



Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of October 2001

Public Hearing Applications

Hearing Decisions Rendered

1. *Westcoast Energy Inc. (WEI) - Pine River Gas Plant Sulphur Pipeline - MH-1-2001 (File 3050-W005-1)*

Reasons for Decision dated October 2001; issued on 25 October 2001.

The Board decided that, subject to certain conditions, Westcoast can safely continue work on the Pine River Gas Plant Sulphur Pipeline and reopen the pipeline for operation.

On 16 March, the Board had issued an order, following a number of fires on the pipeline and in response to claims that Westcoast had not met commitments made to landowners concerning the operation of the pipeline, directing Westcoast to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board.

The Board held a public hearing on the operation of Westcoast's pipeline from 9 to 12 April in Chetwynd, British Columbia. The purpose of the hearing was to determine if the pipeline may be

safely operated; whether the Board should order Westcoast to repair, reconstruct or alter part of the pipeline in order to ensure that it may be safely operated; and, if conditions should be imposed on Westcoast in order to ensure the safe operation of the pipeline.

On 12 April, the Board decided not to permit Westcoast to reopen the pipeline until the Board was satisfied that certain issues had been fully addressed, or that a comprehensive plan was in place to address those issues. On 24 April, the Board sent a letter to Westcoast providing the scope for the comprehensive plan to be developed. On 26 July, Westcoast filed a final draft of the Comprehensive Plan.

The Board has examined the Comprehensive Plan together with the comments from parties and is satisfied that, subject to the conditions set out in the order to reopen, Westcoast can safely undertake the balance of the work set out in the Comprehensive Plan and reopen the pipeline for operation.

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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2. BC Gas Utility Ltd. (BC Gas) - Review of Reasons for Decision RH-2-98 - RH-2-2001 (File 4775-W005-1-15)

Reasons for Decision dated October 2001; issued on 1 November 2001.

The Board decided on the tolls that BC Gas will pay for service on Westcoast Energy Inc.'s (Westcoast) pipeline system from Kingsvale to Huntingdon, British Columbia. Briefly, the Board has decided:

- i) if Westcoast expands its system between Kingsvale and Huntingdon to provide service to BC Gas between these two points, a toll of 12 cents per thousand cubic feet will apply;
- ii) that until the Westcoast system is expanded, the toll for firm deliveries from Kingsvale to Huntingdon will remain the full Zone 4 toll (Station 2 located west of Chetwynd to Huntingdon);
- iii) not to rule at this time on what could be an acceptable toll for firm service from Hope to Huntingdon; and
- iv) to deny requests to amend the current interruptible toll design and other aspects of the firm toll design for Zone 4 associated with removing Kingsvale from the Inland Delivery Area (Station 2 to Kingsvale, British Columbia).

On 8 May 2001, BC Gas applied to the Board for:
i) a review and variance of the Board's Decision and Order TG-2-99 issued following the RH-2-98 proceeding; and, ii) an order establishing the terms and conditions, including tolls, under which Westcoast shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

In the RH-2-98 Decision, the Board approved a request by BC Gas for a receipt point on Westcoast's pipeline at Kingsvale and for Westcoast to receive, transport and deliver any gas delivered at Kingsvale to the Huntingdon Delivery Area. The Board also decided that the appropriate toll for firm service from Kingsvale to Huntingdon would be Westcoast's Zone 4 toll to Huntingdon.

In June 2001, the Board, following the review of submissions from interested parties, found that, on balance, the changed circumstances and new facts identified by BC Gas supported its request for review of the RH-2-98 Decision. The Board then

decided to set BC Gas' application down for public hearing the Board considered the application for review at a public hearing held from 10 to 12 September in Vancouver, British Columbia.

Hearing Decisions Pending

1. TransCanada PipeLines Limited (TCPL) - 2001/2002 Tolls and Tariff - RH-1-2001 (File 4200-T001-15)

The Board held a public hearing from 17 September to 2 October in Calgary, Alberta on an application from TCPL concerning 2001/2002 tolls and tariff issues (Tolls Application).

In April, TCPL and certain stakeholders reached an agreement on the terms of a settlement. The proposed settlement related to all tolls and tariff matters for the years 2001 and 2002, excluding cost of capital issues. The settlement, which would have been effective 1 January 2001, established a toll methodology to be utilized for both 2001 and 2002, tariff provisions to be applicable in that time period, and the components of the revenue requirement to be used in the calculation for tolls for 2001.

On 6 June, TCPL filed an application for the approval of the cost of capital to be included in the calculation of its mainline tolls for the years 2001 and 2002. The Board will hold a public hearing commencing on 18 February 2002 to consider the application (see item 2 under *Hearings Scheduled* below).

In May, the Board had requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. Subsequent to a review of the comments received, the Board decided that TCPL's settlement was not in accordance with the Board's Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs. The Board directed TCPL to advise whether it wished to file an amended application or have the Board treat the application as a common position of parties. TCPL advised the Board that, after communicating with all of the signatories to the proposed settlement, it had decided not to file an amended application and requested that the Board establish a process to consider the application as filed.

2. Maritimes & Northeast Pipeline Management Ltd. (M&NP) - 2001 and 2002 Tolls - RH-3-2001 (File 4200-M124-1)

The Board held a public hearing from 11 to 25 October in Dartmouth, Nova Scotia on issue 4 of Hearing Order RH-3-2001 which reads "As it

applies to new pipeline facilities, the proper application of Article 17 of the General Terms and Condition of M&NP's Gas Tariff (the Article 17 issue)". Article 17 of M&NP's General Terms and Conditions deals with the policy with respect to fees and construction of new facilities.

On 31 August, M&NP advised the Board that the Tolls and Tariff Working Group had, by unopposed resolution, approved a settlement of M&NP's application for final tolls commencing 1 October 2000. The RH-3-2001 hearing had been scheduled to deal with M&NP's application for final tolls for the period 1 October 2000 to 31 December 2002. On 31 August, the Board decided to stay the remaining procedural steps outlined in RH-3-2001, with the exception of those related to the Article 17 issue.

On 14 September, M&NP filed with the Board for approval its Settlement Compliance Filing which calculated M&NP's toll incorporating the terms and conditions of the 31 August Settlement Agreement. On 20 September, the Board, in accordance with the Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs, sought the comments of interested parties on the 14 September Compliance Filing as well as comments on the need for and nature of a further process to consider the filing.

Hearings Scheduled

1. *Petro-Canada Oil & Gas (Petro-Canada) - Medicine Hat Pipeline - GH-3-2001 (File 3200-P100-1)*

The Board will hold a public hearing commencing on 19 November, in Calgary, Alberta, on an application from Petro-Canada to construct a natural gas pipeline from the Medicine Hat, Alberta area to Burstall, Saskatchewan.

Petro-Canada proposes to construct approximately 67 kilometres (42 miles) of 273.1 millimetre (10 inch) natural gas pipeline from its existing natural gas production properties located in the Medicine Hat area to TransCanada Pipelines Limited's system near Burstall, Saskatchewan. The pipeline will have a design capacity to transport 1.5 million cubic metres (53 million cubic feet) per day of natural gas. The proposed pipeline route begins near the southeastern side of the Suffield Military Block in Alberta and extends northeast to Burstall, Saskatchewan. The pipeline route follows existing corridors for most of its length with approximately 13 kilometres (8 miles) of new right-of-way being required. The Medicine Hat

Pipeline is proposed to be in-service in May, 2002 with an estimated capital cost of \$9.9 million.

2. *TransCanada PipeLines Limited (TCPL or Company) - Cost of Capital for the Years 2001 and 2002 - RH-4-2001 (File 4200-T001-15)*

The Board will hold a public hearing commencing on 18 February in Calgary, Alberta concerning an application from TCPL for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002. The Board held a procedural conference on 19 September in Calgary to receive views of parties on certain procedural matters.

The Board last considered the cost of capital of TCPL in a Multi-Pipeline Cost of Capital hearing held in 1994 (RH-2-94). Following that hearing, the Board decided that a deemed common equity ratio of 30 per cent was appropriate for TCPL. The Board also decided that the allowed rates of return on common equity for all pipelines would be subsequently adjusted annually based on the equity risk premium method. Using that formula, a rate of return on common equity of 9.61 per cent was established for 2001.

In this application, TCPL submitted that the deemed capital structure of 30 per cent common equity and the rate of return on equity formula underestimates the fair return for TCPL and should therefore not be applied to the company effective 1 January 2001.

TCPL is seeking approval of an after-tax weighted-average cost of capital (ATWACC) of 7.5 per cent for 2001 and 2002, adjusted for the difference between the market cost of debt and embedded cost of debt of the Company. TCPL stated that an ATWACC of 7.5 per cent equates to a rate of return of 12.5 per cent on a deemed common equity of 40 per cent. TCPL further stated that, in the event the Board declines the proposed methodology, it would request that the Board establish a rate of return of 12.50 per cent on a deemed common equity ratio of 40 per cent for the years 2001 and 2002.

Hearing Applications Filed

1. *Georgia Strait Crossing Pipeline Limited (GSCPL) - Georgia Strait Pipeline Crossing Project (GSX Project) (File 3200-G049-1)*

On 20 September, the Minister of Environment Canada and the Chairman of the National Energy Board signed an agreement establishing a joint

panel, in accordance with the *Canadian Environmental Assessment Act* and the *National Energy Board Act*, to review the GSX Project. The joint panel will consist of three members, two members from the National Energy Board and one member appointed by the Minister of Environment.

The Board and the Canadian Environmental Assessment Agency staff held public information sessions from 22 to 26 October in Cobble Hill, Salt Spring Island, Sidney, Saturna Island and Pender North Island, British Columbia to assist people in preparing for participation in the public hearing and to explain the participant funding administered by the Canadian Environmental Assessment Agency.

On 24 April, GSCPL applied to construct and operate the Canadian portion of a natural gas pipeline from Sumas, Washington, across the ocean floor of Georgia Strait to a landfall point near Cobble Hill on Vancouver Island, interconnecting with the Centra Gas Transmission System. The proposed project is a joint undertaking by British Columbia Hydro and Power Authority (BC Hydro) and Williams Gas Pipeline Company (Williams), operating under the name of GSX.

The Canadian portion of the pipeline would originate at a point on the international border in Boundary Pass, west of the Strait of Georgia, to an interconnection with the existing Centra Gas British Columbia Inc. pipeline on Vancouver Island, south of Duncan. The Canadian portion of the pipeline would be approximately 60 kilometres (37.5 miles) in length, with approximately 44 kilometres (27.5 miles) being offshore and 16 kilometres (10 miles) onshore. The 406.4 millimetre (16 inch) diameter pipeline would be designed to initially transport 2.66 million cubic metres (94 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003. The estimated cost of the Canadian portion of the facilities is \$100 million.

2. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral (File 3200-W005-11)*

On 18 May, the Board invited public comments on the environmental aspects of an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

On 31 January, WEI applied to construct approximately 108.5 kilometres (67 miles) of

406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge, to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. WEI also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit WEI to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is \$64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, WEI had prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to WEI. On 20 July, WEI filed a draft Comprehensive Study Report for review by the Board and the Department of Fisheries and Oceans.

3. *New Brunswick Power Corporation (NB Power) - Construct an International Power Line (File 2200-N088-1)*

On 31 May, NB Power applied to construct and operate a 345 kilovolt international power line (IPL) of approximately 95 kilometres (59 miles) in length running west from the Point Lepreau Peninsula through the counties of Saint John and Charlotte in New Brunswick to the international boundary near Woodland, Maine. The estimated cost of the IPL is \$40 million and NB Power expects to commence construction in the Spring of 2002. The United States portion of the project will consist of approximately 135 kilometres (84 miles) of power line running from Woodland to Orrington in Maine. Bango Hydro Electric Company is seeking state and federal approvals for the U.S. portion of the project.

On 9 July, the Board issued for public comment a draft scope of an environmental assessment under the *Canadian Environmental Assessment Act* of the proposal by NB Power. The Board, the Department of Fisheries and Oceans and the federal Minister of

the Environment have identified the scope of the proposed project and the factors to be considered during the environmental assessment. These factors, along with other details of the assessment, can be found in a document entitled *Draft Scope of the Environmental Assessment, New Brunswick Power Corporation International Power Line*.

Hearings Adjourned and Postponed

1. *Sumas Energy 2, Inc.(SE2) - International Power Line - EH-1-2000 (File 2200-S040-1)*

For more information on this matter, refer to item 1 under *Hearing Applications, Hearing Scheduled* in the

February 2001 issue of the *Regulatory Agenda*.

2. *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. *Aquila Canada Capital and Trade Corp. (Aquila Canada) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila Canada applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila Canada requesting additional information.

2. *Aquila Capital and Trade Corp. (Aquila) - Electricity Export (File 6200-A090-1)*

On 7 June, Aquila applied for permits to export up to 1 142 megawatts of firm power and up to 10 000 gigawatt hours of firm and interruptible energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Aquila requesting additional information.

3. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - (File 2200-C019-1)*

On 20 July, Cedars applied for permits to:

- i) reconstruct at 230 kilovolts (kV) a 1.92 kilometre section of an existing IPL;
- ii) operate at 120 kV the reconstructed 1.92 kilometre IPL and 1.8 kilometres of the existing IPL; and,
- iii) dismantle 1.92 kilometres of the existing IPL after the commissioning of the reconstructed section.

The IPL would extend for 1.92 kilometres westward from the existing tap of the supply line to the Rosemount substation located in Cornwall, Ontario and then southward for a further 1.8 kilometres to the international boundary located in Cornwall.

As a subsidiary option, in case the above application is not granted, Cedars applied for a permit to:

- i) reconstruct at 230 kV the existing IPL for a distance of 71 kilometres, from Les Cèdres generating station in Quebec to a connecting point located in Cornwall;
- ii) operate at 120 kV the reconstructed IPL; and,
- iii) dismantle the existing IPL after the commissioning of the reconstructed IPL.

In both cases, Cedars is also requesting an order for the revocation of Certificate of Public Convenience and Necessity EC-10 issued by the Board in 1959. Cedars is of the view that a Certificate for the entire line is no longer required. Cedars stated that the constitutional jurisdiction of the Board applied only to the portion of the line dedicated to exports, that is, the 3.72 kilometre section of the IPL from Cornwall to the international boundary.

On 25 October, the Board decided that it will continue to exercise its jurisdiction under the *National Energy Board Act* over the entire 72.8 kilometres of the IPL that is subject of Certificate EC-10.

4. *Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)*

On 4 June, Encore applied for permits to export up

to 10 541 gigawatt hours of interruptible energy and up to 750 megawatts and 6 588 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 22 June, the Board sent a letter to Encore requesting additional information.

5. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Construct an International Power Line (IPL)(File 2200-M020-4)*

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL from its Glenboro Station located in southwestern Manitoba to the international boundary near Killarney, Manitoba.

Manitoba Hydro has entered into an agreement with Northern States Power Company and Otter Tail Power Company, both located in the United States, for the construction of an IPL from the existing Glenboro Station to a proposed new Rugby East Station to be located to the east of Rugby, North Dakota. The Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S. portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

6. *Morgan Stanley Capital Group Inc. (Morgan) - Electricity Export (File 6200-M136-1)*

On 1 May, Morgan applied for permits to export up to 2 336 000 megawatts of firm and interruptible power and up to 2 336 gigawatt hours per year of firm and interruptible energy for a period of 20 years.

On 22 June, the Board sent a letter to Morgan requesting additional information.

7. *Nexen Marketing, an Alberta general partnership (Nexen) - Electricity Export (File 6200-N086-1)*

On 24 August, Nexen applied for permits to export up to 5 000 gigawatt hours of interruptible energy and up to 1 000 megawatts and 5 000 gigawatt hours of firm and interruptible power and energy per year for a period of 10 years.

On 1 October, the Board sent a letter to Nexen requesting additional information.

8. *TransCanada Power Marketing Ltd. (TransCanada) - Electricity Export (File 6200-T074-1)*

On 13 March, TransCanada applied for permits to export up to 500 megawatts of firm and interruptible power per month, and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

On 22 June, the Board sent a letter to TransCanada requesting additional information.

Natural Gas Matter

Matter Completed

1. *TransCanada Energy Ltd. (TCE) - Contract Amendments - Natural Gas Export Licence GL-172 (File 7200-W035-8-2)*

On 6 September, the Board approved an application dated 14 May from TCE to amend the pricing provision of the Gas Export Sales Contract between Western Gas Marketing Limited and Vermont Gas Systems Inc. underpinning natural gas export under Licence GL-172 and to change the name of the holder on the Licence from Western Gas Marketing to TCE. The Board also decided to reduce the volumes authorized for export to reflect a reduction in the contracted volumes. Under Licence GL-172, natural gas is exported via Philipsburg, Quebec to Vermont Gas Systems Inc.

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 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. Canadian National Resources Limited (CNRL) - Ladyfern Pipeline (File 3400-C298-11)

On 20 July, CNRL applied for approval to construct a natural gas pipeline known as the Ladyfern Pipeline. The Ladyfern Pipeline would consist of approximately 11.8 kilometres (6.8 miles) of 508 millimetres (20 inch) pipeline that would parallel the recently constructed Ricks Ladyfern Pipeline. The pipeline route begins at d-87-H/94-H1 in northeastern British Columbia and extends generally east to the existing TransCanada PipeLines Limited Owl Lake South Meter Station in northwestern Alberta. The estimated cost of the project is \$6 million and the proposed in-service date is 15 March 2002.

4. Paramount Transmission Ltd. (Paramount) - Cameron Hills Transborder Pipeline Project (File 3400-P097-1)

On 29 June, Paramount applied for approval to construct two pipelines, the first is a 15 kilometre (9.3 mile), 323.8 millimetre (12 inch) two phase raw sour oil, gas condensate and natural gas pipeline and, the second is a 15 kilometre, 88.9 millimetre (3 inch) fuel gas pipeline. The pipelines would be constructed in the same trench. The pipelines would extend from the Cameron Hills central battery located in the Northwest Territories to LSD 05-14-126-22 W5M in Alberta. The estimated cost of the project is \$3.6 million and the proposed in-service date is April 2002.

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

On 25 July 2000, 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) of 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) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 11 August, the Board sent a letter to Pouce Coupe requesting additional information. On 10 September, the Board sent a letter to Pouce Coupe requesting an update concerning the status of the application.

6. TransCanada PipeLines Limited (TCPL) - Deactivation of Facilities (File 3200-T001-192)

On 5 July, TCPL applied for approval to deactivate certain compression facilities at 16 stations on its mainline system. The estimated cost of the project is \$3,788,000.

On 19 July, the Canadian Association of Petroleum Producers (CAPP) requested that the Board convene a conference for the purpose of expeditiously establishing the facts surrounding TCPL's application. CAPP identified a number of concerns regarding TCPL's application; namely, the maintenance of used and useful plant, the retirement of plant no longer used and useful, and the maintenance and availability of suitable levels of plant.

On 13 August, the Board invited interested parties to provide comments on the following: i) the need for such a conference, ii) the timing for such a conference, and iii) the issues that should be addressed.

On 11 September, the Board decided to convene a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding an possible resolution of some or all of those issues and to determine if there will be a need for a further Board process. The Board will announce at a later date the timing and location of the conference.

Traffic, Tolls And Tariff Matter

Matter Completed

1. TransCanada PipeLines Limited (TCPL) - Reports of the 2001 Tolls Task Force (4775-T001-1/01-06)

The Board has approved the following resolution of the 2001 Toll Task Force:

Resolution No.	Date approved	Subject
07.2001	26 October	System Access and Queuing Procedure Extension

Frontier Matters

1. *Imperial Oil Resources Limited* was given approval on 2 October for the “Well Termination Record” pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the following wells:

IMP Norman Wells 0-19X,

IMP Norman Wells M-19X,

IMP Norman Wells N-18X; and

IMP Norman Wells 0-16X.

2. *Paramount Resources Ltd.* was given approval on 22 October for the “Well Termination Record” pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for the Para et al Fort Liard N-01well.

3. *Paramount Resources Ltd.* was given approval on 23 October for the “Well Termination Record” pursuant to section 184 of the *Canada Oil and Gas Drilling Regulations* for Para et al Mount Coty I-02 well.

4. *Imperial Oil Resources Limited* was informed on 25 October that the use of Lease and Tank Dyke Drains meets the requirements of subsection 44(b) of the *Canada Oil and Gas Production and Conservation Regulations*.

5. *Geological, geophysical or geotechnical operation*: no applications were approved pursuant to section 5(1)(b) of the *Canada Oil and Gas Operations Act*; the following is a correction to an application approved in September 2001.

Company	Area	Operation ID	Date
EOG Resources	Sahtu	9237-E035-001E	21 September 2001

Appeals and Reviews

Appeal Completed

1. *Athabasca Chipewyan First Nation, British Columbia Wildlife Federation and the Steelhead Society of British Columbia (Appellants) v. British Columbia Hydro and Power Authority (BC Hydro)*

On 26 September, the Board, as directed by the Federal Court of Appeal, reviewed the evidence submitted by BC Hydro and the submissions of all parties and decided to issue export permits to BC Hydro.

The Appellants had filed applications with the Federal Court of Appeal for leave to appeal a decision of the Board dated 6 January 1999 in which it issued an export permit to BC Hydro to allow it to undertake certain export arrangements. The applications were heard by the court on 14 and 15 February.

On 14 March, the Court concluded that Board’s decision is not reasonable and allowed the appeal. The Court directed that the Appellants and BC Hydro, in consultation with the Board, prepare a form of judgment upon which they agree, failing which the Appellants or BC Hydro may apply to the Court to resolve the relief to be granted. Should an agreed upon form of judgement not be submitted or an application for relief not be made within sixty days of the date of the 14 March reasons, judgement shall thereupon

issue, quashing the permits and remitting the matter to the Board for redetermination after the Board receives and considers relevant information from BC Hydro as to what changes, if any, to the operation of its facilities will be occasioned by the issuance of the permits sought and the adverse environmental effects, if any that will result from such changes.

Appeal Pending

2. *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*.

Review Completed

1. *Saulteau First Nations - Westcoast Energy Inc’s (WEI) Kwoen Facilites (3400-W005-265)*

On 5 October, the Board, after having reviewed the submissions of all interested parties, decided to dismiss the application for review filed on behalf of the Saulteau First Nations.

On 22 August, the Saulteau First Nations applied for a review and a stay of Order XG-W005-22-2001 by which the Board had given approval to WEI to

construct the Kwoen Facilities. The Kwoen Facilities, which will be located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Saulteau First Nations' grounds for review and stay were as follows: (i) errors of law or jurisdiction; (ii) changed circumstances arising since the close of the original proceeding: failure by previous counsel to appear before the Board and subsequent appearance by new counsel; (iii) facts not placed in evidence in the original proceedings; and, (iv) nature of the prejudice that will result from the order.

Reviews Pending

2. *Westcoast Energy Inc. (WEI) - Kwoen Facilities (File 3400-W005-265)*

On 27 September, the Board decided, on its own motion, to conduct a review of Order XG-W005-22-2001 by which the Board had approved an application by WEI to construct the Kwoen facilities.

On 19 September, WEI had informed the Board that it had identified problems with Talisman Energy Inc.'s re-injection well located at b-65-B/93-p-5 (b-65 well) and that the connection of the Kwoen facilities as approved by XG-W005-22-2001 to the b-65 well appears to be in serious doubt. The Board noted that the b-65 well is fundamental to the operation of the Kwoen facilities as approved. In the absence of a connection between the Kwoen re-injection pipeline and the b-65 well, the viability of the Kwoen project and other projects related to it may be in question.

The Kwoen Facilities, which will be located 29 kilometres (17.4 miles) southeast of the Pine River Plant in British Columbia, consist of: (i) a booster compressor unit; (ii) an acid gas stripper facility; (iii) a 10-kilometre (6.2-mile) acid gas re-injection commodity pipeline; and, (iv) modifications to a re-injection disposal well.

The Board directed WEI, prior to establishing a process for the review, to file an update of the

results of its examination of the other re-injection options referred in WEI's letter of 19 September, and its plans for the Kwoen facilities and any other projects related to, or dependent upon the Kwoen facilities. After receiving and evaluating the information to be filed, the Board will establish a procedure for the review process.

The Board further decided to seek submissions of WEI and other interested parties on whether a stay should be issued in respect of the construction of the remaining Kwoen facilities, i.e. the processing and compression facilities. On 18 October, the Board decided not to issue a stay of Order XG-W005-22-2001 pending the completion of the review.

3. *Reservoir Safety Committee (RSC) - Review of Electricity Export Permits Issued to British Columbia Power Exchange Corporation (Powerex) and British Columbia Hydro and Power Authority (BC Hydro) (File 6200-B095-4-1)*

On 17 October, RSC applied for a review of electricity export permits EPE-118 and EPE-119 issued to Powerex and permits EPE-124, EPE-125, EPE-126 and EPE-127 issued to BC Hydro. In its application, RSC stated that since 1980, 11 drowning have occurred in BC Hydro's Carpenter Reservoir. This is a consequence of BC Hydro's refusal to provide adequate protection to workers and members of the public traveling through the Bridge River Generating Facility, located within the Carpenter Reservoir. RSC further stated that widespread citizen concern with the operation of the facility, has led to the formation of the RSC. RSC's goal is to effect significant safety related improvements to the facility. RSC requested that the Board rescind permits related to the export of electricity generated through BC Hydro's Bridge River Hydro Electric Facility until such time as the safety of workers and the traveling public can be assured.

On 19 December, the Board sent a letter to RSC advising that it will hold the application in abeyance until RSC has complied with section 44 of the *National Energy Board Rules of Practice and Procedure, 1995*, including notification to potentially interested persons.

Amendments to Regulations and Rules

1. *National Energy Board Pipeline Crossing Regulations, Part II - Damage Prevention Regulations (File 185-A000-36)*

For more information on this matter, refer to item 1 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

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

For more information on this matter, refer to item 2 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

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

For more information on this matter, refer to item 3 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

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

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*.

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

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*.

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

For more information on this matter, refer to item 6 under *Amendments to Regulations and Rules* in the May 2001 issue of the *Regulatory Agenda*.

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*.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada Pipelines Limited	File: 3400-T001-193 Order : XG-T001-32-2001	Application dated 3 August; approved on 12 October. Site remediation at Compressor Stations 17 and 209.	461 700
Westcoast Energy	File: 3400-W005-271-1 Order: AO-1-XG-W005-19-2001	Application dated 7 September; approved on 19 October 2001. Amend an existing order to vary the scope of road upgrade activities of the Pine River Gas Plant access road at an additional cost of \$2.5 million.	2 500 000 Total cost \$3.6 million

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-38 Order: XO-E101-28-2001	Application dated 28 August; approved on 2 October. Expand and renovate the Belleville Pipeline Maintenance Building.	169 000
Trans Mountain Pipe Line Company Ltd.	File: 3400-T004-72-1 Order: AO-1-T004-3-2001	Application dated 1 August; approved on 2 October. In February, the Board approved, by Order XO-T004-3-2001, six projects. In this application, TMPL is requesting to change the scope of one of those projects.	487 000
Montreal Pipe Line Limited	File: 3400-M003-24 Order: XO-M003-24-2001	Application dated 9 October; approved on 19 October. Install a motor operator on Block Valve #43 on the North Shore of the St-Lawrence River in Montreal East.	60 000

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 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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