



Regulatory Agenda

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

Energy Market Assessment - Looking Ahead to 2010 Natural Gas Markets in Transition

On 5 August 2004, the Board issued an Energy Market Assessment report entitled *Looking Ahead to 2010 - Natural Gas Markets in Transition*. The report summarizes the feedback and recommendations the Board received during a cross-Canada consultation on the future of natural

gas markets in Canada, as well as details on specific actions the Board will take in response to these recommendations. The report is available on the Board's Web site at www.neb-one.gc.ca under *Publications*.

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.

The Agenda for the Workshop is available on the Board's 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.

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

Decision Rendered

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

On 20 August 2004, the Board approved an application from WEI for approval of a negotiated settlement for final tolls for 2004 and a methodology for 2005 tolls for mainline transmission service in Zones 3 and 4. The Board also approved a revision to the tolls incorporated in the settlement for 2004 to reflect the outcome of a Board decision on 8 July 2004 relating to certain income tax adjustments concerning WEI. The Board was of the view that the settlement results in tolls that are just and reasonable.

WEI estimates the revenue requirement for 2004 to be approximately \$240.4 million, compared to the 2003 revenue requirement of approximately \$247.3 million. The estimated revenue requirement for 2005 is \$257.7 million. This is reflected in a decrease in the 2004 tolls Transportation North - long haul of 11.5 per cent and an increase in 2005 of 13.6 per cent. For Transportation South - Huntingdon Delivery Area, the tolls would increase by one per cent in 2004 and 5.4 per cent in 2005.

Hearings 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.

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

The Board is holding a public hearing which commenced 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.

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 scope of the environmental assessment, along with other details of the environmental assessment process and the opportunities for public participation, can be found in a document entitled *Rabaska Project - Environmental Assessment Scoping Document*. The *Draft Rabaska Project Environmental Assessment Scoping Document* is available on the National Energy Board's Internet site at 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.

Expected Application

1. *Proposed Mackenzie Gas Project*

On 18 August 2004, the Minister of Environment Canada, the Chairperson of the Mackenzie Valley Environmental Impact Review Board and the

Chair of the Inuvialuit Game Council, announced the establishment of a seven member joint panel to review the Mackenzie Gas Project. The three parties signed an agreement and finalized the Terms of Reference for the review of the proposed project. For the biographical information on each of the panel members and other documents see the Web sites of the Northern Gas Project Secretariat at www.ngps.nt.ca, the Canadian Environmental Assessment Agency at www.ceaa-acee.gc.ca and the Mackenzie Valley Environmental Impact Review Board at www.mveirb.nt.ca.

Non Hearing Applications

Electricity Matters

Matter Completed

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

On 24 August 2004, the Board approved applications dated 11 and 25 June 2004 from CG&E for permits to export up to 1 000 megawatts of firm power and up to 8 760 gigawatt-hours of combined firm and interruptible energy per year for a period of 10 years.

Matters Pending

2. *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.

3. *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. *Apache Canada Ltd.'s Well Termination Records* for the wells Nogha B-23, Tunago Lake E-44, Lac Maunoir C-34 and West Nogha K-14 were approved on 4 August 2004.

2. *Paramount Resources Ltd.* was granted Production Operation Authorization EPO-03-2004 on 26 July 2004.

Pipeline Matters

Safety Advisory

On 19 August 2004, the Board published a Safety Advisory regarding the need to predict and control hydrate formation in pipeline systems. The Safety Advisory is available on the Board's Web site at www.neb-one.gc.ca under *Safety and Environment*.

Matters Completed

1. *Westcoast Energy Inc. (WEI) – Purchase of Pipelines (File 3400-W005-321)*

On 26 August 2004, the Board approved an application dated 26 February 2004 from WEI to purchase from BP Canada Energy Corporation two pipelines in British Columbia. The first pipeline is 11.47 kilometres in length and 406.4 millimetres in size commencing at P. &NG c-63-F/93-I-9 and terminating at c-12-L/93-I-9. The second pipeline is 5.3 kilometres in length and 273 millimetres in size commencing at P. &NG b-57-G/93-I-9 and terminating at c-63-F/93-I-9.

2. *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

Matter Completed

1. *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 Regulations* 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.

On 12 August 2004, the Board decided as follows:

- i) with respect to CAPP's request, the Board was of the view that the QSR filed by TCPL for the year ended 31 December 2003 meets the current requirements of the Board's *Filing Manual* and the *Toll Information Regulations*, therefore, the Board denied CAPP's request to direct TCPL to resubmit a new surveillance report; and,
- ii) with respect to Coral and Cogenerators Alliance's request, the Board directed TCPL to provide reconciliation for each line item which has been equalized in its first QSR for 2004 and to provide similar reconciliation in all future QSR filings.

Matter Pending

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

On 13 August 2004, Enbridge applied for Interim Tolls on Line 9. On 24 August 2004, the Board decided to seek comments from interested parties, by 8 September 2004, on the application and reply comments from Enbridge by 20 September 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

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

Web 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
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Appendix I

Section 58 Applications

Gas Pipelines

Applicant	File/Order	Application	Est. Cost
Westcoast Energy Inc.	File: 3400-W005-333 Order: XG-W005-32-2004	Application dated 14 July 2004; approved on 6 August 2004. Ground bed installations at 83 Mile Creek and Zopkios, British Columbia.	30 000
	File: 3400-W005-332 Order: XG-W005-33-2004	Application dated 28 June 2004; approved on 10 August 2004. Ground bed installation at kilometre 20.8 of the T-South Mainline.	40 000
	File: 3400-W005-334 Order: XG-W005-34-2004	Application dated 23 July 2004; approved on 24 August 2004. Ground bed replacement on the Fort Nelson Mainline at kilometre 57.3.	40 000

Oil Pipelines

Applicant	File/Order	Application	Est. Cost
Enbridge Pipelines (Westspur) Inc.	File: 3400-E103-15 Order: XO-E103-19-2004	Application dated 10 August 2004; approved on 26 August 2004. Replace a tank at the Midale Terminal in Saskatchewan.	300 000
Terasen Pipelines (Trans Mountain) Inc.	File: 3400-T099-11 Order: XO-T099-17-2004	Application dated 29 July 2004; approved on 6 August 2004. Replace pipeline segments between Darfield and Kamloops, British Columbia.	125 000
	File: 3400-T099-10 Order: XO-T099-18-2004	Application dated 29 July 2004; approved on 6 August 2004. Relocate mainline block valve from kilometre 779 to kilometre 784.85.	140 000

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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