ISSUE:
MAY 2014
DECISIONS

REGULATORY
LAW CHAMBERS

ENERGY REGULATORY REPORT

Regulatory Law Chambers *is a Calgary-based energy boutique law firm dedicated to excellence in regulatory and environmental law. We have expertise in oil and gas, electricity, renewable energies, climate change, tolls and tariff, commercial electricity, compliance and environmental related matters. We frequently represent clients in proceedings before the Alberta Energy Regulator, the Alberta Utilities Commission, the National Energy Board and the Courts, and in energy related arbitrations and mediations.* ***Our advice is practical and strategic. Our advocacy is effective.***

*This monthly report summarizes energy decisions or resulting proceedings from applications before the Alberta Energy Regulator ("**AER**"), the Alberta Utilities Commission ("**AUC**") and the National Energy Board ("**NEB**"). For further information, please contact Rosa Twyman at Rosa.Twyman@RLChambers.ca or 403-930-7991 or Lynn McRae at Lynn.McRae@RLChambers.ca or 403-930-7995.*

IN THIS ISSUE:

ALBERTA ENERGY REGULATOR

New Requirements for the Capture and Flaring, Incinerating, or Conserving of All Casing Gas and Tank-top Gas by New and Existing Operations in the Peace River Area (AER Bulletin 2014-17)

On April 15, 2014, the AER accepted the recommendations that fall within the AER's jurisdiction contained in *Decision 2014 ABAER 005: Report of Recommendations on Odours and Emissions in the Peace River Area*. In response to recommendations 1 and 2 in the Operations section of the report, the AER has amended Directive 060 and 056:

- Directive 060 has been amended to require all licensees of heavy oil and bitumen operations in the Peace River area to capture and flare, incinerate, or conserve all casing gas and tank-top gas. The amendment is effective August 15, 2014, with the exception that licensees of operations that exist as of May 15, 2014, in the Seal Lake and Walrus areas may submit a report to the AER by June 15, 2014, demonstrating targeted actions to reduce and eventually eliminate all venting of casing gas and tank-top gas to obtain AER approval for any extension required to comply fully with Directive 060; and
- Directive 056 (section 8) has been amended as follows:
  - Effective May 15, 2014, facility license applications for heavy oil and bitumen in the Peace River area must include documentation that demonstrates the capture and flaring, incinerating, or conserving of all casing gas and tank-top gas; and
  - Licensees of existing heavy oil and bitumen facilities in the Peace River area that are currently venting casing gas or tank top gas must submit a Directive 056 amendment application to be compliant with section 8.7.3 of Directive 060, which will be effective August 15, 2014.

ALBERTA UTILITIES COMMISSION

ENMAX Power Corporation – Loss Reduction Program Continuation (Decision 2014-123)
Loss Reductions

ENMAX Power Corporation ("ENMAX") applied to extend the operation of its program to reduce long term average losses below the baseline amount of 3.1 per cent (the "Loss Reduction Program") until December 31, 2018.

Under the Loss Reduction Program ENMAX recovers its costs and half of the resulting savings through an annual energy charge adjustment each year. Where costs of the Loss Reduction Program exceed savings, the amounts carry forward and are recovered from savings in future years.

Losses include 'technical' and 'non-technical' losses. 'Technical' losses refer mostly to transmission losses from congestion and heat dissipation. 'Non-technical' losses refer to theft and metering inaccuracies. The primary focus of the program, according to ENMAX, is toward preventing electricity theft.

The AUC found that the continuance of the Loss Reduction Program, based on its historical cost savings, would be in the interests of both the utility and ratepayers.

The AUC approved the extension, but directed ENMAX to file its proposal on how to recognize costs and savings in its upcoming 2015-2019 performance based ratemaking application.

Consumers' Coalition of Alberta – Decision on Request for Review and Variance of AUC Decision 2013-415: EPCOR Energy Alberta Inc. – 2011-2014 Energy Price Setting Plan Amending Agreement Costs Award (Decision 2014-124)
Review and Variance – Consultant Costs

The Consumers' Coalition of Alberta ("CCA") applied for a review and variance of consulting costs awarded in Decision 2013-415 related to EPCOR Energy Alberta Inc.'s ("EPCOR") 2011-2014 Energy Price Setting Plan Amending Agreement ("EPSP"). In that decision the AUC reduced the fees charged by two CCA consultants by 25 percent.

The CCA submitted that the AUC erred in fact, law or jurisdiction by:

(a) Conducting an unwarranted comparison of the CCA consultants' hours to the Independent Advisor's, thereby establishing a benchmark, and failing to consider the hours incurred by the CCA consultants;

(b) Failing to consider hours incurred in meetings between interveners relating to the EPSP; and

(c) Failing to provide the CCA with an opportunity to submit further explanations of costs claimed.

The application for review and variance was supported by the Office of the Utilities Consumer Advocate and the Independent Advisor for EPCOR's EPSP.

The review panel had to determine the extent to which the hearing panel based its decision on a comparison of hours claimed. The CCA submitted that the scope of the most recent EPSP took much longer than previous applications, and required much more input on negotiations in respect of proposed changes and calculation of differing risk margins for the new EPSP.

The review panel held that there was substantial doubt as to the correctness of Decision 2013-415 on the basis that a comparison of costs as a primary tool of assessing the reasonableness of the CCA consultants' costs was improper. The review panel therefore granted a review on this basis.

Upon review the review panel held that the CCA had not demonstrated its efforts to reduce duplication as between the two consultants, and did not satisfactorily explain the large number of hours incurred, but given the extensive and rigorous analysis required in the EPSP negotiation, the AUC imposed a lesser reduction of 15%.

The review panel rejected the other grounds of appeal advanced by the CCA in respect of the costs awarded in Decision 2013-415.

Balancing Pool Preferential Sharing of Records between the Balancing Pool, Capital Power Generation Services Inc., Capital Power L.P. and certain market participants yet to be identified – Part A – Revised (May 22, 2014) (Decision 2014-141)

The Balancing Pool applied for an order permitting sharing of records not available to the public between Capital Power Generation Services Inc., Capital Power L.P. and certain unidentified market participants (collectively, the "Parties") in respect of Genesee #1 and Genesee #2 units ("Genesee 1 & 2") for the period of March 1, 2014 to December 31, 2020. The application was supported by the Market Surveillance Administrator.

The Balancing Pool proposed to offer non-unit specific derivatives of power purchase arrangements in the form of energy strip contracts and ancillary services strip contracts that relate to the committed capacity of Genesee 1 & 2. The Balancing Pool had previously obtained an order for the sharing of these records, but sought an amendment in this

proceeding to the order issued in Decision 2014-056. The Balancing Pool maintained that the process set out in Decision 2014-056 was unworkable, as the Balancing Pool was not able to close the sales transactions quickly enough. Therefore, instead of providing the identity of only the winning bidder on a confidential basis for each contract, the Balancing Pool would submit the identities of all the bidders, so that the AUC may approve of the information sharing for all potential bidders.

The AUC found that the proposed process would limit use of records to certain purposes that support the fair, efficient and openly competitive market and that the sharing of such records was reasonably necessary for the Parties to carry out business. The AUC accepted the request, as the proposed process would enable the AUC to adequately review the compliance programs and information provided by each bidder, and allow for timely closings of contracts.

However, the AUC denied pre-approval of subsequent strip contract sales, as the AUC noted that the Balancing Pool and bidders may amend their processes based on the outcome of the current sales process, and therefore the AUC considered such a pre-approval to be premature.

Accordingly, the AUC would continue to consider the application in two parts. The second part would consider the compliance programs and offer control of the strip buyers, as well as the identity and protocol for identifying such buyers in sales for one year. The second part of the application would be considered upon the submission of Part B application from the Balancing Pool. The AUC issued an order for the sharing of records between the Parties, subject to the following conditions:

(a) In the event the Balancing Pool maintains control over the strip contracts, that the information from offers will be used strictly for settlement purposes, and that the Balancing Pool provide a confirmation from a senior officer in respect of the same;

(b) That the Balancing Pool submit the following information to the AUC:

  (i) The identity, on confidential bases, of the potential bidders for the strip contracts;

  (ii) A signed preferential information sharing agreement from each potential buyer, or an undertaking from a senior officer regarding the same;

  (iii) Information respecting each bidder (and its affiliates') offer control;

  (iv) Confirmation from a senior officer that none of the records exchanged will be used for any purpose that does not support the fair, efficient and openly competitive operation of the electricity market;

  (v) Confirmation from the strip contract buyer that the information sharing is reasonably necessary to carry out its business;

  (vi) A detailed description of procedures to manage confidential information, and confirmation from a senior officer of a potential strip contract buyer in respect of its internal compliance programs, and how the use of the records will be controlled and monitored, and

(c) That the Balancing Pool notify the AUC within 30 days of the closing of each sales transaction, including the identity of the successful bidder, and which strip contracts were purchased.

ENMAX Generation Portfolio – Preferential Sharing of Records between ENMAX Corporation, ENMAX Energy Corporation, ENMAX Energy Marketing Inc., ENMAX Generation Portfolio Inc., ENMAX Shepard Services Inc., Capital Power (Alberta) Limited Partnership and Capital Power Generation Services Inc. (May 5, 2014)(Decision 2014-125)

ENMAX Generation Portfolio Inc. ("ENMAX Generation") applied for an order permitting the preferential sharing of records not available to the public between ENMAX Generation, ENMAX Corporation, ENMAX Energy Corporation, ENMAX Energy Marketing Inc., ENMAX Shepard Services Inc., Capital Power (Alberta) Limited Partnership and Capital Power Generation Services Inc. (collectively, the "Parties"). The application was supported by the Market Surveillance Administrator.

The application requested that sharing of the following records be permitted:

(a) The Shepard Energy Centre joint venture agreement between ENMAX Generation and Capital Power (Alberta) Limited Partnership; and

(b) The Shepard Energy Centre energy services agreements between ENMAX Energy Corporation and Capital Power (Alberta) Limited Partnership;

between the commercial start date of the Shepard Energy Centre (expected in early 2015) through to the termination of the joint venture agreement and the energy services agreement.

The AUC found that the preferential sharing of records was reasonably necessary for each company to carry out its business, and for Capital Power Generation Services Inc. "to act as the agent of the pool participant and for unaffiliated entities to share dispatch rights to the Shepard Energy Centre."

The AUC also found that the records in question were not likely to be used for any purpose that did not support the fair, open and efficient operation of the electricity market.

The AUC noted that section 5(5) of the *Fair, Efficient and Open Competition Regulation* prohibits any market participant from holding offer control in excess of 30 per cent of the generating units in Alberta. The AUC found that neither ENMAX Generation nor Capital Power (Alberta) Limited Partnership would hold offer control in excess of 30 per cent.

As the application did not explicitly set a timeframe for expiry of the preferential record sharing, the AUC set the expiry date to match the June 1, 2029 expiry date of the *Fair, Efficient and Open Competition Regulation*, as the AUC's authority to issue an order would expire on that date. The Order is subject to the following conditions:

(a) The order applies only to the Shepard Energy Centre for energy, ancillary services, and dispatch down service markets;

(b) The order applies to the Parties relating to the quantity, price and availability for the Shepard Energy Centre;

(c) ENMAX Generation must notify the AUC immediately if the joint venture agreement or energy services agreement is terminated; and

(d) ENMAX Generation must notify the AUC immediately of any material changes to the information and continued applicability of any representations in the application as it affect the Parties.

AltaLink Management Ltd. – Red Deer Transmission Development Project – Costs (Decision 2014-127)
Interim Costs Award – Disbursements

Although the AUC's general practice is to allow only a percentage of the interim costs claimed, in this case the AUC granted the full costs claimed because the interim costs applied for included only disbursements and GST.

Genalta Power Inc. – 19.6-MW West Cadotte Power Plant (Decision 2014-133)
Power Plant – Surplus/Solution Gas – Construction – Operation

Genalta Power Inc. ("Genalta") applied for approval to construct and operate an 18.6-megawatt (MW) power plant adjacent to the existing Genalta Cadotte facility, and approval to connect the power plant to ATCO Electric Ltd.'s ("ATCO Electric") distribution system. The power plant will utilize surplus/solution gas from nearby heavy oil production facilities and meet local solution gas composition and production profiles.

Genalta made the following environmental commitments in response to the AUC's information requests:

- Summary of the consultation activity and mitigation measures arising from consultation with the Fish and Wildlife Operations Division ("FWD") of the Alberta Environment and Sustainable Resource Development (AESRD);
- Reviewing and addressing the results of any AESRD pre-construction wildlife surveys with the FWD through the industrial approval process;
- Comply with restricted activity periods for migratory birds and non-migratory birds; and
- Comply with AESRD's recommended setback distances from disturbances for selected sensitive wildlife species and habitat.

The AUC found the proposed power plant to be in the public interest considering the environmental, economic and social impacts. Accordingly, the AUC approved the application and issued approval to construct and operate the power plant, as applied for, subject to the above environmental commitments made by Genalta in the course of proceedings and approved an order for connection as applied for.

Shell Canada Energy – 1.13-MW Chinook Ridge Power Plant (Decision 2014-134)
Power Plant

Shell Canada Energy ("Shell") applied for approval to construct and operate a 1.13-megawatt (MW) power plant. The power plant had been in operation since 2006, and was not connected to the Alberta Interconnected Electric System ("AIES"). Shell stated that it was previously unaware of the requirement for AUC approval for non-AIES connected power plants.

No concerns or objections were received from any stakeholders. The AUC found that the power plant complied with AUC Rule 012: *Noise Control* based on past performance and that the application met all the other environmental, technical, siting and emissions requirements. Accordingly, the AUC issued approval to construct and operate the power plant.

TransAlta Corporation, TransAlta Energy Marketing Corp., TransAlta Generation Partnership, Mr. Nathan Kaiser and Mr. Scott Connelly – Complaints about the conduct of the Market Surveillance Administrator (Decision 2014-135)
Complaints against the MSA – Dismissal

TransAlta Corporation, TransAlta Energy Marketing Corp. and TransAlta Generation Partnership (collectively, "TransAlta"), Mr. Nathan Kaiser ("Kaiser") and Mr. Scott

Connelly ("Connelly") filed complaints about the conduct of the Market Surveillance Administrator ("MSA") relating to the MSA's decision to initiate an investigation into the conduct of TransAlta, Kaiser and Connelly and to suspend the MSA consultation on the development of Offer Behaviour Enforcement Guidelines ("OBEG") (collectively, the "Complaints").

The MSA's position was that the Complaints related to matters the substance which are before the AUC by way of a notice of request to initiate proceedings that the MSA filed on February 25, 2014 (the "Notice"), and an application it filed on March 21, 2014 (the MSA's Application"). The MSA submitted that the AUC must therefore dismiss the complaints in accordance with subsection 58(2)(a) which compels the AUC to dismiss a complaint that relates to a matter the substance of which is before the AUC.

TransAlta, Kaiser and Connelly (collectively, the "Complainants") submitted:

1. That the subject matters of the Complaints are discrete from the matters raised in the MSA's notice;
2. That subsection 58(2)(a) does not apply because their Complaints were filed before the MSA filed Notice; and
3. In the alternative, the Complaints and the MSA proceeding should be consolidated so that they may be heard together, provided that recourse to the remedies under Section 58(3) are maintained.

The AUC noted that subsection 58(2)(a) does not involve an assessment of the merits of the complaint, it merely requires the AUC to assess the substance of a complaint and compare it to the substance of a matter before it and determine the relationship or connection between the two.

The AUC found that the words "relates to," as used in subsection 58(2)(a), are words of considerable scope. The AUC held that a complaint will relate to a matter, the substance of which is before the AUC, if there is a logical or reasonable connection between the substance or essence of the complaint and the substance or essence of the other matter.

The AUC found that subsection 58(2)(a) requires it to consider issues common to the Complaint and the matter advanced by the MSA within the context of the MSA-initiated proceeding, so as to:

- Avoid the potential for multiple proceedings;
- Avoid conflicting decisions; and
- Safeguard against the use of the complaint process to interfere with a matter brought forward by the MSA.

Accordingly, the AUC found that to achieve the purposes described above it must dismiss the Complaint under subsection 58(2)(a), even though the Complaint was filed before the Notice or the MSA's Application.

The AUC was satisfied that there is a logical and rational connection between the Complaints and the substance of the MSA's Application, and therefore they Complaints were dismissed.

ENMAX Energy Corporation – 2012 Regulated Rate Option Non-energy Tariff (Decision 2014-138)

ENMAX Energy Corporation ("ENMAX") applied pursuant to section 103 of the *Electric Utilities Act* for approval of its proposed regulated rate option ("RRO") non-energy tariff for 2012-2014.

The non-energy amounts in ENMAX's application included the margin, return on rate base and interest amounts, a partial revenue cap shared services, billing services, costs of debt and other amounts.

ENMAX proposed a partial revenue cap to minimize the risk of under or over recovery of costs, related to costs that were difficult to forecast including: sites, B&CC costs, bad debt, hearing costs and revenue offsets. The partial revenue cap would be an annual adjustment involving both price and volume.

The Office of the Utilities Consumer Advocate submitted expert evidence that the partial revenue cap eliminates virtually all of the risk associated with ENMAX's non-energy operations and that such reduced risk justified a lower margin rate. ENMAX withdrew the portion of its application involving revenue cap, and retained the current six percent margin.

Due to the length of the proceeding, including supplementary information requests and confidentiality requests, the AUC required ENMAX to provide its 2012 and 2013 actual results to use as a benchmark in assessing the reasonableness of ENMAX's forecasts for the 2012-2014 period, as permitted by section 123 of *the Electric Utilities Act*.

The AUC held that the use of these amounts balanced the reasonable recovery of costs by ENMAX against the application of the most accurate information available.

The AUC denied return on rate base costs for technology amounts to ENMAX on the basis that ENMAX had presented no new evidence to support any different treatment than what was determined by the AUC in Decision 2013-037. In that decision, return on rate base for technology amounts was disallowed, as the AUC viewed such a return as double counting.

The AUC held that it would maintain current return margin rates, as the AUC was concurrently considering a standardization of risk and return components for regulated retailers in Alberta in another proceeding.

The AUC directed ENMAX to submit a compliance filing to reflect its findings on or before June 26, 2014.

Mr. T. Symborski – Review of Decision DA2013-269 – Alteration of an Access Road for Transmission Line 13L50 (Decision 2014-148)
Review and Variance

On April 10, 2014, following receipt of submissions from ATCO and Mr. Symborski, the AUC issued Decision 2014-097, which granted Mr. Symborski's request for the review and suspended Decision DA2013-269 pending the review.

On May 16, 2014, ATCO filed a request to rescind Decision DA2013-269. In its request, ATCO explained that, following further site investigation, it had determined that it no longer required the amended access road because it was satisfied that the necessary access can be obtained using the originally approved transmission right-of-way.

The AUC rescinded the approval for the amended access road. The AUC held that Mr. Symborski is a local intervener and is entitled to submit a claim for the costs associated with his review and variance application in accordance with AUC Rule 009: *Rules on Local Intervener Costs*.

South and West Edmonton Area Transmission System Reinforcement Needs Identification Document (Decision 2014-126)

The Alberta Electric System Operator ("AESO") applied for approval of a Needs Identification Document ("NID") to reinforce the transmission system in the south and west areas of Edmonton. The AESO submitted three alternatives to satisfy the need.

Alternative 2 was selected as the preferred alternative, due to the fact that it was the lowest cost alternative, at approximately $170,000,000, and had the smallest land impacts due to shorter line lengths required for new construction.

A number of area residents filed statements of intent to participate in the hearing, citing impacts on property valuation, health, safety, environment and questioned the necessity of the NID application. The Office of the Utilities Consumer Advocate questioned whether the NID was in the public interest, citing reliability of cost estimates.

The AUC found that ratepayers within the land areas identified in an NID application are likely to be directly and adversely affected and are likely to be granted standing in such a proceeding.

The AUC approved Alternative 2 over the other alternatives due to superior technical, economic, environmental, recreational and visual impacts. However, the AUC found that Alternative 2 would have a less desirable agricultural impact. In assessing the intervener's concerns about environmental impacts, the AUC deferred consideration of those issues until a facility application is filed by AltaLink Management Ltd.

Rocky View County Decision on Preliminary Phase of Request for Review and Variance of AUC Decision 20163-424: Rocky View County Water and Waste Water Franchise Agreement with Harmony Advanced Water Systems Corporation Approval Application (Decision 2014-130)
Review and Variance

In Decision 2013-424 (the "Original Decision") the AUC refused to approve a proposed Water and Waste Water Franchise Agreement between Rockyview County and Harmony Advanced Water Systems Corporation ("Franchise Agreement") and directed any changes to the franchise fee be subject to AUC approval and that the franchise fee should be based on delivery revenues (collectively the "Directives").

Rockyview County submitted that the hearing panel made the following two errors of fact, law and jurisdiction:

1. Requiring AUC approval of any change in franchise fee; and
2. Finding that the applicable franchise fee should be calculated based on delivery revenues.

The review panel held that the hearing panel was acting within its jurisdiction and did not err when it found that the AUC would not fulfill its mandate of ensuring rates are fair and reasonable if it approved a proposal for a franchise fee that could be changed without additional AUC approval. The review panel noted that AUC approval of the Franchise Agreement is prescribed by section 45 of the *Municipal Government Act* and AUC approval of a tax agreement made by a municipality with the operator of a public utility is prescribed by section 360 of the *Municipal Government Act*.

The review applicant submitted additional evidence to demonstrate why calculating a franchise fee based on delivery revenues is not applicable or appropriate in the circumstances of a water utility. After considering the additional evidence, the review panel found that there were grounds for review, but that no additional information or submissions from parties was required to vary or rescind the direction that the franchise fee be based on delivery revenues.

The review panel proceeded to the second stage of review in which it varied Decision 2013-424 by deleting the Directives and instead directing that the franchise fee may be calculated based on gross utility accounts collected by the utility, provided that the resulting amount is reasonable and approved by the AUC.

Various AUC NID and Facility Applications
Needs Identification Document - Facility Application

The AUC approved the following need applications and related facility applications upon finding that:

- The public consultation complies with *AUC Rule 007*;
- The noise impact assessment summary complies with *AUC Rule 012*;
- There was no evidence that the AESO need assessment is technically deficient;
- The facility proposed satisfies the need identified;
- Technical, siting and environmental aspects of the facilities comply with *AUC Rule 007*;
- Considering the social, economic and environmental impacts, the project is in the public interest; and
- The project is in accordance with any applicable regional plan.

Decision	Party	Application
Decision 2014-119	Alberta Electric System Operator	Grist Lake 190S Substation Needs Identification Document
	AltaLink Management Ltd.	Grist Lake 190S Substation and 138-kV Transmission Line Facility Application
Decision 2014-122	Alberta Electric System Operator	Edwards Lake 189S Substation Needs Identification Document
	AltaLink Management Ltd.	Alteration of Existing Transmission Line 9L930 Facility Application
Decision 2014-132	Alberta Electric System Operator	Queensland 301S Substation Needs Identification Document
	AltaLink Management Ltd.	Queensland 301S Substation Facility Application

Various AUC Franchise Agreements
Franchise Agreement

Pursuant to s.139 of the *Electric Utilities Act* the AUC approved the following franchise agreements upon having found that they were necessary and proper for the public convenience and properly serve the public interest. In each case the term of the agreement is 10 years with two five year options. The approved franchise fees are indicated below as are any applicable linear tax rates.

	Franchise Fee as % of Delivery Revenue	Linear Property Tax Rate
Village of Standard – FortisAlberta Inc. (Decision 2014-128)	0%	1.9%
Village of Bawlf – FortisAlberta Inc. (Decision 2014-146)	3%	1.77%
Town of Whitecourt – FortisAlberta Inc. (Decision 2014-152)	2.31 %	1.26%
Town of Wainwright – FortisAlberta Inc. (Decision 2014-150)	3%	1.59%
Village of Holden – FortisAlberta Inc. (Decision 2014-151)	3.5%	3.59%

.

NATIONAL ENERGY BOARD

Pipeline Abandonment Financial Issues: Set-aside and Collection Mechanisms Decision MH-001-2013
Pipeline Abandonment

On April 19, 2013 the NEB issued the MH-001-2013 hearing order in which the NEB considered all Group 1 and Group 2 pipeline companies' applications for approval of their mechanisms to set-aside and collect pipeline abandonment funds. The hearing was the only outstanding part of the NEB's review of land matters known as the Land Matters Consultation Initiative. The key issue in this proceeding was what is the optimal way to ensure that funds are available when abandonment costs are incurred. On May 29, 2014 the NEB released its Reasons for Decision (the "Decision").

The NEB approved two mechanisms by which a pipeline company can collect future abandonment costs from its shippers: (i) using a toll surcharge; and (ii) inserting a new line item in a company's revenue requirement.

The NEB approved the use of a trust fund as set-aside mechanism for Group 1 and Group 2 pipeline companies. The trust agreement will grant investment authority to a licensed trustee. The funds will only be released upon an order from the NEB. The beneficiary of the trust will be the entity legally responsible for abandonment. Funds will only be released to reimburse costs to carry out physical abandonment, to develop an abandonment plan, prepare an application to abandon, deactivate or decommission a pipeline or to carry post-abandonment monitoring and remediation.

For Group 2 pipeline companies, the NEB also approved two alternative set-aside mechanisms: an irrevocable letter of credit or a surety bond to be issued to the NEB for the full amount of the forecast abandonment costs.

No other set-aside mechanisms were approved other than trust, letter of credit or surety bond. The Decision expressly rejected growing letters of credit, related company guarantees, licensee liability rating program and use of a trust account.

The Decision establishes the following deadlines:

- Each pipeline company's trust agreement must be filed by September 2, 2014 for NEB approval;
- If a Group 2 pipeline company elects to use a letter of credit or surety bond, they must notify the NEB of same by September 2, 2014 and file the letter of credit or surety bond by December 31, 2014;
- Revised tariffs must be filed by December 5, 2014;
- Annual contributions begin December 31, 2014; and
- Review of set aside mechanism by NEB will occur every five years or earlier as needed.

Glencoe Resources Ltd. – Abandonment Hearing MHW-001-2014
Pipeline Abandonment – Deactivated Pipeline

Glencoe Resources Ltd. ("Glencoe") applied to abandon, in-place, the 215m long 60.3mm diameter North Reagan Pipeline (the "Pipeline") and surface equipment associated with the Pipeline at a total estimated cost of $35,899. The Pipeline was deactivated in 2005.

The only submission from stakeholders filed on the project was a letter from Stoney Nakoda First Nation ("SNFN") stating that the project impacts SNFN's treaty rights and traditional uses. Glencoe provided a response to the NEB indicating that the abandonment would have no impact on SNFN treaty rights or traditional uses as it requires minimal work and will take place on Glencoe's existing lease site. The NEB sent SNFN a letter notifying them of the deadline to submit comments. SNFN did not submit further comments.

The NEB issued Order Z0-G161-010-2014 for the abandonment of the Pipeline (the "Order"). The key conditions contained in the Order are summarised below.

- Glencoe must file a letter acknowledging ongoing financial responsibility, for as long as it retains ownership, for monitoring and any potential remediation required in the future for the Pipeline.
- The NEB expects that the pipeline cleaning (pigging) conducted during deactivation would have adequately removed contaminant sources from the Pipeline, and that the Pipeline, once abandoned, would not contain significant sources of contamination. The NEB had no Environmental Site Assessment on record to address other potential sources of contamination such as historic leaks, spills and pipe coatings. Accordingly, Condition 3 of the Order requires Glencoe to use the phased Environmental Site Assessment approach to determine the likelihood, types and locations of potential contamination and, if required, assess the remediation of any contamination. Furthermore, Condition 4 of the Order requires Glencoe to document the methods it will use to identify potential contamination during abandonment work in an Environmental Protection Plan.
- Glencoe must assess the condition of the right of way and demonstrate in a Post Abandonment Report that the goals of the end state of land under NEB and Government of Alberta principles and standards have been met.

Various NEB Export Gas Licences
Licences to Export Gas under s. 117

The NEB issued the following licences upon finding that the gas proposed for export does not exceed the surplus remaining after due allowance has been made for use in Canada, having regard to trends in the discovery of gas in Canada:

	Term (years)	**Annual Volume (billion cubic metres)**	**Total Volume (billion cubic metres)**	**Export Point**
Oregon LNG Marketing Company	25	13.40	375.17	Near Kingsgate
Aurora Liquefied Natural Gas Ltd.	25	33.99	849.82	Near Prince Rupert