



Regulatory Agenda

The period covered in this Regulatory Agenda is the month of May 2006

Public Hearing Applications

Hearing in Progress

- Imperial Oil Resources Ventures Limited (Imperial), Mackenzie Valley Aboriginal Pipeline Limited Partnership, ConocoPhillips (North) Limited, Shell Canada Limited and ExxonMobil Canada Properties - Mackenzie Gas Project (Files 3200-J205-1, 2520-C-19-4, 2620-C-19-7, 2620-C-12-7 and 2620-C-20-7)*

On 29 and 30 May 2006, a public hearing was held in Fort Good Hope to hear evidence of a generic nature. Evidence about tolls and tariffs was also presented.

On 25 January 2006, the Board held a public hearing on the Mackenzie Gas Project which includes the construction of a pipeline to transport natural gas to northern Alberta, a pipeline to transport natural gas liquids to Norman Wells, N.W.T., three onshore natural gas fields, a gathering system to transport production from the three fields, and a processing facility in the Inuvik, N.W.T. area where natural gas liquids would be separated from the natural gas for shipping. The Board anticipates that the hearing will be completed in December 2006.

Hearings Scheduled

- Sea Breeze Victoria Converter Corporation (Sea Breeze) - Construct an International Power Line (IPL) from Victoria, British Columbia to Port Angeles, Washington - EH-1-2006 (File AFIPL-SBC-01)*

The oral hearing to be held in Victoria, British Columbia, on 1 May 2006 has been postponed to 26 June 2006.

The hearing is to consider an application by Sea Breeze to construct a 150 kilovolt high voltage direct current IPL. The proposed 47 kilometre IPL would extend southward from the Town of View Royal, British Columbia to the Strait of Juan de Fuca and from there to Port Angeles, Washington. Approximately 12 kilometres of the Canadian portion of the proposed IPL will be on land and the remainder in the Strait of Juan de Fuca. Construction of the proposed IPL and a converter station near existing substations on Vancouver Island is tentatively scheduled for November 2006.

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 and Security, Environmental Protection and Efficient Energy Infrastructure and Markets"

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2. Terasen Pipelines (Trans Mountain) Inc. (Terasen) - TMX Anchor Loop - OH-1-2006 (File 3200-T099-1)

The Board will hold a public hearing commencing on 8 August 2006, at a location to be announced, to review an application by Terasen to construct and operate the TMX Anchor Loop Project. The TMX Anchor Loop Project would consist of 158 kilometres of pipeline loop and other facilities to increase the capacity of the Trans Mountain pipeline by approximately 6 360 cubic metres (40 000 barrels) per day. The anticipated cost of the project is \$400 million.

Proposed Hearing Applications

1. Gateway Pipeline Inc. (Gateway) - Preliminary Information Package (File ATT-TTC-ENB 02)

On 9 February 2006, the Board, in consultation with other federal responsible authorities, submitted to the Minister of the Environment a recommendation that the proposed Gateway Project be referred to a review panel in accordance with the *Canadian Environmental Assessment Act*.

On 2 November 2005, Gateway filed a Preliminary Information Package with the Canadian Environmental Assessment Agency, the NEB and other federal departments. The Gateway Project would consist of two pipelines, one for petroleum export and one for condensate import, along the same right-of-way, and a marine terminal. The proposed Petroleum Export Pipeline would be a 762 millimetre diameter pipeline with an initial capacity of approximately 400 000 barrels per day to transport petroleum from Edmonton, Alberta to Kitimat, British Columbia. The proposed Condensate Import Pipeline would be a 508 millimetre diameter pipeline capable of transporting approximately 150,000 barrels per day from Kitimat to Edmonton. The proposed in-service date is the year 2010 and the estimated cost is \$4 billion.

2. Emera Brunswick Pipeline Company Ltd. (EBPC) - Brunswick Pipeline Project (File PA-MNP 2006-001)

On 23 May 2006, an application was received from EBPC who has taken over ownership of the Brunswick Pipeline Project from Maritimes & Northeast Pipeline Management Ltd (M&NP).

On 5 May 2006, the Board released the Environmental Assessment Scoping Document inviting the public to comment. The deadline for comments is 6 June 2006.

On 16 March 2006, the Board, in consultation with the other responsible authorities, recommended to the Minister of Environment Canada, pursuant to section 25 of the *Canadian Environmental Assessment Act* (CEA Act), that the project be referred to a review panel and also requested that the panel review be conducted by the Board under the substitution provisions of the CEA Act.

On 6 January 2006, M&NP filed with the Canadian Environmental Assessment Agency and the NEB a Project Description for a proposed 145 kilometre 762 millimetre diameter pipeline from the Canaport™ Liquefied Natural Gas Facility at Mispec Point in Saint John, New Brunswick to a point on the international border near St. Stephen, New Brunswick.

3. Maritimes & Northeast Pipeline Management Ltd. (M&NP) - Bear Head Pipeline (File PA-MNP 2006-002)

On 6 January 2006, M&NP filed with the Canadian Environmental Assessment Agency and the NEB a Project Description for a proposed 55 kilometre 762 millimetre diameter pipeline from a liquefied natural gas regasification facility at Bear Head, near Port Hawkesbury, Nova Scotia to a point along the existing M&NP mainline near Goldboro, Nova Scotia.

Non-Public Hearing Applications

Electricity Matters

Matter Completed

1. *ATCO Power Ltd. (APL) on behalf of ATCO Power Canada Ltd. (APC) and Alberta Power (2000) Ltd. (APL 2000) - Application for Electricity Export Permits*

On 19 May 2006, the Board issued two export permits to APL. The first permit (EPE-287) authorizes the export of interruptible energy and a second permit (EPE-288) authorizes the export of firm power and energy. These permits allow the export of energy at points on the international boundary between Canada and the United States of America and in both cases the term extends from 19 May 2006 and ends 18 May 2016.

Matters Under Consideration

1. *First Commodities International Inc. (FCII) - Electricity Export (File AE-P-FCI 01)*

On 17 November 2005, FCII applied for a permit to export up to 600 gigawatt hours of interruptible energy per year for a period of 10 years.

2. *Montana Alberta Tie Ltd. (MATL) - Construct an International Power Line (IPL) from Lethbridge, Alberta to Great Falls, Montana (File AFIPL-MAT-01)*

On 21 December 2005, MATL applied for approval to construct a 326 kilometre 230 kilovolt alternate current IPL from Lethbridge, Alberta to Great Falls, Montana. Approximately 123 kilometres of the IPL would be in Canada. MATL also proposes to construct a new 230 kilovolt substation and a phase shifting transformer to control the direction of the flow of power near Lethbridge. The proposed IPL would be capable of transferring up to 300 megawatts of power in either direction. The proposed in-service date of the IPL is December 2006. The Board sought the views of interested parties on this application before issuing a permit or recommending to the Governor-in-Council that a public hearing be held.

3. *Maritime Electric Company, Limited (MEC) - Electricity Export (File AE-P-MEC 01)*

On 17 January 2006, MEC applied for permits to export up to 150 megawatts of power and up

to 350 gigawatt hours of energy on a firm and interruptible basis per year for a period of 10 years.

4. *Yudinn Energy Inc. (Yudinn) - Electricity Export (File A-P-YEI 01)*

On 28 March 2006, Yudinn applied for permits to export up to 204 megawatts of firm power and 894 gigawatt hours of energy per year for a period of 25 years.

Frontier Matters

No new drilling applications were received in May under section 5.1(b) of the *Canada Oil and Gas Operations Act*.

All other applications are still being reviewed.

One (1) new application for geological, geophysical or geotechnical operation authorization was received in May.

Outstanding applications are being reviewed.

In the matter of the Encana Umiak N-05 Significant Discovery Application dated 19 December 2005, the Board has declared the following lands to be part of a Significant Discovery on 5 April 2006:

| Latitude | Longitude | Sections |
|----------|------------|---|
| 69° 30' | 134° 00' W | 48, 55, 56, 57, 58 |
| 69° 30' | 134° 15' W | 5, 6, 7, 15, 16, 24, 25, 26, 34, 35, 36 |

Gas Matters

Matter Completed

1. *ProGas Limited (ProGas) - Application for revocation of Gas Export Licences GL-129 (File 7200-P38-1-2) and GL-161 (File 7200-P038-1-3)*

On 15 May 2006, the Board approved the revocation of two export licences granted to ProGas under Licence GL-129 and GL-161 as the company no longer requires such rights and privileges.

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 1.

2. *Samson Canada (Samson) Ltd. and Delphi Energy Corporation (Delphi) - Pesh-Petitot Pipeline (File A-FP-CC-DEC 2006 1)*

On 31 May 2006, Samson was given approval pursuant to section 74(1)(a) and (b) of the *National Energy Board Act*, to convey its interest in the pipeline to Delphi; leave was granted to Delphi to acquire the interest in the pipeline from Samson. The applicants have until 30 August 2006 to confirm completion of the transaction.

3. *EnCana Oil and Gas Co. Ltd. on behalf of the EnCana Oil and Gas Partnership (EnCana) - Tupper South Pipeline Loop (File A-FP-PA-EOG-2005-001)*

On 4 May 2006, the Board granted EnCana's request to extend the construction schedule for the Tupper South Pipeline Loop until the fall of 2006 or the winter of 2006/2007 as it "more closely aligns the completion and commissioning of the Tupper South Pipeline Loop with EnCana's anticipated need for the incremental pipeline capacity which will be provided by the pipeline."

4. *Burlington Resources Canada (Hunter) Ltd. (BRCHL) - Hiding Creek NPS 10 Loop Pipeline (File 3400-B105-2)*

On 12 May 2006, the Board approved BRCHL's application to construct and operate the Hiding Creek NPS 10 Loop Pipeline, a 9.9 km non-sour gas pipeline that would cross the British Columbia – Alberta border. In addition, pursuant to section 20 and subsection 129(1.1) of the *National Energy Board Act*, BRCHL has been granted exemption from the requirements to file audited financial statements each fiscal year.

5. *First Commodities International Inc. (File OF-IE-Elec-F080-01)*

On 19 May 2006, the Board examined and approved the transfer of export permit EPE-283 from First Commodities Inc. to First Commodities Ltd.

Matters Pending

1. *Burlington Resources Canada (Hunter) Ltd. (Burlington) - Pipeline Construction (File A-FP-PA-BRH 2006 1)*

On 15 March 2006, Burlington applied to construct 1 000 metres of 273 millimetre natural gas pipeline from approximately 65 kilometres east of Tumbler Ridge, British Columbia to approximately 40 kilometres southwest of Beaverlodge, Alberta. The estimated cost of the project is \$2.6 million and the proposed in-service date is the second quarter of 2006.

2. *TransCanada PipeLines Limited (TCPL) - 2007 Eastern Mainline Expansion (File A-FP-PA-TCP 2006 1)*

On 20 March 2006, TCPL applied for approval to construct 6.5 kilometres of 323.9 millimetre pipeline loop from Mainline Valve 805 to Mainline Line Valve 805 + 6.5 (the "Saint-Sébastien Loop"). TCPL also applied for compressor additions at Station 134 near Bowmanville, Ontario and at Station 1703 near Douglastown, Ontario. The estimated cost of the facilities is \$62.2 million and the proposed in-service date is 1 November 2007.

3. *Westcoast Energy Inc. (WEI) - Pipeline Construction, Aitken Creek Crossing (File PA-WEI 2006 001)*

On 19 May 2006, the Board approved the application submitted by WEI and also granted an exemption for this project from the provisions of paragraph 30(1)(a) and section 31 of the *National Energy Board Act*.

On 14 February 2006, Westcoast applied to construct 11 kilometres of 323.9 millimetre raw gas pipeline connector between the Beg-Jedney Booster Station and the Aitken Creek Extension Pipeline in the Fort St. John, British Columbia gathering system. The proposed project also includes new pig launching and receiving facilities and the reversal of the flow on the Aitken Creek Extension Pipeline. The estimated cost of the pipeline is \$9.4 million and the proposed in-service date is August 2006.

Traffic, Tolls and Tariffs Matters

Matters Pending

1. *Petro-Canada Oil and Gas (PCOG) - Westcoast Energy Inc. (WEI) - Pipeline Tariff (File TT-TC-WEI 17)*

On 6 January 2006, PCOG applied to disallow a portion of the WEI Pipeline Tariff. The application relates to rectifying the discrepancy between the terms required by WEI from existing shippers to relocate existing transportation service compared with the terms required from new shippers in relation to the same Zone 3 Transport Service under the Pipeline Tariff. On 19 January 2006, the Board sought comments of interested parties on the application.

2. *TransCanada PipeLines Limited (TCPL) - Resolution of the 2006 Toll Task Force (File A-TT-FT-TCP 21)*

On 15 March 2006, TCPL applied for approval of the following resolution.

| <u>Resolution No.</u> | <u>Subject</u> |
|-----------------------|---|
| 04.2006 | Approval of a Negotiated Settlement of 2006 Mainline Tolls. |

On 31 March 2006, the Board sought comments from interested parties on the application.

3. *TransCanada PipeLines Limited (TCPL) - Resolution of the 2006 Toll Task Force (File A-TT-TC-TCP 30)*

On 7 April 2006, TCPL applied for approval of the resolution described below.

| <u>Resolution No.</u> | <u>Subject</u> |
|-----------------------|--|
| 05.2006 | Amendments to the Interruptible Transportation Toll Schedule to extend the Firm Transportation Risk Alleviation Mechanism (FT-RAM) pilot to 31 October 2007. |

Appeal

Appeal Pending

1. *Flint Hill Resources - Application for Leave to Appeal - RH-1-2005*

Flint Hill Resources applied to the Federal Court of Appeal for leave to appeal the Board's decision of 28 April 2005 in which it approved two applications from Enbridge Pipelines Inc.

to recover, in its Canadian pipeline tolls, US\$20 million per year for five years related to the extension of service on the Spearhead Pipeline which runs from Chicago, Illinois to Cushing, Oklahoma and an initiative by Mobil Pipe Line Company to reverse the flow of its pipeline which runs from Patoka, Illinois to Corsicana, Texas.

Amendments to Regulations

Regulatory Initiatives Pursuant to the National Energy Board Act

1. *Proposed Amendments to the Onshore Pipeline Regulations, 1999 (OPR-99) and the National Energy Board Processing Plant Regulations (PPR)*

The Board intends to amend the above regulations to require companies under its jurisdiction to develop and implement a pipeline security management program.

2. *Proposed Amendments to the Onshore Pipeline Regulations, 1999 (OPR-99)*

On 2 February 2006, the Board sent to the Department of Justice for review and publication in

the *Canada Gazette*, Part I proposed amendments to the OPR-99. These amendments are related to legal issues and inconsistencies between the English and French versions.

3. *Amendments to the Cost Recovery Regulations (File RDMI-RG-CR-ECR)*

On 17 May 2006, the Board proposed an amendment for the cost recovery period to match the NEB fiscal year, being 1 April to 31 March. Other amendments will be necessary to create a transitional period to implement the required changes. Once these amendments have been drafted, further opportunities for comments will be provided.

On 13 April 2006, the Board issued a summary report of the proposed amendments to the *National Energy Board Cost Recovery Regulations*, reflecting industry comments and the Board's modifications to the proposed Electricity Cost Recovery Concept issued on 24 February 2006. The modified concept contains proposed amendments that apply to all companies to whom the Regulations apply.

4. *National Energy Board Damage Prevention Regulations*

On 7 February 2005, the Board informed interested parties that it had completed the initial development phase of the above-noted regulations. The Regulations have been submitted to the Department of Justice for review and analysis prior to pre-publication in the *Canada Gazette*, Part 1.

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

5. *Goal-oriented Drilling and Production Regulations (D&PR)*

On 11 April 2005, the Board, on behalf of several other federal and provincial agencies, sought comments from interested parties on a draft of the D&PR.

The D&PR project is an initiative of the Board, Natural Resources Canada, the Province of Newfoundland and Labrador, the Province of Nova Scotia, the Canada-Newfoundland Offshore Petroleum Board, the Canada-Nova Scotia Offshore Petroleum Board and the Department of Indian Affairs and Northern Development (Project Working Group). These agencies all have some form of direct regulatory responsibility for companies involved in the drilling for, and production of, oil and gas in Canada's frontier areas (i.e. Northwest Territories, Nunavut and offshore), including those governed under the Offshore Accord Acts.

6. *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*.

7. *The Canada Oil and Gas Geophysical Operations Regulations*

For more information on this matter, refer to item 6 under *Amendments to Regulations* in the October 2004 issue of the *Regulatory Agenda*.

Administrative Matters

Scheduled Energy Market Assessments (EMA) for 2006

1. *Natural Gas for Power Generation: Issues and Implications*

This EMA will examine the fastest growing segment of the North American natural gas market with emphasis on Canada. It would provide an outlook for future demand and related issues/implications for transportation services, storage and gas prices. The report is expected to be released in June 2006.

2. *Canada's Oil Sands Update: Opportunities and Challenges to 2015*

This update will examine the impacts of higher oil prices, escalating input costs, high light to heavy oil price differentials and a stronger Canadian dollar on the production outlook. Also included will be a discussion of new project developments, new pipeline proposals, environmental and socio-economic challenges, petrochemical

prospects, and major issues and uncertainties. The report is expected to be released in June 2006.

3. *Short-term Canadian Natural Gas Deliverability, 2006-2008*

This report will examine the factors affecting Canadian natural gas production, and will present an outlook for deliverability to the end of 2008. Natural gas production in Canada comes mainly from the Western Canada Sedimentary Basin (WCSB), with some additional production from offshore Nova Scotia. The report is expected to be released in October 2006.

Instructions for Filing

Correspondence

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

Applications and other filings, number of copies to be filed

You may submit your application and other filings to the Board in one of two ways:

1. Electronically: use the *Submit a Document* option on our Web site and mail (see address above) or fax one (1) copy of your documents, or
2. mail twenty-five (25) copies of your documents.

Addition information on filings

Filings and types of documents that can be filed electronically and creating PDF documents: see *Filer's Guide to Electronic Submission* (http://www.neb-one.gc.ca/efile/guide_e.pdf).

Applying electronically to participate in a hearing and using on-line forms: see *Submit a Document* (http://www.neb-one.gc.ca/efile/index_e.htm).

Templates providing alternative ways to file your documents and assistance with the provision of multiple copies due to undue financial burden: see *Can't Submit Your Document Electronically? Procedure for Sending Hard Copies* (http://www.neb-one.gc.ca/efile/forms/paper_e.htm).

Communication Numbers

General Information:

Telephones: (403) 292-4800
Toll Free: 1-800-899-1265

Faxes: (403) 292-5503
Toll Free: 1-877-288-8803

Publications Office:

Telephone: (403) 299-3562
Fax: (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
Michel L. Mantha
Secretary

For information:

Carole Léger-Kubeczek
Communications Officer
Telephone: (403) 299-2717
Email: clegerkubeczek@neb-one.gc.ca

Appendix I

Section 58 Applications

Oil Pipelines

| Applicant | File/Order | Application | Est. Cost |
|---|---|--|-----------|
| TransCanada PipeLines Limited | File: AFP-PA-TCP 2005-014 Order: XG-T001-01-2006 | On 15 May 2006, the Board concluded that with respect to the environmental protection plan (EPP) dated 5 May 2006 the requirements of conditions 18 and 21 had been met. | n/a |
| | | On 25 May 2006, the Board concluded that TransCanada's revised environmental protection plan complied with the requirements of Condition 15 and, as a result, pre-construction could commence immediately. | n/a |
| Westcoast Energy Inc. (Duke Energy Gas Transmission Canada) | File: 3400-W005-345 Order: XG-W005-06-2006 | Application dated 13 February 2006. Environmental screening report and Order XG-W005-06-2006 were approved on 18 May 2006. | |

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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Communications Team
National Energy Board
444 Seventh Avenue SW
Calgary, Alberta T2P 0X8
Telephone: (403) 292-4800
Telephone toll free: 1-800-899-1265
Telecopier: (403) 292-5503
Telecopier toll free : 1-877-288-8803

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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
Téléphone sans frais : 1-800-899-1265
Télécopieur : (403) 292-5503
Télécopieur sans frais : 1-877-288-8803