



Regulatory Agenda

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

A Compendium of Electric Reliability Frameworks Across Canada

On 17 June 2004, the Board issued a report entitled *A Compendium of Electric Reliability Frameworks Across Canada*. The report addresses the provision of electric reliability across Canada and,

specifically, the roles and responsibilities of the electric power industry, governments and industry regulators to ensure reliability.

Public Awareness Workshop 2004

The Board will be holding its fifth Public Awareness Workshop for Buried Pipelines at the Queen Elizabeth Hotel in Montréal, Quebec from 26 to 28 September 2004. The Public Awareness Workshop is a forum for industry to share its best public awareness practices related to damage prevention and emergency response.

A key goal of the Board is to ensure the safety of NEB regulated pipelines. These workshops are critical in achieving this goal and ensuring that

Canadians are well prepared to live and work safely around pipelines.

For registration forms or to register on line, visit our Web site at www.neb-one.gc.ca under *Safety and Environment, Awareness*. For further information on the Workshop, please contact Stella Hiebert (shiebert@neb-one.gc.ca), Awareness 2004 Project Administrator or call (403) 299-2787 or call toll free 1-800-899-1265.

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"

- Public Hearing Applications**..... 2
- Non Hearing Applications** 2
- Appeals and Review** 4
- Amendments to Regulations** 5
- Administrative Matters** 6
- Appendix I - Section 58 Applications** 7
- Profile** 8

Public Hearing Applications

Hearing in Progress

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

The Board is holding a two-phase public hearing 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 I of the hearing was held from 14 to 25 June 2004 in Ottawa, Ontario. During Phase I, the Board considered all issues raised by the 2004 Tolls Application, with the exception of Cost of Capital. Phase II of the hearing will commence on 25 October 2004 in Calgary, Alberta.

Hearing Scheduled

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

The Board will hold a public hearing commencing on 9 August 2004, in Montreal, Quebec on an application from TCPL for approval to establish a new receipt and delivery point at North Bay, Ontario, corresponding tolls and services, and

to remove North Bay from the existing Northern Delivery Area.

Hearing Suspended

1. *Westcoast Energy Inc. (WEI) – 2004 Tolls – RH-1-2004 (File 4200-W005-16)*

The Board has suspended a public hearing that was scheduled to commence on 17 May 2004 in Calgary, Alberta on an application by WEI for approval of 2004 tolls for mainline transmission service in Zones 3 and 4 for the period 1 January to 31 December 2004.

On 1 April 2004, WEI informed the Board that it had reached an agreement in principle with certain groups and companies on the terms of a transmission toll settlement covering a two year period commencing 1 January 2004. In light of the settlement, WEI requested that the RH-1-2004 timetable of events and hearing schedule be suspended pending the filing of WEI's application for approval of the settlement.

Non Hearing Applications

Electricity Matters

Matters Completed

1. *Black Oak Capital, LLC (BOC) – Electricity Export (File 6200-B070-1)*

On 4 June 2004, the Board approved an application dated 19 March 2004 from BOC for permits to export up to 500 megawatts of firm power and up to 4 380 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

2. *Citadel Financial Products S.a.r.l. (Citadel) – Electricity Export (File 6200-C228-1)*

On 30 June 2004, the Board approved an application dated 28 April 2004 from Citadel for permits to export up to 100 megawatts and 876 gigawatt-hours of firm power and energy and 876 gigawatt-hours of interruptible energy per year for a period of 10 years.

3. *WPS Energy Services, Inc. (WPS) – Electricity Export (File 6200-W058-1)*

On 7 June 2004, the Board approved an application dated 25 March 2004 from WPS for a permit to export up to 1 752 gigawatt-hours of interruptible energy per year for a period of five years.

Matters Pending

4. *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 combined firm and interruptible power and up to 600 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

5. *The Cincinnati Gas & Electric Company (CG&E) – Electricity Export (File 6200-C230-1)*

On 11 June 2004, CG&E applied for permits to export up to 24 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

6. **MAG ENERGY SOLUTIONS Inc. (MAG) – Electricity Export (File 6200-M144-1)**

On 11 May 2004, MAG applied for permits to export up to 500 megawatts of combined firm and interruptible power and 4 380 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

7. **Manitoba Hydro – Electricity Export (File 6200-M020-15)**

On 30 June 2004, Manitoba Hydro applied for permits to export up to 3 000 kilowatts of firm power and 26 352 megawatt-hours of firm energy per year for a period of five years.

Frontier Matters

1. **Canada Oil and Gas Operations Act (COGOA) - Application Repository Project (File 350-A000-19)**

The Board is implementing a document management system for the review of applications for upstream oil and gas activities requiring authorization under section 5(1)(b) of the COGOA. Under this initiative, the Board will accept an electronic copy of an application thereby reducing the number of paper copies that applicants are required to file with the Board for approval. The new system will be implemented in several phases. For further information visit our Web site under *North/Offshore, Frontier Activities*.

2. **Anadarko Canada Corporation's Well Termination Record for the well Emile Lake A-77** was approved on 7 June 2004 pursuant to the *Canada Oil and Gas Drilling Regulations*.

3. **Paramount Resources Ltd.'s Well Termination Records for the wells Cameron A-05, C-16 and C-74** were approved on 17 June 2004 pursuant to the *Canada Oil and Gas Drilling Regulations*. The Well Termination Record for Cameron B-38 was approved 25 June 2004.

4. **Geological, geophysical or geotechnical operation** - one application was approved pursuant to section 5(1)(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Conoco Phillips Canada Limited	Richardson Mountains, NWT	9237-C148-001E	29 June 2004

Pipeline Matters

Matters Completed

1. **Westcoast Energy Inc. – Pipeline Incident Report**

On 17 June 2004, the Board issued its Pipeline Incident Report regarding a pipeline rupture on WEI's pipeline near Fort St. John, British Columbia in May 2002. The rupture occurred on a sending barrel at a valve station. A WEI employee was working on the sending barrel when it ruptured and was knocked to the ground, but was otherwise unhurt. The rupture in the pipeline resulted in the release of approximately 3.73 million standard cubic feet of sour natural gas. The released gas did not ignite and developed into a plume which was blown by the wind toward nearby residences and a trailer park until the gas dissipated.

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.

3. **Joint Application by EnCana Midstream & Marketing Partnership (EnCana Midstream) and PMC (Nova Scotia) Company on Behalf of Plains Marketing Canada, L.P. (PMC) – Sale and Purchase of Pipelines (Files 3400-P102-2, 3400-E132-1, 3400-P077-2 and 3400-P077-2-1)**

On 11 June 2004, the Board approved a joint application from EnCana Midstream and PMC for the sale and purchase of the undivided 23.75 per cent interest in the Bodo Pipeline System. The Board also approved an application by EnCana Midstream for the sale by Van Horne Pipelines Ltd. of its 23.75 per cent interest in the facilities to PanCanadian Petroleum Ltd. (now EnCana Corporation), and the transfer of the 23.75 per cent interest in the facilities to EnCana Midstream.

The Bodo Pipeline System consist of approximately 23.4 kilometres of 168.3 millimetre crude oil blend pipeline and approximately 23.4 kilometres of 88.9 millimetre condensate pipeline each extending from a receipt point located at LSD 1-19-37-01 W4M in Alberta to a point located in LSD 16-27-35-28 W3M in Saskatchewan.

4. *Profico Energy Management Ltd. (Profico), OMERS Resources Limited (OMERS) and Superman Resources Inc. (Superman) – Sale and Purchase of a pipeline (File 3400-P156-1)*

On 11 June 2004, the Board approved an application from OMERS and Superman to sell the Hallam Pipeline. The Board also approved an application from Proficco to purchase the Hallam Pipeline.

The Hallam Pipeline consist of 3.2 kilometres of 114.3 millimetre sweet dry natural gas pipeline extending from LSD 10-23-38-01 W4M in Alberta to LSD 10-19-38-28 W3M in Saskatchewan.

Traffic, Tolls and Tariffs Matter

Matter Completed

1. *TransCanada Pipelines Limited (TCPL) – 2004 Tolls Task Force Resolution (4200-T001-23)*

The Board approved the following resolution of the 2004 Tolls Task Force:

Resolution No.	Date Approved	Subject
01.2004	23 June 2004	Modifications to Short Term Firm Transportation Service

Appeals and Review

Appeals Pending

1. *Natural Gas Steering Committee (NGSC) – Application for Leave to Appeal the 2003 NEB Decision Relating to Westcoast Energy Inc.'s (WEI) Final 2003 Tolls*

The NGSC has applied to the Federal Court of Appeal for leave to appeal the Board's Decision dated 27 November 2003 regarding an application from WEI for approval of final tolls for 2003. The NGSC asked the Federal Court for a stay of the application pending the determination of the review application discussed below in item 3.

2. *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 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.

Review Pending

3. *Natural Gas Steering Committee (NGSC) – Application to Review the Board's Decision Relating to Westcoast Energy Inc.'s (WEI) Final 2003 Tolls*

On 26 February 2004, the Board granted a request from NGSC to review a previous WEI tolls decision. The Board is conducting the review through a written process.

On 24 December 2003, the NGSC asked the Board to review its WEI 2003 Final Tolls Decision of 27 November 2003 and to amend Order TG-7-2003 to require WEI to include the full benefit of the 2003 Overhead During Construction (ODC) tax adjustment in the 2003 tolls. The NGSC also requested that the Board establish a review process to review the treatment of indirect ODC deductions in the 1997 to 2001 toll orders.

Amendments to Regulations

Regulatory Initiative Pursuant to the National Energy Board Act

1. 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 *Damage Prevention Regulations*).

Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

2. 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*.

3. 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*.

4. The Canada Oil and Gas Geophysical Operations Regulation (Regulations)

The Regulations are being amended in order to satisfy concerns raised by the Standing Joint Committee for the Scrutiny of Regulations and to reflect advances in electronic data storage and communications. Some of the changes are designed to render provisions of the Regulations consistent in both official languages and to reflect changes made since the adoption of the *Department of Canadian Heritage Act*.

Regulatory Initiative Pursuant to the Canada Labour Code

5. 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

National Energy Board Videos

The following videos are now available upon request:

- *In the Public Interest* - an 8-minute video describing the role of the Board and its purpose;
- *The Public Hearing Process* - an 11-minute video describing the role of the Board, and how to participate in the public hearing process.

To obtain copies of the videos, you may access our Video Order Form on our Web site or contact our Publications Office.

Upcoming Energy Market Assessment Report

Looking Ahead to 2010 - Natural Gas Markets in Transition (to be published in July 2004)

The report will summarize the Board's findings following a series of Roundtable discussions held in February 2004. It will explore how natural gas markets may evolve to the end of the decade and will identify actions that could be taken to increase supply, to promote more efficient use of gas and to mitigate the effects of price volatility.

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*.

Communication Numbers

General Information:

(403) 292-4800
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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
Alliance Pipeline Ltd.	File : 3400-A159-17 Order : XG-A159-23-2004	Application dated 28 April 2004; approved on 8 June 2004. Construct the Clairmont Meter Station.	886 000
Westcoast Energy Inc.	File: 3400-W005-315 Order: XG-W005-24-2004	Application dated 28 November 2003; approved on 8 June 2004. Construct approximately 30 km of acid gas re-injection pipeline from the Kwoen processing facilities to the Burlington Resources well at a-94-A.	19 744 148
	File: 3400-W005-327 Order: XG-W005-25-2004	Application dated 1 April 2004; approved on 18 June 2004. Install ground bed for cathodic protection at km 6 on the Southern Mainline.	50 000
	File: 3400-W005-327 Order: XC-W005-02-2004	Application dated 1 April 2004; approved on 18 June 2004. Upgrade the Pine River Sulphur Pipeline access road.	420 000
	File: 3400-W005-328 Order: XG-W005-26-2004	Application dated 22 April 2004; approved on 21 June 2004. Gully erosion revetment at km 26.2 of the Wolf Pipeline.	130 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines (NW) Inc.	File: 3400-E102-9 Order: XO-E102-11-2004	Application dated 5 April 2004; approved on 7 June 2004. Install a solar panel and replace a pressure transmitter and fuel tank and stands at the Wrigley and Norman Wells stations.	357 200
	File: 3400-E102-10 Order: XO-E102-12-2004	Application dated 27 April 2004; approved on 10 June 2004. Construct and install anodes at the Mackenzie and Norman Wells stations.	72 400
Terasen Pipelines (Trans Mountain) Inc.	File: 3400-T099-9 Order: XO-T099-10-2004	Application dated 29 April 2004; approved on 2 June 2004. Westridge Shore Stabilization Project.	103 000

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 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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