



Regulatory Agenda

The period covered in this *Regulatory Agenda* the month of July 2000

Public Hearing Applications

Hearing Decisions Pending

- AEC Suffield Gas Pipeline Inc. (AEC Suffield) - Natural Gas Pipeline Construction - GH-2-2000 (File 3200-A163-2)***

The Board held a public hearing on 26, 27 and 29 June in Calgary, Alberta on an application from AEC Suffield to construct and operate a natural gas pipeline.

AEC Suffield proposes to construct approximately 97 kilometres (60 miles) of 406.4 millimetre (16 inch) outside diameter of pipeline and associated control facilities. The pipeline would begin on the western side of the Suffield Military Block, extend along the northern boundary of the Suffield Military Block and then extend east and south to tie-in to the existing AEC Suffield meter station which connects to TransCanada Pipelines Limited's system near Burstall, Saskatchewan.

The pipeline will have a design capacity of approximately 5.35 million cubic metres (190 million cubic feet) of natural gas per day. The estimated cost of the project is

\$22.3 million and the planned in-service date is 1 November 2000.

- Maritimes & Northeast Pipeline Management Ltd. on behalf of Maritimes & Northeast Pipeline Limited Partnership (M&NP) - Tolls (File 4775-M124-1)***

The Board held a public hearing from 26 June to 7 July in Halifax, Nova Scotia on an application from M&NP for the approval of final tolls for the transportation of natural gas on its system for the period 1 December 1999 to 30 September 2000.

Application Withdrawn

- ProGas Limited (ProGas) and RDO Foods Co. (RDO) - Natural Gas Export Licence - GHW-2-2000 (File 7200-P038-18)***

On 18 July, ProGas and RDO withdrew their joint application for a licence to export natural gas, for eight years commencing on 1 November 2000, to RDO to operate its potato processing plant in Grand Forks, North Dakota. a natural gas export licence.

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 was conducting a public hearing by means of written submissions on the application. The natural gas would have been exported through Emerson, Manitoba and the volumes would have been: daily - 40 300 cubic metres (1.4 million cubic feet); annually - 14.7 million cubic metres (519.7 million cubic feet); and term - 117.8 million cubic metres (4.2 billion cubic feet).

Hearing Adjourned

1. ***St. Clair Pipelines (1996) Ltd. (St. Clair) - TransCanada PipeLines Limited (TCPL) - Pipeline Projects in Ontario - Canadian Millennium Pipeline Project - GH-1-2000 (Files 3200-S119-1 and 3200-T001-15)***

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Adjourned* in the June 2000 issue of the *Regulatory Agenda*.

Hearings Postponed

1. ***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.

2. ***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.

Hearing Application Filed

1. ***Sumas Energy 2, Inc.(Sumas) - International Power Line (File 2200-S040-1)***

On 7 July 1999, Sumas applied to construct a power line originating in the United States and crossing the International Boundary near Abbotsford, British Columbia. The proposed power line would extend approximately 8.5 kilometres (5.3 miles) from the border and would operate at 230 000 volts. The proposed power line would extend northward on the Canadian Pacific Railway, City of Abbotsford and BC Hydro existing rights-of-way to BC Hydro's Clayburn substation located in Abbotsford.

The proposed facility would enable Sumas to transmit power from the international border

through the Clayburn substation to the main electric grid which services British Columbia, Alberta and 11 western U.S. states.

Proposed Hearing Application

1. ***Georgia Strait Crossing Pipeline Limited - Preliminary Submission for the Proposed Georgia Strait Pipeline Crossing Project (File 3200-G049-1)***

On 7 March 2000, Georgia Strait Crossing Pipeline Limited filed a preliminary environmental scoping submission to construct and operate a natural gas pipeline to Vancouver Island, British Columbia. The company expects to file an application with the Board in the fall of 2000. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority and Williams Gas Pipeline Company, operating under the name of Georgia Strait Crossing Pipeline Limited.

The proposed pipeline would transport natural gas from Sumas, Washington, across Washington State and then across the ocean floor of Georgia Strait to one of several potential landfall locations between Mill Bay and Cowichan Bay on Vancouver Island.

The Canadian portion of the 406.4 millimetre (16 inch) outside diameter pipeline would originate at a point on the international border in Boundary Pass, Strait of Georgia, and inter-connect with the existing Centra Gas British Columbia transmission system at a point south of Duncan, British Columbia. The Canadian portion of the pipeline would be approximately 50 kilometres (31 miles) in length, with approximately 37 kilometres (23 miles) being offshore and 13 kilometres (eight miles) onshore. The pipeline would have a capacity of 2.832 million cubic metres (100 million cubic feet) of natural gas per day. The estimated cost of the Canadian portion of the facilities is \$57 million and the planned in-service date is November 2002.

In May, the Board, the Department of Fisheries and Oceans Canada and the British Columbia Environmental Assessment Office have signed a Memorandum of Understanding regarding the environmental assessment process to be followed for the proposed Georgia Strait Pipeline Crossing Project. The environmental assessment is to be coordinated to meet the federal requirements of the *Canadian Environmental Assessment Act*, and the environ-

mental requirements for permitting in the Province of British Columbia.

On 16 June, the Board requested comments from the public on a draft scope of the environmental assessment that is required under the *Canadian Environmental Assessment Act* for the Georgia Strait Crossing Project. Written comments are to be filed by 28 August.

On 26 and 27 June, 18, 19 and 20 July, the Board held public meetings in Duncan, Sidney, Pender Island, Saltspring Island and Saturna Island, British Columbia for the benefit of those persons interested in learning about the environmental assessment and regulatory review processes regarding a proposed application from Georgia Strait Crossing Pipeline Limited.

Non Hearing Applications

Electricity Matters

Matters Under Consideration

1. *Candela Energy Corporation (CEC) - Electricity Export (File 6200-C164-1)*

On 29 June, CEC applied for permits to export up to 1 000 megawatts and 8 760 gigawatt hours of firm or interruptible power and energy per year for a period of 10 years.

2. *Idaho Power Company (IPC) - Electricity Export (File 6200-J202-1)*

On 21 June, IPC applied for permits to export up to 100 megawatts and 876 gigawatt hours of combined firm power and energy per year for a period of five years.

3. *TransAlta Energy Marketing Corp (TEM) - Electricity Export (File 6200-T90-1)*

On 19 May, TEM applied for permits to export up to 1 000 megawatts of firm or interruptible power and 8 760 gigawatt hours of firm or interruptible energy per year for a period of 10 years. TEM is currently exporting power and energy under two existing permits that expire on 3 August.

On 13 July, the Board decided to extend the existing permits because it may not be able to complete its review of TEM's application prior to 3 August.

Natural Gas Matters

Matter Completed

1. *ProGas Limited (ProGas) - Amend Existing Natural Gas Export Licence GL-287 (File 7200-P038-16-1-2)*

On 13 July, the Board approved (Order AO-1-GL-287) an application dated 15 May from

ProGas to amend natural gas export licence GL-287 by extending the term of the licence from 1 November 2000 to 31 October 2008 and to increase the quantity of gas that may be exported during the term of the licence from 620.6 million cubic metres (21.9 billion cubic feet) to 3.1 billion cubic metres (109.6 billion cubic feet). Under the licence, ProGas exports natural gas near Monchy, Saskatchewan to ProGas U.S.A. which resells it into markets in the Midwestern United States. The Board sought the comments of interested parties on the application.

Matter Under Consideration

1. *Engage Energy Canada, L.P. (Engage) - Transfer of Several Gas Export Licences*

For more information on this matter, refer to item 4 under *Other Applications, Natural Gas Matters* in issue No. 70 the *Regulatory Agenda* dated 1 October 1999.

Pipeline Matters

Matter 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. *AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan Pipeline Project (File 3400-A167-1)*

For more information on this matter, refer to item 7 under *Non Hearing Applications, Pipeline*

Matters in issue No. 72 of the *Regulatory Agenda* dated 1 April 2000.

3. Maritimes and Northeast Pipeline Management Ltd.'s (M&NP) - Point Tupper Lateral - Leave to Open (Files 3400-M124-4-1)

In December 1999, M&NP applied for leave to open the Point Tupper Lateral. As part of its application, M&NP filed a report entitled *Technical Report - Point Tupper Lateral Pipeline Integrity Engineering Assessment*. The Board was of the view that considerable uncertainty existed regarding the integrity and safety of the Point Tupper Lateral as presented in the Technical Report. On 29 February, the Board advised M&NP that it was not satisfied that the information filed by M&NP demonstrated that the Point Tupper Pipeline Lateral can be safely opened for the transmission of natural gas and that prior to further considering the application for leave to open, the Board expected M&NP to establish that the integrity and safety of the pipeline is equivalent to the integrity and safety the Board normally expects for new natural gas pipelines.

On 17 April, M&NP and Sable Offshore Energy Inc. (SOEI) filed a Technical Plan, amended on 23 June, to address the Board's concerns with respect to the integrity and safety of the Point Tupper Lateral.

On 26 July, the Board decided to seek the views of parties on the question of whether or not the pipeline can be safely opened for transmission at this time and in accordance with particular safety protocol tailored to the specific circumstances of this pipeline. The Board particularly wishes to hear parties' views on that question in relation to granting a leave to open with an allowable maximum operating pressure of 4710 kPa (30 per cent of Specified Minimum Yield Strength). Parties have until 2 August to comment and M&NP has until 4 August to respond to comments received.

The Point Tupper Lateral, which was approved by the Board in January 1999, consists of approximately 55 kilometres (34.2 miles) of 219.1 millimetre (eight inch) diameter pipeline from a point near Goldboro, Guysborough County, Nova Scotia to the delivery point at the SOEI Fractionation Plant in Point Tupper. Construction of the Point Tupper Lateral, between the M&NP Mainline and the SOEI

Fractionation Plant was carried out at the same time as construction of the SOEI Natural Gas Liquids pipeline. The Point Tupper Lateral was installed in the same trench as the NGL pipeline.

4. Many Islands Pipe Lines (Canada) Limited (MIPL) - Natural Gas Pipeline Construction - Swan River Pipeline (File 3400-M29-31)

On 29 February, MIPL applied to construct and operate 39 kilometres (24 miles) of 168.3 millimetre (six inch) outside diameter pipeline. The pipeline would extend from a point near Benito, Manitoba and proceed in a westerly direction terminating at a point of interconnection with the TransGas Limited system, near Norquay, Saskatchewan. The estimated cost of the project is \$3.3 million.

On 21 July, the Board established a written process to deal with the application.

Traffic, Tolls and Tariff Matters

Matter Completed

1. TransCanada PipeLines Limited (TCPL) - 2000 Tolls (File 4200-T1-14)

On 23 July, the Board approved an application dated 17 December 1999, as amended on 13 and 20 April 2000, for tolls for the year 2000. The Board sought the comments from interested parties on the amended application.

Matter Under Consideration

2. Trans Québec & Maritimes Pipeline Inc. (TQM) - 1999 Tolls (File 4200-T028-10)

On 26 July, TQM applied for approval for final tolls effective 1 January 1999. TQM has been on interim tolls since 1 January 1999.

Frontier Matters

- 1. Canadian Forest Oil Ltd.** was given approval on 19 July, pursuant to section 83 of the *Canada Oil and Gas Drilling Regulations*, for "Authority to Drill a Well" for the CDN Forest *et al* North Liard C-31 well.
- 2. Chevron Canada Resources** was given approval on 26 July, pursuant to paragraph 5(1)(b) of the *Canada Oil and Gas Operations*

Act, to "Alter Condition of a Well" for the Chevron *et al* Liard M-25 well.

- 3. Geophysical or geotechnical operation.**
Two applications were approved, pursuant to section 5 of the *Canada Oil and Gas Operations Act*, as follows:

Company	Area	Operation ID	Date
Chevron Canada	Sawmill Creek	9229-C5-16E	17 July 2000
Chevron Canada	Kotaneelee	9229-C4-15E	19 July 2000

Appeals

Appeals Pending

- 1. Canadian Forest Oil Limited (Canadian Forest) v Chevron Canada Resources and Ranger Oil Limited (Chevron et al.)**

On 24 January, Canadian Forest filed a judicial review application in the Federal Court of Appeal in respect of a Declaration of Commercial Discovery (DCD) relating to the Fort Liard K-29 gas well issued by the Board to Chevron *et al.* on 5 January 2000. The application seeks to quash the Board's decision on the grounds that the Board breached the rules of natural justice and procedural fairness by issuing the DCD before the 30-day waiting period prescribed under the *National Energy Board Act* had run its course, and by failing to include Canadian Forest in the Board's list of directly affected parties. Canadian Forest is also seeking interim relief to restrain the Board from issuing any further permits or approvals relating to the development of the area covered by the DCD.

In February, the Board filed with the Court the public portions of the record it considered to arrive at its decision of 5 January to issue a DCD to Chevron. Canadian Forest requested that the Board also file with the Court Chevron's application and technical information. The Board objected to filing the application and technical information because the Board thought that the information which Canadian Forest sought might be privileged under section 101 of the *Canada Petroleum Resources Act*, or be otherwise confidential in nature.

On 9 June, the Court held an oral hearing on the objection. On 16 June, the Court ordered that the information on the Board's files be divulged unless Chevron was able to secure a confidentiality order from the Court pursuant to Rule 151 of the Federal Court Rules. Chevron was given until 30 June to file a motion under Rule 151.

On 30 June, Chevron filed a motion seeking a confidentiality order. The motion has effectively stopped the proceeding until it is heard by the Court. No hearing date has been set.

- 2. The Industrial Cape Breton Community Alliance Group - Sable Gas Project**

For more information on this matter, refer to item 2 under the heading *Appeals* of the 31 May 2000 issue of the *Regulatory Agenda*.

- 3. British Columbia Wildlife Federation and the Steelhead Society of British Columbia v. British Columbia Hydro and Power Authority**

For more information on this matter, refer to item 3 under the heading *Appeals* of the 31 May 2000 issue of the *Regulatory Agenda*.

- 4. Athabasca Chipewyan First Nation v. British Columbia Hydro and Power Authority**

For more information on this matter, refer to item 4 under the heading *Appeals* of the 31 May 2000 issue of the *Regulatory Agenda*.

Amendments to Regulations

- 1. Processing Plant Regulations (the Regulations) (File 185-A000-13)**

The Board is proposing new goal-oriented *Processing Plant Regulations* to complement the *Onshore Pipeline Regulations*, 1999. The Regulations, when promulgated, will govern the

design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations*, 1999.

2. National Energy Board Rules of Practice and Procedure, 1995 (the Rules) (File 341-A000-2)

The Board is moving towards the implementation of Electronic Regulatory Filing (ERF). An analysis of the legal issues surrounding implementation of ERF has been prepared and is available on the Board's Internet site (<http://www.neb.gc.ca>.) Regulations under the *National Energy Board Act* and the *Canada Oil and Gas Operations Act* (COGOA) have been examined. The most extensive changes are to the Rules. Amendments to the Rules will enable parties to file all required regulatory documentation via electronic means. Changes to the other regulations are largely of an administrative nature. These minor changes will be included in revisions to the COGOA regulations which are proposed in the near future.

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

The Board is proposing replacing the existing Diving Regulations with goal-oriented Diving Regulations. Instead of specifying various aspects of the diving operations, these new Regulations put the responsibility on the Operators to develop and demonstrate how their dive plan specifications and procedures meet the objectives of the Regulations.

Draft Regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

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

The above mentioned two regulations have been updated and re-structured into one Regulation entitled the *Canada Oil and Gas Drilling and Production Regulations* (the Regulations). The Regulations will establish the requirements for engineering, safety and environmental, and conservation of resources issues pertaining to the design, construction, operation and abandonment of exploration and production facilities under the *Canada Oil and Gas Operations Act*.

The draft Regulations are now ready to be sent to the Department of Justice for examination under the *Statutory Instruments Act*. Following

the review by Justice, the Regulations will be pre-published in the *Canada Gazette*, Part I. Interested parties will then have an opportunity to provide comments to the Board and Natural Resources Canada.

5. 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 the company's employees and the protection of property and the environment.

The Board expects to have draft regulations available for public comment by mid-year 2000.

6. National Energy Board Cost Recovery Regulations (CRR) - (Files 620-A000-8 and 175-A000-72)

The Board is proposing amendments to the CRR. The proposed amendments cover three policy changes to the existing regulations:

- (i) integration of commodity pipelines into the cost recovery scheme;
- (ii) creation of a special charge for greenfield pipelines; and
- (iii) creation of a cap on cost recovery charges equal to two per cent of the cost of service of a pipeline company.

On 28 April 2000, the Board sent the proposed amendments to the Cost Recovery Liaison Committee for review and comment. The proposed amendments will then be sent to the Department of Justice for examination under the *Statutory Instruments Act*.

7. 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.

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 *Regulatory Updates*.

Communication Numbers

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Foothills Pipe Lines Ltd.	File: 3400-F6-35 Order: XG-F6-54-2000	Application dated 21 June; approved on 20 July. Instal three temporary sales taps and associated side valves on Zone 7 in the Cochrane area.	162 000
Westcoast Energy Inc.	File: 3400-W5-236 Order: XG-W5-53-2000	Application dated 15 December; approved on 18 July. Install a ground bed system at the sending barrel of the Pointed Mountain Pipeline.	27 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Amoco Canada Petroleum Company	File: 3400-A10-6 Order: XO-A10-13-2000	Application dated 12 April; approved on 18 July. Add a new manual dosage hydrogen peroxide injection system to the brine system at the Windsor terminal.	127 000

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

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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2000 as represented by the National Energy
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Cat. No. NE12-4/2000-5E
ISSN 0821-8645

This document is published separately in both
official languages. For further information,
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représentée par l'Office national de l'énergie

No de cat. NE12-4/2000-5F
ISSN 0821-865X

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deux langues officielles. Pour de plus amples
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