



Regulatory Agenda

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

Public Awareness Workshop 2004

The Board will be holding its fifth Public Awareness Workshop for Buried Pipelines at the Queen Elizabeth Hotel in Montréal, Quebec from 26 to 28 September 2004. The Public Awareness Workshop is a forum for industry to share its best public awareness practices related to damage prevention and emergency response.

A key goal of the Board is to ensure the safety of NEB regulated pipelines. These workshops are critical in achieving this goal and ensuring that

Canadians are well prepared to live and work safely around pipelines.

For registration forms or to register on line, visit our Web site at www.neb-one.gc.ca under *Safety and Environment, Awareness*. For further information on the Workshop, please contact Stella Hiebert (shiebert@neb-one.gc.ca), Awareness 2004 Project Administrator or call (403) 299-2787 or call toll free 1-800-899-1265.

Public Hearing Applications

Hearing in Progress

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

The Board is holding a two-phase public hearing 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 I of the hearing was held from 14 to 25 June 2004 in Ottawa, Ontario. During Phase I, the Board considered all issues raised by the 2004 Tolls Application, with the exception of Cost of Capital. Phase II of the hearing will commence on 22 November 2004 in Calgary, Alberta.

Hearing Scheduled

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

The Board will hold a public hearing commencing on 16 August 2004, in Montréal, Quebec 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”***

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Hearing Suspended

1. *Westcoast Energy Inc. (WEI) – 2004 Tolls – RH-1-2004 (File 4200-W005-16)*

The Board has suspended a public hearing that was scheduled to commence on 17 May 2004 in Calgary, Alberta on an application by WEI for approval of 2004 tolls for mainline transmission service in Zones 3 and 4 for the period 1 January to 31 December 2004.

On 1 April 2004, WEI informed the Board that it had reached an agreement in principle with certain groups and companies on the terms of a transmission toll settlement covering a two year period commencing 1 January 2004. In light of the settlement, WEI requested that the RH-1-2004 timetable of events and hearing schedule be suspended pending the filing of WEI's application for approval of the settlement.

On 30 June 2004, WEI filed an Amended Application for approval of a settlement for 2004 and 2005 tolls. On 5 July 2004, the Board sought comments from interested parties on the Amended Application. On 26 July 2004, Westcoast filed a revision to the 2004 tolls incorporated in the Settlement to reflect the outcome of a Board decision on 8 July 2004 relating to certain income tax adjustments concerning Westcoast.

Project Description Filed

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

In July 2004, the Applicants filed a Project Description for a proposed LNG terminal and associated facilities in Quebec. The principal components of the proposed project include a terminal comprising two storage tanks, a marine jetty to receive the LNG tankers and a pipeline of approximately 50 kilometres to connect the terminal to the existing facilities of Gazoduc Trans Québec & Maritimes Inc. (TQM).

The proposed terminal, which would be capable of delivering 14.2 million cubic metres per day of vaporized gas would be constructed in the Ville Guay/Beaumont area, located at the limits of the cities of Lévis and Beaumont in Quebec. A natural gas supply from the Atlantic basin would be delivered to the proposed terminal by means of 60 LNG tankers per year. The proposed marine jetty would be able to accommodate between 138 000 to 160 000 cubic metres of LNG. A pipeline of approximately 50 kilometres from the proposed terminal would have to be constructed to connect to the facilities of TQM in Saint Nicolas, Quebec.

Non Hearing Applications

Electricity Matters

General

1. *Draft Model Conditions for a Certificate of Public Convenience and Necessity (Certificate) (Files 3400-T054-3 and 3740-T054-2002)*

The Board is developing a set of conditions potentially applicable to any international power lines (IPLs) for which a Certificate is sought in the future. The Board's regulation of IPLs in Canada includes, in part, the issuing of Permits or Certificates to authorize the construction and operation of IPL facilities. Permits and Certificates issued commonly include conditions set by the

Board specifically for the IPL being approved. Some of these conditions may be unique to the IPL in question, others may be the same as or very similar to conditions previously set for other IPLs.

The Board anticipates that it will receive applications in the future for the approval of new IPLs and possibly for the replacement or the rebuilding of other existing ones. It wishes to establish a set of Model Conditions so as to have a common and publicized starting point from which it could develop specific conditions for these IPLs. The Board would turn to these Model Conditions when considering conditions of approval to impose for proposed IPL facilities, but would continue to evaluate each case on an individual basis.

Matter Completed

2. *MAG ENERGY SOLUTIONS Inc. (MAG) – Electricity Export (File 6200-M144-1)*

On 6 July 2004, the Board approved an application dated 11 May 2004 from MAG for permits to export up to 500 megawatts of firm power and 4 380 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

Matters Pending

3. *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.

4. *The Cincinnati Gas & Electric Company (CG&E) – Electricity Export (File 6200-C230-1)*

On 11 June 2004, CG&E applied for permits to export up to 24 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

5. *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.

Frontier Matters

1. *Imperial Oil Resources Limited (Imperial) - Declaration of Commercial Discovery for Taglu Gas Field dated 18 December 2003*

On 5 August 2004, the Board issued a declaration of “Commercial Discovery” to Imperial 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 Taglu area, NWT comprising grid areas:

Latitude	Longitude	Sections
69° 30' N	134° 45' W	22, 23, 31, 32, 33, 41, 42, 43, 44, 51, 52, 53, 54
69° 30' N	135° 00' W	2, 3, 4, 12, 13, 14

2. *Paramount Resources Ltd.* was granted a Production Operations Authorization EPO-1-2004 on 21 April 2004 for the Cameron Hills Field pursuant to the *Canada Oil and Gas Operations Act*. (Not reported in the April 2004 *Regulatory Agenda*)

3. *Imperial Oil Resources Ltd.* was given approval on 30 July 2004 to construct a sludge handling facility located at the F-31X injection wellsite pursuant to the *Canada Oil and Gas Operations Act*.

4. *Geological, geophysical or geotechnical operation*: three applications were approved pursuant to section 5.(1)(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
Northrock Resources Ltd.	Central Mackenzie Valley	9229-N046-003E	28 July 2004
Northrock Resources Ltd.	Central Mackenzie Valley	9237-N046-001E	28 July 2004
Devon Canada Corporation	Mackenzie Delta	9333-D031-003E	28 July 2004

Pipeline Matters

Matters Completed

1. *Enbridge Pipelines Inc. (Enbridge) and PMC (Nova Scotia) Company on Behalf of Plains Marketing Canada, L.P. (PMC) (Files 3400-P102-3 and 3400-E101-67)*

On 5 July 2004, the Board approved a joint application dated 16 June 2004 by Enbridge and PMC for leave to lease Tank No. 76 located in Regina, Saskatchewan from Enbridge to PMC.

2. *Westcoast Energy Inc. (WEI) – Sale of a Pipeline (File 3400-W005-331)*

On 20 July 2004, the Board approved an application dated 23 June 2004 from WEI to sell the 10.61 kilometre Buick Creek East Pipeline located in northern British Columbia, including the flare and pigging facilities, to Canadian Natural Resources.

3. *Trans-Northern Pipelines Inc. (TNPI) - Capacity Expansion/Line Reversal - Route Deviation in Parc d'Oka (File 3200-T002-1-2)*

On 22 July 2004, the Board approved an application dated 5 February 2004 from TNPI for approval of a new route in Parc d'Oka, Quebec.

4. 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 Matters

Matters Completed

1. *TransCanada PipeLines Limited (TCPL) – Final Tolls for 2003 (Files 4200-T001-18 and 4400-T001-23)*

On 7 July 2004, the Board approved an application dated 8 June 2004 from TCPL requesting that the interim tolls for 2003 be made final tolls.

2. *TransCanada PipeLines Limited (TCPL) – Interim Tolls Effective 1 August 2004 (File 4400-T001-23)*

On 22 July, the Board approved an application dated 6 July 2004 from TCPL for approval of interim tolls on its Mainline system effective 1 August 2004.

3. *TransCanada PipeLines Limited (TCPL) – 2004 Tolls Task Force Resolution (File 4775-T001-1/04-2)*

The Board approved the following resolution of the 2004 Tolls Task Force:

Resolution No.	Date Approved	Subject
02.2004	15 July 2004	Amendments to the Mainline Tariff – Interruptible Transportation Toll Schedule – FT Risk Alleviation Mechanism

Matter Pending

4. *TransCanada PipeLines Limited (TCPL) – Quarterly Surveillance Reports (QSR) – Complaints (Files 4750-T001-2003-4A and 4750-T001-2004-1A)*

On 12 May 2004, the Canadian Association of Petroleum Producers (CAPP) filed a complaint regarding TCPL's QSR for the year ended 31 December 2003. On 8 June 2004, Coral Energy Canada Inc. (Coral) and the Cogenerators Alliance filed a complaint regarding TCPL's QSR for the quarter ended 31 March 2004.

CAPP's complaint regarding the QSR was that TCPL had not complied with the requirements of the Board's *Toll Information Regulation* and Guide BB of the Board's *Filing Manual* because TCPL had reported actual costs that included costs for inclusion in 2003 tolls that were incurred by TCPL but were disallowed by the Board in the RH-1-2002 Decision.

Coral and Cogenerators Alliance's complaint was that TCPL had not complied with the requirements of the *Toll Information Regulations* and Guide BB of the Board's *Filing Manual* because TCPL is required to report its actual costs in the QSR and that it has not done so for the first quarter of 2004.

On 18 June 2004, the Board sought comments on the complaints from TCPL and reply comments from CAPP and Coral and the Cogenerators Alliance.

Appeals and Review

Appeals Pending

1. *Natural Gas Steering Committee (NGSC) – Application for Leave to Appeal the 2003 NEB Decision Relating to Westcoast Energy Inc.'s (WEI) Final 2003 Tolls*

The NGSC has applied to the Federal Court of Appeal for leave to appeal the Board's Decision dated 27 November 2003 regarding an application from WEI for approval of final tolls for 2003. The NGSC asked the Federal Court for a stay of the application pending the determination of the review application discussed below in item 3.

2. *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.

Review Completed

3. *Natural Gas Steering Committee (NGSC) – Application to Review the Board’s Decision Relating to Westcoast Energy Inc.’s (WEI) Final 2003 Tolls*

On 7 July 2004, the Board rendered its decision on a review application filed by NGSC. The Board’s decision can be found on our Web site under *Regulatory Documents*.

On 24 December 2003, the NGSC asked the Board to review its WEI 2003 Final Tolls Decision of 27 November 2003 and to amend Order TG-7-2003 to require WEI to include the full benefit of the 2003 Overhead During Construction (ODC) tax adjustment in the 2003 tolls. The NGSC also requested that the Board establish a review

process to review the treatment of indirect ODC deductions in the 1997 to 2001 toll orders.

On 26 February 2004, the Board granted a request from NGSC to review a previous WEI tolls decision. The issues that the Board decided to review were:

1. *Whether the Board erred in not finding that the 2003 ODC adjustment resulted from reassessments within the meaning of the 1997-2001 Settlement; and*
2. *Whether the Board did not consider and determine NGSC’s request for a review of the 1997-2001 Settlement Toll Orders as well as the 15 April 1999 Board decision.*

The Board conducted the review through a written process.

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 *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 Guidelines* in the February 2003 issue of the *Regulatory Agenda*.

Administrative Matters

Upcoming Energy Market Assessment Report

Looking Ahead to 2010 - Natural Gas Markets in Transition (to be published in August 2004)

The report will summarize the Board's findings following a series of Roundtable discussions held in February 2004. It will explore how natural gas

markets may evolve to the end of the decade and will identify actions that could be taken to increase supply, to promote a more efficient use of gas and to mitigate the effects of price volatility.

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
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 Us, Our People*.

National Energy Board
Michel L. Mantha
Secretary

For information:

Denis Tremblay, Communications Officer
Telephone: (403) 299-2717
Email: dtremblay@neb-one.gc.ca

Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
TransCanada PipeLines Limited	File: 3400-T001-232 Order: XG-T001-27-2004	Application dated 20 May 2004; approved on 6 July 2004. Cathodic Protection Program No. 2 in Ontario.	1 876 000
TransCanada PipeLines Limited – BC System	File: 3400-T054-11 Order: XG-T054-28-2004	Application dated 20 May 2004; approved on 12 July 2004. Piping modifications to the Sparwood Meter Station in southeast British Columbia.	232 000
	File: 3400-T054-13 Order: XG-T054-30-2004	Application dated 29 June 2004; approved on 16 July 2004. Replace the Gold Creek bridge in southeast British Columbia.	120 000
Westcoast Energy Inc.	File: 3400-W005-327 Order: XG-W005-29-2004	Application dated 18 June 2004; approved on 16 July 2004. Install a crossover between the 8 inch Northwest Helmet Extension and the 16 inch North Helmet Loop Pipeline within the Fort Nelson Field Service area.	52 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Terasen Pipelines (Trans Mountain) Inc.	File: 3400-T099-8 Order: XO-T099-15-2004	Application dated 5 January 2004; approved on 23 July 2004. Crossing Replacement – Coldwater River #3 at kilometre 941.7 in British Columbia.	1 947 000
Trans-Northern Pipelines Inc.	File: 3400-T002-63 Order: XO-T002-13-204	Application dated 16 June 29004; approved on 8 July 2004. Pipeline replacements in the Township of Cramache, County of Northumberland, Ontario.	500 000
	File: 3400-T002-64 Order: XO-T002-14-2004	Application dated 16 June 2004; approved on 15 July 2004. Lower a pipeline at Wilmot Creek in the Municipality of Clarington, Ontario.	420 000
	File: 3400-T002-65 Order: XO-T002-16-2004	Application dated 12 July 2004; approved on 29 July 2004. Pipeline replacements in the Township of Charlottenburgh, City of Cornwall, County of Dundas and Glengarry, Ontario.	300 000

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

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Communications Team
National Energy Board
444 Seventh Avenue SW
Calgary, Alberta T2P 0X8
Telephone: (403) 292-4800
Telecopier: (403) 292-5503

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Équipe des communications
Office national de l'énergie
444, Septième Avenue S.-O.
Calgary (Alberta) T2P 0X8
Téléphone : (403) 292-4800
Télécopieur : (403) 292-5503