

Regulatory Agenda

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

Results Of Mediation Consultation

On 31 July, the Board issued the results of mediation consultation with members of the industry, landowners and landowner associations.

In January, the Board had sought comments on the use of mediation in resolving landowner objections to proposed pipeline routes. The Board also sought comments on a document entitled **Draft Mediation Practice Direction** and asked for suggestions on the use of Alternative Dispute Resolution in other types of NEB applications.

In light of the general overall support of mediation at the detailed route stage of

proceedings, the Board has decided to implement a mediation process as one method to resolve disputes between landowners and companies over the detailed routes of easements for the transmission of energy. The Board has revised the **Draft Mediation Practice Direction** and incorporated many of the suggestions made by the participants.

The results of the consultations and the document **Practice Direction for the Mediation of Detailed Route Objections** can be found on the Board's Internet site at www.neb-one.gc.ca.

Conventional Heavy Oil Resources Of The Western Canada Sedimentary Basin

On 30 August, the Board issued a report entitled **Technical Report, Conventional Heavy Oil Resources of the Western Canada Sedimentary Basin, August 2001**. The report presents the results of an extensive review of Canadian

conventional heavy crude oil resources and is focussed on examining and updating estimates of the volume of conventional heavy oil contained in the ground (oil in place). Estimates are also provided for that portion of

In This Issue

Preface

The purpose of this agenda is to provide information on the Board's activities. Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the **National Energy Board Act**, R.S.C. 1985, c.N-7, as amended.

*"We promote Safety,
Environmental Protection and
Economic Efficiency"*

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the oil in place that is recoverable. These estimates consider both the volume available from current technology and production practices, and the potential volume from future technologies which could increase recovery levels. The results of an analysis of supply costs are also provided, as is a discussion of the

relative economics of conventional heavy oil production.

The Report can be found on the Board's Internet site at www.neb-one.gc.ca under the headings **Publications, Reports, Assessment (Energy Resources)**.

Public Hearing Applications

Hearing Decision Pending

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

On 26 July, WEI filed a final draft of the Sulphur Pipeline Comprehensive Plan. On 12 April, the Board had decided not to permit WEI to reopen its Pine River Gas Plant Sulphur Pipeline until it is satisfied that certain issues have been fully addressed, or that a comprehensive plan is in place to address those issues. On 24 April, the Board sent a letter to WEI providing the scope for the comprehensive plan to be developed by the company.

On 16 March, the Board had issued an order, following a number of fires on the pipeline, directing WEI 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 WEI'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 WEI 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 WEI in order to ensure the safe operation of the pipeline.

Hearings Scheduled

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

The Board will hold a public hearing commencing on 10 September in Vancouver, British Columbia on an application from BC Gas to review and vary a decision that the Board rendered in March 1999. The decision followed a public hearing (hearing number RH-2-98) regarding an application by BC Gas for access to

the pipeline system of Westcoast Energy Inc. (WEI) and the appropriate tolls for the service.

On 8 May, 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 WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia.

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

BC Gas stated that the grounds for review and variance of the RH-2-98 Decision are the changed circumstances and new facts that have arisen since that Decision was rendered. BC Gas also stated that the changed circumstances provide justification for an order establishing the terms and conditions, including tolls, under which WEI shall receive, transport and deliver natural gas from Kingsvale and Hope to Huntingdon, British Columbia (for more information on the changed circumstances and new facts, refer to the June 2001 Regulatory Agenda).

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

The Board will hold a public hearing commencing on 17 September, previously scheduled for 20 August, 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, tentatively scheduled for 12 February 2002, to consider the application (see item 4 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.

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

The Board will hold a public hearing commencing on 11 October in Dartmouth, Nova Scotia on an application by M&NP for the approval of final tolls for the period 1 October 2000 to 31 December 2001 (Test Period 2001) and the period 1 January 2002 to 31 December 2002 (Test Period 2002).

For Test Period 2001, M&NP is requesting approval of a revenue requirement of \$177.9 million, a rate base of \$883.2 million and a rate of return on rate base of 8.41 per cent. For Test Period 2002, M&NP is requesting approval of a revenue requirement of \$146.7 million, a rate base of \$900.1 million and a rate of return on rate base of 8.25 per cent. M&NP has been operating on interim tolls approved by the Board effective 1 October 2000.

4. 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 tentatively scheduled to commence on 12 February 2002, at a location to be announced later, 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 will conduct a procedural conference commencing on 19 September in Calgary, Alberta 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 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.

Following a request from the Board, the Minister of the Environment announced on 4 October 2000 that the proposed Georgia Strait Crossing Pipeline Project will be sent to an independent environmental assessment review panel. The Board will announce at a later time how the application will be processed.

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 of the proposal by NB Power. A proposal of this nature requires that an environmental assessment in the form of a comprehensive study be carried out under the Canadian Environmental Assessment Act. 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.

4. Petro-Canada Oil & Gas (Petro-Canada) - Medicine Hat Pipeline (File

On 25 July, Petro-Canada applied 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 estimated cost of the pipeline is \$9.9 million and the proposed in-service date is 1 May 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**.

2. **Sumas Energy 2, Inc.(SE2) - International Power Line (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**.

3. **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.

4. **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.

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. 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.

6. 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.

7. 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 Under Consideration

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

On 14 May, TCE applied for approval 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. Under Licence GL-172, natural gas is exported via Philipsburg, Quebec to Vermont Gas Systems Inc.

On 26 July, the Board sent a letter to TCE requesting additional information.

Pipeline Matters

Matter Completed

1. Section 58 Applications

The Board has approved applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of Pipelines not exceeding 40 kilometres in length. See Appendix I for details of the applications approved.

Matters Under Consideration

2. AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwon 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. 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.

4. Ricks Nova Scotia Co. (Ricks) and AEC Oil and Gas (AEC) - Sale of the Ladyfern Pipeline (Files 3400-A081-1 and 3400-R029-2)

On 1 March, Ricks and AEC filed a joint application for approval of the sale and purchase of Ricks' Ladyfern Pipeline to AEC. The Ladyfern Pipeline is a 12 kilometre (7.5 mile), 273.1 millimetre (10 inch) natural gas pipeline originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

On 27 June, the Board advised the companies that until such time as additional information is provided, the application will be considered incomplete.

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

(For more information regarding this application, see the Regulatory Agenda dated 1 July 2001)

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.

Traffic, Tolls and Tariff Matter

Matter Completed

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

On 9 August, the Board issued its decision

regarding Murphy's final tolls on the Milk River Pipeline, now owned by Plains Marketing Canada, L.P., for the period effective 1 September 2000.

On 25 August 2000, 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.

The Board held a written proceeding to examine the tolls.

Frontier Matters

1. Paramount Resources Ltd. was given approval on 31 July for the "Well Termination Record" pursuant to section 184 of the **Canada Oil and Gas Drilling Regulations** for the following wells:

Paramount et al Cameron B-08,
Paramount et al Cameron N-28,
Paramount et al Cameron C-75,
Paramount et al Fort Liard A-01,
Paramount Berkley Arrowhead N-65,
Paramount et al Cameron C-19,
Paramount et al Cameron C-50,
Paramount et al Cameron I-74 and;
Paramount et al Swede A-73.

2. Paramount Resources Ltd. - The Governor in Council has consented, by Order in Council P.C. 2001-1436 dated 15 August, to the Board's approval of Part I of the Development Plan for the Paramount et al Southeast Fort Liard N-01 Gas Field.

3. Paramount Resources Ltd. was given approval on 16 August for the construction of the Southeast Fort Liard N-01 gas well tie-in pursuant to paragraph 5(1)(b) of the **Canada Oil and Operations Act**.

4. Paramount Resources Ltd. was given approval on 17 August for a "Production Operations Authorization" pursuant to section 9 of the

Canada Oil and Gas Production and Conservation Regulations for the Southeast Fort Liard gas project.

5. **Geological, geophysical or geotechnical operations:** three applications were approved pursuant to section 5.1(b) of the Canada Oil and Gas Operations Act as follow:

Company	Area	Operation ID	Date
TGS-NOPEC	Davis Strait	9724-T063-001P	1 August
Explor-Data	Liard	9229-E034-008P	13 August
Anderson Exploration	Beaufort Sea (amendment)	9424-A066-001E	14 August

Appeal and Reviews

Appeal 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.

Reviews Pending

1. **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.

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

On 22 August, the Saulteau First Nations applied for a review and a stay of Order XG-W005-22-2001 by which the Board has 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 are 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.

On 24 August, the Board decided to establish a process to consider the submissions of the parties in relation to the application. Specifically the Board sought submissions on the question of whether a doubt has been raised as to the correctness of the Board's decision or order and whether a stay should be granted.

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**.

Communication Numbers

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For a current list of the telephone numbers of Board Members and key staff, see our Internet site under the heading: **About the NEB, Our People**.

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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada PipeLines Limited	File: 3400-T001-189 Order: XG-T00125-2001	Application dated 20 November; approved on 16 August. Environmental sampling program at 51 compressor stations.	370 000
	File: 3400-T001-185 Order: XG-T001-26-2001	Application dated 17 July 2000; approved on 16 August. Year 2000 containment and infrastructure program.	2 750 000
Westcoast Energy Inc.	File: 3400-W005-275 Order: XG-W005-24-2001	Application dated 20 July; approved on 16 August. Deactivate the 2.16 kilometre West Nig Pipeline	N/A

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Ind.	File: 3400-E101-36 Order: XO-E101-21-2001	Application dated 24 July; approved on 21 August. Upgrade the cathodic protection at the Westover Station.	29 400
Express Pipelines Ltd.	File: 3400-E092-6 Order: XO-E092-22-2001	Application dated 10 July; approved on 28 August. Construct a cathodic protection groundbed.	17 714
Trans Mountain Pipeline Company Ltd.	File: 3400-T004-78 Order: XO-T004-23-2001	Application dated 9 July; approved on 31 August. Modifications at the Edmonton Terminal.	1 500 000

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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