

Regulatory Agenda

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

Public Hearing Applications

Hearing Decisions Rendered

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

Letter decision issued on 8 November (Article 17 Issue).

Letter decision issued on 15 November (Settlement Compliance Filing).

In July 2001, the Board had set down for public hearing the application by M&NP for final tolls effective 1 October 2000 to 31 December 2002. Following issuance of Hearing Order RH-3-2001, the Board received a joint submission from five parties (the Proponents). The Proponents sought leave to amend the List of Issues for the RH-3-2001 proceeding to include the following: "As it applies to new pipeline facilities, the proper application and interpretation of Article 17 of the General Terms and Conditions of Maritimes & Northeast Gas Tariff.". On 13 August, the Board amended the List of Issues to include the Article 17 Issue.

On 31 August, M&NP advised the Board that the Tolls and Tariff Working Group had, by unopposed resolution, approved a settlement of M&NP's application for final tolls commencing 1 October 2000. M&NP also advised that it would prepare an application incorporating the terms of the Settlement Agreement for approval by the Board. On 31 August, the Board decided to stay the remaining procedural steps outlined in RH-3-2001, with the exception of those related to the Article 17 Issue.

Article 17 Issue

The hearing to consider the Article 17 Issue took place in Dartmouth, Nova Scotia from 11 to 25 October 2001. The hearing involved extensive examination of the issue and, in particular, focussed on the following two conceptual sets of facilities:

- the Northwest Facilities - a proposed pipeline of approximately 260 kilometres (161 miles) of 508 millimetre (20 inch) diameter pipe extending from an interconnection with the proposed Cartier

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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Pipeline Project through northwestern New Brunswick to M&NP's existing mainline near Fredericton; and

- the PEI Facilities - a potential subsea pipeline extending from a point on M&NP's existing mainline in New Brunswick to Prince Edward Island.

With respect to the Northwest Facilities, the Board had to determine the proper interpretation of Article 17 and, specifically, whether Article 17 applies to those facilities. The question with respect to the PEI Facilities was how an estimate of the capital and operating costs of the facilities should be determined.

The Board found that the Northwest Facilities are a mainline extension and not a lateral, and are not facilities to which the benefits of the Lateral Policy were intended to apply. Accordingly, the Board decided that the Northwest Facilities fall outside the ambit of Article 17.

The Board decided that, given that M&NP bears the responsibility with respect to these matters, it is desirable that M&NP maintain the authority to establish these costs. The Board noted that, ultimately such estimates may be brought before the Board, which would provide a check and balance on the exercise of discretion by M&NP.

Settlement Compliance Filing (SCF)

On 14 September, M&NP submitted for approval its SCF, which calculated M&NP's tolls by incorporating the terms and conditions of the 31 August Settlement Agreement. On 20 September, the Board established a process to obtain parties' comments on the SCF and on the need for and nature of a further process to consider the filing.

On 15 November, the Board considered that the SCF reflects tolls that are just and reasonable and, on that basis, approved the filing without further process.

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

Reasons for Decision dated November 2001; issued on 15 November.

The Board approved TCPL's application concerning 2001/2002 tolls and tariff issues (Tolls Application) and the Mainline Service and Pricing Settlement (Settlement).

TCPL's Toll Application was based on the terms of

the Settlement which prescribed the toll methodology that would be utilized, tariff provisions that would be applicable and the components that would comprise TCPL's revenue requirement (with the exception of cost of capital) for the 2001 and 2002 test years. (Refer to item 1 under **Hearings Scheduled** below)

The Board found that the components of the Settlement result in tolls that are just and reasonable, and not unduly discriminatory. Accordingly, the Board approved the Settlement.

In April, TCPL and certain stakeholders reached an agreement on the terms of the Settlement upon which the Tolls Application filed on 3 May was based. The Board subsequently requested comments from interested parties on the substance of the Tolls Application as well as the need for and nature of a further process. After 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** (Settlement Guidelines), primarily due to the opposition of certain stakeholders.

As a result of the hearing, the Hearing Panel decided to recommend to the full Board that a review of the Board's Settlement Guidelines should be commenced in the near future in order to address situations of "contested settlements" as well as the potential use of "alternative dispute resolution" mechanisms.

The Board considered the Tolls Application at a public hearing held from 18 September to 2 October in Calgary, Alberta.

Hearing Decision Pending

1. Petro-Canada Oil & Gas (Petro-Canada) - Medicine Hat Pipeline GH-3-2001 (File 3200-P100-1)

The Board held a public hearing on 19 November, in Calgary, Alberta, on an application from Petro-Canada to construct a natural gas pipeline from the Medicine Hat, Alberta area to Burstall, Saskatchewan.

Petro-Canada proposes to construct approximately 71 kilometres (44 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 14 kilometres (9 miles) of new right-of-way being required. The Medicine Hat Pipeline is proposed to be in-service in January, 2003 with an estimated capital cost of \$10.1 million.

Hearings Scheduled

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 will hold a public hearing commencing on 18 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. The Board held a procedural conference on 19 September in Calgary 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 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 TCPL. 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.

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

The Joint Review Panel for the GSX Canada Pipeline Project has set down for public hearing commencing on 17 June 2002 in British Columbia, with locations and times to be announced later, an application from Georgia Strait Crossing Pipeline Limited to construct and operate a natural gas pipeline in British Columbia.

The panel will also conduct public consultation sessions from 11 to 18 January 2002 to assist in the formulation of issues that should be considered at the public hearing and to receive comments on the information to be requested of the applicant. The public consultation sessions will be held in Vancouver, Sidney, Duncan, Cobble Hill, Saltspring Island, Victoria and Saturna Island, British Columbia.

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

The proposed GSX Canada 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 2.71 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.

Hearing Applications Filed

1. **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.

2. 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 under the **Canadian Environmental Assessment Act** of the proposal by NB Power. 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**.

Hearings Adjourned and 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 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:

- reconstruct at 230 kilovolts (kV) a 1.92 kilometre section of an existing IPL;
- operate at 120 kV the reconstructed 1.92 kilometre IPL and 1.8 kilometres of the existing IPL; and,
- 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:

- 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;

- operate at 120 kV the reconstructed IPL; and,
- 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. Cedars is of the view that a Certificate for the entire line is no longer required. Cedars stated that the constitutional jurisdiction of the Board applied only to the portion of the line dedicated to exports, that is, the 3.72 kilometre section of the IPL from Cornwall to the international boundary.

On 25 October, the Board decided that it will continue to exercise its jurisdiction under the National Energy Board Act over the entire 72.8 kilometres of the IPL that is subject of Certificate EC-10.

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

On 7 September, Manitoba Hydro applied for approval to construct a 230 kilovolt IPL 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 Canadian portion of the IPL would be approximately 80 kilometres (50 miles) in length and the U.S. portion would be approximately 85 kilometres (53 miles) in length running from Rugby to the north of Rolla, North Dakota. The estimated cost of the

Canadian portion of the IPL is \$22 million Canadian and the estimated cost of the U.S portion of the project is \$30 million U.S. The proposed in-service date of the IPL is 31 October 2002.

On 25 October, and 16 and 23 November, the Board sent letters to Manitoba Hydro requesting additional information.

6. 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 per year 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.

7. 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.

8. 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.

On 1 October, the Board sent a letter to Nexen requesting additional information.

9. 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 and 27 November, the Board sent letters to TransCanada requesting additional information.

Pipeline Matters

Matters 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.

2. Duke Energy Canada Pipeline Ltd. (DECPL) and 806026 Alberta Ltd., on behalf of Canadian Midstream Pipeline Limited Partnership - Sale and Purchase of West Doe Pipelin (Files 3400-D028-3 and 3400-Z007-1)

On 22 November, the Board approved a joint application dated 28 September from DECPL, to sell, and 806026 Alberta Ltd., to purchase, the West Doe Pipeline. The sour gas pipeline is approximately 21 kilometres (13 miles) in length and 168.3 millimetres (six inches) in diameter and extends from the existing Talisman Energy Inc. dehydrator facility in the West Doe area of British Columbia at 11-1-81-15-W6M and terminates at Duke Energy Midstream Services Canada Ltd.'s Pouce Coupe Gas Plant located at 5-23-80-13-W6M.

Matters Under Consideration

3. Pressure Vessels and Pressure Piping - Transfer of Federal Regulatory Authority (Files 9720-A000-10 and 185-A000-8)

On 30 November, the Board issued for comment by regulated companies under its jurisdiction and boilers and pressure vessel authorities draft conditions that deal with the transfer of regulatory authority over pressure vessels and pressure piping under federal jurisdiction.

On 15 August, the amended part V of the Canada Occupational Health and Safety Regulations (COHSR) entitled Boilers and Pressure Vessels SOR/2001-284 (Part V) was published in the Canada Gazette Part II. One of the amendment in Part V was the exemption of pressure vessels and pressure piping which are part of interprovincial and international pipeline from the COHSR. The effect of that exemption was to transfer regulatory authority over pressure vessels and pressure piping from Human Resources Development Canada to the Board.

Until such time as the National Energy Board Onshore Pipeline Regulations can be amended, the specific requirements for design, construction, operation and abandonment of pressure vessels and pressure piping could be provided in the form of a general order that would include the conditions to which the Board is seeking comments on.

4. AEC Suffield Gas Pipeline Inc. - Amber Energy Inc. - Natural Gas Pipeline Construction - Ekwan 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.

5. Canadian National Resources Limited (CNRL) - Ladyfern Pipeline (File 3400-C298-11)

On 20 July, CNRL applied for approval to construct a natural gas pipeline known as the Ladyfern Pipeline. The Ladyfern Pipeline would consist of approximately 11.8 kilometres (6.8 miles) of 508 millimetres (20 inch) pipeline that would parallel the recently constructed Ricks Ladyfern Pipeline. The pipeline route begins at d-87-H/94-H1 in northeastern British Columbia and extends generally east to the existing TransCanada PipeLines Limited Owl Lake South Meter Station in northwestern Alberta. The estimated cost of the project is \$6 million and the proposed in-service date is 15 March 2002.

6. 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.

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

On 25 July 2000, Pouce Coupe applied for approval of the following: i) sell the Pouce

Coupe pipeline to Pembina Partnership; ii) sell the Federated Pipe Lines (Northern) Ltd. (Federated) pipeline to Pembina Partnership; iii) sell both these newly acquired pipelines by Pembina Partnership to Pembina Northern LP; iv) replace the name Pouce Coupe in Board Order XO-1-89 with "Pouce Coupe as agent and general partner of Pembina Northern LP"; and v) transfer Certificate OC-42 from Federated Pipe Lines (Northern) Ltd. to "Pouce Coupe as agent and general partner of Pembina Northern LP". Pouce Coupe is a wholly-owned subsidiary of Pembina Corporation.

The Pouce Coupe facilities consists of 26 kilometres (16 miles) of 219 millimetre (eight inch) of oil pipeline extending from Dawson Creek, British Columbia to Bay Tree, Alberta. The Federated system consists of 172 kilometres (107 miles) of 273 millimetre (10 inch) of oil pipeline extending from Taylor, British Columbia to Belloy, Alberta.

On 2 November 2001, the Board sent a letter to Pouce Coupe requesting additional information.

8. 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.

On 11 September, the Board decided to convene a conference for an exchange of views on the issues raised in respect to TCPL's application to seek an understanding an possible resolution of some or all of those issues and to determine if there will be a need for a further Board process.

The Board will announce at a later date the timing and location of the conference.

Traffic, Tolls And Tariff Matters

Matter Completed

1. **TransCanada Pipelines Limited (TCPL) - Reports of the 2001 Tolls Task Force (4775-T001-1/01-07)**

The Board has approved the following resolution of the 2001 Toll Task Force:

Resolution No.	Date approved	Subject
08.2001	28 November	Incremental Marginal Fuel Ratio

Matter Under Consideration

1. **Trans Québec & Maritimes Pipeline Inc. (TQM) 2001 Tolls (Files 4200-T028-6 and 4200-T028-12)**

On 8 November, TQM filed an application for approval of final 2001 tolls and for interim tolls effective 1 January 2002. TQM is also seeking approval of modifications to the 1997 Multi-Year Tolls Agreement, including a five year extension to the Agreement.

On 29 November, the Board decided to seek the comments of interested parties on the application.

Frontier Matters

- Paramount Resources Ltd.** was given approval on 22 October to commingle production in the Para et al Southeast Fort Liard N-01 well pursuant to section 32 of the **Canada Oil and Gas Production and Conservation Regulations (COGPCR)**.
- BP Canada Energy** was given approval on 13 November for the "Well Termination Record" pursuant to section 184 of the **Canada Oil and Gas Drilling Regulations (COGDR)** for the Pan Am Pointed Mountain K-45A and Amoco A-4 Pointed Mountain A-55 wells.
- EOG Resources Canada Inc.** was given approval on 21 November for an "Approval to Drill a Well" pursuant to section 83(1) of the COGDR for the well EOG et al Devo Creek.
- Paramount Resources Ltd.** was given approval on 30 November of an Emergency Response Plan for the Colville Lake Area, NT meeting the requirements of section 60 of the COGPCR and section 79 of the COGDR.
- Geological, geophysical or geotechnical operation** - Two applications were approved pursuant to section 5.1(b) of the **Canada Oil and Gas Operations Act** as follows:

Company	Area	Operation ID	Date
Paramount Resources Ltd.	Southern NWT	9237-E035-001E	30 November
Conoco Canada Resources Limited	Mackenzie Delta	9329-C145-001E	30 November

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 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)

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 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, 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 Board directed WEI, prior to establishing a process for the review, to file an update of the results of its examination of the other re-injection options referred in WEI's letter of 19 September, and its plans for the Kwoen facilities and any other projects related to, or dependent upon the Kwoen facilities. After receiving and evaluating the information to be

filed, the Board will establish a procedure for the review process.

The Board further decided to seek submissions of WEI and other interested parties on whether a stay should be issued in respect of the construction of the remaining Kwoen facilities, i.e. the processing and compression facilities. On 18 October, the Board decided not to issue a stay of Order XG-W005-22-2001 pending the completion of the review.

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, 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.

Amendments to Regulations and Rules

1. Guidelines for Filing Requirements (File 4750-A000)

On 29 November, the Board approved, effective immediately, revisions to Part XI of the GFR entitled Quarterly Surveillance Reports to be Filed by Group 1 Pipeline Companies Pursuant to the Toll Information Regulations.

On 16 February, the Board issued a questionnaire to the industry seeking comments as to the appropriate level of financial reporting requirements as described in Part XI of the GFR. Based on the responses to the questionnaire, the Board revised the filing requirements and on 15 June sought comments from industry on their appropriateness.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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

General Information:

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

Publications Office:

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

Internet Site:

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 the NEB, 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
Murphy Oil Company Ltd.	File: 3400-M085-1-1 Order: XG-M085-34-2001	Application dated 14 September; approved on 1 November. Construct pipeline sections, risers, connections and pig launching and receiving facilities to facilitate a requested increase in operating pressure.	200 000
Westcoast Energy Inc.	File: 3400-W005-279 Order: XG-W005-35-2001	Application dated 7 September; approved on 19 October 2001. Amend an existing order to vary the scope of road upgrade activities of the Pine River Gas Plant access road at an additional cost of \$2.5 million.	240 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines Inc.	File: 3400-E101-41 Order: XO-E101-37-2001	Application dated 6 November; approved on 23 November. Install corrosion inhibitor tanks at the Edmonton, Kerrobert, Regina, Cromer and Gretna stations.	48 800
Husky Energy Inc.	File: 34000-H028-1 Order: XO-H028-38-2001	Application dated 25 October; approved on 26 November. Excavate, assess and repair anomalies on the 10 inch Husky Synthetic Crude Oil Pipeline from the Lloydminster upgrader to the Lloydminster Terminal.	487 000
Trans Mountain Pipe Line Company Limited	File: 3400-T004-80 Order: XO-T004-35-2001	Application dated 20 September; approved on 6 November. Thirteen projects.	10 251 000
Trans-Northern Pipelines Inc.	File: 3400-T002-50 Order: XO-T002-36-2001	Application dated 28 August; approved on 9 November. Pipeline lowering in the city of Toronto (formerly city of Scarborough), Ontario.	145 000

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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