



# Regulatory Agenda

The period covered in this Regulatory Agenda is the month of September 2004

## Public Hearing Applications

### Decision Rendered

**1. TransCanada PipeLines Limited (TCPL) – 2004 Tolls – Phase I – RH-2-2004 (File 4200-T001-19)**

On 10 September 2002, the Board approved, subject to approval of cost of capital, a net revenue requirement and rate base for TCPL for new tolls it may charge on its Mainline for the period 1 January to 31 December 2004. Phase I of the hearing, which was held from 14 to 25 June 2004 in Ottawa, Ontario, considered all aspects of TCPL's application with the exception of cost of capital, which will be the subject of Phase II of the hearing, scheduled to commence on 29 November 2004 in Calgary, Alberta.

Subject to any impact resulting from the Phase II decision, the Board approved a net revenue requirement for 2004 of \$1.7 billion and a rate base of \$8.2 billion. This compares to the 2003 net revenue requirement of \$1.9 billion and a rate base of \$8.6 billion. The Board decided that the Mainline's tolls will remain interim at their existing level pending the issuance of the Phase II decision. The current Eastern Zone interim toll is \$1.189 per gigajoule.

The Board also approved a proposed non-renewable firm transportation service which will be a biddable service provided for term-limited blocks of capacity made available when TCPL awards firm contracts commencing more than one year in the future.

The Board denied a proposed Fuel Gas Incentive Program and directed that TCPL file for approval of the Board, an updated Code of Conduct with affiliates on or before 28 February 2005.

### Hearing Completed

**1. TransCanada PipeLines Limited (TCPL) – North Bay Junction – RH-3-2004 (File 4775-T001-12)**

The Board held a public hearing from 16 August to 10 September 2004 in Montréal, Quebec and Calgary, Alberta on an application from TCPL for approval to establish a new receipt and delivery point at North Bay, Ontario, corresponding tolls and services, and to remove North Bay from the existing Northern Delivery Area.

## 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"**

<b>Public Hearing Applications</b> .....	<b>1</b>
<b>Non Hearing Applications</b> .....	<b>2</b>
<b>Appeal</b> .....	<b>4</b>
<b>Amendments to Regulations</b> .....	<b>4</b>
<b>Administrative Matters</b> .....	<b>5</b>
<b>Appendix I - Section 58 Applications</b> .....	<b>7</b>
<b>Profile</b> .....	<b>8</b>

## Hearing Scheduled

### 1. *TransCanada PipeLines Limited (TCPL) – 2004 Tolls – Phase II - RH-2-2004 (File 4200-T001-19)*

The Board will hold Phase II of a public hearing, commencing on 29 November 2004 in Calgary, Alberta, on an application from TCPL for approval of new tolls it may charge on its mainline system for the period 1 January to 31 December 2004. Phase II of the hearing will deal with cost of capital matters. Phase I of the hearing was held from 14 to 25 June 2004 in Ottawa, Ontario and the Reasons for Decision were issued on 10 September 2004 (see Decision Rendered above). During Phase I, the Board considered all issues raised by the 2004 Tolls Application, with the exception of cost of capital.

## Project Description Filed

### 1. *Gaz Métro Limited Partnership, Gaz de France and Enbridge Inc. (Proponents) – Rabaska Liquefied Natural Gas (LNG) Project (File 3200-G070-1)*

On 11 August 2004, the public was invited to comment on the draft environmental assessment scoping document that the Proponents filed to construct a liquefied natural gas (LNG) terminal in the Ville Guay/Beaumont area, located at the limits of the cities of Lévis and Beaumont, Quebec. The project is known as the Rabaska Project. The principal components of the proposed project include a jetty to receive the LNG tankers, a terminal comprising two storage tanks and vaporization equipment, and approximately

50 kilometres of pipeline to connect the LNG terminal to the existing facilities of Gazoduc Trans Québec & Maritimes Inc. (TQM) in Saint-Nicolas, Quebec.

The Rabaska Project is subject to the federal environmental assessment process pursuant to the *Canadian Environmental Assessment Act*. The National Energy Board, the Department of Fisheries and Oceans Canada, and Transport Canada are responsible authorities (RAs) for the Rabaska Project and will ensure that an environmental assessment is undertaken. The RAs have determined the proposed scope of the project for the purposes of the environmental assessment, the factors proposed to be considered in its assessment, and the proposed scope of those factors. The *Draft Rabaska Project Environmental Assessment Scoping Document* is available on the Board's Internet site at [www.neb-one.gc.ca](http://www.neb-one.gc.ca).

The proposed LNG terminal, which would be capable of delivering 14.2 million cubic metres per day of vaporized gas, would be constructed in Ville Guay/Beaumont, Quebec. LNG taken from various places in the Atlantic basin would be delivered to the proposed terminal by means of about 60 LNG tankers per year. The proposed jetty would be able to accommodate LNG tankers ranging between 138 000 to 160 000 cubic metres in capacity. A pipeline of approximately 50 kilometres from the proposed terminal would have to be constructed to connect to TQM's facilities in Saint Nicolas, Quebec. Construction of the facilities is proposed for 2006 to 2008.

## Non Hearing Applications

### Electricity Matters

#### Matters Pending

### 1. *ALLETE, Inc. d/b/a Minnesota Power (MP) – Electricity Export (File 6200-A172-1)*

On 10 June 2004, MP applied for permits to export up to 200 megawatts of firm power and up to 600 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

### 2. *Manitoba Hydro – Electricity Export (File 6200-M020-15)*

On 30 June 2004, Manitoba Hydro applied for permits to export up to 3 000 kilowatts of firm

power and 26 352 megawatt-hours of firm energy per year for a period of five years.

### 3. *Rainbow Energy Marketing Corporation (Rainbow) – Electricity Export (File 6200-R043-1)*

On 24 September 2004, Rainbow applied for permits to export up to 1 250 megawatts of combined firm and interruptible power and 3 000 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

## Frontier Matters

1. **ConocoPhillips Canada (North) Limited (ConocoPhillips) – Application dated October 2003 for Declaration of Commercial Discovery - Significant Discovery Licences 032 and 030**

On 16 September 2004, the Board issued to ConocoPhillips a declaration of commercial discovery pursuant to Part II.1, subsection 28.2(4) of the *National Energy Board Act* and to Part IV, subsection 35(1) of the *Canada Petroleum Resources Act* with respect to those frontier lands in the Parsons Lake Area, Northwest Territories comprising grid areas:

Licences	Latitude	Longitude	Sections
SDL 030	69° 00'	133° 15' W	38, 39, 47-49, 56, 57
SDL 032	68° 50'	133° 30' W	60
	69° 00'	133° 15' W	58-60
	69° 00'	133° 30' W	SW/4, 7-10, 17-20, 27-30, 36-40, 46-49, 56
	69° 00'	133° 45' W	1-6, 13, 14
	69° 10'	133° 30' W	1-6, 11-16, 21-23, 31, 32
SDL 062	69° 10'	133° 15' W	51-54

2. **Anadarko Canada Energy Co. (Anadarko) - Application dated 9 April 2003 for Significant Discovery Declaration**

On 16 September 2004, the Board issued a declaration of significant discovery to Anadarko pursuant to Part II.1, subsection 28.2(4) of the *National Energy Board Act* and to Part III, subsection 28(1) of the *Canada Petroleum Resources Act* with respect to those frontier lands in the Liard area, Northwest Territories comprising grid areas:

Latitude	Longitude	Sections
60° 30' N	123° 15' W	73, 74, 75
60° 30' N	123° 30' W	4-7, 15-18, 26-28

3. **Devlan Exploration Inc.'s** “Well Termination Record” for the well Moose Lake D-07 was approved on 22 September 2004.
4. **Paramount Resources Ltd.** was given approval on 22 September 2004 to alter the condition of the well Liard M-25.
5. **Paramount Resources Ltd.** was given approval on 30 September 2004 to alter the condition of the well Liard 2K-29.

## Pipeline Matter

### 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.

## Traffic, Tolls and Tariffs Matter

### Matter Completed

1. **Enbridge Pipelines Inc. (Enbridge) – Interim Tolls on Line 9 (File 4400-E101-5)**

On 17 September 2004, the Board approved an application dated 13 August 2004 from Enbridge for approval of interim tolls on Line 9 for the period 1 October to 31 December 2004.

# Appeal

## Appeal Pending

### 1. *Sumas Energy 2, Inc. (SE2) – Application for Leave to Appeal a Board Decision*

SE2 applied to the Federal Court of Appeal for leave to appeal the Board's 4 March 2004 decision in which it denied an application from SE2 to

construct the Canadian portion of an 8.5 kilometre international power line originating at the Canada/United States international boundary near Sumas, Washington and running to a BC Hydro substation in Abbotsford, British Columbia.

On 16 July 2004, the Court granted SE2's application to appeal the Board's decision.

## Amendments to Regulations

### Regulatory Initiative Pursuant to the *National Energy Board Act*

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

On 14 November 2003, the Board sought comments from the public on the *Draft Guidance Notes for the National Energy Board Damage Prevention Regulations*. The document contained the draft legal text of the Board's proposed *Damage Prevention Regulations* and the proposed guidance. The deadline for written comments was 31 March 2004.

The Board intends to replace the existing *Pipeline Crossing Regulations, Part II* with regulations targeted at damage prevention (to be known as the *Damage Prevention Regulations*).

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

#### 2. *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*.

#### 3. *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*.

#### 4. *The Canada Oil and Gas Geophysical Operations Regulation (Regulations)*

The Regulations are being amended in order to satisfy concerns raised by the Standing Joint Committee for the Scrutiny of Regulations and to reflect advances in electronic data storage and communications. Some of the changes are designed to render provisions of the Regulations consistent in both official languages and to reflect changes made since the adoption of the *Department of Canadian Heritage Act*.

### Regulatory Initiative Pursuant to the *Canada Labour Code*

#### 5. *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

## Energy Market Monitoring Program

### NEB Seeks Comments on Proposed Future Energy Market Assessment Reports

The Board has a responsibility to monitor energy supply and market developments in Canada. Our objective is to keep Canadians informed on a timely basis about the functioning of Canadian energy markets through objective, unbiased and high quality analysis. We also use the program to support our regulatory responsibilities.

The following energy market assessments are currently under development.

*Conventional Natural Gas Resources of Alberta: An Assessment of Ultimate Potential* (being conducted in partnership with the EUB). Expected release date: January 2005.

*Short-term Canadian Natural Gas Deliverability, 2004-2006*. This report is an update of the December 2003 study and will include WCSB and east coast production. Expected release date: November 2004.

*Conventional Natural Gas Resources of British Columbia: An Assessment of Ultimate Potential* (being conducted in partnership with the BC Department of Energy and Mines). Expected release date: Summer 2005.

## Potential Energy Market Assessments

The Board is in the midst of planning its EMA program for the coming years and is considering initiating the reports listed below. The Board sought public feedback on the list of proposed EMAs. It posed the following questions: Given that limited resources may preclude our undertaking all these studies, which ones should be given priority? Do you have any views on the scope of these studies as they are described? Are there other energy issues facing Canadians which should be added to the list?

- i) Natural Gas for Power Generation: Issues and Implications
- ii) Short-term Outlook for Oil, Natural Gas and Natural Gas Liquids
- iii) Electricity Exports and Imports - Update
- iv) Assessment of Canada's Unconventional Gas Resources
- v) Alternative and Renewable Energy Sources
- vi) Impact of High Energy Prices.

## **Instructions for Filing**

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 444 Seventh Avenue SW, Calgary, AB T2P 0X8 - Fax: (403) 292-5503.

## **Applications - Copies Required to be Filed**

For a list of the number of copies required for the different types of applications, see our Internet site under the heading *Submit a Document*.

## **Communication Numbers**

### ***General Information:***

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

### ***Publications Office:***

Telephone: (403) 299-3562  
Telecopier: (403) 292-5576  
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### ***Web Site:***

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

### ***Telephone Numbers:***

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

National Energy Board  
Michel L. Mantha  
Secretary

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# Appendix I

## Section 58 Applications

### Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Gazoduc Trans Québec & Maritimes Inc.	File: 3400-T028-37 Order: XG-T028-38-2004	Application dated 9 September 2004; approved on 27 September 2004. Upgrade portions of its cathodic protection system.	34 300
TransCanada PipeLines Limited, BC System	File: 3400-T054-10 Order: XG-T054-36-2004	Application dated 20 May 2004; approved on 10 September 2004. Contaminant sampling and remediation program 2004.	38 000

### Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Husky Oil Limited (Husky)	File: 3400-H046-3 Order: XO-H046-21-2004	Application dated 16 July 2004; approved on 21 September 2004. Construct approximately 8 kilometres of crude oil pipeline from East Till Junction, Saskatchewan to Lloydminster, Alberta.	6 500 000



## 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 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 and Skills Development Canada to administer Part II of the *Canada Labour Code*.

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