



Regulatory Agenda

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

General

Emergency Response Exercise Schedule

The Board sent letters to 31 regulated companies regarding their emergency response exercises. The letter dated 9 August 2006 stated that the Board would monitor and assess emergency response exercises to be conducted by regulated companies in 2006 and 2007.

This monitoring program is being done to ensure the protection of the public, workers, property and the environment. It is also being carried out to ensure compliance with the *National Energy Board Act* and the *Onshore Pipeline Regulations, 1999*.

Companies are asked to submit information on emergency response exercises including types, dates and locations of such exercises.

Scheduled Energy Market Assessment (EMA) for 2006

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 Atlantic Canada. The report is expected to be released in October 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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Public Hearing Applications

Hearing in Progress

1. *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 10 July 2006, the Board issued Ruling #16 within the Mackenzie Gas Project hearing, GH-1-2004 on Mackenzie Explorer Group (MEG) Notice of Motion no. 10.

The Board held hearing sessions in Yellowknife, N.W.T. 24 July through 1 August. Topics included General; Engineering (pipeline design and materials); Engineering (Facilities); Tolls and Tariffs; Cost of Capital and Depreciation; and Economic Feasibility. Several oral statements were heard on three separate dates. The Board also sat on Saturday 29 July during the session.

On 25 January 2006, the Board began public hearings 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 evidentiary portion of the hearing will be completed in December 2006.

Hearing Decisions Pending

1. *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 AF IPL-SBC-01)*

The public hearing in Victoria, British Columbia concluded in late June.

The hearing is for 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.

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

The Board held a public hearing to review an application by Terasen to construct and operate the TMX Anchor Loop Project on 8 August through to 10 August, at the NEB offices in Calgary.

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.

Hearings Scheduled

1. *TransCanada Pipelines Limited (TransCanada) – Application to change the tariff on the Mainline natural gas pipeline – RH-1-2006 (File OF-Tolls-Group1-T211-2006-06 01) (4775-T001-1-31)*

The Board will hold a hearing, scheduled to start Monday 18 September 2006 in Toronto at a location to be determined. This Hearing Order was released on 29 June 2006.

TransCanada's is applying to change the tariff on its 14 898 kilometre Mainline natural gas pipeline. The proposed tariff changes would allow TransCanada to implement two new short notice services intended to meet the needs of gas-fired electrical power generators: Firm Transportation – Short Notice (FT-SN) and Short Notice Balancing (SNB).

2. *TransCanada Pipelines Limited (TransCanada) and TransCanada Keystone GP Ltd. (Keystone) – Transfer of certain pipeline facilities from TransCanada to Keystone – MH-1-2006 (File OF-Fac-G-T241-2006-01) (3400-T241-1)*

The Board will hold a hearing scheduled to start on Monday 23 October 2006 at the NEB offices in Calgary. This Hearing Order was released on 21 June 2006 and requested that parties seeking intervenor status inform the Board by 11 July.

TransCanada is applying to transfer certain public facilities to Keystone and also seeking approval to reduce the Canadian mainlines base rate by the net book value of the transferred facilities. The facilities consist of approximately 860 kilometres of 864 millimetre pipeline between Burstall, Saskatchewan and Carman, Manitoba. The transferred facilities would be used for crude oil transmission, subject to an additional application by Keystone to operate oil facilities and build connecting facilities.

**3. Emera Brunswick Pipeline Company Ltd. (EBPC)
– Brunswick Pipeline Project – GH-1-2006
(File PA-MNP 2006-001)**

The Board will hold a public hearing starting 6 November 2006 at the Hilton Saint John Trade and Convention Centre in Saint John, New Brunswick. This Hearing Order was released on 9 June 2006.

EBPC is proposing a 145 kilometre 762 millimetre diameter pipeline from the Canaport™ Liquefied

Natural Gas Facility at Mispic Point in Saint John, New Brunswick to a point on the international border near St. Stephen, New Brunswick.

Preliminary Information Package (PIP)

**1. TransCanada Keystone Pipeline GP Ltd.
(Keystone) – Preliminary Information Package
(File OF-Fac-Oil-T241-2006-01 01)**

On 10 July 2006, the Board received a Preliminary Information Package (PIP) filed by Keystone. The intent of the PIP is to trigger the environmental assessment process pursuant to the *Canadian Environmental Assessment Act* (CEA Act.) Keystone has indicated it intends to file a section 52 application with the NEB late in 2006.

The project is a proposed crude oil pipeline from Hardisty, Alberta to markets in Illinois, U.S. and anticipates constructing 373 kilometres of new oil pipeline. The U.S. portion is over 1 700 kilometres of new oil pipeline through six states.

Non-Public Hearing Applications

Electricity Matters

Matters Completed

**1. Independent Electricity System Operator (IESO)
– (File A-P-IES 01 (6200-J210-1))**

On 2 August, the Board issued two electricity export permits to the IESO, one each for firm and interruptible exports. The permits commence on 2 August 2006 and end on 1 August 2016. These permits are to be used for the sale transfer of emergency power and energy at points on the international boundary between Canada and the United States. The quantity of energy to be exported would not exceed 5,184 gigawatt hours in any consecutive 12-month period.

**2. Maritime Electric Company, Limited (MEC)
– Electricity Export (File AE-P-MEC 03)**

On 3 August, the Board issued two electricity export permits to Maritime Electric, one each for firm and interruptible exports. The terms of the permits commence on 4 August 2006 and will end on 3 August 2016. The permits allow for the export of up to 150 megawatts of power and up to 350 gigawatt hours of energy.

Matters under Consideration

**1. 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 an IPL from Lethbridge, Alberta to Great Falls, Montana. 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 Board is continuing the information request process with MATL. On 14 June 2006, MATL submitted revisions to its preferred route and project design changes. The estimated length of the transmission line is now 347 kilometres. On 4 July, the Board indicated that it is of the opinion that MATL must substantially update its original application and submit information pertaining to the revisions.

2. Yudinn Energy Inc. (Yudinn) – Electricity Export (File A-PYEI 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. On 10 August, the Board requested Yudinn provide further information on the key steps for the environmental review processes that are being sought. Yudinn responded on 17 August 2006.

3. Cinergy Marketing & Trading LP (Cinergy) – Electricity Export (File OF-IE-Elec-C909 01)

On 12 June 2006, Cinergy Marketing & Trading, LP (Cinergy) applied to export electricity from Ontario to the United States. Cinergy intends to purchase power in Canada for export to the United States. Cinergy seeks a permit with an initial duration of 10 years.

4. Susquehanna Energy Products, LLC (SEP) – Electricity Export (File OF-IE-Elec-S375 01)

On 16 June 2006, Susquehanna Energy Products, LLC (SEP) applied to export firm and interruptible power and energy at points on the international boundary between Canada and the United States over any international power line for which the NEB has issued or will issue permission for a term of 10 years.

On 12 July, the Board requested additional information from the applicant, which replied on 19 July. Due to differences in the quantities of firm power and energy listed in its initial application and in its reply to the Information Request, the Board decided on 27 July that Susquehanna should republish its Notice of Application in the Canada Gazette in both official languages.

5. New Brunswick Power Generation Corporation (Genco) – Electricity Export (File OF-EI-Elec-N103 01)

On 22 June 2006, NB Power Generation applied for permits to export up to 1,124 megawatts of excess electrical capacity, and up to 9,846 gigawatt hours of excess electrical energy on a firm or interruptible basis, with a requested duration period of 10 years.

On 31 August the Board asked NB Power Generation for additional information on the application and requested this information be submitted by 11 September 2006.

6. British Columbia Hydro & Power Authority (BC Hydro) – Electricity export (File OF-EI-Elec-B215 01)

On 27 July 2006, BC Hydro applied for a permit to continue exporting firm power and energy as a border accommodation to Tongass Power and Light Company (Tongass), a company that distributes power to customers in Hyder, Alaska. The permit BC Hydro is applying for would be a 10 year export permit.

7. Lehman Brothers Commodity Services Inc. (LBCS) – Electricity export (File OF-EI-Elec-L057 01)

On 28 July 2006, LBCS applied for a permit to export firm and interruptible power and energy at points on the international boundary between Canada and the U.S. for a term of 10 years.

Frontier Matters

No new applications were received in August 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 a geological, geophysical or geotechnical operation authorization was received in August. Two (2) new applications were approved pursuant to section 5.1(b) of the *Canada Oil and Gas Operations Act*.

Company	Area	Operation ID	Date
GX Technology Canada Ltd.	Beaufort	9425-G237-001P	22 August 2006
Devon Canada Corporation	Sahtu	9222-D072-001E	21 August 2006

Outstanding applications are being reviewed.

Pipeline Matters

Matter Completed

1. Section 58 Applications

The Board has approved applications under Section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. See Appendix I.

Matters Pending

1. **Enbridge Pipelines (Westspur) Inc. – Application for construction of Midale Terminal Capacity Expansion Project**
(File OF-Fac-Oil-E103-2006-02 01)

On 21 July 2006, Enbridge filed a Section 58 facilities application to construct the Midale Project, and requested exemption from the provisions of Sections 29 to 33 and from Section 47 of the NEB Act. Enbridge anticipates that forecasted increases in crude oil production in southeast Saskatchewan will bring current volumes beyond pipeline capacity in fall 2006. The Project involves upgrades to existing pumping facilities at the Midale Terminal and a new booster facility, the Bryant Booster Station, for which Enbridge has obtained land. The projected cost is \$3,398,400 and proposed in-service date is as early as October 2006 after 8 to 10 weeks of construction work after approval.

2. **Enbridge Pipelines Inc. (Enbridge) – Application for the Southern Access Upstream Expansion, Stages 1A and 1B**
(File OF-Fac-O-E101-2006-02 01 [3400-E101-75])

On 1 June 2006, the Board received this application from Enbridge. For Stage 1B, on 27 July, Enbridge filed its Section 21 application requesting an amendment to Board Order OLPO-1-4-68, to increase the maximum operating pressure on a segment of one of its lines. Information requests pertaining to this stage of the project continued in August.

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

On 15 March 2006, Burlington applied to construct an interprovincial 9 900 metre, 273 millimetre in

diameter natural gas pipeline in the Hiding Creek Gas field located approximately 65 kilometres east of Tumbler Ridge, British Columbia and approximately 40 kilometres southwest of Beaverlodge, Alberta. The estimated cost of the project is \$2.6 million.

4. **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.

Traffic, Tolls And Tariffs Matters

Matter Pending

1. **Westcoast Energy Inc. carrying on business as Duke Energy Gas Transmission (Westcoast) – Amended Application for Approval of a Settlement for 2006 and 2007 Tolls**
[File ATT-AFT-WEI 19 (4200-W005-19)]

On 21 June 2006 the Board received Westcoast's amended application filed pursuant to Part IV of the *National Energy Board Act*, for approval of a negotiated settlement of final tolls for mainline transmission services on Zones 3 and 4 for 2006 and for approval of a methodology for setting 2007 tolls.

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.

Regulations Under Review

This section lists the statutory instruments that the NEB currently has under review and is proposing changes to. Details on the issues relating to the regulation and the progress on each project can be found on the Board's web site at www.neb-one.gc.ca.

Regulations under the *National Energy Board Act*:

<i>Instrument</i>	<i>Issues</i>
<i>Onshore Pipeline Regulations (OPR-99)</i>	- Including the concept of decommissioning - Implementing pipeline security management programs
<i>Processing Plant Regulations</i>	- Including the concept of decommissioning - Implementing pipeline security management programs
<i>Damage Prevention Regulations</i>	New regulations replacing the <i>Pipeline Crossings Regulations Part I and II</i>
<i>Cost Recovery Regulations</i>	Change the way costs are recovered from the electricity industry and change from a calendar to fiscal year basis
<i>Submerged Pipeline Regulations</i>	New regulations

Regulations under the *Canada Oil and Gas Operations Act* and the *Canada Petroleum Resources Act*:

<i>Instrument</i>	<i>Issues</i>
<i>Diving Regulations</i>	Update and make goal-oriented and create guidance notes
<i>Drilling Regulations & Production and Conservation Regulations</i>	Amalgamate into the <i>Drilling and Production Regulations</i> and associated guidance notes; update and make goal-oriented

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.

Additional 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

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Appendix I

Section 58 Applications

Pipelines

Applicant	File/Order	Application	Est. Cost
Husky Oil Operations Limited	File: OF-Fac-Gas-H109-2006-01 Order: XG-H109-09-2006	<p><i>Application for Esther Court Pipeline construction</i></p> <p>On 17 August, the Board approved Husky's application to construct 4.4 kilometres of natural gas pipeline with an outside diameter of 168.3 mm, as well as pipeline risers, pig facilities, valves and related tie-in piping that will connect the pipeline to existing systems in Alberta and Saskatchewan. Although not requested, the Board granted an exemption from the requirements of sections 30(1)(a), 31 and 47 of the NEB Act.</p> <p>The Board also directed Husky to file with the Board three updated copies of its Emergency Preparedness and Response Plan(s) pursuant to the <i>Onshore Pipeline Regulations, 1999</i>.</p> <p>The purpose of the project is to transport increased natural gas production generated from wells in Husky's East Central Alberta area to the AltaGas Loverna Gas Plant in Saskatchewan.</p>	\$540,000
Westcoast Energy Inc.	File: 3400-W005-360 Order: XG-W055-13-2006	<p><i>Application for the expansion of the Kwoen Plant</i></p> <p>On 22 August, the Board approved Westcoast's application to construct and operate an expansion facility at the existing Kwoen Gas Plant for the purpose of increasing acid gas removal capability to 1 130 103 m³/d (40 MMcf/d) from the existing 790 103 m³/d (28 MMcf/d).</p>	n/a
Devon Canada Corporation (Devon)	File: OF-Fac-G-D072-2006-01 01 (3400-D072-1) Order: XG-D072-10-2006	<p><i>Application for North Shekilie Gas Pipeline Project</i></p> <p>On 22 August, the Board approved Devon's application to construct and operate the North Shekilie Gas Pipeline Project. The project involves the construction of a 7.2 kilometre, 168.3 millimetre outside diameter below-grade non-sour natural gas pipeline in Alberta and a 1.4 kilometre, 114.3 millimetre outside diameter below-grade non-sour gas pipeline in B.C.</p>	n/a
Maritimes & Northeast Pipeline Management Ltd. (M&NP)	File: 3400-M124-19 Order: XG-M124-12-2006	<p><i>Application for Custody Transfer Station Facilities for Corridor Resources, New Canaan, N.B.</i></p> <p>On 23 August, the Board approved M&NP's application to construct and operate a custody transfer station along its mainline. The construction includes installation of valves, piping, fencing a generator and a small building of 2.5 meters x 2.5 meters.</p>	n/a

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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