


<p style="text-align: center;">MADE at the City of Calgary, in the Province of Alberta, on</p> <p style="text-align: center;">18th day of December 2008.</p>	 ALBERTA UTILITIES COMMISSION
NOVA Gas Transmission Ltd. Request to Negotiate Issue T2008-04, Hidden Lake Area Streaming Modifications and Additions	Application No. 1596307 Proceeding ID. 137

1 INTRODUCTION

The Alberta Utilities Commission (AUC or Commission) received an application dated November 25, 2008, from NOVA Gas Transmission Ltd. (NGTL), pursuant to AUC *Rule 018*, and NGTL established practice, requesting approval to commence negotiations on NGTL’s Tolls, Tariff, Facilities and Procedures Committee (TTFP) Issue T2008-04, Hidden Lake Area Streaming Modifications and Additions (the Application).

The Commission issued Notice of the Application on December 4, 2008, and received seven Statements of Intent to Participate (SIPs). Six of the participants, Nexen Marketing, Talisman Energy Incorporated, the Office of the Utilities Consumer Advocate, NOVA Chemicals Corporation, BP Canada Energy Company, and the Canadian Association of Petroleum Producers, stated they had no objections. The seventh, Aux Sable Canada Limited (Aux Sable), stated:

Aux Sable supports that lean gas supplies be directed toward NGTL’s North Central Corridor Project but does not have adequate information on the Streaming Modifications to support or oppose this Application. Aux Sable is not a member of the Tolls, Tariff, Facilities and Procedures Committee (“TTFP”) and thus it is not clear to Aux Sable how this Application will affect the natural gas liquids in Western Canada and the interests of Aux Sable.

The Commission considers the record for the proceeding closed on December 11, 2008.

2 DETAILS OF THE APPLICATION

NGTL submitted that the TTFP adopted Issue T2008-04, “Hidden Lake Area Streaming Modifications and Additions”, on November 18, 2008, for the purpose of evaluating potential rich streaming modifications and additions in the Hidden Lake area forming part of the North Central Corridor (NCC) project. The possibility of rich gas streaming was raised by NGTL in the NCC facility approval proceeding, Application No. 1551990, which resulted in

Decision [2008-095](#).¹ The facility modifications and additions proposed for negotiation would result in the streaming of richer gas supplies toward existing straddle plants and lean gas supplies into the NCC which will transport gas to end use customers, thereby reducing the amount of natural gas liquids contained within the gas stream for consumption in end use markets.

NGTL stated that in the NCC proceeding, it committed to further evaluate this streaming proposal and promptly bring it to the TTFP for stakeholder discussion. NGTL noted that in Decision 2008-095, the AUC found merit in NGTL's proposal to discuss streaming alternatives in the TTFP process.²

NGTL also stated in the Application that "Determination will be made with respect to recovery of capital and operating costs should the TTFP support the facilities."

3 VIEWS OF THE COMMISSION

Subject to the comments below with respect to the participation of Aux Sable and other interested parties, the Commission finds that NGTL has complied with the Initiation of Process as outlined by the Commission in *Rule 018*, Section 4, which indicates that an applicant may only commence negotiations with the approval of the Commission and that an applicant must notify the Commission of its intention to initiate a negotiated settlement process and provide the Commission with an outline of the pertinent issues to be resolved.

From Decision 2008-095, the following two quotes illustrate the Commission's support for the streaming initiative, with certain caveats:

The Commission sees merit in NGTL's proposal to discuss streaming alternatives in the NGTL TTFP process. The Commission does not agree with NOVA Chemicals that it should provide specific directions and implementation timetables for the NGTL streaming proposal. Nor does the Commission agree that the streaming proposal should be included in the capital cost of the NCC project. However, given the importance of the NGL industry and the petrochemical industry to Alberta, the Commission sees some merit in considering the impact on NGL availability, and possible mitigations, when reviewing gas pipeline applications. The Commission recognizes that as the gas market evolves, the NGL industry and the petrochemical industry will also evolve and adapt to new circumstances.³

The Commission recognizes the environmental benefits resulting from reduced fuel consumption associated with the Applied-for Facilities (such as reduced greenhouse gases and Nitrous Oxides emissions). In addition, the Commission agrees that further reductions in gases and Nitrous Oxides emissions could be achieved by streaming gas with entrained liquids towards the straddle plants, and is therefore in support of such streaming from an environmental standpoint.⁴

¹ AUC Decision 2008-095, NGTL North Central Corridor Application, released October 10, 2008

² AUC Decision 2008-095, NGTL North Central Corridor Application, Page 40, released October 10, 2008

³ AUC Decision 2008-095, NGTL North Central Corridor North Star and Red Earth Sections Meikle River Compressor Station Application for Permit and Licence, released October 10, 2008, Page 40

⁴ AUC Decision 2008-095, NGTL North Central Corridor North Star and Red Earth Sections Meikle River Compressor Station Application for Permit and Licence, released October 10, 2008, Page 43

Any Settlement reached by parties with respect to the streaming negotiations must clarify the costs of the streaming proposal and describe any agreement reached on how those costs will be allocated and recovered. In addition, the Settlement should incorporate relevant concepts from the recommendations of the Alberta Energy and Utilities Board in its pending decision on the Inquiry into Natural Gas Liquids (NGL) Extraction Matters, Application 1513726.

The Commission is aware that NGTL has utilized a group of participants broader than the TTFP in other collaborative processes, and interest in this issue was expressed by various parties to the North Central Corridor application, not all of which may be members of the TTFP. The Commission also notes the interest of Aux Sable as expressed in its SIP. The AUC supports collaborative processes to address and attempt to resolve issues in order to streamline formal regulatory processes and is committed to the negotiated settlement process as part of its objective of achieving greater regulatory efficiency and effectiveness. The Commission therefore expects that this collaborative process will be inclusive of all interested and potentially affected parties, such that it will be more likely that any resulting negotiated settlement would be in the public interest. The Commission directs NGTL to afford the opportunity to all interested parties, such as Aux Sable, participants in the NCC application, and participants in the Alberta NGL and petrochemical industries, to participate in the Hidden Lake Area Streaming Modifications and Additions collaborative process, and to include in any resulting Settlement a list of the participants in the collaborative process.

4 ORDER

IT IS HEREBY ORDERED THAT:

The Commission approves the Application, as filed with the AUC on November 25, 2008, requesting approval to commence negotiations on Issue T2008-04, Hidden Lake Area Streaming Modifications and Additions, effective immediately.

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