

Informational Letter

IL 98-5

28 May 1998

To: All Oil and Gas Well, Pipeline and Gas Plant Operators,
Gas Utility Companies and NOVA Customers

ADDENDUM TO ATTACHMENT TO INFORMATIONAL LETTER IL 90-8 PROCEDURES FOR THE ASSESSMENT OF NOVA PIPELINE APPLICATIONS - INDUSTRY REVIEW

In accordance with Item D of Informational Letter IL 90-8, NOVA has historically filed an Annual Plan with the EUB in May or June of each year to ensure that facilities are completed in time to meet Firm Service requirements under the 27-month design cycle.

Since 1995, NOVA has been able to conduct quarterly design forecasts and shorten the design cycle. In February 1998, NOVA requested the Board to change the submission date of the Annual Plan from May of each year to 15 December of each year.

NOVA has reviewed the merit of this change with members of the Facilities Liaison Committee, the CAPP, and the Board staff. They have concluded that the change would increase the certainty of the Annual Plan, allow adequate time to complete all required facilities to meet the transportation services requested, and enable NOVA to more appropriately align its Annual Plan process with the Firm Service design process as well as other internal business and budgeting processes.

The Board has reviewed the matter, noting that no formal objection to the proposal remains, and has decided to grant this request. Therefore, this addendum strikes the word "May" in Item D in the Attachment to IL 90-8 and substitutes "15 December" effective immediately.

Should you have any questions, please contact Mr. Ken Sharp, Group Leader of the Board's Facilities Division - Applications Group at (403) 297-8133.



F. J. Mink
Board Member



**Energy Resources
Conservation Board**

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

**ADDENDUM TO
IL 90-8**

To: All Oil and Gas Well, Pipeline
and Gas Plant Operators,
Gas Utility Companies and NOVA Customers

4 April 1994

PROCEDURES FOR THE ASSESSMENT OF NOVA PIPELINE APPLICATIONS - INDUSTRY REVIEW

In accordance with Item J of Informational Letter IL 90-8, a notice for objection has been issued by the ERCB for each NOVA pipeline application with a capital cost in excess of \$10 million. Since the issuance of the IL in June 1990, approximately 30 such notices have been routinely published. To date only one objection, which related to the Pacific Gas Transmission Expansion Project, has been filed.

NOVA has reviewed the merit of this procedure and has consulted members of the Facilities Liaison Committee, the CAPP/NOVA Committee and the Board staff. They have concluded that the current practice of routine Publication of Notice provides little added value and its elimination would have no adverse impact on industry awareness of, and opportunity to object to, major NOVA facility applications. There would be the advantages of reducing application processing time and savings on costs of advertising. Consequently, NOVA has made a request to the Board to discontinue this practice.

The Board has reviewed the matter, noting the agreement of the affected parties, and has decided to grant this request. Therefore, the last sentence in Item J of the IL "The notice for objections would typically be issued for an application with a capital cost in excess of \$10 million" is deleted effective immediately.

Should you have any questions, please contact the undersigned at 297-8133.

A handwritten signature in dark ink, appearing to read "K. G. Sharp".

K. G. Sharp, P.Eng.
Manager
Pipeline Department

TO: All Oil and Gas Well, Pipeline
and Gas Plant Operators,
Gas Utility Companies and NOVA Customers

22 June 1990

**PROCEDURES FOR THE ASSESSMENT OF
NOVA PIPELINE APPLICATIONS - INDUSTRY REVIEW**

Since 1980 the handling by the ERCB of the NOVA Corporation of Alberta (NOVA) pipeline applications with respect to industry issues has been in accordance with the ERCB Informational Letter IL 80-10 "Procedures and Economic Criteria for the Assessment of Future Alberta Gas Trunk Line Applications". In view of the deregulation of the gas industry, NOVA's major system expansion program and its potential impact on the cost of service, the ERCB initiated a review to see if changes are required to IL 80-10. Board staff met with and received comments and inputs on the matter from representatives of NOVA, the Canadian Petroleum Association, the Independent Petroleum Association of Canada, the Small Explorers and Producers Association of Canada, the Alberta Petroleum Marketing Commission, and three major shippers. Considering the advice of the industry the Board concluded that the attached new procedures would be more relevant to the current situation and should replace those set out in IL 80-10. The attached procedure for review of NOVA facilities by industry will be adopted immediately.

It should be noted that these new procedures deal only with industry concerns related to the economic and orderly development of the NOVA system and the impact on its cost of service. Landowner/occupant, other public interest, or environmental concerns will be dealt with in accordance with normal ERCB procedure to ensure that any person whose rights may be directly and adversely affected would have the opportunity to comment on the matter.

Should you have any questions, please contact Mr. Ed Fox, Manager of the Board's Pipeline Department, at 297-8133.

This Information Letter supersedes and replaces IL 80-10.


F. J. Mink
Board Member

Attachment

**PROCEDURES FOR THE ASSESSMENT OF
NOVA PIPELINE APPLICATIONS - INDUSTRY REVIEW**

The Board will use the following procedures for assessing NOVA pipeline applications.

- A NOVA is required to establish a committee and appropriate sub-committees with representation from NOVA, industry associations such as the Canadian Petroleum Association, the Independent Petroleum Association of Canada, the Small Explorers and Producers Association of Canada, and other interested parties for the purposes of facilitating the effective, efficient, and timely exchange of information among involved parties and of addressing NOVA's long-term planning and policy issues. Board staff will participate as observers on matters that are within ERCB jurisdiction.
- B NOVA is required to make industry aware on a regular basis of its upcoming facility additions and major modifications at an early stage in its design cycle time. Presently, each design cycle time is approximately 27 months from the deadline date for NOVA customers to sign their firm service requests through preliminary design, detailed design, regulatory approval, and construction to the in-service date of all resulting facility additions and major modifications to meet such service requests.
- C NOVA will use a two-stage application process. The first stage is the filing with the ERCB of an annual preliminary overall system plan (Annual Plan) containing all planned facility additions and major modifications. The second stage is the filing of the final technical, cost, routing/siting, land, environmental, and other information required to complete the application for each facility contained in the Annual Plan.
- D The Annual Plan will be filed as early as possible in the design cycle but not later than May of each year.
- E The Annual Plan will contain sufficient information on the need, rationale, and justification for the proposed facility additions and major modifications, and will include but not be limited to
 - (a) system demand outlook,
 - (b) system reserves and deliverability on an areal basis,
 - (c) assumptions, design criteria, and methodology,

- (d) economic criteria,
 - (e) preliminary sizing of each facility,
 - (f) preliminary route/site for each facility,
 - (g) preliminary cost estimate and construction schedule for each facility,
 - (h) impact on NOVA's cost of services due to the implementation of the Annual Plan, and
 - (i) long-term plan and the impact resulting from the implementation of the Annual Plan on the long-term plan.
- F NOVA is required to publish a notice, soon after the Annual Plan is filed, in major newspapers advising industry that copies of the Annual Plan can be obtained from NOVA for review. The Board will also have a copy of the Annual Plan placed at its information centre for public viewing.
- G The Board staff will review the Annual Plan and may request additional information. Such a review could include a technical review with industry participation.
- H Any interested industry parties who have concerns or questions on any generic issues or on any individual facility or group of facilities in the Annual Plan must contact NOVA directly for resolution. If any of these concerns cannot be satisfactorily resolved, the parties may then submit them to the Board within a reasonable period. The Board will defer the consideration of concerns on individual facility or group of facilities to the second-stage application. With respect to the concerns on generic issues in the Annual Plan, the Board may call a meeting of interested parties to discuss them. All interested parties will be notified.
- I NOVA will file the second-stage material required to complete each facility application referred to in item (C) as soon as that information is available.
- J In assessing each facility application with respect to the need of notice, the Board will have regard for its review of the application and the Annual Plan, submissions received respecting the Annual Plan, concerns submitted regarding the facilities, and any significant changes in facts or circumstances between the filing of the Annual Plan and the application. If every aspect referred to above is deemed by the Board to be satisfactory, the application may be approved without a notice for objection, and if not, a notice will be issued. The notice for objections would typically be issued for an application with a capital cost in excess of \$10 million.

- K In certain instances where submissions have already been filed or the Board is aware that objections will likely be filed, it may go directly to public hearing. Additionally, where valid objections are filed as a result of notice, a hearing will be held.
- L Any facility application filed for approval that is not contained in the Annual Plan must include, in addition to material referred to in item (C) for the second-stage application, information on
- (a) the purpose and necessity for the proposed facility,
 - (b) the reasons why it was not included in the Annual Plan,
 - (c) the impact on the Annual Plan,
 - (d) the impact on NOVA's cost of service, and
 - (e) the impact on NOVA's long-term plan.

Any application of this nature will be assessed on its own merit and advertised if required.