



Regulatory Agenda

The period covered in this *Regulatory Agenda* is the month of March 2002

Awareness 2002 Workshop

The Board's fourth Public Awareness Workshop is expanding to include continuing education and liaison programs in the pipeline industry. The workshop will be held at the World Trade and Convention Centre in Halifax, Nova Scotia on 24 and 25 June 2002.

Past workshops focussed on pipeline damage prevention programs. Awareness 2002 will include a full-day on "Continuing Education and Liaison Programs" which will concentrate on informing the public and emergency responders of their roles in the event of a pipeline-related emergency. The

Board's goal for the workshop is to raise the level of awareness of living and working near pipelines among municipal planners, the excavating and contracting community, municipal works, emergency responders, organizations with mutual interests in protecting public safety and buried utilities, and the general public.

For further information on the Workshop, visit the Board's Internet site at www.neb-one.gc.ca under *Safety and Environment, Workshops*.

Memorandum Of Guidance On Electronic Filing

On 21 March, the Board released a Memorandum of Guidance detailing variations to the *National Energy Board Rules of Practice and Procedure, 1995* that are required to support the implementation of electronic filing at the Board.

On 18 February, the Board launched the electronic filing system that enables parties to file documents with the Board and to access such documents electronically. Electronic filing reduces the number of paper copies required to be filed, provides quicker access to electronically-filed documents and

provides users with increased search and retrieval capabilities.

In addition to the Memorandum of Guidance, a *Filer's Guide to Electronic Submission* is also available. It can be located on the Board's Web site under *Submit a Document*. The Filer's Guide provides details on the process and guidelines for filing electronic documents with the Board and associated options for service of such documents on other persons.

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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Public Hearing Applications

Hearing Completed

1. *Cedars Rapids Transmission Co. (Cedars) - Reconstruction of an International Power Line (IPL) - EH-1-2002 (File 2200-C019-1)*

The Board held a public hearing on 26 and 27 March in Dorval, Quebec to consider an application by Cedars to reconstruct an IPL from Les Cèdres, Quebec to Cornwall, Ontario.

Cedars applied to replace 71 kilometres (44 miles) of an existing 72.8 kilometre (45 mile) IPL from Les Cèdres generating station in Quebec to a connecting point located in Cornwall, Ontario. The last 1.8 kilometres of the IPL from Cornwall to the U.S. border was previously rebuilt. The existing IPL will be dismantled once the reconstructed IPL is in service. Cedars also applied to reconstruct the IPL at 230 kilovolts and to operate the line at 120 kilovolts.

Cedars proposes to reconstruct the IPL between the months of June and November 2003 with a proposed in-service date of December 2003 and to dismantle the existing IPL during the winter of 2004. The estimated cost of the project is \$40 million.

Hearing in Progress

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

The Board is holding a public hearing which commenced on 27 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.

In this application, TCPL submitted that the deemed capital structure of 30 per cent on 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.

Hearings Scheduled

1. *Coral Energy Canada Inc. (Coral) - Access to Union Gas Ltd.'s (Union) Ojibway Pipeline - MH-1-2002 (File 4775-U001-1-1)*

The Board will hold a public hearing commencing on 11 June in Windsor, Ontario on an application by Coral for access to Union's Ojibway pipeline near Windsor. Coral also requested that the Board order Union to install adequate and suitable facilities to receive gas at the eastern terminus of the Ojibway pipeline and that Union file a tariff for the Ojibway pipeline.

The portion of the Ojibway pipeline under the jurisdiction of the Board consists of approximately 677 metres of two parallel 323.9 millimetre (12 inch) natural gas pipelines that run from a point of interconnection with the Panhandle Eastern Pipeline at the international boundary approximately mid-point in the Detroit River to a point of interconnection with Union's distribution system in Windsor.

Coral has entered into a 20 year energy conversion agreement with Brighton Beach L.P., a joint venture formed to construct a natural-gas fired power station to be located in the City of Windsor. Coral requires long-term transportation service to supply gas to the Brighton Beach Power Station and is proposing delivery of the gas via the Ojibway pipeline.

Coral has applied to the Ontario Energy Board to construct a three kilometre long pipeline from the terminus of the Ojibway pipeline to the power station.

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

The Joint Review Panel will hold a public hearing for the GSX Canada Pipeline Project commencing 17 June in British Columbia, with locations and times to be announced later.

The proposed GSX Canada Pipeline Project is a joint undertaking by British Columbia Hydro and Power Authority and Williams Gas Pipeline Company. It is the Canadian portion of the project that would transport natural gas from Sumas, Washington to Vancouver Island.

The proposed GSX Canada Pipeline Project 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 2.71 million cubic metres (96 million cubic feet) per day of natural gas. The company is proposing an in-service date of October 2003 and the estimated cost of the Canadian portion of the project is \$100 million.

3. *Westcoast Energy Inc. (WEI) - Pipeline Construction - Grizzly Raw Gas Transmission System Expansion and the Weejay Lateral - GH-2-2002 (File 3200-W005-11)*

The Board will hold a public hearing commencing on 25 June in Chetwynd, British Columbia on an application by WEI to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta.

Board staff will be conducting public information sessions on 3 and 4 April in Tumbler Ridge and Chetwynd, British Columbia, respectively. The purpose of these sessions is to assist the public in learning about the Board's hearing process and how to participate in the hearing.

On 31 January 2001, 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.

4. *Westcoast Energy Inc. (WEI) - Southern Mainline Expansion - GH-1-2002 (File 3200-W005-12)*

The Board will hold a public hearing in two phases on an application by WEI to expand its Southern

Mainline natural gas pipeline system in British Columbia. Phase 1 of the public hearing will commence on 8 July and Phase 2 will commence on 30 September at locations to be announced at a later date.

Phase 1 of the hearing will deal with the need for the proposed facilities, including markets, supply and economic feasibility. Phase 2 of the hearing will deal with design, safety, operation, environmental and socio-economic effects, route selection, land requirements, land rights acquisition process and the appropriate terms and conditions to be included in any approval that may be granted.

Board staff will be conducting public information sessions during the week of 8 April in Chilliwack, Hope, Savona, Williams Lake, Quesnel et Summit Lake, all in British Columbia, to assist people in learning about the Board's hearing process and how to participate in the hearing.

On 2 January, WEI applied to construct approximately 89.5 kilometres (55.5 miles) of 1067 millimetre (42 inch) natural gas pipeline in eight loop segments along the route of the existing Southern Mainline. The proposed loops will range in length from approximately 3.5 kilometres (2.1 miles) to 31.4 kilometres (19.4 miles) and will be installed at locations from near McLeod Lake in north-central British Columbia to near Rosedale in southern British Columbia. Westcoast also proposes to upgrade and construct additional facilities at several compressor and meter stations. The additional facilities will provide approximately 5.7 million cubic metres (200 million cubic feet) per day of additional capacity on the Southern Mainline. The estimated cost of the project is \$338.4 million and the proposed in-service date is 1 November 2003.

Hearing Applications Filed

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

On 31 May 2001, NB Power applied to construct and operate a 345 kilovolt 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.

The Comprehensive Study Report required under the *Canadian Environmental Assessment Act* is still being finalized.

**2. PanCanadian Energy Corporation
(PanCanadian) - Natural Gas Pipeline
(File 3200-P022-1)**

On 1 March, PanCanadian applied for approval to construct a 610 millimetre (24 inch) natural gas pipeline of approximately 179 kilometres (111 miles) in length, extending from the Deep Panuke production platform to a point of interconnection with the facilities of Maritimes & Northeast Pipeline Limited Partnership (M&NP) near Goldboro, Nova Scotia. PanCanadian anticipates to deliver approximately 11.3 million cubic metres (400 million cubic feet) per day of natural gas to M&NP for a period of approximately 11.5 years commencing sometime in 2005. The

estimated cost of the proposed pipeline and associated facilities is \$1.1 billion.

Hearings Adjourned or 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 Completed

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

On 21 March, the Board approved an application dated 7 June, from Aquila Canada 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.

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

On 21 March, the Board approved an application dated 7 June from Aquila 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.

3. EPCOR Merchant and Capital Inc., formerly Encore Energy Solutions Inc. (Encore) - Electricity Export (File 6200-E050-1)

On 14 March, the board approved an application dated 4 June from Encore 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.

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

On 5 March, the Board approved an application dated 7 September from Manitoba Hydro to construct a 230 kilovolt IPL extending approximately 80 kilometres (50 miles) 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 estimated cost of the Canadian portion of the IPL is \$22 million and the proposed in-service date is 31 October 2002.

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

On 14 March, the Board approved an application dated 24 August from Nexen 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 power and energy annually for a period of 10 years.

6. OGE Energy Resources Inc. (OGE) - Electricity Export (File 6200-0011-1)

On 27 March, the Board approved an application dated 18 January from OGE for permits to export up to 200 megawatts of firm and interruptible power, 1 500 gigawatt hours of firm energy and 250 gigawatt hours of interruptible energy annually for a period of 10 years.

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

On 28 February, the Board approved an application dated 13 March 2001 from TransCanada for permits to export up to 500 megawatts of firm and 500 megawatts of interruptible and 2 terawatt hours of interruptible and firm energy per year for a period of 10 years.

Matters Under Consideration

8. Cargill-Alliant Energy Canada, LP (Cargill) - Electricity Export (File 6200-C208-1)

On 1 February, Cargill applied for permits to export up to 1 000 megawatts of firm power and up to 10 000 gigawatt-hours of combined firm and interruptible energy annually for a period of 10 years.

On 15 February, the Board sent a letter to Cargill requesting additional information.

9. Conectiv Energy Supply Inc. (Conectiv) - Electricity Export (File 6200-C204-1)

On 11 January, Conectiv applied for permits to export up to 5 000 gigawatt hours of interruptible energy and 571 megawatts and 5 000 gigawatt hours of short-term firm power and energy annually for a period of 10 years.

On 12 February, the Board sent a letter to Conective requesting additional information.

10. The Detroit Edison Company (Detroit Edison) - Electricity Export (File 6200-D057-1)

On 13 February, Detroit Edison applied for permits to export up to 1 000 megawatts of firm power

and 9000 gigawatt hours of firm energy annually for 10 years.

On 13 March, the Board sent a letter to Detroit Edison requesting additional information.

11. The DTE Energy Trading, Inc. (DTE) - Electricity Export (File 6200-D058-1)

On 13 February, DTE applied for permits to export up to 2 000 megawatts of firm power and 10 terawatt hours of firm energy annually for 10 years.

On 14 March, the Board sent a letter to DTE requesting additional information.

12. Direct Energy Marketing Ltd. (Direct) - Electricity Export (File 6200-D027-1)

On 6 December, Direct applied for permits to export up to 1 000 megawatts of firm power, 2 000 megawatts of combined firm and interruptible power, 8 760 gigawatt hours of interruptible energy and 8 760 gigawatt hours of firm energy annually for a period of 10 years.

On 19 February, the Board sent a letter to Direct requesting additional information.

13. Hudson Energy Company (Hudson) - Nova Scotia to New York Power Project - (File 2200-H044-1)

On 19 December, Hudson filed documents entitled *Project Description and Draft Scope of the Environmental Assessment* as a preliminary submission for the proposed Nova Scotia to New York Power Project (the Power Project). The preliminary submission initiates the environmental assessment of the Power Project under the *Canadian Environmental Assessment Act* (CEAA). The draft scoping document outlines, in a general way, the requirements under the CEAA with respect to the scope of the assessment and Hudson's proposed approach to conduct the assessment.

Hudson proposes to construct an 832 megawatt combined-cycle natural gas-fired power generation facility in Goldboro, Nova Scotia and to transport the power to New York City through a subsea 500 kilovolt high voltage direct current cable. The total length of cable to be used in the Power Project is estimated to be between 1 300 and 1 450 kilometres (806 to 900 miles). Hudson proposes to start transmitting electricity to New York City by mid-2005. In its submission, Hudson stated that two potential marine corridors are being considered:

- the preferred alternative corridor extends from the Northeast Channel area to Great South Channel, via a southeastern route around Georges Bank; and
- an alternative corridor extends from the Northeast Channel area to Great South Channel via a northwestern route around Georges Bank.

From the Great South Channel and the area west of Georges Bank, the corridor extends from the western terminus of the Ambrose shipping channel into New York Harbor, through the Narrows in the Upper Bay and the Lower Hudson River to a terminus in the vicinity of West 49th Street, New York City.

14. *The Manitoba Hydro Electric Board (Manitoba Hydro) - Electricity Export (File 6200-M020-12)*

On 14 November, Manitoba Hydro applied for permits to export up to 100 megawatts of power annually and up to 514 gigawatt hours (GW.h) in 2002, 878 GW.h in 2003 - 2006, and 362 GW.h in 2007 for a period of five years.

On 1 February, the Board sent a letter to Manitoba Hydro requesting additional information.

15. *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 of firm and interruptible energy annually for a period of 20 years.

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

16. *Reliant Energy Services Canada (Reliant) - Electricity Export (File 6200-R038-1)*

On 1 February, Reliant applied for permits to export up to 1 000 megawatts of firm power and up to 5 000 gigawatt hours of combined firm and interruptible energy annually for a period of 10 years.

On 15 February, the Board sent a letter to Reliant requesting additional information.

17. *Williams Energy Marketing & Trading Canada Inc. (Williams) - Electricity Export (File 6200-W071-1)*

On 15 March, Williams applied for permits to export up to 1 000 megawatts of firm power, 4 000 gigawatt hours of interruptible energy and 4 000

gigawatt hours of firm energy annually for a period of 10 years.

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. *Husky Oil Operations Limited (Husky) - Pipeline Construction (File 3400-H012-10)*

On 29 November, Husky applied for approval to construct a 8.9 kilometre (5.5 mile) natural gas pipeline from approximately 175 kilometres (108 miles) east of Fort Nelson, British Columbia to approximately 40 kilometres (25 miles) west of Rainbow Lake, Alberta. The estimated cost of the pipeline is \$1.8 million.

On 21 December and 10 January, the Board sent letters to Husky requesting additional information.

3. *Maritimes & Northeast Pipelines Management Ltd. (M&NP) - Construct Additional Facilities (File 3400-M124-4)*

On 6 March, M&NP applied for approval to construct one custody transfer meter station and four compressor stations on its natural gas pipeline system in Nova Scotia and New Brunswick. The estimated cost of the facilities is \$190.8 million.

M&NP stated that these facilities are required to provide transmission service to PanCanadian Petroleum Limited of 11.3 million cubic metres (400 million cubic feet) per day of natural gas commencing in 2005.

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

For more information on this matter, refer to item 10 under *Pipeline Matters* of the December 2001 *Regulatory Agenda*.

5. *TransCanada Pipelines Limited, B.C. System (TCPL) - 2002 Westpath Expansion (File 3400-T054-3)*

On 20 December, TCPL applied for approval to construct approximately 24.4 kilometres (15 miles)

of 1219 millimetre (48 inch) pipeline on its B.C. System and for modifications to its Elko and Moyie Compressor Stations. The contract design capacity of the applied-for facilities would be 11.9 million cubic metres (420 million cubic feet) per day. The estimated cost of the project is \$48.3 million and the proposed in-service date is 1 November 2002.

On 18 February and 12 March, the Board sent letters to TCPL requesting additional information.

6. Westcoast Energy Inc. (WEI) - Review of Order XG-W005-22-2001 and Kwoen Re-Injection Extension Pipeline Application (Files 3400-W005-265 and 3400-W005-282)

On 14 December, WEI applied for approval of the Kwoen Re-Injection Extension Pipeline Facilities in northeastern British Columbia which consist of:

- a 3.2 kilometre 168.3 millimetre (six inch) acid gas pipeline extending from the end of the Kwoen Re-injection Pipeline near the Talisman Energy Inc. well located at b-65-B/93-P-5 to Talisman's well at a-43-B/93-P-5;
- a 1.4 kilometre 88.9 millimetre (three inch) fuel gas pipeline extension from a tie-in point on WEI's existing South Sukunka Fuel Gas Pipeline at c-44-B/93-P-5 to well a-43-B/93-P-5;
- install two electric pumps and associated facilities at the Kwoen processing and compressor sites; and
- install communications and control facilities at well site a-43-B/93-P-5.

The purpose of the facilities is to allow re-injection of acid gas extracted from raw gas processed at the Kwoen processing facility into an existing Talisman well. WEI originally intended to dispose of acid gas in well b-65-B/93-P-5.

On 19 September, WEI had informed the Board that it had identified problems with the b-65-B/93-P-5 well and that the connection of the Kwoen facilities as approved by Order XG-W005-22-2001 to the b-65-B/93-P-5 well appeared to be in serious doubt. The Board noted that the b-65-B/93-P-5 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 well, the viability of the Kwoen project and other projects related to it may be in question. 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 the original Kwoen facilities.

On 23 January, the Board decided, as the factual records for the Review and the Application have considerable overlap, to consider both matters together in a consolidated proceeding (see item 1 under *Appeals and Reviews, Reviews Pending* below).

Traffic, Tolls And Tariff Matters

Matters Completed

1. Foothills Pipe Lines Ltd. (Foothills) on behalf of Foothills Pipe Lines (Alta.) Ltd., Zones 6 and 7 Foothills Pipe Lines (South B.C.) , Zone 8 and Foothills Pipe Lines (Sask.) Ltd., Zone 9 - Year 2002 Operating and Maintenance Expense Budgets (File 4750-F6-2)

On 27 March, the Board approved applications date 30 November and 8 March from Foothills, on behalf of the above noted subsidiaries, for approval of Operating and Maintenance Expense Budgets for the 12-month period ending on 31 December 2002 and for new interruptible tolls for Zone 9 effective 1 April 2002.

On 19 December, the had Board advised Foothills that, before making a final decision on the applied-for budgets, it wished to consider Foothills' actual 2001 costs and any variances from the amounts approved for 2001, both due to be filed with the Board by the end of February 2002. Therefore, the Board decided to issue an interim order approving interim budgets for the year ending 31 December 2002 equal to 50 per cent of the budgets submitted.

2. TransCanada PipeLines Limited (TCPL) - Reports of the 2002 Tolls Task Force (Files 4775-T001-1/2002-02 and 4775-T001-1/2001-08)

The Board has approved the following resolutions of the 2002 Toll Task Force:

Resolution No.	Date approved	Subject
09.2001 (amendment)	19 March	Merger Costs and Benefit Agreement Audit Scope and Engagement - Amendment to Engagement Letter
01.2002	21 March	Transportation Access Procedure (Revisions to Existing System Access and Queuing Procedures)
02.2002	21 March	Change to Operating Demand Energy Tables - New Report and Design
03.2002	21 March	Tariff Notice Update re: TransCanada Office Relocations
04.2002	26 March	Incremental Marginal Fuel Ration - Summer Season 2002

3. *Trans-Northern Pipelines Inc. (TNPL) - Tolls for 2002 (Files 4775-T002 and 4200-T002-9)*

On 28 March, the Board approved an application dated 28 February from TNPL for approval of final tolls for the year 2002.

Frontier Matters

1. *Applications to Alter the condition of a well:*

Company	Well	Operation ID/WD	Date approved
Paramount Resources Ltd.	Anadarko Bovie F-66	9211-P33-17-2 WID 1935	6 March
Paramount Resources Ltd.	Cameron H-03	9211-P33-18-4 WID 1940	11 March
Paramount Resources Ltd.	Cameron I-73	9211-P33-18-1 WID 1937	13 March
Anadarko Canada Corporation	Netla A-68	9211-A069-1-1 WID 1936	13 March
Paramount Resources Ltd.	Cameron C-74	9211-P33-18-3 WID 1939	28 March

2. *Geological, geophysical or geotechnical operation - Two applications and one amendment were approved pursuant to section 5.1(b) of the Canada Oil and Gas Operations Act.*

Company	Area	Operation ID	Date
Anderson Resources Ltd.	Mackenzie Delta	9329-A066-002E (amendment)	12 March
Northrock Resources Ltd.	Mainland NWT	9227-N046-001DA (Data Purchase)	13 March
Devon ARL Corporation	Beaufort Sea	9429-D030-001E	13 March

Appeals and Reviews

Appeals Pending

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

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

2. *TransCanada PipeLines Limited (TCPL) - Cost Recovery Regulations (CRR) - TCPL's BC System*

On 24 October, TCPL applied to the Federal Court of Appeal for leave to appeal the Board's decision of 27 September in which it reversed TCPL's entitlement to a cap under the CRR by TCPL's BC System, earlier granted by the Board on 14 March. The 27 September decision of the Board also made the change retroactive to 1 January.

In brief, TCPL is seeking leave to appeal for the following reasons:

- the Board erred in law and acted without jurisdiction by reversing its 14 March decision to cap the 2001 costs payable to the Board by TCPL's BC System under the CRR, without any lawful authority to do so;
- the Board erred in law by reversing its 14 March decision contrary to the requirement

in the CRR that the BC System receive the benefit of a cap on its share of Board costs payable;

- the Board proceeded in a manner inconsistent with the principle of natural justice; and
- the Board erred in law by increasing retroactively the amount payable under the CRR for the first half of 2001, without there being any express authority in the CRR and the *National Energy Board Act* to do so.

Reviews Pending

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

(See also item 6 under *Pipeline Matters, Matters Under Consideration* above)

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 Oder 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, 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.

2. 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 2000, 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 drownings 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 2000, 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, Rules and Guidelines

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

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as Damage Prevention Regulations). The new regulations will regulate activities on or adjacent to pipeline rights of way under the Board's jurisdiction in the interest of the safety of the public and of company employees and the protection of property and the environment.

The Board is conducting a survey of pipeline landowners which will build on the information acquired in the survey of stakeholders published in February, 2001. The survey is expected to be complete and available in April 2002.

The Board intends to release a conceptual draft of the Damage Prevention Regulations for comment in spring 2002. The Regulations are presently expected to come into force in 2004.

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

The Board is proposing new goal-oriented Processing Plant Regulations to complement the *Onshore Pipeline Regulations, 1999*. The Regulations, when promulgated, will govern the design, construction, operation, and abandonment of processing plants which are owned and operated by federally regulated companies and whose function is integral with respect to transportation. Such facilities are presently regulated under the *Onshore Pipeline Regulations, 1999*.

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

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

On 21 March, the Board released a Memorandum of Guidance detailing variations to the *National Energy Board Rules of Practice and Procedure, 1995* that are required to support the implementation of electronic filing at the Board.

On 18 February, the Board launched the electronic filing system that enables parties to file documents with the Board and to access such documents electronically. Electronic filing reduces the number of paper copies required to be filed, provides quicker access to electronically-filed documents and provides users with increased search and retrieval capabilities.

In addition to the Memorandum of Guidance, a *Filer's Guide to Electronic Submission* is also available. It can be located on the Board's Web site under *Submit a Document*. The Filer's Guide provides details on the process and guidelines for filing electronic documents with the Board and associated options for service of such documents on other persons.

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. *Offshore Waste Treatment Guidelines (OWTG) - Public Comment - (File 3015-5)*

The OWTG are published by the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board and describe the minimum standards for the treatment and/or disposal of wastes associated with the routine operation of drilling and production installations offshore Canada.

A multi-stakeholder working group chaired by a representative of C-NOPB and with membership from the staff of the three Boards, other

government departments, industry and the public has been engaged in a review of the existing Guidelines, last published in 1996. The working group has prepared a draft revision to the Guidelines and this draft now is being released for public comment. Following this comment period the draft will be revised as necessary and submitted to the three Boards for their consideration.

All comments on the draft revision to the Guidelines should be received by the C-NOPB by the close of business 5 April 2002.

7. *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (File 4600-A000-3)*

On 30 January, the Board released a discussion paper and *Draft Revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs* for public comment.

The Board's existing *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*, as amended August 1994, require that an application supported by a negotiated settlement be based on unanimous or unopposed support of the parties to the negotiation. They do not contain any guidance as to how the Board may deal with contested settlements. The draft revised guidelines identifies steps the Board could take to deal with contested settlements in the future. The deadline for filing comments is Wednesday 20 March.

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

The process of amending the *Canada Oil and Gas Occupational Safety and Health Regulations* pertaining to oil and gas activities, under the provisions of the *Canada Labour Code, Part II*, is continuing.

Jurisdiction over pressure vessels and pressure piping within NEB regulated companies has been transferred from Human Resources Development Canada to the NEB. The Board is developing guidance and legislation to deal with this change.

Administrative Matters

Report

On 27 March, the Board published its report entitled *National Energy Board 2002-2003 Estimates - Part III - Report on Plans and Priorities*. The Reports on Plans and Priorities (RPPs) are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year

period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are tabled in the spring and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).

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

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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
Alta Gas Transmission Ltd.	File: 3400-A096-1 and -2 Order: XG-A096-12-2002	Application dated 22 November; approved on 21 March. Construct a riser.	20 000
Foothills Pipe Lines Ltd.	File: 3400-F006-40 Order: XG-F006-14-2002	Application dated 18 January; approved on 27 March. Install two interconnections between Zone 7 of the Alberta System Expansion loops and the proposed TransCanada PipeLines Westpath Expansion loops in Southwest Alberta.	650 000
Many Islands Pipe Lines (Canada) Limited	File: 3400-M029-34 Order: XG-M029-11-2002	Application dated 8 November; approved on 21 March. Construct facilities to divide an existing pipeline.	16 000
TransCanada PipeLines Limited	File: 3400-T001-194 Order: XG-T001-10-2002	Application dated 13 February; approved on 18 March. Install the Selkirk Sales Meter Station near Landmark, Manitoba.	720 400
Westcoast Energy Inc.	File: 3400-W005-289 Order: XG-W005-13-2002	Application dated 18 February; approved on 21 March. Casing upgrade along the Boundary Lake Pipeline.	85 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-42 Order: XO-E101-07-2002	Application dated 12 December; approved on 11 March. Install custody transfer metering and tank manifold connection for the new Corridor Pipeline at the Edmonton Terminal.	5 290 000
Williams Energy (Canada) Inc.	File: 3400-W070-2 Order: XO-W039-8-2002	Application dated 25 January; approved on 14 March. Construct a hot tap on the Taylor to Boundary Lake Pipeline.	90 000

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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