision in the M&NP Gas Tariff to change the minimum notification period for turnback from 10 business days to 20 business days. Approved on 8 December 2004.
Echoex Energy Inc.	6 December	File 3400-E135-1: Construct a 3.29 kilometre natural gas pipeline from 06-34-43-28-W3M in Saskatchewan to 06-01-44-01 W4M in Alberta.
Plains Marketing Canada, L.P.	8 December	File 4775-P102-1-1: Filing of the Wascana Pipeline Petroleum Toll Schedule; tariff #5-2 for the Wapella pipeline; the Bodo Pipeline Petroleum Toll Schedule; and tariff 6.0 for the Milk River pipeline.
Enbridge Pipelines Inc.	10 December	Files 4200-E101-1 and 4775-E101-1-1: Advised the Board of the status of negotiations for the establishment of a further toll settlement for 2005 and beyond and confirm the interim tolls in place effective 1 January 2005.
Trans-Northern Pipelines Inc.	10 December	File 3400-T002-67: Pipeline replacements in the Municipalities of Toronto and Pickering, Ontario.
Trans Québec & Maritimes Inc.	10 December	File 3402-T028-2-2003: Annual report on expenditures pursuant to XG/XO-100-2002 for the Year 2003.
Terasen Pipelines (Trans Mountain) Inc.	13 December	File 3400-T099-12: Construct rock armouring and a rock apron for the Athabasca River east bank in British Columbia.
806026 Alberta Ltd.	15 December	File 3400-Z007-4: Construct the 16.5 km Pesh Creek Pipeline Loop, from DEFSC Peggo Gas Plant in British Columbia to NOVA Gas Transmission Ltd.'s Shekilie River North Meter Station in Alberta.
Vector Pipeline Limited Partnership	16 December	File 4400-V016-2: Negotiated interim toll calculation effective 1 January 2005.
Trans-Northern Pipelines Inc.	16 December	File 3400-T002-68: Deactivate the Mirabel Lateral and the Mirabel Metering Station in the cities of Mirabel and Laval, Quebec.
Westcoast Energy Inc.	21 December	File 3400-W005-341: Construct and operate the Sikanni re-injection pipeline.
Many Islands Pipe Lines (Canada) Limited	22 December	File 4200-M029-2: Transportation Tariff effective 1 January 2005.
EnCana Corporation	23 December	Files 7200-E112-1-1 and 7200-E112-1-2: Amendments to Gas Export Sale Contract for export Licences GL-284 and GL-285.

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 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 and Skills Development Canada to administer Part II of the *Canada Labour Code*.

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