



Regulatory Agenda

The period covered in this Regulatory Agenda is the month of September 2006

General

Regulatory Agenda goes online

Please note that the next issue (October issue) of the *Regulatory Agenda* will be undergoing significant changes and will no longer be available in hard copy. It will be available online only from the NEB web site. The new *Regulatory Agenda* format will provide the reader with links to a greater number of information sources. To access the October issue, you can go to the NEB web site (www.neb-one.gc.ca) and click on "What's New".

NEB recognizes NERC as Electric Reliability Organization

The National Energy Board has signed a Memorandum of Understanding that promotes reliability standards for international power lines

under the NEB's jurisdiction. This agreement also recognizes the North American Electric Reliability Corporation (NERC) as the Electric Reliability Organization (ERO). NERC will develop reliability standards for North America's bulk power grid.

Although the NEB will continue to regulate international power lines that fall under its jurisdiction, NERC will monitor these lines in Canada to ensure compliance with its reliability standards. The NEB will receive regular and transparent reporting from NERC concerning NEB-regulated power lines. These reports will be used to identify international power lines that are non-compliant with NERC's reliability standards.

Public Hearing Applications

Hearing Decision Issued

1. *Sea Breeze Victoria Converter Corporation (Sea Breeze) – Construct an International Power Line (IPL) from Victoria, British Columbia to Port Angeles, Washington - EH-1-2006 (File AFIPL-SBC-01)*

On 7 September the Board approved Sea Breeze Converter Corporation's application to construct a 150 kilovolt high voltage direct current IPL. The 47 kilometre IPL will extend southward from the town of View Royal, British Columbia to the Strait of Juan de Fuca and from there to Port Angeles, Washington.

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 and Security, Environmental Protection and Efficient Energy Infrastructure and Markets"

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Approximately 12 kilometres of the Canadian portion of the IPL will be on land and the remainder in the Strait of Juan de Fuca. Construction of the proposed IPL and a converter station near existing substations on Vancouver Island is tentatively scheduled for November 2006. This approval is subject to approval from the Governor in Council.

Hearing in Progress

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)**

Public hearings for this project continued in September. Sessions were held in Fort Providence on 25 and 26 September; High Level on 27 September; and Hay River on 29 and 30 September. A planned hearing date for 28 September in Trout Lake was cancelled at the request of Chief Deneron of the Sambaa K'e Dene Band. Public hearings will continue in early October with sessions in Déline, Wrigley and Fort Simpson.

On 8 August, the Mackenzie Explorer Group (MEG) filed an application with the Federal Court of Appeal for leave to appeal the NEB ruling on MEG's motion #10, which the NEB issued on 10 July 2006.

On 6 September 2006, the Board issued Procedural Update #11 for this hearing. This update confirmed dates for hearing sessions in some locations, within the main overall planned timeline.

The Board anticipates that the evidentiary portion of the hearing will be completed in December 2006.

Hearing Decision Pending

1. **Terasen Pipelines (Trans Mountain) Inc. (Terasen) – TMX Anchor Loop – OH-1-2006 (File 3200-T099-1)**

The Board held a public hearing to review an application by Terasen to construct and operate the TMX Anchor Loop Project on 8 August through to 10 August, at the NEB offices in Calgary.

The TMX Anchor Loop Project would consist of 158 kilometres of pipeline loop and other facilities

to increase the capacity of the Trans Mountain pipeline by approximately 6,360 cubic metres (40,000 barrels per day). The anticipated cost of the project is \$400 million.

2. **TransCanada PipeLines Limited (TransCanada) – Application to change the tariff on the Mainline natural gas pipeline – RH-1-2006 (File OF-Tolls-Group1-T211-2006-06 01) (4775-T001-1-31)**

The Board held a public hearing from 18 to 22 September in Toronto and continued this hearing in Calgary from 27 to 29 September.

TransCanada's is applying to change the tariff on its 14,898 kilometres Mainline natural gas pipeline. The proposed tariff changes would allow TransCanada to implement two new short notice services intended to meet the needs of gas-fired electrical power generators: Firm Transportation – Short Notice and Short Notice Balancing.

Hearings Scheduled

1. **TransCanada PipeLines Limited (TransCanada) and TransCanada Keystone GP Ltd. (Keystone) – transfer of certain pipeline facilities from TransCanada to Keystone – MH-1-2006 (File OF-Fac-G-T241-2006-01) (3400-T241-1)**

The Board will hold a hearing, scheduled to start on 23 October 2006, at the NEB offices in Calgary. This Hearing Order was released on 21 June 2006.

TransCanada is applying to transfer certain public facilities to Keystone and also seeking approval to reduce the Canadian mainlines base rate by the net book value of the transferred facilities. The facilities consist of approximately 860 kilometres of 864 millimetre pipeline between Burstall, Saskatchewan and Carman, Manitoba. The transferred facilities would be used for crude oil transmission, subject to an additional application by Keystone to operate oil facilities and build connecting facilities.

2. **Emera Brunswick Pipeline Company Ltd. (EBPC) – Brunswick Pipeline Project – GH-1-2006 (File PA-MNP 2006-001)**

The Board will hold a public hearing starting 6 November 2006 at the Hilton Saint John Trade and Convention Centre in Saint John, New Brunswick. This Hearing Order was released on 9 June 2006.

EBPC is proposing a 145 kilometre 762 millimetre diameter pipeline from the Canaport™ Liquefied

Natural Gas Facility at Mispec Point in Saint John, New Brunswick to a point on the international border near St. Stephen, New Brunswick.

Preliminary Information Packages (PIP)

1. TransCanada Keystone Pipeline GP Ltd. (Keystone) – Preliminary Information Package (File OF-Fac-Oil-T241-2006-01 01)

On 10 July 2006, the Board received a Preliminary Information Package (PIP) filed by Keystone. The intent of the PIP is to trigger the environmental assessment process pursuant to the *Canadian Environmental Assessment Act (CEA Act)*. Keystone has indicated it intends to file a section 52 application with the NEB late in 2006.

The project is a proposed crude oil pipeline from Hardisty, Alberta to markets in Illinois, U.S. and anticipates constructing 373 kilometres of new oil pipeline. The U.S. portion is over 1,700 kilometres of new oil pipeline through six states.

2. Enbridge Pipelines (Westpur) Inc. (Enbridge) – Proposed Alida to Cromer Capacity Expansion

**(ACCE) Project
(File OF-Fac-Oil-E103-2006-03 01)**

On 7 September, Enbridge filed a Preliminary Information Package (PIP) with the NEB. The intent of the PIP is to trigger the environmental assessment process pursuant to the *Canadian Environmental Assessment Act (CEA Act)*. The PIP has been submitted in advance of the Board receiving an application for the proposed ACCE Project under Section 52 of the *NEB Act*. Enbridge has indicated it plans to file the application with the Board in October 2006.

The ACCE Project will consist of the construction of a 60 kilometre 168.3 millimetre (mm) OD pipeline to transport natural gas liquids (NGL) from Alida, Saskatchewan to Cromer, Manitoba. Once this new pipeline is commissioned, an existing and adjacent 323.9 mm OD Westpur pipeline from Alida to Cromer will be converted to transport crude oil rather than the NGL it currently transports. The estimated capital cost of the ACCE Project is approximately \$12 to \$14 million.

Non-Public Hearing Applications

Electricity Matters

Matters Completed

1. Susquehanna Energy Products, LLC (SEP) – Electricity Export (File CF-IE-Elec-S375 01)

On 22 September, the Board approved SEP's application to export firm and interruptible power and energy at points on the international boundary between Canada and the United States over any international power line. This export permit commences on 22 September 2006 and ends on 22 September 2016.

2. Lehman Brothers Commodity Services Inc. (LBCS) – Electricity Export (File OF-EI-Elec-L057 01)

The Board has approved the application by LBCS to export firm and interruptible power and energy at points on the international boundary between Canada and the U.S. for a term of 10 years. The permit commences on 22 September 2006 and ends on 21 September 2016. The Board approved two permits, one each for firm and interruptible exports. The quantity of power that is

exported will not exceed 1,000 megawatts in any consecutive 12-month period.

3. Cinergy Marketing & Trading LP (Cinergy) – Electricity Export (File OF-IE-Elec-C909 01)

The Board approved Cinergy's application to export electricity from Ontario to the U.S. on 26 September. This is a 10-year permit that commences on 26 September 2006 and ends 25 September 2016. The Board approved two permits, one each for firm and interruptible exports. The Board's decision outlined that the quantity of power that is to be exported will not exceed 1,000 megawatts.

Matters under Consideration

1. Montana Alberta Tie Ltd. (MATL) – Construct an International Power Line (IPL) from Lethbridge, Alberta to Great Falls, Montana (File AFIPL-MAT-01)

On 21 December 2005, MATL applied for approval to construct an IPL from Lethbridge, Alberta to Great Falls, Montana. MATL also proposes to construct a new 230 kilovolt substation and a

phase shifting transformer to control the direction of the flow of power near Lethbridge. The proposed IPL would be capable of transferring up to 300 megawatts of power in either direction. The Board is continuing the information request process with MATL. On 14 June 2006, MATL submitted revisions to its preferred route and project design changes. The estimated length of the transmission line is now 347 kilometres. On 4 July, the Board indicated that it is of the opinion that MATL must substantially update its original application and submit information pertaining to the revisions.

2. Yudinn Energy Inc. (Yudinn) – Electricity Export (File A-PYEI 01)

On 28 March 2006, Yudinn applied for permits to export up to 204 megawatts of firm power and 894 gigawatt hours of energy per year for a period of 25 years. On 10 August, the Board requested Yudinn provide further information on the key steps for the environmental review processes that are being sought. Yudinn responded on 17 August 2006.

On 25 September, Yudinn requested that the Board either grant the application or provide a reason as to why it cannot make a decision. Yudinn requested that the Board provide this response within 15 days.

3. New Brunswick Power Generation Corporation (Genco) – Electricity Export (File OF-EI-Elec-N103 01)

On 22 June 2006, Genco applied for permits to export up to 1,124 megawatts of excess electrical capacity and up to 9,846 gigawatt hours of excess electrical energy on a firm or interruptible basis with a requested duration period of 10 years.

On 31 August the Board asked Genco for additional information on the application and Genco responded to the Board's request on 6 September.

4. British Columbia Hydro & Power Authority (BC Hydro) – Electricity export (File OF-EI-Elec-B215 01)

On 27 July 2006, BC Hydro applied for a permit to continue exporting firm power and energy as a border accommodation to Tongass Power and Light Company (Tongass), a company that distributes power to customers in Hyder, Alaska. The permit BC Hydro is applying for would be a 10-year export permit. The Board approved an extension of the original permit to 31 December 2006. The application for a 10-year permit extension is still pending a Board decision.

Frontier Matters

No new applications were received in September under section 5.1(b) of the *Canada Oil and Gas Operations Act*.

All other applications are still being reviewed.

Two new applications for a geological, geophysical or geotechnical operation authorization was received in September. Two new applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Paramount Resource Ltd.	Paramount Long Line Gravity Survey Kelly Lake NWT 2006	9222-P225-001E	19 Sept 2006
Husky Oil Operations Limited	Husky Airborne Gravity Survey Summit Redstone Area of the Sahtu Region	9222-H109-001E	22 Sept 2006

Outstanding applications are being reviewed.

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.

2. Westcoast Energy Inc. (Westcoast) – Application concerning the Abandonment of the North Rigel Pipeline (File OF-Fac-Gas-W102-2006-03 01)

On 21 September, the Board approved Westcoast's application regarding the abandonment of the six-inch North Rigel Pipeline from MP 0.0 to MP 0.36. Westcoast had applied for this under section 74 (1)(d) of the *NEB Act* on 18 April 2006.

Matters Pending

1. Enbridge Pipelines (Westspur) Inc. – Application for construction of Midale Terminal Capacity Expansion Project (File OF-Fac-Oil-E103-2006-02 01)

On 21 July, Enbridge filed a Section 58 facilities application to construct the Midale Project, and requested exemption from the provisions of Sections 29 to 33 and from Section 47 of the *NEB*

Act. Enbridge anticipates that forecasted increases in crude oil production in southeast Saskatchewan will bring current volumes beyond pipeline capacity in fall 2006. The Project involves upgrades to existing pumping facilities at the Midale Terminal and a new booster facility, the Bryant Booster Station, for which Enbridge has obtained land. The projected cost is \$3,398,400 and proposed in-service date is as early as October 2006 after 8 to 10 weeks of construction work after approval.

3. Burlington Resources Canada (Hunter) Ltd. (Burlington) - Pipeline Construction (File A-FP-PA-BRH 2006 1)

On 15 March 2006, Burlington applied to construct an interprovincial 9,900 metre 273 millimetre diameter natural gas pipeline in the Hiding Creek Gas field located approximately 65 kilometres east of Tumbler Ridge, British Columbia and approximately 40 kilometres southwest of Beaverlodge, Alberta. The estimated cost of the project is \$2.6 million.

Traffic, Tolls and Tarriffs Matters

Matters Pending

1. Westcoast Energy Inc. carrying on business as Duke Energy Gas Transmission (Westcoast) – Amended Application for Approval of a Settlement for 2006 and 2007 Tolls [File ATT-AFT-WEI 19 (4200-W005-19)]

On 21 June 2006 the Board received Westcoast's amended application filed pursuant to Part IV of the *National Energy Board Act*, for approval of a negotiated settlement of final tolls for mainline transmission services on Zones 3 and 4 for 2006 and for approval of a methodology for setting 2007 tolls.

2. Alliance Pipeline Ltd. (Alliance) Application for Tariff Amendments and Extension to 60-day Advance Filing Requirement [File OF-Tolls-Group 1-A159-TFGen 01 (4775-A159-1)]

On 1 August, Alliance submitted an application for tariff amendments that would enable excess capacity to be auctioned off. It also applied for an exemption to the 60-day advance filing requirements for the tariff amendments.

On 15 September the Board sent a letter to Alliance stating that they would be seeking comments from interested parties with respect to the application. Interested parties were directed to file comments with the Board and provide a copy to Alliance by Friday, 22 September and Alliance was to respond to these comments by Friday, 29 September.

Alliance submitted a letter to the Board on 28 September outlining that the company was withdrawing its proposed tariff amendments application, but would re-file at a later date.

Appeal

Appeal Pending

1. Flint Hill Resources – Application for Leave to Appeal – RH-1-2005

Flint Hill Resources applied to the Federal Court of Appeal for leave to appeal the Board's decision of 28 April 2005 in which it approved two applications from Enbridge Pipelines Inc.

to recover, in its Canadian pipeline tolls, US\$20 million per year for five years related to the extension of service on the Spearhead Pipeline which runs from Chicago, Illinois to Cushing, Oklahoma and an initiative by Mobil Pipe Line Company to reverse the flow of its pipeline which runs from Patoka, Illinois to Corsicana, Texas.

Regulations Under Review

This section lists the statutory instruments that the NEB currently has under review and is proposing changes to. Details on the issues relating to the regulation and the progress on each project can be found on the Board's web site at www.neb-one.gc.ca.

Regulations under the *National Energy Board Act*:

Instrument	Issues
<i>Onshore Pipeline Regulations (OPR-99)</i>	- Including the concept of decommissioning - Implementing pipeline security management programs

<i>Processing Plant Regulations</i>	- Including the concept of decommissioning - Implementing pipeline security management programs
<i>Damage Prevention Regulations</i>	<i>New regulations replacing the Pipeline Crossings Regulations Part I and II</i>
<i>Cost Recovery Regulations</i>	Change the way costs are recovered from the electricity industry and change from a calendar to fiscal year basis
<i>Submerged Pipeline Regulations</i>	New regulations

Regulations under the *Canada Oil and Gas Operations Act* and the *Canada Petroleum Resources Act*:

Instrument	Issues
<i>Diving Regulations</i>	Update and make goal-oriented and create guidance notes
<i>Drilling Regulations & Production and Conservation Regulations</i>	Amalgamate into the <i>Drilling and Production Regulations</i> and associated guidance notes; update and make goal-oriented

Administrative Matters

Scheduled Energy Market Assessment for 2006

Short-term Canadian Natural Gas Deliverability, 2006-2008

This report will examine the factors affecting Canadian natural gas production, and will present an outlook for deliverability to the end of 2008. Natural gas production in Canada comes mainly from the Western Canada Sedimentary Basin (WCSB), with some additional production from Atlantic Canada. The report is expected to be released in October 2006.

Winter Energy Outlook

The NEB will be hosting a Winter Energy Outlook briefing for media on 31 October. This briefing marks the second Energy Outlook hosted by the NEB; a Summer Energy Outlook was held in June 2006. Information on the key messages and the presentation will be available on the NEB's web site following the presentation. Please check the "What's New" section on www.neb-one.gc.ca.

Appendix I

Section 58 Applications

Pipelines

Applicant	File/Order	Application	Est. Cost
Teresen Pipelines (Trans Mountain) Inc.	File: OF-Fac-Oil-T099-2006-02-01 Order: XO-T099-05-2006	<i>Application for the construction of its 2006 Routine Capital Project</i> On 15 September, the Board approved Teresen Pipelines' application for the co-nstruction of the Routine Capital Project. This Project includes the upgrades to the Edmonton Terminal as well the Kamloops Petro-Canada Take-off facility.	\$13,626,000
Enbridge Pipelines Inc. (Enbridge)	File: OF-Fac-Oil-E101-1006-02 01 (3400-E101-75) Order: XO-E101-04-2006	<i>Application for Southern Access Upstream Expansion Stage 1A</i> On 5 September, the Board approved Enbridge's application to reconfigure the Enbridge pipeline system between Edmonton and Hardisty.	\$3,693,000
TransCanada Pipelines Limited (TCPL)	File: A-FA-PA-TCP 2006 1(3400-T001-250) Order: XG-T001-14-2006	<i>Application for 2007 Eastern Mainline Expansion</i> On 6 September, the Board approved TCPL's application to expand the Eastern Mainline. This would involve new construction on the St-Sebastien Loop in Quebec as well as facilities construction near Bowmanville, Ontario.	\$62,600,000

Instructions for Filing

Correspondence

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

Applications and other filings, number of copies to be filed

You may submit your application and other filings to the Board in one of two ways:

1. Electronically: use the Submit a Document option on our web site and mail (see address above) or fax one (1) copy of your documents, or
2. mail twenty-five (25) copies of your documents.

Additional information on filings

Filings and types of documents that can be filed electronically and creating PDF documents: see *Filer's Guide to Electronic Submission* (http://www.neb-one.gc.ca/efile/guide_e.pdf).

Applying electronically to participate in a hearing and using on-line forms: see *Submit a Document* (http://www.neb-one.gc.ca/efile/index_e.htm).

Templates providing alternative ways to file your documents and assistance with the provision of multiple copies due to undue financial burden: see *Can't Submit Your Document Electronically? Procedure for Sending Hard Copies* (http://www.neb-one.gc.ca/efile/forms/paper_e.htm).

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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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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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Cat. No. : NE12-4/2006-09E
ISSN 0821-8645

This document is published separately in both official languages. For further information, please contact:

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N^o de cat. NE12-4/2006-09F
ISSN 0821-865X

Ce document est publié séparément dans les deux langues officielles. Pour de plus amples renseignements :

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