



# Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of June 2003

## Guidelines for Appropriate Dispute Resolution

On 18 July, the Board released guidelines for its Appropriate Dispute Resolution (ADR) program. The ADR program has been under development since early 2002. ADR is generally viewed as a collection of tools and techniques that can be used to reach resolution on an issue in addition to the Board's traditional regulatory process.

The ADR techniques are a series of options; any option may be appropriate, depending on the circumstances. The Board has chosen the term

appropriate dispute resolution to highlight the importance of using appropriate techniques in any given situation.

In the fall of 2002, the Board released a discussion paper and received written comments from 17 parties and participated in 14 meetings to share information and gather feedback on the initiative. The comments and feedback came from the public, industry, government and professional associations.

## Public Hearing Applications

### Decision Rendered

#### 1. **TransCanada PipeLines Limited (TCPL) - 2003 Tolls - RH-1-2002 (File 4200-T001-18)**

The Board held a public hearing from 26 February to 16 May in Calgary, Alberta on an application from TCPL for approval of tolls that it may charge for transportation services on its Mainline for the year 2003.

The Board released its Reasons for Decision on 31 July. The Board approved, among other things, the following:

- an average rate base of \$8.57 billion;
- a net revenue requirement of approximately \$1.9 billion;
- the establishment of a new Southwest Tolling Zone;

## 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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- an increase to the minimum bid floor price for interruptible transportation service from 80 to 110 percent of the 100 percent load factor Firm Transportation toll;
- a depreciation rate of approximately 3.42 percent; and,
- an interim Firm Transportation toll to the Eastern Zone which is expected to be slightly below the current interim toll of \$1.203 per gigajoule approved by the Board in January 2003.

The exact level of the composite depreciation rate, revenue requirement and tolls will be confirmed upon approval of TCPL's compliance tolls filing.

The Board has decided that the tolls will remain interim pending the disposition of TCPL's appeal of the RH-R-1-2002 Decision to the Federal Court of Appeal. In its RH-R-1-2002 Decision, the Board dismissed TCPL's September 2002 request for review and variance of the Board's June 2002 RH-4-2001 Decision on TCPL's Fair Return Application. Further, the Board has decided that the level of the interim tolls should be changed to reflect the Board's RH-1-2002 Decision and the illustrative return contained in the 2003 Tolls Application. The illustrative return includes a rate of return on common equity of 9.79 percent on a deemed common equity ratio of 33 percent, which is in accordance with the adjustment mechanism approved in the Board's Multi-Pipeline Cost of Capital Decision (RH-2-94) and its RH-4-2001 Decision.

## Hearings Completed

### 1. Georgia Strait Crossing Pipeline Limited (GSCPL) - GSX Canada Pipeline Project - GH-4-2001 (File 3200-G049-1)

On 30 July, the Joint Review Panel for the GSX Canada Pipeline released its report and recommended that the GSX Canada Pipeline project proceed to the next level of decision making. The Panel concluded that the project is not likely to result in significant adverse environmental effects provided its recommendations are implemented and appropriate mitigation identified during the course of the review is applied.

The report describes the results of the Panel's review of an application by Georgia Strait Crossing Pipeline Limited to construct and operate the

Canadian portion of the Georgia Strait Crossing Project, a new natural gas pipeline from Sumas, Washington to Vancouver Island. The proposed pipeline is a joint undertaking by BC Hydro and Williams Gas Pipeline Company.

The Government of Canada will now consider the Panel's recommendations on the GSX Canada Pipeline project and prepare a response.

The joint panel review was conducted under the Canadian Environmental Assessment Act and the National Energy Board Act. The review was carried out in accordance with an agreement between the federal Minister of the Environment and the Board. The review included a public hearing that was held in Sidney, British Columbia from February 24 to March 19, 2003.

### 2. Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion and Pipeline Flow Reversal - OH-1-2003 (File 3400-T002-56)

The Board held a public hearing from 9 to 13 June in Ottawa, Ontario on an application from TNPI to increase the pipeline capacity on its petroleum products pipeline system from Montréal, Quebec to Farran's Point near Ingleside, Ontario and to reverse the direction of flow between Farran's Point and the Clarkson Junction in Mississauga, Ontario.

### 3. EnCana Ekwan Pipeline Inc. (EnCana) - Pipeline Construction (File 3200-E127-1)

The Board held a public hearing on 28 and 29 July in Fort St. John, British Columbia on an application from EnCana to construct 82.5 kilometres (51 miles) of 610 millimetre (24 inch) natural gas pipeline, and associated facilities from British Columbia to Alberta.

## Hearings in Progress

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

The Board is holding a public hearing which commenced on 26 May in Abbotsford, British Columbia on an application from SE2 to construct a proposed 230 kilovolt IPL originating in the United States and crossing the international boundary near Abbotsford. The hearing was adjourned on 11 July and will reconvene on 15 September for final arguments.

**2. Trans-Northern Pipeline Inc. (TNPI) – Pipeline Replacement and Lowering in Hamilton, Ontario – OHW-1-2003 (File 3400-T002-57)**

The Board is holding a public hearing, by way of written submissions, on an application from TNPI to relocate one section and lower two other sections of its 406.4 millimetre (16 inch) refined petroleum products pipeline. This application is made in order to accommodate the construction of the Red Hill Creek Expressway in King's Forest Park in Hamilton, Ontario.

**Other**

**1. Mackenzie Gas Project**

On 18 July, the Board, pursuant to the Canadian Environmental Assessment Act (CEAA), referred the Mackenzie Gas Project to the federal Minister of the Environment for consideration by a review panel.

On 30 June, the parties to the Cooperation Plan for the Environmental Impact Assessment and Regulatory

Review of a Natural Gas Pipeline Project through the Northwest Territories (June 2002) announced that the Preliminary Information Package (PIP) submitted by the proponents of the Mackenzie Gas Project has been evaluated and accepted as complete.

The PIP signals the intent of the proponents to proceed with regulatory applications for a large natural gas project in the Northwest Territories. The PIP outlines the project development plans, including: natural gas field development in the Mackenzie River Delta, gathering lines, processing and transportation of gas south through the Mackenzie Valley to northern Alberta.

The review process for this project is outlined in the Cooperation Plan. The PIP will be used to initiate the review steps under the CEAA and the environmental screening process under the Inuvialuit Final Agreement. Once permit applications are filed, the review process under the Mackenzie Valley Resource Management Act will also be initiated.

## **Non Hearing Applications**

### **Electricity Matters**

**Matter Completed**

**1. Montenay Inc. (Montenay) – Export of Electricity (File 6200-M141-1)**

On 26 June, the Board approved an application dated 19 March from Montenay for permits to export up to 25 megawatts of interruptible power and up to 200 gigawatt hours of firm and interruptible energy per year for a period of 10 years.

**Matters Pending**

**2. Avista Energy, Inc. (Avista) – Electricity Export (File 6200-A161-1)**

On 30 June, Avista applied for approval to export up to 2 500 megawatt hours of interruptible energy and up to 47 500 megawatt hours of firm energy per year for a period of 10 years.

**3. Duke Energy Marketing Canada Corp. (Duke) – Electricity Export (File 6200-D068-1)**

On 13 June, Duke applied for approval to export up to 1 000 megawatts of interruptible power and

up to 2 000 gigawatt hours of either firm or interruptible energy per year for 10 years.

**4. Northern States Power Company (NSPC) - Export of Electricity (File 6200-N099-1)**

On 16 June, NSPC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

**5. Public Service Company of Colorado (PSCC) – Export of Electricity (File 6200-P114-1)**

On 16 June, PSCC applied for approval to export up to 800 gigawatt hours of firm energy and 800 gigawatt hours of interruptible energy per year for a period of 10 years.

**6. USGen New England, Inc. (USGen) – Export of Electricity (File 6200-U063-1)**

On 23 April, USGen applied for approval to export up to 4 380 gigawatt hours of firm energy and 4 380 gigawatt hours of interruptible energy per year for a period of 10 years.

## Frontier Matters

1. **Paramount Resources Ltd.** (Paramount) was given approval on 3 July for the “Well Termination Record” for the well Cameron K-74 pursuant to section 203.(1) of the **Canada Oil and Gas Drilling Regulations (COGDR)**.
2. **Anadarko Canada Corporation** was given approval on 3 July for the “Well Termination Record” for the wells Arrowhead River I-75 and Arrowhead River O-38 pursuant to section 203.(1) of the COGDR.
3. **Paramount** was given approval on 10 July for the “Well Termination Record” for the wells Nogha C-49 and Cameron D-49 pursuant to section 203.(1) of the COGDR.
4. **Chevron Canada Resources** was given approval on 17 July to Alter Condition of a Well for the well Liard M-25 pursuant to section 80(1)(b) of the COGDR.
5. **Paramount** was given approval on 17 July for the “Well Termination Record” for the well Cameron M-49 pursuant to section 203(1) of the COGDR.
6. **Paramount** was given approval on 31 July for the “Well Termination Record” for the well Cameron F-73 pursuant to section 203(1) of the COGDR.
7. **Geological, geophysical or geotechnical operation authorization:** one application was approved pursuant to section 5(1)(b) of the **Canada Oil and Gas Operations Act**.

| <u>Company</u>     | <u>Area</u> | <u>Operation ID</u> | <u>Date</u> |
|--------------------|-------------|---------------------|-------------|
| EnCana Corporation | Liard       | 9228-E043-001E      | 14 July     |

## Pipeline Matter

### 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.

# Amendments to Regulations and Guidelines

## Regulatory Initiatives Pursuant to the National Energy Board Act

### 1. Guidelines for Filing Requirements, 1995 (GFR)

The Board has launched a project to review and revise its GFR. The goals of the project are to provide clear direction about the information required for applications, improve cycle times and improve communication with stakeholders.

### 2. Onshore Pipeline Regulations, 1999 (OPR) - Decommissioning of Pipelines

The Board is proposing to amend its OPR to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

### 3. National Energy Board Pipeline Crossing Regulations, Part I and Part II - Damage Prevention Regulations

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 Board has been held meetings with stakeholders and plans to continue consultation with interested persons by holding focus meetings and open houses at various locations across Canada.

## Regulatory Initiatives Pursuant to the Canada Oil and Gas Operations Act

### 4. Canada Oil and Gas Diving Regulations and Guidance Notes

For more information on this matter, refer to item 4 under Amendments to Regulations and Rules in the May 2001 issue of the Regulatory Agenda.

### 5. The Canada Oil and Gas Drilling Regulations and the Canada Oil and Gas Production and Conservation Regulations

For more information on this matter, refer to item 5 under Amendments to Regulations and Rules in the May 2001 issue of the Regulatory Agenda.

## Regulatory Initiatives Pursuant to the Canada Labour Code

### 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 February 2003 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 **Submit a Document**.

## Communication Numbers

### General Information:

(403) 292-4800  
1-800-899-1265

### Publications Office:

Telephone: (403) 299-3562  
Telecopier: (403) 292-5576  
Email: [publications@neb-one.gc.ca](mailto:publications@neb-one.gc.ca)

### Web Site:

[www.neb-one.gc.ca](http://www.neb-one.gc.ca)

### Telephone Numbers:

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**.

National Energy Board  
Michel L. Mantha  
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# Appendix I

## Section 58 Applications

### Gas Pipelines

| Applicant                                | File/Order  | Application   | Est. Cost  |
|--|---|---|------------|
| Foothills Pipe Lines Ltd.                | File: 3400-F006-43<br>Order: XG-F006-25-2003                  | Application dated 13 March; approved on 3 July.<br>Excavate, inspect and recoat approximately 300 metres of pipe on the Foothills Pipe Line (South B.C.) Ltd. pipeline. | 700 000    |
| ConocoPhillips Canada Limited            | File: 3400-C216-1<br>Order: XG-C216-31-2003                   | Application dated 12 June; approved on 14 July.<br>Remove and replace two valves near Brandon, Manitoba.  | 60 000     |
| Many Islands Pipe Line Ltd.              | File: 3400-M029-36<br>Order: XG-M029-24-2003                  | Application dated 27 June; approved on 14 July.<br>Construct a tie-in riser.  | 18 950     |
| Sierra Production Company                | File: 3400-S103-1<br>Order: XG-S103-32-2003                   | Application dated 14 April; approved on 18 July.<br>Construct a 1.97 kilometre pipeline from Aden, Alberta to the Canada/United States border.                          | 168 600    |
| Taurus Exploration (Canada) Ltd.         | File: 3400-T097-2<br>Order: XG-T097-34-2003                   | Application dated 10 June; approved on 24 July.<br>Construct a tie-in to the Boundary Lake Pipeline.  | 25 000     |
| Terasen PipeLines (Trans Mountain) Inc.  | File: 3400-T099-3<br>Order: XG-T099-28-2003                   | Application dated 11 March; approved on 10 July.<br>Fraser River Crossing Pipeline Replacement Project.   | 11 500 000 |
| TransCanada PipeLines Limited, BC System | File: 3400-T054-8<br>Order: XG-T001-26-2003                   | Application dated 27 May; approved on 7 July.<br>Repair a section of exposed pipeline across Stone Creek.   | 600 000    |
| TransCanada PipeLines Limited            | Files: 3400-T001-215, 216, 217, 218<br>Order: XG-T001-27-2003 | Applications dated 23 and 29 April; approved on 9 July.<br>Contaminant Sampling and Remediation Program – Compressor Stations 2, 34, 80, 86, 99, 102, 105, 110 and 130. | 2 357 000  |
|  | File: 3400-T001-221<br>Order: XG-T001-33-2002                 | Application dated 3 July; approved on 21 July.<br>Environmental sampling at Compressor Station 92.  | 25 000     |
|  | File: 3400-T001-220<br>Order: XG-T001-36-2003                 | Application dated 17 June; approved on 30 July.<br>Cathodic Protection Program No. 2 in Manitoba, Ontario and Quebec.   | 1 586 000  |
| Westcoast Energy Inc.                    | File: 3400-W005-310<br>Order: XG-W005-30-2003                 | Application dated 18 June; approved on 15 July.<br>Casing upgrades on the Boundary Lake pipeline and on the Alberta Mainline in Northeastern British Columbia.          | 80 000     |

### Oil Pipelines

| Applicant                               | File/Order                                   | Application  | Est. Cost |
|---|--|--|-----------|
| Enbridge Pipelines Inc.                 | File: 3400-E101-58<br>Order: XO-E101-14-2003 | Application dated 28 March; approved on 25 July.<br>Remove 4 metres and deactivate 25 metres of pipeline connecting Tank 40 at Hardisty, Alberta.                | 25 000    |
| Terasen Pipelines (Trans Mountain) Inc. | File: 3400-T099-1<br>Order: XO-T099-11-2003  | Application dated 10 October 2002; approved on 9 July.<br>Channel widening at Juliet Creek at kilometre 949 and shore upgrades at the Westridge Marine Terminal. | 179 000   |
|   | File: 3400-T099-5<br>Order: XO-T099-12-2003  | Application dated 20 May; approved on 10 July.<br>Expand the Control Centre at the Edmonton Terminal.  | 1 353 000 |
|   | File: 3400-T099-6<br>Order: XO-T099-13-2003  | Application dated 23 June; approved on 16 July.<br>Deviate 150 metres of pipeline.   | 15 000    |

## 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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