CHAPTER 2 – FACILITIES DESIGN METHODOLOGY

2.1 Introduction

This chapter provides an overview of the facility planning processes employed to identify mainline facility requirements and new receipt and delivery meter stations and extension facilities. The overview will provide readers with the background to understand the purpose of and necessity for the facilities requirements for the Planning Period.

The Guidelines for New Facilities describe the new facilities that NGTL may construct. The Guidelines for New Facilities can be accessed on TransCanada's Web site at:
http://www.transcanada.com/Alberta/industry_committee/tolls_tariff_facilities_procedures/index.html

New Facilities are divided into two categories:

- expansion facilities, which would include pipeline loop of the existing system, metering and associated connection piping and system compression; and
- extension facilities, which would include pipelines generally greater than 20 km in length, 12 inches or more in diameter, with volumes greater than 100 MMcf/d, that are expected to meet the aggregate forecast of two or more facilities (gas plants/industrials).

The transportation design process, described in Section 2.9, contains two distinct facility planning sub-processes. The first sub-process relates to the facilities planning, design and construction of mainline/expansion facilities. The second sub-process relates to the facilities planning, design and construction of new receipt and Alberta delivery facilities and connecting extensions. NGTL has used these sub-processes to identify the necessary facility additions required to be placed in-service in the Planning Period.

An important element of the transportation design process is the filing of specific facility applications connected with the requirement for facility additions. Facilities applications are filed with the regulator to coincide with proposed construction schedules, which must account for summer or winter construction constraints and the long period of time required to procure major facility components such as pipe, compressors and valves.

The design flow determination as described in Section 2.6.1 is used to determine the mainline/expansion facility requirements. The mainline system facilities flow determination includes a peak expected flow determination, as described in Section 2.6.2. The peak expected flow determination is being used because of the increasing difference between levels of firm transportation contracts and actual flows and is used to identify the potential of transportation service constraints where the peak expected flow exceeds the system capability. Should a capability constraint be identified, any resulting facilities additions required to transport the peak expected flows are subjected to a risk of shortfall analysis prior to being recommended.

Receipt and Alberta delivery facilities, intended to meet Customers’ firm transportation Service Agreements, are designed as part of the transportation design process but are constructed independently of the construction of mainline/expansion facilities. If these facilities are in place prior to the completion of mainline/expansion facilities, Customers may be offered interruptible transportation pending the availability of firm transportation capability.

These two facility planning sub-processes form the basis for determining facilities requirements. An important element of the transportation design process is the timely planning of transportation capability requirements and the evaluation of facilities requirements in response to industry activity and Customer requirements for service. NGTL monitors industry activity, thereby anticipating and responding to Customer requirements for service, by conducting periodic design reviews throughout each year. NGTL's most recent design review presented in this Annual Plan is based upon the June 2008 design forecast ("Forecast"), which forms the basis for determining the facilities requirements in this Annual Plan.

2.2 The Alberta System

The physical characteristics of the Alberta System and the changing flow patterns on the system present significant design challenges. The Alberta System transports gas from many geographically diverse Receipt Points and moves it through pipelines that generally increase in size as they approach the three large Export Delivery Points at Empress, McNeill and Alberta/British Columbia. The approximately 1000 Receipt Points and 200 Delivery Points on the system have a significant impact on the sizing of extension and mainline facilities necessary to ensure that firm transportation obligations can be met. Extension facilities are designed to field deliverability for receipt facilities and maximum day delivery for delivery facilities in accordance with the meter station and extension facilities design assumptions (Section 2.4 and 2.5), whereas mainline facilities are designed in accordance with the mainline system facilities flow determination (Section 2.6).

The Alberta System is designed to meet the peak day design flow requirements of its firm transportation Customers. NGTL's obligation under its firm transportation Service Agreements with each Customer is to:

- receive gas from the Customer at the Customer's Receipt Points including the transportation of gas; and/or
- deliver gas to the Customer at the Customer's Delivery Points including the transportation of gas.

NGTL's facility design must meet two important objectives. One is to provide fair and equitable service to Customers requesting new firm transportation Service Agreements. The other is to prudently size facilities to meet peak day firm transportation delivery requirements. The system design methodology developed to achieve both of these objectives is described in the remainder of this chapter.

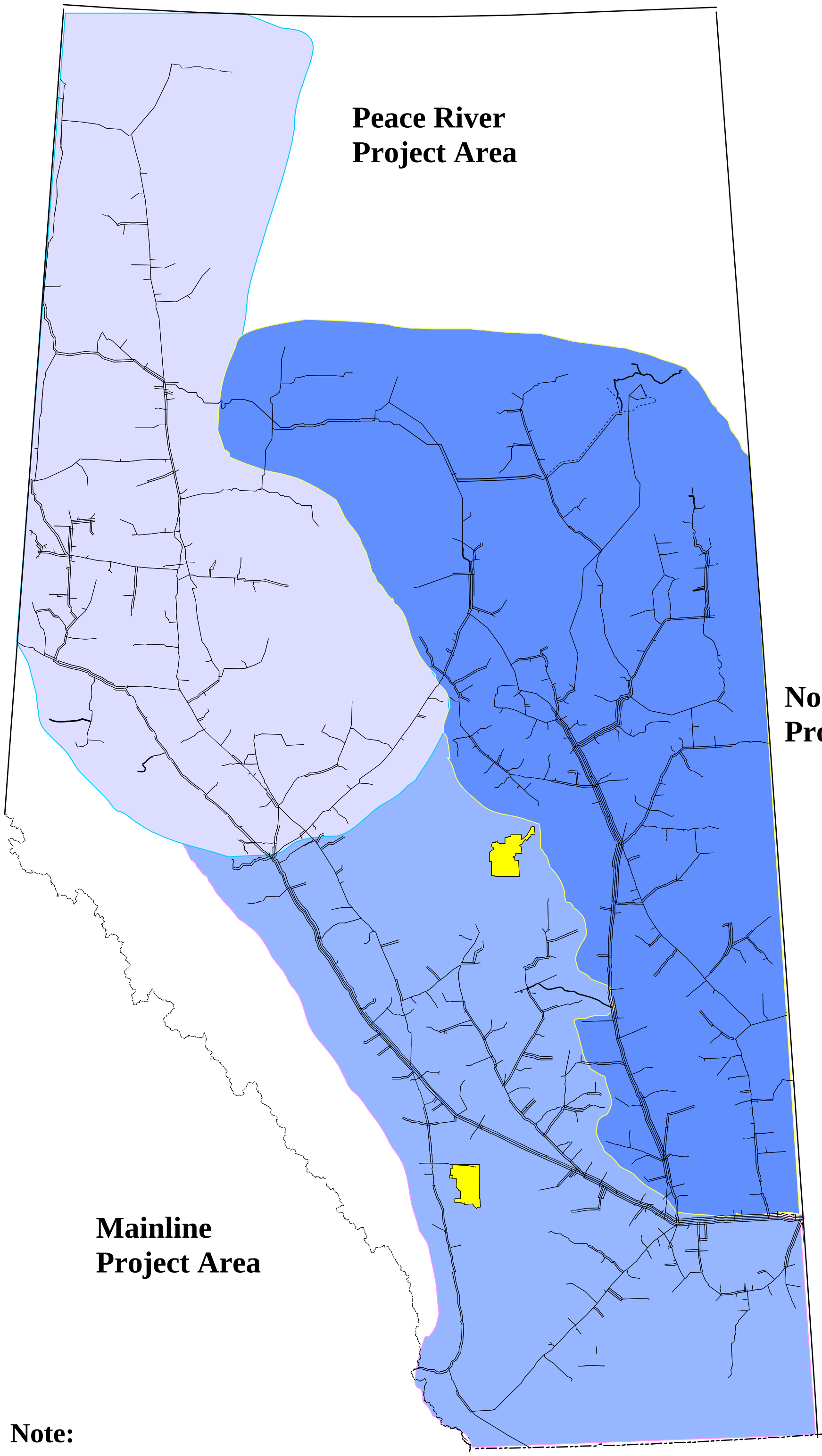
On average, approximately 80 percent of the gas transported on the Alberta System is delivered to Export Delivery Points, for removal from the Province. The remainder is delivered to the Alberta Delivery Points. The location of new Alberta Delivery Points and changing requirements at existing Alberta Delivery Points, particularly in the North of Bens Lake Design Area, may have a significant impact on the flow of gas in the system and, consequently, on system design. As well, the shift in the locations of new receipt volume additions to the system continues to be an important factor impacting gas flows and system design for the Planning Period.

Firm transportation capability may exist from time to time at certain Export Delivery Points for Short Term Firm Transportation-Delivery service ("STFT"). This capability availability is either ambient capability or capability created by unsubscribed Firm Transportation Delivery ("FT-D") transportation. Firm transportation capability may also exist in the winter season at certain Export Delivery Points for Firm Transportation-Delivery Winter service ("FT-DW") due to ambient capability. Interruptible transportation capability may exist from time to time on certain parts of the Alberta System. NGTL will not construct facilities for STFT, FT-DW or IT service. Therefore volumes under these services are not included in the transportation design process described in Section 2.9.

2.3 NGTL Project and Design Areas

For design purposes, the Alberta System is divided into the three project areas shown in Figure 2.3, which are in turn divided into the design areas and design sub areas described in Sections 2.3.1 to 2.3.3. Dividing the pipeline system this way allows the system to be modeled in a way that best reflects the pattern of flows in each specific area of the system, as described in Section 2.6.

Figure 2.3
NGTL Project Areas



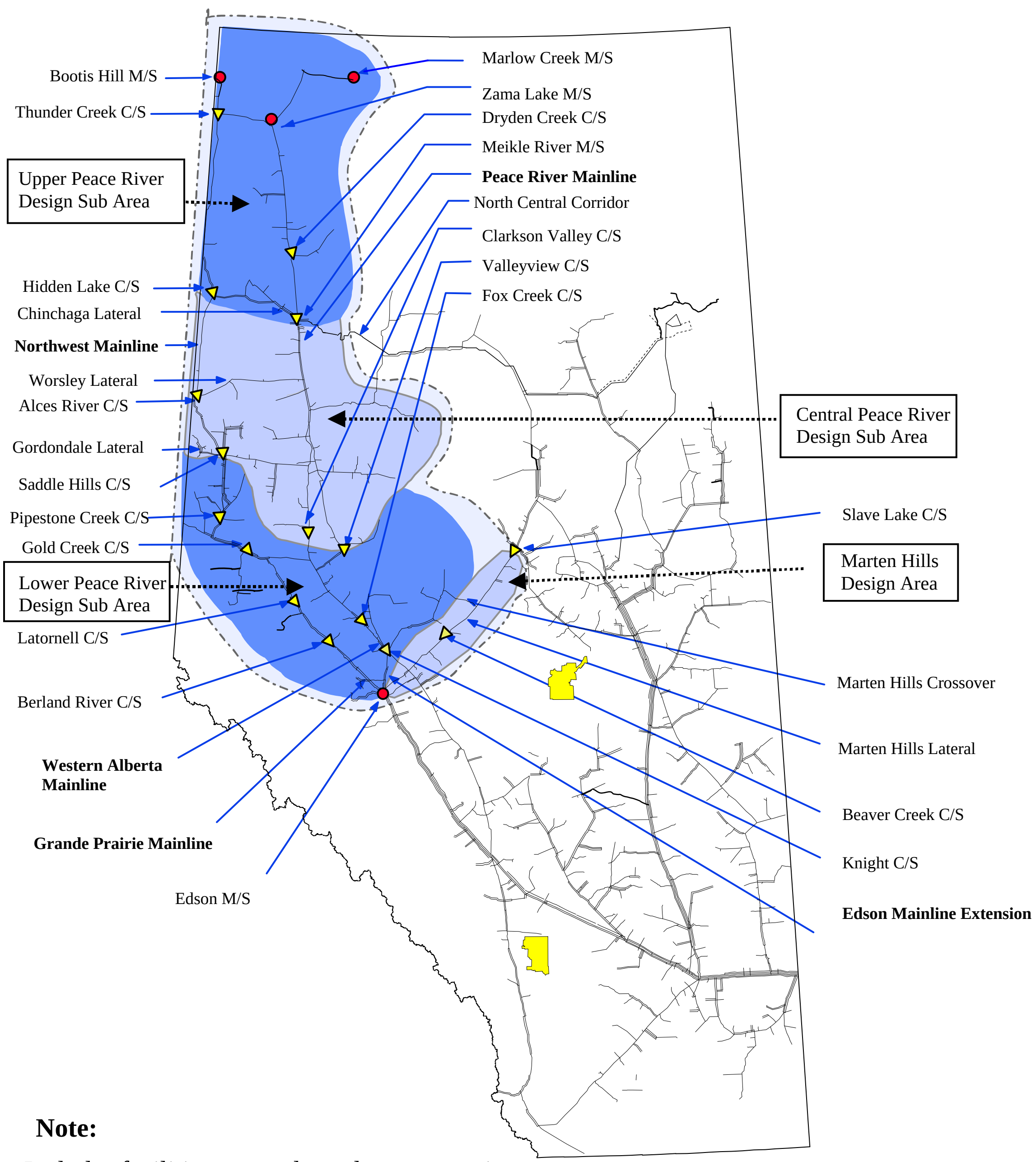
Note:

Includes facilities currently under construction

2.3.1 Peace River Project Area

The Peace River Project Area comprises the Peace River and Marten Hills Design Areas (Figure 2.3.1).

Figure 2.3.1
Peace River Project Area



Note:

Includes facilities currently under construction

Peace River Design Area

The Peace River Design Area comprises three design sub areas: the Upper Peace River Design Sub Area; the Central Peace River Design Sub Area; and the Lower Peace River Design Sub Area. The Upper Peace River Design Sub Area comprises the Peace River Mainline from the Zama Lake Meter Station to the Meikle River Compressor Station and the Northwest Mainline from the Bootis Hill Meter Station and the Marlow Creek Meter Station to the Hidden Lake Compressor Station. The Central Peace River Design Sub Area comprises the Western Alberta Mainline from the discharge of the Meikle River Compressor Station to the Clarkson Valley Compressor Station, as well as to the Valleyview Compressor Station on the Peace River Mainline plus the Northwest Mainline from the discharge of the Hidden Lake Compressor Station to the Saddle Hills Compressor Station on the Grande Prairie Mainline. The Lower Peace River Design Sub Area comprises the Grande Prairie Mainline from the discharge of the Saddle Hills Compressor Station to the Edson Meter Station as well as the Western Alberta Mainline from the discharge of the Clarkson Valley Compressor Station plus the Peace River Mainline from the discharge of the Valleyview Compressor Station to the Edson Meter Station. The North Central Corridor is located in the Peace River Design Area west of LSD 07-07-091-16 W5M.

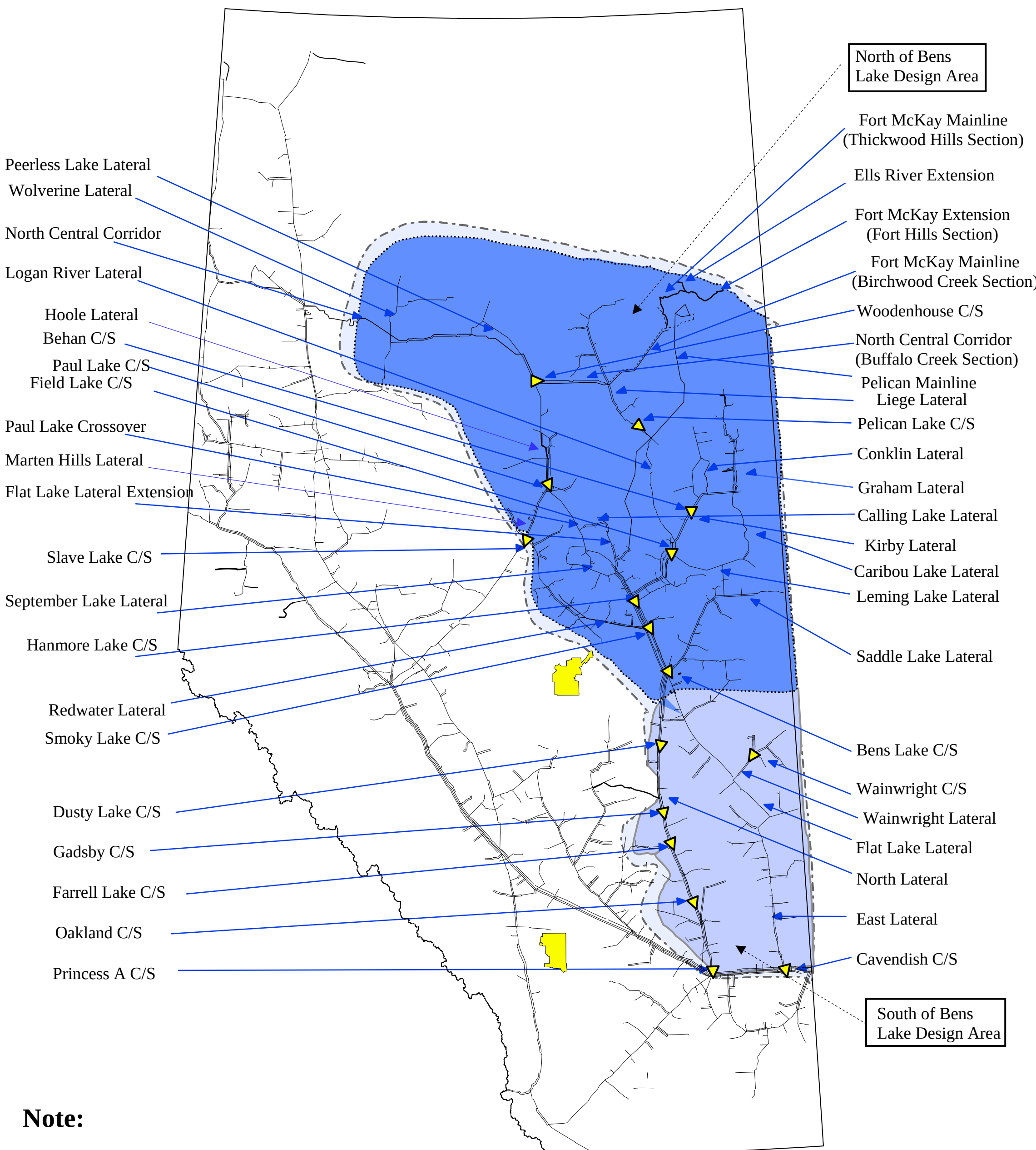
Marten Hills Design Area

The Marten Hills Design Area extends from the Slave Lake Compressor Station along the Marten Hills Lateral to the Edson Meter Station.

2.3.2 North and East Project Area

The North and East Project Area (Figure 2.3.2) comprises the North of Bens Lake and South of Bens Lake Design Areas.

Figure 2.3.2
North and East Project Area



Note:

Includes facilities currently under construction

North of Bens Lake Design Area

The North of Bens Lake Design Area comprises the Liege, Logan River, Kirby, Graham, Conklin, Calling Lake, September Lake, Caribou Lake, Leming Lake, Redwater, Pelican Mainline, Ells River Extension, Fort McKay Extension (Fort Hills Section), Fort McKay Mainline (Thickwood Hills Section), the Fort McKay Mainline (Birchwood Creek Section) and Saddle Lake Laterals, as well as the Flat Lake Lateral Extension, the Paul Lake Crossover, the Peerless Lake Lateral, the Wolverine Lateral, the Hoole Lateral and the Marten Hills Lateral north of the Slave Lake Compressor Station, which are all north of the Bens Lake Compressor Station. As capability on the Ventures Oil Sands Pipeline has been contracted under a Transportation by Others ("TBO") agreement, the Ventures Oil Sands Pipeline has been included in the North of Bens Lake Design Area. The North Central Corridor is located in the North of Bens Lake Design Area east of LSD 07-07-091-16 W5M.

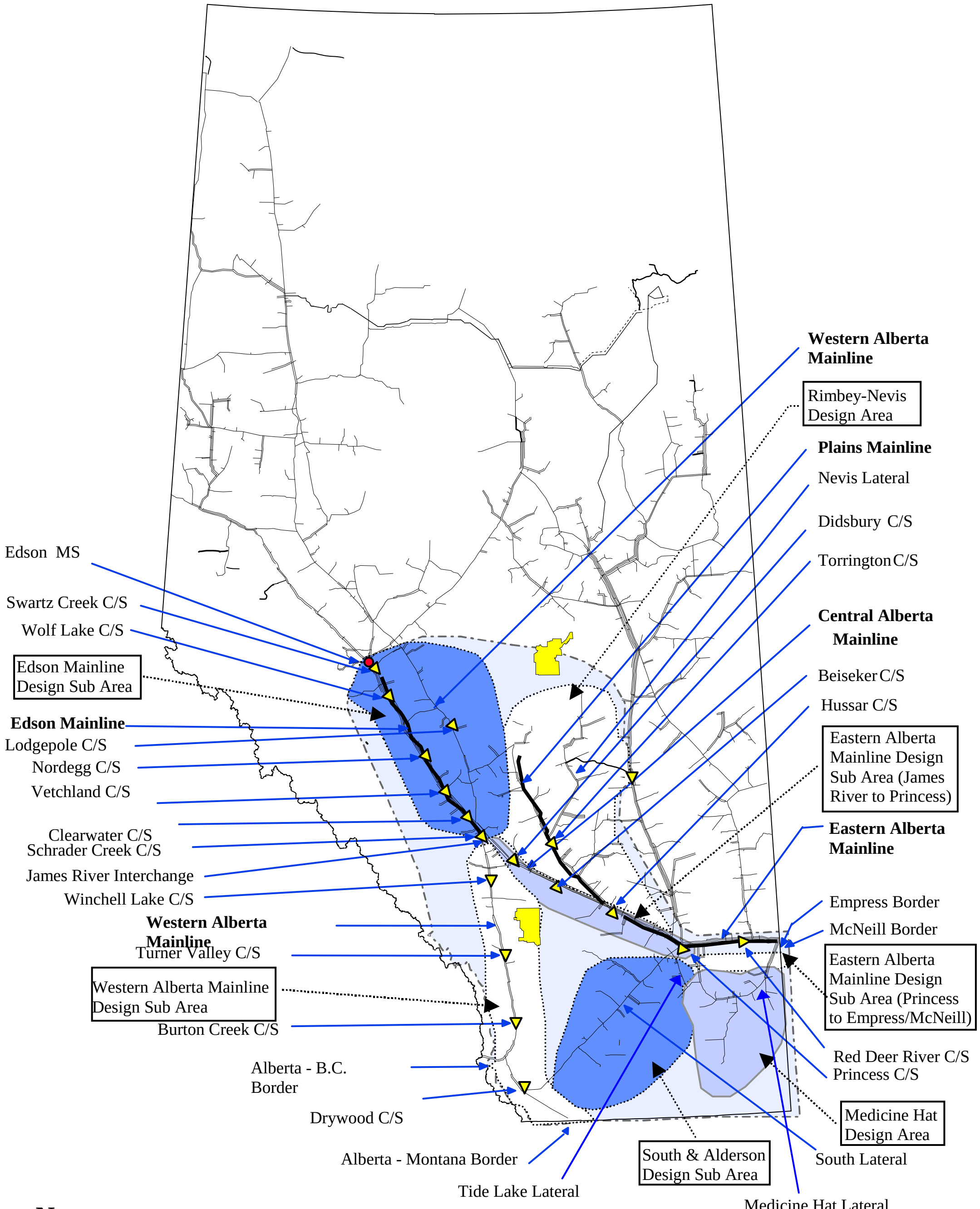
South of Bens Lake Design Area

The South of Bens Lake Design Area comprises the Flat Lake Lateral, the Wainwright Lateral and the North and East Laterals which extend to the Princess "A" and Cavendish Compressor Stations, which are all south of the Bens Lake Compressor Station.

2.3.3 Mainline Project Area

The Mainline Project Area (Figure 2.3.3) comprises the Mainline Design Area, the Rimbey-Nevis Design Area, the South and Alderson Design Area and the Medicine Hat Design Area.

Figure 2.3.3
Mainline Project Area



Note:

Includes facilities currently under construction

Mainline Design Area

The Mainline Design Area comprises four design sub areas: the Edson Mainline Design Sub Area; the Eastern Alberta Mainline Design Sub Area (James River to Princess); the Eastern Alberta Mainline Design Sub Area (Princess to Empress/McNeill); and the Western Alberta Mainline Design Sub Area.

The Edson Mainline Design Sub Area comprises the Edson Mainline from and including the Edson Meter Station to the Clearwater Compressor Station and the Western Alberta Mainline from the Knight Compressor Station to the Schrader Creek Compressor Station. The Eastern Alberta Mainline Design Sub Area (James River to Princess) comprises the Central Alberta Mainline from the Clearwater Compressor Station and the portion of the eastern leg of the Foothills Pipe Lines (Alberta) Ltd. from the Schrader Creek Compressor Station to the Princess Compressor Station. The Eastern Alberta Mainline Design Sub Area (Princess to Empress/McNeill) comprises the Eastern Alberta Mainline and the portion of the eastern leg of the Foothills Pipe Lines (Alberta) Ltd. from the Princess Compressor Station to the Empress and McNeill Export Delivery Points. The Western Alberta Mainline Design Sub Area comprises the Western Alberta Mainline from the Schrader Creek Compressor Station to the Alberta/British Columbia and the Alberta/Montana Export Delivery Points as well as the pipeline sections on the western leg of the Foothills Pipe Lines (Alberta) Ltd. between Schrader Creek Compressor Station and the Alberta/British Columbia Export Delivery Point.

Rimbey-Nevis Design Area

The Rimbey-Nevis Design Area comprises the area upstream of the discharge of the Hussar “A” Compressor Station on the Plains Mainline as well as the Plains Mainline, the Nevis Lateral and the Nevis-Gadsby Crossover upstream of the Torrington Compressor Station.

South and Alderson Design Area

The South and Alderson Design Area comprises two laterals that connect to the Princess Compressor Station. The South Lateral extends from the Waterton area and the Alderson Lateral extends from the Alderson area.

Medicine Hat Design Area

The Medicine Hat Design Area comprises the Tide Lake Lateral upstream of the Tide Lake Control Valve and the Medicine Hat Lateral upstream of the Medicine Hat Control Valve.

2.4 Receipt Meter Station and Extension Facilities Design Assumption

The design of new receipt meter stations is based on the assumption that the highest possible flow through the receipt meter station will be the lesser of the aggregate Receipt Contract Demand under firm transportation Service Agreements for all Customers at the meter station or the capability of upstream producer facilities.

Extension facilities for receipts are designed to transport field deliverability (Section 2.9.4.1), taking into consideration Receipt Contract Demand under firm transportation Service Agreements and the extension facilities criteria as described in the Guidelines for New Facilities shown in Table 2.4.1.

Table 2.4.1
Extension Facilities Criteria

NGTL Builds (Owns/Operates)
Facilities to serve aggregate forecast as per Annual Plan process
Facilities greater than or equal to 12 inches in diameter
Facilities greater than 20 kilometers in length
Volumes greater than 100 MMcf/d

Field deliverability is based on an assessment of reserves, flow capability, future supply development and the capability of gathering and processing facilities at each receipt meter station on the extension facility.

This design assumption recognizes and accommodates the potential for Customers to maximize field deliverability from a small area of the Alberta System. In NGTL's assessment of facility alternatives to accommodate current and future field deliverability, a number of facility configurations are considered which may include future facilities. The assessment of facility alternatives includes both NGTL and third party costs to ensure the most orderly, economic and efficient construction of combined facilities. NGTL selects the proposed facilities and the optimal tie-in point on the basis of overall (NGTL and third party) lowest cumulative present value cost of service ("CPVCOS").

2.5 Alberta Delivery Meter Station and Extension Facilities Design Assumption

The design of new Alberta delivery meter stations is based on the assumption that maximum day deliveries through such facilities will not exceed the capability of the facilities downstream of the delivery meter station. The capability of the downstream facilities is determined through ongoing dialogue with the operators of these facilities.

Delivery extension facilities are designed to transport maximum day delivery taking into consideration the extension facilities criteria as described in the Guidelines for

New Facilities as shown in Table 2.4.1. In NGTL's assessment of facility alternatives to accommodate current and future maximum day delivery, a number of facility configurations are considered which may include future facilities. NGTL's assessment of facility alternatives includes both NGTL and third party costs to ensure the most orderly, economic and efficient construction of combined facilities. NGTL selects the proposed facilities and the optimal tie-in point on the basis of overall (NGTL and third party) lowest CPVCOS.

2.6 Mainline System Facilities Flow Determination

The Mainline system facilities flow determination contains two processes: the design flow requirements determination as described in Section 2.6.1 and the peak expected flow determination as described in Section 2.6.2.

2.6.1 Design Flow Requirements Determination

In each periodic design review, the facilities necessary to provide the capability to meet future firm transportation requirements are identified. To ensure the facilities identified are the most economic, a five year forecast of facilities requirements is considered.

While the design of the Alberta System is affected by many interrelated factors, the following major design assumptions currently underlie the mainline system design:

- equal proration assumption;
- design area delivery assumption;
- downstream capability assumption;
- storage assumption; and
- FS productive capability assumption.

These assumptions are briefly described in Sections 2.6.1.1 to 2.6.1.5.

2.6.1.1 Equal Proration Assumption

The Alberta System is designed primarily to transport gas from many Receipt Points to a limited number of large-volume Delivery Points (Section 2.2). The pipeline system is designed to meet deliveries based on the general assumption that gas will be drawn on an equally prorated basis from each Receipt Point on the pipeline system. NGTL works with Customers to attempt to ensure that gas is drawn from each Receipt Point so that the system can meet each Customer's firm transportation deliveries. However, if gas is nominated in a manner that differs from the pattern assumed in the system design, shortfalls in deliveries may occur.

Application of the equal proration assumption results in a system design that will meet peak day delivery requirements by drawing on FS productive capability equally from all Receipt Points on the system. Since forecast supply is closely balanced to forecast peak day delivery requirements, the equal proration assumption did not apply to the facilities design within the Planning Period of this Annual Plan.

2.6.1.2 Design Area Delivery Assumption

In identifying facilities to transport gas within or through a design area, an assumption that the facilities must be capable of transporting the highest required flow into or out of that area is made. This is accomplished using the design area delivery assumption, which considers the following key factors:

- delivery requirements within the design area;
- delivery requirements within Alberta but outside the design area; and
- delivery requirements at the major Export Delivery Points.

This assumption is periodically reviewed to ensure load conditions that are likely to occur under system operations are reflected in the system design.

The design area delivery assumptions relied upon for the design review process for each design area are described in Table 2.6.1.2.

Table 2.6.1.2
Design Area Delivery Assumptions

Design Area	Prevailing Design Season	Winter[1]	Summer[1]
• Peace River (including Upper, Central & Lower Design Sub Areas)	Summer	Min u/s James[2]/Avg/Max	Min u/s James[2]/Max/Max
• Marten Hills	Summer	Min u/s James[2]/Avg/Max	Min u/s James[2]/Max/Max
• North and East Project Area (North and South of Bens Lake Design Areas)			
• Flow Through	Summer	Min[3]/Avg/Max	Min[3]/Max/Max
• Flow Within	Winter[4]	Max Area Delivery	Max Area Delivery
• Mainline	Summer	Min u/s James[2]/Avg/Max	Min u/s James[2]/Max/Max
• Rimbey Nevis	Summer	Min/Avg/Max	Min/Max/Max
• South and Alderson	Summer	Min/Avg/Max	Min/Max/Max
• Medicine Hat			
• Flow Through	Summer	Min/Avg/Max	Min/Max/Max
• Flow Within	Winter[5]	Max Area Delivery	Max Area Delivery

NOTES:
1 Within design area/outside design area and within Alberta/Export Delivery Points.
2 u/s James = upstream James River Interchange.
3 Total North and East Project Area.
4 Seasonally Adjusted Receipt Flow Conditions.
5 Average Receipt Flow Conditions.

Min = minimum Avg = average Max = maximum

For example, in the Peace River Design Area, a Min upstream James/Max/Max design flow assumption is applied to generate design flow requirements for summer conditions. The Min upstream James/Max/Max design flow condition assumes that the Alberta Delivery Points upstream of the James River Interchange and the Gordondale and Boundary Lake Export Delivery Points are at their minimum day delivery values, while the Alberta Delivery Points elsewhere on the system and the major Export Delivery Points are at their maximum day delivery values.

By contrast, a Min upstream James/Avg/Max design flow condition is applied for the same design area to generate design flow requirements for winter conditions. The Min upstream James/Avg/Max design area delivery assumption assumes that the Alberta Delivery Points within the area upstream of James River are at their minimum day delivery values while Alberta Delivery Points elsewhere on the system are at their average day delivery values and major Export Delivery Points are at their maximum day delivery values.

For the North and East Project Area and the Medicine Hat Design Area there are two distinct flow conditions that are examined in assessing facilities requirements. First, there is the “flow through” condition that is governed by the design flow requirements assumption. The “flow through” design condition occurs when the receipts are at the peak expected volume and the deliveries are at an seasonal minimum volume. Second, there is the “flow within” condition that is governed by the maximum day delivery and seasonal available supply within the area. The “flow within” design condition occurs when the receipts in the North and East Project Area are at a seasonal low volume and the deliveries are at a seasonal maximum volume. Currently, the “flow within” condition governs facilities requirements in the North and East Project Area.

For the North and East Project Area the flow through condition, the following approach is used as a basis for generating the design flow requirements. First, the design focuses on optimizing the flow in the South of Bens Lake Design Area in order to maximize the utilization of existing facilities in this area. Second, if the design flow requirements in the South of Bens Lake Design Area have been maximized and there is a requirement to transport additional FS productive capability from the area, the design will focus on directing these volumes through the Marten Hills Design Area in order to maximize the utilization of existing facilities in the Marten Hills Design Area. Finally, if both the South of Bens Lake and the Marten Hills Design Areas are flowing at their existing capability and there is a requirement to transport additional FS productive capability then the design will focus on transporting these volumes through the Peace River Design Area.

In the North and East Project Area, seasonally adjusted receipt flows and maximum day delivery are the most appropriate conditions to describe the constraining design. In the Medicine Hat Design Area, average receipt flows and maximum day delivery are the most appropriate conditions to describe the constraining design.

NGTL reviews Alberta delivery patterns for each design area. These reviews show that while individual Alberta Delivery Points will require maximum day delivery, the probability that all Alberta Delivery Points will require maximum day delivery simultaneously is extremely low. To account for this, a factor, called the demand coincidence factor, was applied to decrease the forecast maximum day delivery for the aggregate of all the Alberta Delivery Points within each design area to a value more indicative of the forecast peak day deliveries. Similarly, demand coincidence factors were determined and applied to increase the aggregate minimum day delivery values at Alberta Delivery Points within each design area to be more indicative of the expected minimum day delivery.

2.6.1.3 Downstream Capability Assumption

The system design is based on the assumption that the maximum day delivery at the Delivery Points will not exceed the lesser of the capability of the downstream pipeline or the aggregate of the firm transportation Service Agreements associated with those Delivery Points. Downstream capability is determined through ongoing dialogue with downstream pipeline operators.

2.6.1.4 Storage Assumption

The Storage Facilities connected to the Alberta System at the AECO ‘C’, Carbon, Crossfield East, January Creek, Severn Creek, Chancellor and Big Eddy Meter Stations are shown in Figure 2.6.1.4. Maximum receipt meter capabilities for Storage Facilities are presented in Section 3.6.

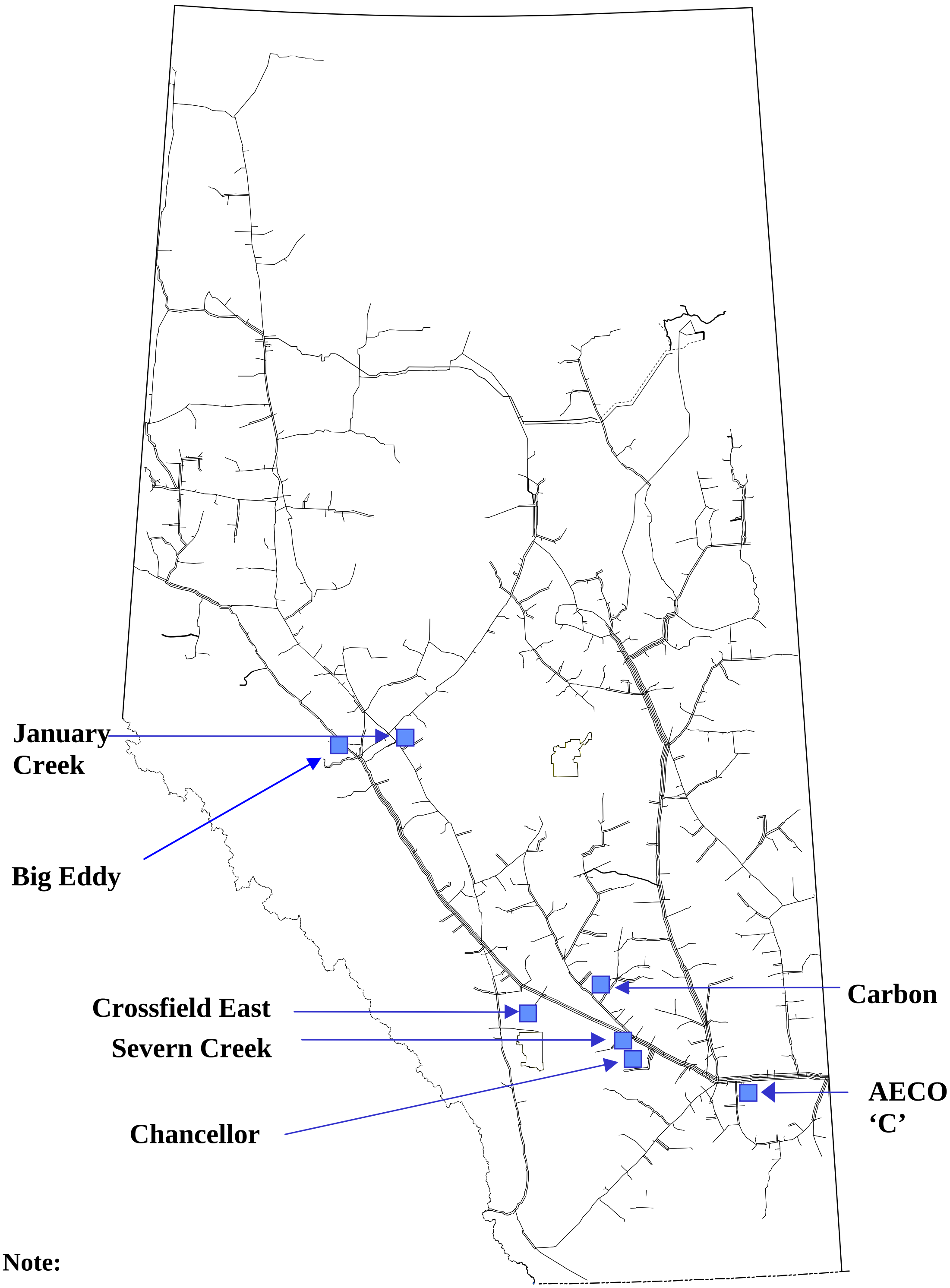
For the Planning Period it was assumed that:

- For the winter period, system design flow requirements will include receipt volumes from selected Storage Facilities onto the Alberta System at approximately average historical withdrawal levels.

  This assumption recognizes the supply contribution from Storage Facilities to meet peak day winter delivery requirements and provide for a better correlation between forecast design flow requirements and historical actual flows for the winter period. The historical withdrawal flows were observed during recent winter periods at the AECO ‘C’, Carbon, Crossfield East, Chancellor and Severn Creek Meter Stations. The level of storage withdrawal used in the design of the Alberta System for the winter of the Planning Period was 17.7 $10^6 m^3/d$ (630 MMcf/d). The result of applying the storage assumption is a reduction in the design flow requirements. Volumes withdrawn from the Storage Facilities will be considered as interruptible flows, but will be incorporated into the flow analysis within all design areas where it may lead to a reduction in the design flow requirements and a potential reduction in additional mainline facilities.

- For the summer period, system design flow requirements will not include delivery volumes from the Alberta System into Storage Facilities. Consequently, for the purpose of calculating design flow requirements, volumes injected into the Storage Facilities will be considered to be interruptible flows and will therefore not be reflected in the design of mainline facilities.

Figure 2.6.1.4
Locations of Storage Facilities on the Alberta System



Note:

Includes facilities currently construction

2.6.1.5 FS Productive Capability Assumption

In areas where gas is drawn from a small collection of Receipt Points, there is a greater likelihood that the FS productive capability will be drawn simultaneously from all such Receipt Points than is the case when gas is drawn from an area having a large number of Receipt Points. As a result, the system design for those areas with a small collection of Receipt Points, usually at the extremities of the system, is based on the assumption that the system must be capable of simultaneously receiving the aggregate FS productive capability from each Receipt Point. However, when the FS productive capability assumption is applied to any collection of Receipt Points, the flows from the other areas upstream of a common point are reduced such that the equal proration assumption (Section 2.6.1.1) is maintained through that common point. This results in the system upstream of the common point being designed to match the capability of the system downstream of the common point.

2.6.2 Peak Expected Flow Determination

In order to predict peak expected flows a peaking factor is applied to the forecast of average receipts to yield a more realistic peak expected flow condition in the receipt dominated design areas. Receipt dominated design areas are those areas where the flows in the pipeline are primarily determined by supply entering the system. The peaking factor is derived from an analysis of historical coincidental peak to average flow observed within the design areas over several gas years. When the peak expected flow analysis is applied to the facility design process, is used as a guide, not an absolute determinant, in assessing the requirement for facilities additions. When the peak expected flow determination identifies the potential need for facilities additions, a risk of shortfall analysis (load/capability analysis) is completed prior to recommending the required facilities additions.

For this Annual Plan the assessment of peak expected flow will be confined to areas that are governed by receipt dominant flow conditions. Assessments of areas governed by delivery dominant flow conditions are still under development and will be addressed at a later date.

2.7 Maintaining Required Delivery Levels

Historically, the design of the Alberta System has been based on the assumption that facilities comprising the system are in-service and operating. However, compression facilities are not 100 percent reliable and are not always available for service. Even with stringent maintenance programs, compression facilities still experience unanticipated and unscheduled down-time, potentially impacting the ability to maintain required deliveries. Compression facilities generally require two to four weeks of scheduled maintenance per year.

Designing facilities to ensure that Customer delivery expectations and firm transportation requirements are met is an important consideration in the design of the Alberta System.

2.8 System Optimization and Compressor Modernization

System optimization has been and will continue to be an integral part of the overall system design process to evaluate how the Alberta System can be optimized to reduce operating and maintenance costs, minimize fuel usage, greenhouse gas emissions and maintain flexibility without adversely affecting throughput. The intent is to maximize volumes on the system in order to minimize rates. Accordingly, cost reduction initiatives are not intended to reduce system volumes. The 2008 design review system optimization results are described in Section 5.2. The identification of compressor units that should be removed from service or replaced will continue to be an integral part of the overall system design.

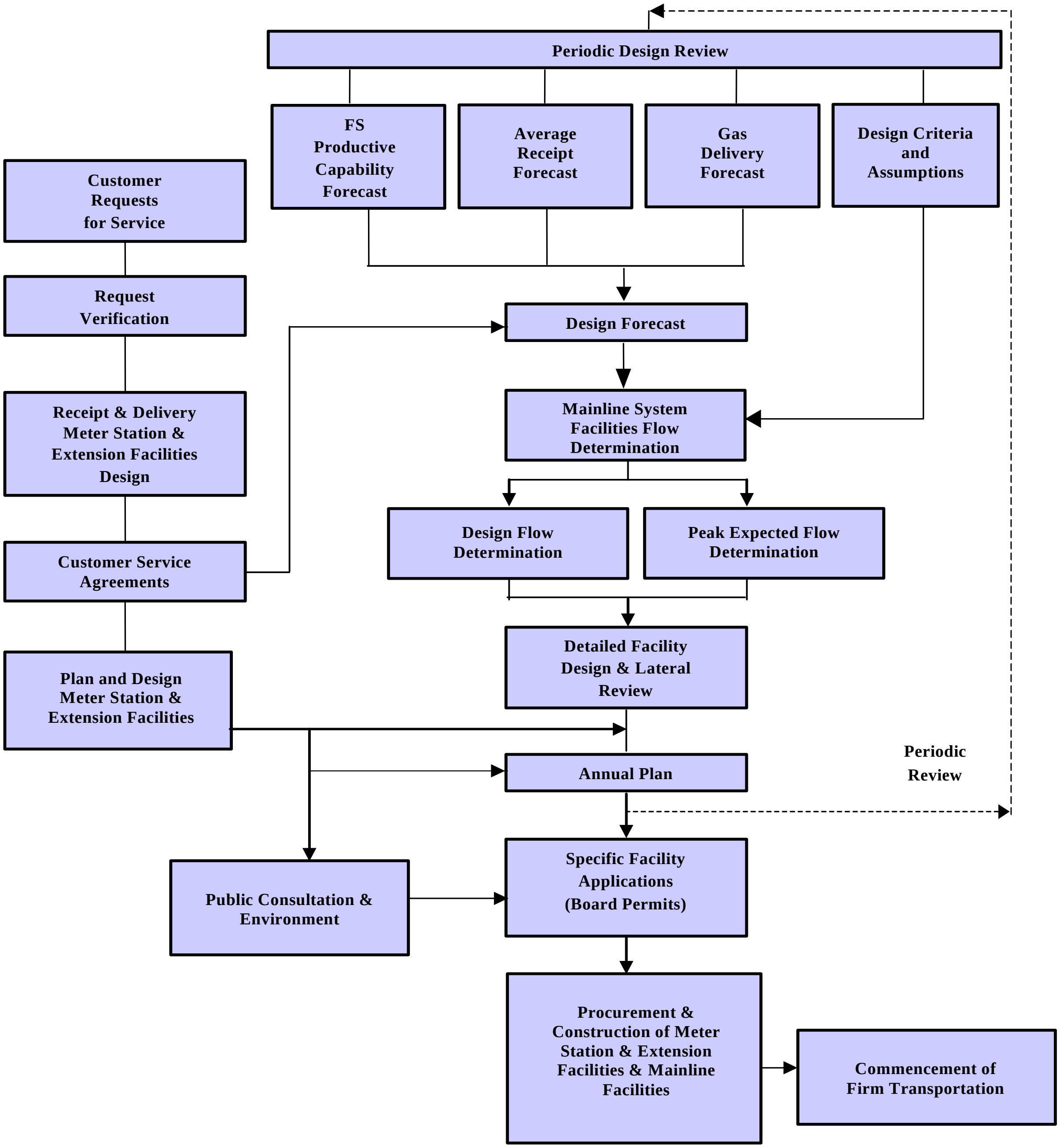
2.9 Transportation Design Process

As stated in Section 2.1, periodic design reviews are conducted throughout the year to closely monitor industry activity and respond to Customer requirements for firm transportation on a timely basis.

The following is a brief overview of the significant activities involved in the transportation design process for the Planning Period. While Receipt Points, Alberta Delivery Points and extension facilities are designed as part of the transportation design process, the construction of these facilities takes place independently of the construction of mainline facilities.

The activities relating to the transportation design process are described below and are shown in the process flow chart included as Figure 2.9.1. Although activities have been grouped in distinct phases, some of the activities occur concurrently.

Figure 2.9.1
Transportation Design Process



2.9.1 Customer Request Phase

Requests for firm transportation for the Planning Period were received by NGTL and included in the transportation design process for the Planning Period.

Requests for firm transportation, which are based on insufficient field deliverability, duplications, or over-contracting at a Receipt Point, are removed from the transportation design process.

Requests for firm transportation are reviewed through this process and categorized as requiring new facilities, requiring expansion of existing facilities, or not requiring either new facilities or expansion of existing facilities. Each category of receipt and delivery facility is treated somewhat differently in the following phases of the design process.

2.9.2 New Meter Station and Extension Facilities Design

NGTL proceeds with the design of new meter stations and extension facilities to meet Customers' requirements for those requests for firm transportation that remain after the initial review process and are consistent with the Guidelines for New Facilities.

NGTL, with significant input from Customers, has established economic criteria that must be met prior to receipt meter stations being constructed. The criteria are described in Appendix E of NGTL's Gas Transportation Tariff entitled *Criteria for Determining Primary Term*.

In the design of new extension facilities, the receipt or delivery volume and location of each new facility is identified. In the case of receipt facilities, a review is undertaken of the reserves that are identified as supporting each new extension facility to ensure the field deliverability forecast for the area can be accommodated.

In the case of delivery facilities, a review is undertaken to establish the peak day demand levels that are identified as supporting each new extension facility to ensure the maximum day delivery for the area can be accommodated. Hydraulic and economic analyses are also conducted, using the design assumptions for new meter station and extension facilities described in Section 2.4 and Section 2.5.

Once the design is completed and construction costs estimated, Project and Expenditure Authorizations for new receipt and delivery meter stations and related Service Agreements are prepared and forwarded to Customers for authorization.

2.9.3 Existing Meter Station Design

Concurrent with the design of new meter stations and extension facilities (Section 2.9.2), NGTL proceeds with the identification of new metering requirements and lateral restrictions associated with incremental firm transportation requests at existing Receipt and Delivery Points. If no new facilities are required, Customers requesting Service are asked to execute firm transportation Service Agreements. Where additional metering is identified as being required, construction costs are estimated, and Project and Expenditure Authorizations and related Service Agreements are prepared and forwarded to Customers for authorization. When a lateral restriction is identified, a review of the area field deliverability is undertaken to determine potential looping requirements. Lateral loops are designed in conjunction with the design of mainline facilities.

2.9.4 Design Forecast Methodology

As shown in Figure 2.9.1, the transportation design process involves the preparation of a design forecast. The design forecast is a projection of anticipated FS productive capability, average receipts and gas delivery requirements on the Alberta System, and plays an essential role in the determination of future facility requirements and planning capital expenditures.

The design forecast comprises the FS productive capability forecast, average receipt forecast and the gas delivery forecast. The following sections describe these forecasts and the methods by which they are developed.

2.9.4.1 FS Productive Capability Forecast

The FS productive capability forecasts are the receipt component of the design forecast, and represent the forecast peak rate at which gas can be received onto the Alberta System under firm transportation Service Agreements at each Receipt Point. This section describes the method for determining a FS productive capability forecast. The key forecasting terms are field deliverability, FS productive capability, and Receipt Contract Demand.

<u>Field Deliverability</u>

Field deliverability is the forecast peak rate at which gas can be received onto the Alberta System at each Receipt Point. NGTL forecasts field deliverability through an assessment of reserves, flow capability and future supply development. This information is gathered from ERCB sources, NGTL studies, and through interaction with producers and Customers active in the area. With this information, the field deliverability forecast is developed using NGTL's supply forecasting model.

Section 2.4 describes how field deliverability is used to identify facility requirements, while Section 3.5 presents the forecast of field deliverability.

<u>FS Productive Capability</u>

FS productive capability is the lesser of the field deliverability and the aggregate Receipt Contract Demand under firm transportation Service Agreements held at each Receipt Point.

Section 2.6.1 describes how FS productive capability is used to identify facility requirements, while Section 3.5 presents the forecast of FS productive capability.

<u>Aggregate Receipt Contract Demand Under Firm Transportation Service Agreements</u>

In order to prepare a forecast of FS productive capability, a method of forecasting the aggregate Receipt Contract Demand under firm transportation Service Agreements is required.

At each Receipt Point, the aggregate Receipt Contract Demand under firm transportation Service Agreements for the Planning Period consists of the sum of Receipt Contract Demand under:

- firm transportation Service Agreements with terms extending beyond the design period;
- firm transportation Service Agreements terminating before the end of the design period; and
- new requests for firm transportation to be authorized for commencement of service before the end of the design period.

To prepare a forecast of FS productive capability, the volume associated with firm transportation Service Agreements terminating before the end of the design period that will be renewed and the volume associated with new requests for firm transportation to be authorized for commencement of service before the end of the design period are both forecast.

Assumptions based upon historical data, contract utilization and supply potential are made to forecast the volume associated with new requests for firm transportation Service Agreements that will be authorized and will commence service before the end of the design period.

2.9.4.2 Average Receipt Forecast

Average receipt is the forecast of the annual average volume expected to be received onto the pipeline system at each Receipt Point. Section 3.5 presents the forecast of average receipts within the three main Project Areas on the Alberta System.

2.9.4.3 Gas Delivery Forecast

Delivery forecasts for each Alberta Delivery Point and each Export Delivery Point are developed. Each forecast includes average annual delivery as well as average, maximum and minimum delivery for both the winter and summer seasons. These seasonal conditions are used in the transportation design process to meet firm transportation delivery requirements over a broad range of operating conditions. The gas delivery forecast is reported in detail in Section 3.4.

The development of the gas delivery forecast draws upon historical data and a wide variety of information sources, including general economic indicators and growth trends. These gas forecasts are augmented by analysis of each regional domestic and U.S. end use market and other natural gas market fundamentals.

A consideration in developing the maximum day gas delivery forecast for Export Delivery Points is the forecast of new firm transportation Service Agreements. Firm transportation Service Agreements (new Service Agreements or renewals of expiring Service Agreements) are assumed to be authorized at each major Export Delivery Point (Empress, McNeill and Alberta/British Columbia) to a level based on the average annual delivery forecast and historical data. The average annual delivery forecast is developed through consideration of Customer requests for firm transportation and from NGTL's market analysis. NGTL's market analysis considers market growth, the competitiveness of Alberta gas within the various markets and a general assessment of the North American gas supply and demand outlook (Section 3.2).

The key component to the development of the Alberta delivery forecast is the assessment of economic development by market sectors within the province. The potential for additional electrical, industrial and petrochemical plants, oil sands, heavy oil exploitation, miscible flood projects, new natural gas liquids extraction facilities and residential/commercial space heating is evaluated. Each year, NGTL also surveys approximately forty Alberta based customers who receive gas from the Alberta System within the province regarding their forecast of gas requirements for the next several years.

2.9.5 Mainline Design Phase

The detailed mainline hydraulic design was completed using the Forecast and the mainline facilities design assumptions described in Section 2.6 as well as system optimization and compressor modernization described in Section 2.8. Computer simulations of the pipeline system are performed to identify the facilities that would be required to meet firm and peak transportation expectations for the Planning Period.

The following guidelines are used in assessing and determining the facilities requirements in this Annual Plan.

2.9.5.1 Maximum Operating Pressure

A higher maximum operating pressure ("MOP") results in a more efficient system. It is possible to consider more than one MOP when reviewing the long term expansion of the pipeline system. If the expansion is such that a complete looping of an existing pipeline is likely within a few years, then it may be appropriate to consider developing a high-pressure line that will eventually be isolated from the existing system.

2.9.5.2 Temperature Parameters

Pipeline design requires that reasonable estimates be made for ambient air and ground temperatures. These parameters influence the design in the following areas:

- power requirements for compressors;
- cooling requirements at compressor stations; and
- pressure drop calculations in pipes.

Winter and summer design ambient temperatures are determined using historical daily temperatures from Environment Canada at twenty locations throughout the province. An interpolation/extrapolation method was used to calculate the peak day ambient temperature for pipeline sections within each design area.

Ambient and ground temperatures based on historical information for each design area as described in Section 2.3 are shown in Tables 2.9.5.2.1 and 2.9.5.2.2.

Table 2.9.5.2.1
Ambient Air Temperature Parameters
(Degrees Celsius)

Design Area	Summer Design Temperature	Summer Average Temperature	Winter Design Temperature	Winter Average Temperature
Upper Peace River [1]	19	10	-1 to 0	-11
Central Peace River [1]	19	10	1 to 3	-11
Lower Peace River [1]	18 to 19	10	3	-11
Marten Hills	18	10	3	-9
North of Bens Lake	19 to 20	10	2 to 3	-11
South of Bens Lake	20 to 23	13	1 to 5	-8
Edson Mainline[2]	18	10	3 to 4	-8
Eastern Alberta Mainline[2] (James – Princess)	18 to 21	11	4 to 5	-7
Eastern Alberta Mainline[2] (Princess - Empress/McNeill)	22 to 23	13	6	-7
Western Alberta Mainline[2]	18 to 20	11	4 to 7	-4
Rimbey-Nevis	19 to 20	11	3 to 4	-7
South and Alderson	21 to 22	13	6 to 7	-7
Medicine Hat	23	13	7	-6

NOTES:
1 Design Sub Areas within the Peace River Design Area.
2 Design Sub Areas within the Mainline Design Area.

Table 2.9.5.2.2
Ground Temperature Parameters
(Degrees Celsius)

Design Area	Summer Design Temperature	Summer Average Temperature	Winter Design Temperature	Winter Average Temperature
Upper Peace River [1]	14	8	4	1
Central Peace River [1]	14	8	4	1
Lower Peace River [1]	14	8	4	1
Marten Hills	12	7	5	2
North of Bens Lake	11	6	5	2
South of Bens Lake	14	8	5	2
Edson Mainline[2]	12	8	5	2
Eastern Alberta Mainline[2] (James - Princess)	14	9	5	2
Eastern Alberta Mainline[2] (Princess-Empress/McNeill)	15	9	5	2
Western Alberta Mainline[2]	14	9	5	1
Rimbey-Nevis	14	10	5	2
South and Alderson	16	11	7	3
Medicine Hat	17	12	7	2

NOTES:
1 Design Sub Areas within the Peace River Design Area.
2 Design Sub Areas within the Mainline Design Area.

2.9.5.3 Pipe Size and Compression Requirements

A combination of pipe and compression facilities is reviewed to meet the design flow requirements. The possible combinations are almost unlimited so guidelines have been developed based upon experience and engineering judgment to assist in determining pipe size and compression requirements.

Experience has shown that the pressure drop along the mainline system should be within a range of approximately 15 to 35 kPa/km (3.5 to 8.0 psi/mile) of pipe. Above this range, compressor power requirements become excessive because of high friction losses, and pipeline loop usually becomes more economical than adding compression.

In addition, experience has also shown that generally it is advantageous to provide for a loop with a diameter at least as large as the largest existing line being looped. As a guide to selecting loop length, the loop should extend between two existing block valves where possible, thus minimizing system outages and impact from failures. In cases where design flow requirements are projected to increase, it is usually cost effective to add loop in a manner that will ensure that no additional loop will be required in the same area in the near future.

There is some flexibility in the location of compressor stations when new compression is required. Shifting the location changes the pressure at the inlet to the station and, hence, the compression ratio (i.e., the ratio of outlet pressure to inlet pressure). Capital costs, fuel costs, and environmental and public concerns are also key factors in selecting compressor station location.

2.9.5.4 Selection of Proposed and Alternative Facilities

Various alternatives are identified when combinations of the facility configurations and optimization parameters are considered. This process requires a careful evaluation of alternative designs to select those appropriate for further study.

Facilities that are most likely to meet future gas flows and minimize the long term cost of service are considered. As well, when appropriate, TBO or purchase of existing other party facilities are considered as an alternative to constructing facilities.

The process to identify the potential for facilities requirements begins with the generation of design flow and peak expected flow requirements (Chapter 4). Then, design capabilities on the system are determined to identify where capability restrictions will occur. Pipe sizes, MOP and routings, as well as compressor station sizes and locations are evaluated as part of alternative solutions to eliminate these capability restrictions.

The capital cost of each reasonable alternative is then estimated. Rule of thumb costing guidelines are established at the beginning of the process. These guidelines take the form of cost per kilometer of pipeline and cost per unit type of compression and are based on the latest actual construction costs experienced by NGTL. Adjustments may be made for exceptions (i.e., winter/summer construction, location, and river crossings) that significantly impact these rule of thumb costing guidelines.

The results of the preliminary hydraulics and rule of thumb costs are compared and the best alternatives are given further study.

Simulations of gas flows on the Alberta System are performed for future years to determine when each new compressor station or section of loop should be installed and to establish the incremental power required at each station. Additional hydraulic flow simulations beyond the design period are performed for each remaining alternative to further define the location and size of compressor stations and loops.

Once the requirement for facilities in each year is determined, hydraulic flow simulations are performed based on seasonal average flows for each of the future years to determine compressor fuel usage, annual fuel, and operating and maintenance costs for each facility.

Next, detailed capital cost estimates for new facilities are determined to further improve upon the assessment of alternatives. Where appropriate, the alternatives include the use of standard compressor station designs which are incorporated into the cost estimates. These capital cost estimates reflect the best available information regarding the cost of labor and materials based on the preliminary project scope and also consider land and environmental constraints that may affect project timing and costs.

In reviewing capital, fuel, operating and maintenance costs, it is possible that some alternatives will have higher costs in all of these categories than other alternatives. The higher cost alternatives are eliminated from further consideration.

The annual cost of service, based on capital and operating cost estimates, is determined for each remaining alternative. This calculation includes annual fuel costs, capital costs escalated to the in-service date, annual operating costs, municipal and income taxes, return on investment and depreciation. The present value of each of the annual cost of service calculations are determined and then summed to calculate the CPVCOS for each alternative.

The proposed facilities are usually selected on the basis of lowest CPVCOS and lowest first year capital cost. However, a number of alternatives may be comparable when these costs are considered. For practical purposes, when these alternatives are essentially equal based on financial analyses, the selection decision will consider other relevant factors including operability of the facilities, environmental considerations and land access.

2.9.5.5 Preliminary Site and Route Selection Areas

Preliminary site and route selection areas are defined by hydraulic parameters. The downstream boundary of a compressor station is determined by locating the compressor station at a point where the maximum site-rated power available for the selected unit is fully used and the compressor station is discharging at the pipeline MOP while compressing the design flow requirements. The upstream boundary is determined by locating the selected unit at a location where any excess power available at the next downstream compressor station is consumed and the compressor station is discharging at the pipeline MOP while compressing the design flow requirements.

The preliminary route selection area for new pipelines is defined by the reasonable alternative routes between the end points of the new pipeline.

2.9.6 Final Site and Route Selection

Once preliminary site and route selection areas have been identified, efforts are directed at locating final sites for compression and metering facilities and routes for pipelines that meet operational, safety and environmental considerations and have minimal social impact.

2.9.6.1 Compressor Station Site Selection Process

The final site selection for a new compressor station is a two step process. The first step is a screening process where the preliminary site selection area is examined against relevant screening criteria with the objective of eliminating those locations determined to be inappropriate. This methodology is essentially one where geographical, physical, environmental and landowner impact constraints are used to eliminate unsuitable areas.

In the second step, a matrix is used to rank candidate sites against a number of engineering, operational, environmental, social and land use criteria. With appropriate weighting assigned to each of these criteria, based on input received from the public consultation process (Section 2.9.7), each candidate site is ranked relative to the others.

The criteria used to select compressor station sites include the following:

(1) Terrain:

Ideally, flat and well-drained locations are preferred, so that grading can be minimized and the surrounding landscape can be utilized to reduce visual impact to the surrounding residences.

(2) Access:

Compressor facilities are located as close as possible to existing roads and highways to minimize the cost and surface disturbance associated with new road construction.

(3) Land Use:

Compressor facilities are located, where possible, within areas cleared of vegetation and in areas where existing access routes can be utilized.

(4) Proximity to Residences:

Compressor facilities are designed to be in compliance with regulatory requirements and located as far away as possible from residences to minimize visual and noise impacts.

2.9.6.2 Meter Station Site Selection Process

Criteria similar to those applied to siting compressor stations are used to select meter station sites.

2.9.6.3 Pipeline Route Selection Process

The final pipeline route selection process consists of a review and an analysis of all available and relevant information, including: alignment sheets; aerial photographs; topographical maps; county maps; soil maps and historical data. Using this information, an aerial and/or ground reconnaissance of the preliminary route selection area is conducted to confirm the pipeline end points and to identify alternative pipeline routes between end points.

Input is sought from landowners and the public affected by the alternate pipeline routes (Section 2.9.7) through public consultation. The pipeline route that best satisfies a variety of route selection criteria, including: geographical; physical; environmental; engineering; and landowner and public concerns is selected.

The criteria used to select pipeline routes include the following:

(1) Terrain:

To minimize environmental and construction impacts, the driest and flattest route possessing both stable and non-sensitive soils is preferred. Other terrain features, such as side slopes, topsoil, rocky areas, wet areas and water crossings are also considered.

(2) Land Use:

To the extent possible, existing corridors are utilized while taking into consideration, the other current land use activities.

(3) Right-of-Way Corridors:

To the extent possible existing utility, seismic or pipeline right-of-way corridors within the route selection area are used. Utilizing existing corridors may reduce the amount of clearing and land disturbance and, in the case of shared right-of-way, allows for narrower new Right-of-Way width by overlapping existing pipeline corridors.

(4) Crossings:

On many occasions the pipeline route selected crosses both natural and man-made obstacles such as creeks, drainages, roads and other pipelines. Where practical, the pipeline is routed such that these crossings are avoided. However, when a crossing is necessary, the best possible location is selected considering terrain, land use, pipeline corridors, environmental considerations and the requirements of relevant regulatory authorities.

(5) Access:

The route which provides access during construction and that minimizes interference with surrounding land use is preferred. It is also preferable to locate the pipeline so that valves are easily accessible for day-to-day operations.

(6) Construction Time Frame:

The approximate timing of the construction phase, which is related to the required in-service date of the pipeline, is considered during pipeline route selection. The available construction time frame can be affected by terrain, land use, and the environment. Timing can also influence cost factors.

(7) Future System Expansion:

The possibility of future system expansion and any constraints that the proposed routing may have on future looping are considered.

2.9.7 Public Consultation Process

NGTL is involved in a variety of public consultation activities that help it establish and maintain positive relationships with people affected by the construction and operation of the pipeline system. Part of the public consultation process involves information sharing on new projects and soliciting public input for the siting of new facilities.

The public consultation process enables NGTL to identify and address issues involving the public, share information on NGTL's plans and solicit input on decisions that may affect public stakeholders.

While public consultation is an integral and important component of the facility site and route selection process that precedes every facility application, the nature and scope of each public consultation program depends on a number of factors, including the nature of the facility, the potential for public impact, and the level of public interest. All contact with stakeholders throughout the consultation process is documented in a tracking form that is reviewed regularly to ensure that all commitments are recorded and issues of concern are addressed.

As part of the stakeholder identification process, title searches of all lands directly impacted by or adjacent to each proposed facility are conducted to identify potentially impacted landowners and occupants. Public Land Standing Reports are obtained from Alberta Sustainable Resource Development to verify all Crown land disposition holders that would have an interest in the lands.

Lands potentially impacted may include:

- All lands crossed by the proposed pipeline route(s);
- All parcels of land lying within 0.2 km of the proposed pipeline route(s); and
- All lands lying within a 1.5 km radius of all proposed compressor station facilities.

NGTL representatives meet with all directly impacted landowners and occupants to introduce them to the facility proposal and provide an opportunity for input regarding routing and scheduling.

In addition, the Member of Parliament and Member of the Legislative Assembly, the regulatory local area supervisor, as well as local elected officials and staff, civic organizations and other potentially interested and impacted stakeholders are identified and notified of the proposal.

Standard information packages for all stakeholders contain:

- A fact sheet outlining project specific information such as length of the project, the start and end points, proposed pipe size, maximum operating pressure, new Right-of-Way, existing corridors, the proposed construction timing, as well as environmental, safety and consultation commitments;
- A map depicting the geographic location of the proposed pipeline route/facility site as well as company contact information;
- Letter from the Chairman of the ERCB;
- Letter from the Chairman of the AUC;
- ERCB brochure *Understanding Oil and Gas Development in Alberta;*
- ERCB public information document *EnerFAQs No. 7: Proposed Oil and Gas Development: A Landowners Guide;*
- ERCB public information document *EnerFAQs No. 9: The ERCB and You: Agreements, Commitments and Conditions;*
- ERCB public information document *EnerFAQs No. 11: All About Appropriate Dispute Resolution (ADR);*
- Required EnerFAQs as outlined in ERCB Directive 56: *Energy Development Application Guide;*
- ERCB Brochure: *Safe Excavation Near Pipelines;*
- Alberta Agriculture, Food and Rural Development pamphlet: *Negotiating Surface Rights;* and
- Alberta Agriculture, Food and Rural Development pamphlet: *Pipelines in Alberta*.

Advertisements respecting proposed facilities are placed in local newspapers for a two week period. Any landowner or public concerns generated from the advertisement process are dealt with on a one-on-one basis.

Upon request or if deemed appropriate, specific interested individuals or groups, such as municipalities, civic organizations, or special interest groups, will receive a personal consultation to provide further details of the proposed facilities and gain input from stakeholders.

A community meeting or open house is held, where appropriate, to provide information regarding specific proposed facilities and gain input from stakeholders. Community meetings provide a forum to review, discuss and resolve issues or concerns of interested parties. Invitations are extended to all potentially impacted landowners, occupants, government officials and general community members who may be impacted by or interested in the proposed facilities, as identified by NGTL. NGTL endeavors to answer any questions with regard to proposed facilities at these meetings. If NGTL is unable to respond to questions at that time, additional information is gathered and is provided following the meeting. Attendees are requested to sign into the open house and provide feedback on the effectiveness of the open house in addressing their issues or concerns with the proposed project. A summary of the information shared, the comments received, and any commitments made, is entered into the consultation tracking form.

As a demonstration of its respect for the diversity of aboriginal cultures and its commitment to work with aboriginal communities, an Aboriginal Policy was developed. All communications with aboriginal communities in areas of proposed facilities are guided by this policy. In developing its projects, NGTL strives to engage communities in dialogue to support an understanding of the potential impacts of proposed facilities, mitigate potential impacts on traditional land use and provide the opportunity to work closely with the communities to seek mutually acceptable solutions and benefits.

A copy of the Aboriginal Policy can be found on TransCanada's Web site at: http://www.transcanada.com/social/reports.html

2.9.8 Environmental Considerations

Facility sites and pipeline routes that allow the facility to be constructed and operated in a cost effective manner with minimal environmental impact are selected. The route and site selection processes consider the impact of proposed facilities on all aspects of the environment, including: surficial geology and landform; soils; timber; water resources; vegetation; fisheries; wildlife; land use; aesthetics; air quality and noise levels as outlined in Alberta Environment's ("AENV") *Guide for Pipelines, 1994* and *the NGTL Conservation and Reclamation Standard, 1999.* All identified potential environmental impacts are examined during the selection process and evaluated together with any mitigative measures that may be required to reduce the impacts of facility construction and operation. Measures appropriate to address hazardous materials, waste management, weed control, reclamation and various environmental components potentially impacted by the project are designed to meet project specific conditions. Based on the consideration of potential environmental impacts and the design of mitigation measures, an Environmental Protection Plan is developed to communicate these mitigation measures.

2.9.8.1 Site Preparation

During the construction of meter stations and compressor stations, the topsoil in the White Area (arable lands) of the Province and the surface organic and near surface mineral material in the Green Area (non-arable lands) are stripped from the entire graded area. The stripped material is stockpiled at an appropriate location to conserve the material for use during reclamation of the site upon decommissioning and abandonment. The stockpile is seeded with a mixture of species compatible with the surrounding area to prevent wind and water erosion.

2.9.8.2 Right-of-Way Preparation

During the construction of pipelines in the White Area of the Province, topsoil is conserved to maintain land capability following construction. Soil surveys are conducted in selected areas of the province to ensure that handling techniques are compatible with the soil conditions of the right-of-way.

In the Green Area of the Province, surface materials are conserved through grubbing procedures. Grubbing is the removal of woody debris (e.g. stumps, roots) from the right-of-way to allow for the safe passage of construction equipment. Timber is salvaged from the Right-of-Way when the trees meet merchantable criteria established in consultation with Alberta Sustainable Resource Development.

2.9.8.3 Vegetation Management

The vegetation management program is designed to assess and respond to weed problems on newly constructed and operating pipelines and facilities. All reasonable measures are employed to prevent the proliferation of weeds and promote desirable, relatively stable plant communities that are compatible with existing land use. Certificates of Analysis are obtained for all grass and legume seed mixes used in the reclamation program to ensure that prohibited and noxious weeds are not introduced to an area through seed application. In addition, construction equipment is cleaned of mud and vegetative debris prior to entering the Right-of-Way.

Measures to prevent the proliferation of weeds include tilling, mowing, spraying, or in rare cases, hand pulling of weeds. The method of control is chosen to accommodate site conditions, landowner requirements and regulatory agency recommendations.

2.9.8.4 Surface and Groundwater Considerations

Surface water movements are taken into consideration during the facility site and pipeline route selection process. During construction, near surface groundwater flow may be encountered. In these situations, the potential for impacting flow direction is assessed and, where necessary, below ground piping is installed or other appropriate measures are taken to ensure that groundwater moves across the facility.

2.9.8.5 Fisheries and Wildlife Resources

The identification and evaluation of fish and fish habitat is required for each watercourse traversed by a pipeline route. This process enables NGTL representatives to: determine fish and fish habitat parameters and criteria at each watercourse crossing; evaluate and recommend appropriate crossing methodologies; identify construction mitigation measures; evaluate the need for specific reclamation measures at each crossing location; and meet applicable provincial and federal legislative requirements.

Crossing evaluations and habitat assessment information establishes the recommended crossing methodology. This information provides documentation to meet the intent of the federal *Fisheries Act* and all other applicable legislation as well as the 'no net loss' principle. Information from the crossing evaluation (e.g., geotechnical assessment) and findings from the fisheries assessment are integrated to determine the most appropriate crossing methodology.

The evaluation and assessment are documented to ensure and demonstrate due diligence in determining impacts associated with a crossing technique and/or proposed mitigation measures. Each crossing is installed as quickly as possible to minimize potential environmental impacts during construction.

Identifying and evaluating wildlife and their habitats along the pipeline alignment and adjacent areas is part of the environmental planning process. Wildlife and habitat information is reviewed to: ensure that pipeline activities have a minimal impact on these resources and their habitat; meet the requirements of the *Alberta Wildlife Act* and all other applicable legislation; and identify the status of critical key wildlife species and their habitat (i.e., endangered, threatened or vulnerable). NGTL then determines the most appropriate route alignment by and if possible, avoiding routing through critical and/or key habitat. If key and/or critical habitat cannot be avoided, NGTL identifies appropriate mitigative measures in consultation with local resource managers and documents these measures in the Environmental Protection Plan to be implemented during construction.

2.9.8.6 Historical and Paleontological Resources

Class I pipelines, as described in Section 2.9.9, are referred to Alberta Culture and Community Spirit to determine whether or not a Historical Resource Impact Assessment is required. The need for a historical resource assessment is based on the following principles: that crown owned archaeological and paleontological resources are held as a public trust; 'users pay' principle applies to all historical resource discoveries and therefore developers that create an impact on historical resources are responsible to undertake an impact assessment and implement mitigation measures to protect these resources; and the Minister responsible for historical resources management has discretionary powers to order an assessment and mitigation of historical resources impacts.

For Class II pipelines, available provincial archaeological resources sensitivity maps and significant sites and area maps are removed. In cases where this review suggests that a proposed project may have potential impact to an identified site, NGTL works with the appropriate Alberta Culture and Community Spirit representative to determine appropriate next steps.

If a significant historical site is discovered during the assessment of a proposed facility, the service of a qualified archaeologist is employed to further delineate historical resources in relation to construction activities. If warranted, mitigative measures are employed during construction to conserve and preserve historical resources. Although the assessment is intensive, it is still possible to encounter new sites during construction. In accordance with Section 27 of the *Alberta Historical Resources Act*, should any cultural material be uncovered during construction, Alberta Culture and Community Spirit is contacted immediately to determine further requirements.

2.9.8.7 Land Surface Reclamation

The primary objective of surface land reclamation is to return lands to equivalent land capability. As a result, the focus is on the land capability of surface material and vegetation criteria. Surface land reclamation must be practical, feasible and cost-effective in meeting the objectives of equivalent land capability. Remedial efforts focus on reducing long-term risk and mitigating concerns.

Reclamation requirements are outlined in the Environmental Protection Plan. NGTL identifies reclamation criteria in the planning and preparation phase of a pipeline to ensure that any disturbed land is returned to an equivalent land capability. The reclamation criteria addresses: vegetation; drainage; moisture availability; erosion, contour or landscape pattern; and slope stability.

The following principles are adhered to when developing and implementing a Reclamation Plan: salvage all surface materials/topsoil and store it separately from the subsoil and spoil material so it can be used for reclamation of the site; develop Reclamation Plans for all facilities; and obtain the appropriate regulatory approvals when abandoning a facility.

2.9.8.8 Air Emissions and Alberta Environmental Protection and Enhancement Act (“AEPEA”) Approvals

Compressor Stations are designed and constructed in compliance with the requirements of AEPEA.

2.9.8.9 Noise Regulations

NGTL complies with regulatory requirements in the design and construction of facilities.

2.9.9 Facility Applications, Procurement and Construction Phase

Applications for facilities for the Planning Period will be submitted to the regulator throughout 2009. As facility applications are being prepared, discussions with industry representatives will continue and modifications to specific facility applications, if warranted, will be made to reflect industry feedback on the Annual Plan. If any significant changes are made to accommodate a concern, timing of the completion of the facilities may be affected and result in a delay in the provision of firm transportation. However, all reasonable steps to mitigate such delays will be taken.

Under the provisions of AEPEA and the *Activities Designation Regulation*, NGTL is required to submit Conservation and Reclamation (“C&R”) applications to AENV for Class I pipelines with the exception of those located in the Green Area. Class I pipelines are those projects in which the pipe diameter (in millimeters) multiplied by the cumulative length (in kilometers) is equal to or greater than 2690. A C&R application contains details with respect to location of the pipeline, area description, environmental consultation activities, potential environmental impacts and an environmental protection plan. Environmental protection plans for all pipeline construction projects, Class I and Class II, are developed. Class II pipelines are those projects in which the pipe diameter (in millimeters) multiplied by the cumulative length (in kilometers) is less than 2690. C&R applications are reviewed and approved by AENV prior to construction. During the review process, the submission of the application is advertised, thereby allowing the public further opportunity to review and/or comment on the application. Statements of concern brought forth by the public to AENV are addressed prior to a decision being made on the application. The application process typically parallels the regulatory facility application review process.

NGTL has developed and implemented the NGTL C&R Standard compiling NGTL environmental policies and standard environment protection procedures. All project-specific C&R applications will refer to and incorporate the appropriate policies and procedures set out in NGTL's C&R Standard.