



Regulatory Agenda

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

Joint Canada–U.S. Task Force On Energy Outage

On 20 August, the Minister of Natural Resources Canada appointed Mr. Ken Vollman as a member of the joint Canada–U.S. Task Force, which will identify the causes for the recent power outage that affected North America and seek

recommendations to help prevent future outages. The complete text of the Minister’s News Release can be found on our Web Site at www.neb-one.gc.ca under *News Room*.

Public Hearing Applications

Decision Rendered

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

Reasons for decision dated July 2003; issued on 7 August 2003.

The Board approved 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.

The Board has also approved priority access from Montréal to Oakville of 7 280 cubic metres (45 864 barrels) per day to Petro-Canada and 1 820 cubic metres (11 466 barrels) per day to Ultramar Ltd., as outlined in their respective priority access agreements with TNPI.

The project will include the replacement of four line segments totaling approximately 72.5 kilometres (45 miles) of 273.1 millimetre (10 inch) pipe with 406.4 millimetre (16 inch) pipe between Montreal and Farran's Point. TNPI is also proposing to upgrade four of its existing pump stations located at Montreal and Como, Quebec and Lancaster and Ingleside, Ontario and to construct four storage tanks at the Farran's Point pump station.

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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To reverse the direction of flow in the pipeline section between Farran's Point to Toronto from a west-to-east direction to an east-to-west direction, TNPI will construct three pump stations along the existing 273.1 millimetre (10 inch) pipeline near Iroquois, Mallorytown and Kingston, Ontario.

Following completion of the project, capacity from Montréal to Farran's Point will increase from 10 500 cubic metres (66 150 barrels) per day to 21 000 cubic metres (132 300 barrels) per day. After flow direction reversal, capacity from Farran's Point to Belleville will increase from 10 000 to 11 500 cubic metres per day (63 000 to 72 450 barrels per day). The capacity from Farran's Point to Ottawa will increase by 3 000 to 16 000 cubic metres per day (18 900 to 100 800 barrels per day).

The estimated cost of the project is \$85.58 million and the proposed completion date is the end of 2004.

The Board considered the application at a public hearing held from 9 to 13 June 2003 in Ottawa, Ontario.

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. *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.

On 18 August, the City of Hamilton filed a Notice of Application for Judicial Review with the Federal Court of Appeal. The Notice seeks, among other things, a declaration that the *Canadian Environmental Assessment Act* (CEA Act) does not apply to the TNPI application and that no environmental screening is or was required to be carried out by the Board under the CEA Act in respect of the application.

Other

1. *Mackenzie Gas Project*

On 18 July, the Board, pursuant to the *Canadian Environmental Assessment Act* (CEA Act), 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 CEA Act 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. *USGen New England, Inc. (USGen) – Export of Electricity (File 6200-U063-1)*

On 28 July, the Board approved an application dated 23 April from USGen to export up to 4 380 gigawatt hours of combined 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. *Direct Commodities Trading (DCT) Inc. (DCT) – Electricity Export (File 6200-D069-1)*

On 24 July, DCT applied for permits to export up to 600 gigawatt hours of interruptible energy per year for a period of 10 years.

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

On 27 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 a period of 10 years.

5. *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.

6. *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.

Frontier Matters

1. *Paramount Resources Ltd.* was given approval on 11 August for the "Well Termination Records" for the wells Cameron C-19, H-58, H-03, C-75 and I-73 pursuant to section 203.(1) of the *Canada Oil and Gas Drilling Regulations*.
2. *Geological, geophysical or geotechnical operations*: five new applications and one amended application were approved pursuant to section 5(1)(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Devon Canada Corporation	Mackenzie Delta NWT	9333-D031-001E	8 August
Devon ARL Corporation	Southern Mainland NWT	9237-D030-001E	8 August
Apache Canada Ltd.	Central Mainland NWT	9229-A075-002E	18 August
Shell Canada Resources Ltd.	Mackenzie Delta NWT	9337-S006-001E	18 August
Apache Canada Ltd.	Central Mainland NWT	9229-A075-002E (amendment)	25 August
Devon Canada Corporation	Mackenzie Delta NWT	9337-D031-001E	29 August

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.

Traffic, Tolls and Tariff Matters

Matter Completed

1. *TransCanada PipeLines Limited (TCPL) – Second Report of the 2003 Tolls Task Force (File 4775-T001-1/03-2)*

On 26 August, the Board approved the following 2003 Tolls Task Force Resolution:

Resolution 03.2003 – Tariff Clean-Up

Matters Pending

2. *Maritime & Northeast Pipeline Management Ltd. (M&NP) – Tolls Settlement for 2004-2006 (File 4200-M124-4)*

On 31 July, M&NP filed an application for approval of the 2004-2006 Tolls Settlement it has reached with members of the Tolls and Tariff Working Group. On 14 August, the Board sought comments from interested parties on the application.

3. *TransCanada PipeLines Limited (TCPL) – Mainline Open Season, Complaints (File 4775-T001-1-12)*

Several complaints were received by TCPL and the Board concerning TCPL's approach to its Mainline Open Season announced on 17 July 2003. In its Open Season, TCPL offers service from receipt points that are not listed in its Tariff.

Complaints were received from Gaz Métropolitain and Company, Limited Partnership, Cargill Power & Gas Markets (Cargill), Coral Energy, the Canadian Association of Petroleum Producers (CAPP) and the Industrial Gas Users Association (IGUA). These parties argue that the new receipt points are not contained within the Tariff, and thus, contravene the *National Energy Board Act*. IGUA also asserts that TransCanada is offering short-haul transportation from Dawn, even though it does not have the physical capacity on Union Gas to support this service. Finally, the parties allege that TCPL has disregarded the established regulatory procedure in how it introduced the new receipt points. CAPP, Cargill and IGUA request that the Board intervene in the Open Season to disallow these service offerings until such time as they receive adequate regulatory scrutiny.

On 14 August, the Board sent a letter to TCPL requesting additional information and directing it to respond to all of the concerns and issues raised in the letter filed by the complainants.

On 25 August, TCPL advised interested parties that it will be filing an application with the Board by 15 September for approval to establish certain points in domestic delivery areas as receipt points and to establish corresponding tolls for services from these areas.

4. *Westcoast Energy Inc. (Westcoast) – Final 2003 Transmission Tolls (File 4200-W005-15)*

On 25 July, Westcoast applied for approval of final tolls for the year 2003. Westcoast has been on

interim tolls since January 2003. On 14 August, the Board sent a letter to Westcoast requesting additional information and setting the procedures

for comments by interested parties on the application.

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 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

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

Web Site:

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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
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
NOVA Chemicals (Canada) Ltd.	File: 3400-N132-1 Order: XG-N132-37-2003	Application dated 6 March; approved on 8 August. Repairs to three pipelines under the Talfourd Creek near Sarnia, Ontario.	200 000
Souris Valley Pipeline Limited	File: 3400-S161-2 Order: XC-S161-2-2003 (CO ₂ pipeline)	Application dated 14 July; approved on 15 August. Add a rectifier and anode bed at the Goodwater Station in Saskatchewan.	20 000
TransCanada PipeLines Limited	File: 3400-T001-223 Order: XG-T001-38-2003	Application dated 24 July; approved on 11 August. Cathodic Protection Program No. 4 at three sites in the Great Sand Hills area of Saskatchewan.	142 000
Westcoast Energy Inc.	File: 3400-W005-312 Order: XG-W005-39-2003	Application dated 5 August; approved on 13 August. Construct an armoured channel and associated bioengineering in a Rancheree Lake Tributary near Prince George, British Columbia.	65 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-60 Order: XO-E101-15-2003	Application dated 12 August; approved on 25 August. Install of spread spectrum transceivers with radio communication antennae and towers for the purpose of remote operation of valves along Line 9.	97 300

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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