



Regulatory Agenda

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

Public Hearing Applications

Recent Hearing Decision

1. *Trans-Northern Pipelines Inc. (TNPI) - Don Valley Lateral (Files 4775-R33 and 4775-T002)*

Reasons for Decision dated November 2000; issued on 30 November.

The Board approved a request from TNPI to suspend deliveries on its pipeline lateral to Toronto Harbour, known as the Don Valley Lateral. The Board will allow the suspension to occur no earlier than 1 April 2001.

Currently, the Don Valley Lateral delivers furnace fuel oil and diesel fuel to a terminal owned by Roy-L Canadian Fuels Co. Ltd. The volumes on the Don Valley Lateral have been declining since 1985 and are not expected to increase significantly in the future. While the annual cost of operating the lateral is in excess of \$500,000, only \$70,000 in revenue is currently generated each year. The Don Valley Lateral consists of 19.24 kilometres (12 miles) of 273.1 millimetre (10 inch) pipeline extending from TNPI's main-

line at Cummer Junction to its Toronto Harbour meter station.

The decision is the result of a public hearing held in Toronto on 24, 25 and 26 October.

Hearing in Progress

1. *Westcoast Energy Inc. (Westcoast) - Purchase a Pipeline - GHW-2-2000 (Files 3200-W005-10 et 3400-W005-258)*

The Board is holding a written public hearing on an application by Westcoast to purchase a pipeline in the Maxhamish area of northeast British Columbia.

Westcoast applied to purchase from AEC Oil & Gas Co. Ltd. (AEC) approximately 67.6 kilometres (42 miles) of 323.9 millimetre (12 inch) pipeline and associated facilities. AEC built the pipeline during the winter of 1998/1999 to transport dehydrated hydrocarbon liquids. Westcoast plans to use the pipeline to transport sour raw gas.

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. Ricks Nova Scotia Co. (Ricks) - Natural Gas Pipeline - GH-3-2000 (File 3400-R29-1)

The Board will hold a public hearing commencing on 6 December in Calgary, Alberta, on an application by Ricks to construct the Ladyfern Pipeline in British Columbia and Alberta.

Ricks applied to construct approximately 12 kilometres (7.5 miles) of 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and interconnecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta. The estimated cost of the project is \$3 million and the proposed in-service date is March 2001.

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

The Board will hold a public hearing commencing on 19 February 2001 in Abbotsford, British Columbia, on an application, as amended, from SE2 to construct a 230 kilovolt power line originating in the United States and crossing the International Boundary near Abbotsford. The proposed power line would extend approximately 8.5 kilometres (5.3 miles) from the border northward on the existing rights-of-way of Canadian Pacific Railway, City of Abbotsford and BC Hydro to BC Hydro's Clayburn substation 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.

Board staff held public information meetings in Abbotsford on 21 and 22 November to assist people in learning about the Board's public hearing process and how to participate in the public hearing.

Hearing Application Filed

1. Enbridge Pipelines Inc. (Enbridge) - Pipeline Construction Terrace Expansion Phase II (File 3200-E101-3)

On 15 November, Enbridge applied to construct pipeline facilities which comprise Phase II of its Terrace Expansion Program. The proposed facilities will consist of approximately 123 kilometres (76 miles) of 914 millimetre (36 inch) oil pipeline over three separate construction segments located between Enbridge's Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal.

The applied-for facilities are the second phase of a multi-phase Terrace Expansion Program agreed upon by industry and Enbridge. Terrace Phase I was approved by the Board in 1998.

The applied-for facilities would increase the capacity of the Enbridge pipeline system by 6 900 cubic metres (43,400 barrels) per day. The estimated cost of the project is \$140 million and the proposed in-service date is in the first half of 2002.

Proposed Hearing Application

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

On 28 September, the Board decided to refer the GSX Project to the Minister of the Environment for a referral to a review panel. On 4 October, the Minister of the Environment announced that the GSX Project will be sent to an independent environmental assessment review panel.

On 7 March, GSCPL filed a preliminary environmental scoping submission regarding a proposed application 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 pipeline would transport natural gas from Sumas, Washington to Duncan on Vancouver Island. The Canadian portion of the 406.4 millimetre (16 inch) pipeline would originate at a point on the international border in Boundary Pass, Strait of Georgia, and interconnect 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.

Hearings Adjourned and Postponed

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*.

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.

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 Under Consideration

1. ***ENMAX Energy Corporation (ENMAX) - Electricity Export (File 6200-E035-1)***

On 31 August, ENMAX applied to export up to 400 and 1 000 megawatts of firm and interruptible power, respectively, and up to 3 504 and 8 760 gigawatt hours of firm and interruptible energy, respectively, per year for a period of five years.

2. ***NRG Power Marketing Inc. (NRG) - Electricity Export (File 6200-N083-1)***

On 9 November, NRG applied to export, for a period of 10 years, the following:

- 1 000 megawatts of firm power;
- 1 250 megawatts of combined firm and interruptible power;
- 2 000 gigawatt hours of firm energy; and
- 1 000 gigawatt hours of interruptible energy.

Natural Gas Matters

Matter Completed

1. ***TransCanada Energy Ltd. (TEC) - Amendment to a Natural Gas Export Sales Contract and Name Change in Gas Export Licence GL-170 (File 7200-T060-1)***

On 16 November, the Board approved an application dated 18 October from TEC for an amendment to the pricing provision in the natural gas export sales contract underpinning exports under Licence GL-170. TEC also applied to change the name of the Licence holder from Western Gas Marketing Limited (WGML) to TEC (Order AO-1-GL-170).

In July 1991, WGML was issued Licence GL-170 to export natural gas to Northern Minnesota Utilities, a local distribution company serving 46 communities in Minnesota. In June 1995, WGML changed its name to TransCanada Gas Marketing Limited. In January 1997, TransCanada Gas Marketing Limited was amalgamated with TEC.

Matter Under Consideration

2. 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

Matters Completed

1. Canadian-Montana Pipe Line Corporation (CMPL) and 3698157 Canada Ltd. - Sale and Purchase of Pipelines (Files 3400-C009-5 and 3400-Z006-1)

On 2 November, the Board approved a joint application dated 16 October from CMPL and 3698157 Canada Ltd. for the sale by CMPL of three natural gas pipelines to 3698157 Canada Ltd. (Orders MO-19-2000 and AO-1-GC-3). The three pipelines in question are as follows:

- approximately 35.2 kilometres (22 miles) of 406.5 millimetre (16 inch) pipeline from LSD 16-8-3-8 W4M to the international border near Aden, Alberta (Aden Pipeline);
- approximately 1.3 kilometres (0.8 mile) of 114.3 millimetre (four inch) pipeline from LSD 6-2-20-1 W4M to the international border near Reagan, Alberta (Reagan Pipeline); and,
- approximately 800 metres of 219.1 millimetre (eight inch) pipeline from LSD 5-4-1-14 W3M to the international border near Monchy, Saskatchewan (Monchy Pipeline).

2. Maritimes & Northeast Pipeline Management Ltd. (M&NP) - Saint John Custody Transfer Stations (File 3400-M124-7)

On 25 October, the Board approved an application dated 14 July from M&NP to construct four custody transfer stations within the City of Saint John to provide natural gas service from M&NP's mainline via the Saint John Lateral to Enbridge Gas New Brunswick's local distribution system which will serve the City of Saint John (Order XG-M124-74-2000). The estimated cost of the project is \$2.9 million.

3. 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

4. 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.

5. Beau Canada Exploration Ltd. (Beau Canada) - Pipeline Construction (File 3400-B032-3)

On 30 October, Beau Canada applied for approval to construct approximately 17.2 kilometres (10.7 miles) of 323.8 millimetre (12 inch) natural gas pipeline originating from the existing dehydrator facility of Pioneer Natural Resources Canada Inc. in the Chinchaga area of British Columbia and terminating at the existing Tanghe Creek Meter Station of TransCanada Pipelines Limited in Alberta. Approximately 1.5 kilometres of the pipeline would be located in British Columbia with the remaining 16 kilometres in Alberta. The estimated cost of the project is \$4.23 million and the proposed in-service date is 15 March 2001.

6. Pouce Coupe Pipe Line Ltd. (Pouce Coupe) - Sale of Oil Pipelines (Files 3400-P123-2 and 3400-F72-1)

On 25 July, Pouce Coupe applied for approval of the following: i) sell the Pouce Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information.

Traffic, Tolls and Tariff Matter

Matter Under Consideration

1. *Murphy Oil Company Ltd. (Murphy) - Milk River Pipeline - Toll Complaint (File 4775-M23-1-2)*

On 25 August, PanCanadian Petroleum Limited, Alberta Energy Company Ltd., Crestar Energy Inc. and EOTT Energy Canada Limited Partnership, collectively known as the Bow River South Group (BRS), filed a complaint concerning the tolls charged by Murphy for transportation of crude oil on the Milk River pipeline. The Milk River pipeline is a crude oil system approximately 18 kilometres (11 miles) long connecting the Home Oil Manyberries pipeline, the Bow River pipeline and a Murphy truck terminal in Alberta to the CENEX pipeline in Montana.

BRS has filed their complaint after they had

been unsuccessful in obtaining a satisfactory explanation for the derivation of the tolls charged on the Milk River pipeline.

On 31 August, the Board decided to initiate a written proceeding to examine the tolls. The Board also decided that the existing tolls will, effective 1 September 2000, continue to be charged on an interim basis, pending a determination by the Board of just and reasonable tolls. On 26 September, the Board, at the request of Murphy, extended the dates for the filing of submissions.

Frontier Matters

Matters Completed

1. ***Paramount Resources Ltd.*** was given approval on 24 November for an "Authority to Drill a Well" pursuant to section 83 of the *Canada Oil and Gas Drilling Regulations* for the well Paramount et al Mount Coty I-03.
2. ***Paramount Resources Ltd.*** was issued a notice of Intention to Make a Decision on 23 November with respect to the application for a Declaration of Commercial Discovery pursuant to Part II.1, section 28.2 of the *National Energy Board Act* and Part IV, section 35 of the *Canada Petroleum Resources Act*.

Appeals

Appeals Pending

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

For more information on this matter, refer to item 1 under the heading *Appeals* of the 31 August 2000 issue of the *Regulatory Agenda*.

2. *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*.

3. *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.

The draft regulations have been sent to the Department of Justice for examination under the *Statutory Instruments Act*.

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 at www.neb.gc.ca under *Electronic Regulatory Filing, Other ERF Documents*. Regulations under the *National Energy Board Act* and the *Canada Oil and Gas Operations Act* 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.

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.

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

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 in 2001.

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 green-field 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.

The proposed amendments to the CRR were 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

Document Issued in November 2000

Reasons for Decision

Trans-Northern Pipelines Inc. (TNPI) - Don Valley
Lateral - November 2000

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
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General Information:

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Publications Office:

Telephone: (403) 299-3562
Telecopier: (403) 292-5576
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Telephone Numbers:

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National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Alliance Pipeline Ltd.	File: 3400-A159-6 Order: XG-A159-71-2000	Application dated 27 September; approved on 1 November. Install an additional meter run at the AB44 (Edson/Talisman) Meter Station.	1 030 000
Consumers' Gas (Canada) Ltd.	File: 3400-C283-15 Under Review	Application dated 31 October. Construct a reinforcement tap installation in the City of Brampton. On 15 November, the Board requested additional information from Consumers'.	10 000
Many Islands Pipe Lines (Canada) Limited	File: 3400-M29-32 Order: XG-M29-76-2000	Application dated 6 October; approved on 2 November. Construct 90 metres of natural gas pipeline and associated facilities.	129 600
Maritimes & Northeast Pipeline Management Ltd.	File: 3400-M124-7 Order: XG-M124-74-2000	Application dated 14 July; approved on 25 October. Construct four custody transfer stations within the City of Saint John.	2 980 000
	File: 3400-M124-8 Under Review	Application dated 29 September. Construct the Point Tupper Pressure Reducing Station facilities.	2 000 000
Westcoast Energy Inc.	File: 3400-W005-257 Under Review	Application dated 24 August. Modifications to the Laprise, Martin Wargen and Aitken Creek Extension pipelines. On 19 October, the Board requested additional information from Westcoast.	487 000
	File: 3400-W5-260 Under Review	Application dated 27 October. Pipeline replacement near Quesnel, British Columbia. On 17 November, the Board requested additional information from Westcoast.	4 250 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Trans Mountain Pipe Line Company Ltd.	File: 3400-T4-72 Order: XO-T4-26-2000	Application dated 23 August; approved on 21 November. Twenty projects.	2 709 000
	File: 3400-T4-74 Order: XO-T4-29-2000	Application dated 18 September; approved on 16 November. Cutout and replacement of defects at five locations in the Jasper National Park.	240 000
	File: 3400-T4-73 Order: XO-T4-30-2000	Application dated 26 September; approved on 17 November. Modification of piping at the Edmonton Terminal.	45 000

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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Communications Team
National Energy Board
444 Seventh Avenue S.W.
Calgary, Alberta T2P 0X8
Telephone: (403) 292-4800
Telecopier: (403) 292-5503

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Équipe des communications
Office national de l'énergie
444 Septième Avenue S.-O.
Calgary (Alberta) T2P 0X8
Téléphone : (403) 292-4800
Télécopieur : (403) 292-5503