



ATCO Gas and Pipelines Ltd. (South)

Construction of Norma 508 mm Pipeline and Control Station

Townships 53 and 54, Range 15, 16, 17 and 18, West of the Fourth Meridian

June 14, 2013

The Alberta Utilities Commission

Decision 2013-223: ATCO Gas and Pipelines Ltd. (South)

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Townships 53 and 54, Range 15, 16, 17 and 18, West of the Fourth Meridian

Application No. 1609460

Proceeding ID No. 2538

June 14, 2013

Published by

The Alberta Utilities Commission

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1 Introduction and background

1. ATCO Gas and Pipelines Ltd. (South) (ATCO) filed an application with the Alberta Utilities Commission (AUC or the Commission) on April 3, 2013, seeking approval for an amendment to Permit and Licence No. 16723 pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, for the following:

- Addition of newly constructed pipelines [Lines 92 through 158 for a total of 38.27 kilometres (km) of 508-millimetre (mm) outside-diameter pipeline].
- Addition of a new control station.

1.1 Discussion

2. ATCO proposed to install a new 508-mm high pressure sweet natural gas pipeline with related surface facilities from southeast of Hilliard (SW 34-53-18-W4M) to the northwest of Warwick (SE 1-54-15-W4M), Alberta. The purpose of the proposed new pipeline, titled the Norma Transmission Pipeline, and its associated surface facilities is to increase capacity on ATCO's existing Inland Pipeline System, which carries sweet natural gas into the Fort Saskatchewan and Edmonton areas by connecting the inland system to NOVA Gas Transmission Ltd.'s (NGTL) pipeline system in SE 1-54-15-W4M.

3. ATCO stated that the Norma Transmission Pipeline would connect to a proposed NGTL pipeline, which would run from SE 1-54-15-W4M to NGTL's existing Bens Lake compressor station in E 5-54-14-W4M. NGTL submitted an application to the National Energy Board on March 5, 2013, for its proposed pipeline.

4. As part of the project scope, ATCO proposed to install a facility named the Norma control station in SW 34-53-18-W4M. This control station would enable the regulation of flow by ATCO between the proposed Norma Transmission Pipeline and ATCO's existing Inland Pipeline System. In addition to the control station, ATCO would install two above ground isolation valves on the Norma Transmission Pipeline. These isolation valves would be located in SW 6-54-16-W4M and SE 1-54-15-W4M.

5. ATCO stated that the Edmonton region is forecast to experience a natural gas supply capacity shortfall by the winter of 2013-2014, due to a combination of temperature sensitive demand growth, industrial demand growth and on-system receipt declines. ATCO and NGTL have evaluated several alternatives to address the need for additional capacity in the Edmonton region. The Norma Transmission Pipeline has been selected as the optimal solution for provision of the required incremental capacity.¹ ATCO also stated that if the Norma Transmission Pipeline is not in-service by November 1, 2013, firm transportation delivery curtailments may result.² To achieve an on-stream date of November 1, 2013, ATCO forecast that the construction of the pipeline must begin in June of 2013.³
6. ATCO provided the information in Appendix A illustrating how the forecasted Edmonton area demand would be met with the proposed Norma extension, in comparison with another option, namely the Ukalta extension alternative.
7. ATCO described that the Norma extension alternative was forecast to include an additional Inland loop in 2020. The Inland loop would increase the capacity of the Norma project to 340 terajoules (TJ) per day.
8. ATCO selected the Norma extension alternative over the Ukalta option as it would have a lower cumulative present value of revenue requirements in the long-term as well as lower capital expenditures.
9. The Commission requested ATCO to discuss if it intends to proceed with the construction of the Norma extension prior to the rate aspects being addressed in a decision for its 2013-2014 General Rate Application, Application No. 1609158/Proceeding ID No. 2322, or if ATCO was requesting that the project need be addressed in this facility application. ATCO indicated that it intends to proceed with construction prior to the rates aspect being addressed for the 2013-2014 General Rate Application. ATCO stated that it is not requesting the need be specifically addressed from a rates perspective in this application and that this approach is consistent with ATCO's position on Bulletin 2013-12.⁴

1.2 Commission process

10. The Commission issued information requests to ATCO on May 9, 2013, and ATCO responded to the information requests on May 16, 2013.
11. The Commission assessed the public consultation provided by ATCO and the nature of the land holdings, which are generally large parcels of agricultural land, with no unresolved concerns identified. Given those factors, and the nature of the application, the Commission considered that its decision or order would not directly and adversely affect the rights of a person pursuant to Section 9 of the *Alberta Utilities Commission Act* and notice of application was not issued for this application.

¹ Exhibit No. 0001.00.ATCOPIPE-2322, Business Case for Norma Transmission Pipeline, pages 7 to 10.

² Exhibit No. 0043.00.ATCOPIPE-2538, Response to IR.AUC-ATCO-4(d), page 11.

³ Exhibit No. 0043.00.ATCOPIPE-2538, Response to IR.AUC-ATCO-4(c), page 11.

⁴ Bulletin 2013-12, Stakeholder consultation on the application process for new gas utility pipelines, April 1, 2013.

1.3 Environmental assessment

12. ATCO engaged the services of TERA Environmental Consultants to prepare a Conservation and Reclamation Report⁵ (the C&R report) for this project. That report was submitted to Alberta Environment and Sustainable Resource Development (AESRD) for approval in December of 2012. AESRD approved the Conservation and Reclamation report, Approval No. 321000-00-00, on April 2, 2013.

13. A copy of the final C&R report, as well as C&R Environmental Alignment Sheets, were provided to the AUC in response to information requests on May 10, 2013. The C&R report for the proposed project includes a description of the existing environmental and land-use conditions on the proposed project site and an overview of the environmental effects of the project.

14. The project is located within the White Area⁶ of Alberta and crosses privately-owned land with the exception of the bed and banks of Beaverhill Creek. Land use along the proposed pipeline route is mainly cultivated (64 per cent), and other land use includes: tame pasture (21 per cent), hay (nine per cent), treed-pasture (three per cent), treed (three per cent), open water (less than one per cent) and disturbed lands (less than one per cent).

15. The primary environmental concerns identified by ATCO for the proposed project include soils handling and conservation, disruption of other land users, disruption of wildlife and wildlife habitat, watercourse/wetland crossings and weed/soil disease management. ATCO proposed environmental protection and mitigation measures to address these potential concerns and included in the Environmental Protection Plan within the C&R report and has committed to follow the specifications presented in environmental protection plan to reduce the risk of adverse environmental impacts.

16. ATCO stated that Beaverhill Creek and an unnamed tributary to Vermilion River are the two watercourse crossings that would be affected by the proposed pipeline construction activities. Horizontal directional drilling is proposed for these watercourse crossings. ATCO completed the required notifications for the watercourse crossings to AESRD and to Fisheries and Oceans Canada, on January 17, 2013.

17. ATCO stated that the proposed pipeline would also cross a number of wetlands. ATCO completed the required notifications for the wetland crossings to Alberta Environment on January 17, 2013. A revision to that notification was submitted on March 12, 2013.

18. ATCO stated that TERA Environmental Consultants completed a historical resource impact assessment for the proposed pipeline and submitted it to Alberta Culture for approval. The *Historical Resources Act* clearance was received on March 5, 2013.

19. ATCO stated that it would have environmental inspectors on-site for the duration of construction activities to ensure compliance with all approvals.

⁵ Exhibit No. 0041.00.ATCOPIPE-2538, Final C & R Report.

⁶ White Area (White Zone), from AESRD glossary of terms refers to:

1. The settled regions of Alberta where agriculture is the most significant land use, including the grasslands and parklands of southern and central regions, and the Peace Country in the north.
2. The White Area includes nearly 40% of the total area of Alberta.

20. ATCO stated that the proposed control station would be 300 metres from the closest residence and would be installed adjacent to Range Road 183, three quarters of a mile south of Township Road 540. The proposed station would be installed directly north of ATCO's existing Mundare B receipt station. ATCO engaged the services of Acoustical Consultants Inc. to complete a noise impact assessment for the proposed site. The assessment also took into account the noise generated by the existing station. The assessment concluded that noise mitigation would not be required at the site.

21. ATCO's noise assessment stated that the predicted cumulative sound levels would be below the permissible sound levels of AUC Rule 012: *Noise Control* (AUC Rule 012).

1.4 Consultation

22. ATCO stated that the proposed above ground facilities were described in detail to landowners who would be affected by the facilities. The landowners in question had no concerns relating to the above ground facilities and surface leases were signed for the station site and two valve assembly locations.

23. ATCO advised that consultation with affected parties was completed in accordance with AUC Rule 020: *Rules Respecting Gas Utility Pipelines* (AUC Rule 020). ATCO has received non-objection for the pipeline from all landowners, occupants and parties directly affected by this application. The right-of-way and working space required to complete the construction of the pipeline has been acquired. A complete landowner line list, which shows the date of signatures of non-objection, consent for survey and acquisitions for this project, and a sample landowner consultation/acquisition package were submitted with the application.

24. ATCO stated that notification packages were sent to all landowners within 200 metres of the proposed pipeline, who had not already been consulted as directly affected parties. ATCO also completed consultations with the local municipalities including: Lacombe County and the County of Minburn. The proposed pipeline alignment was established through consultation with all stakeholders as well as the affected landowners. ATCO's submission of the application form indicated that no objections or concerns were received.

25. ATCO stated that the industry notifications for the project were completed in January 2013 and that there are no associated unresolved issues. As required under the Integration Agreement with NGTL, this project was presented to the NGTL Tolls, Tariff, Facilities and Procedures Committee (TTFP) and no objections were received.

26. ATCO applied to AERSD for determination of First Nations consultation requirements for the Norma project. On November 5, 2012, ATCO received a copy of First Nations consultation adequacy assessment from the AESRD stating that no consultation was required.

27. ATCO stated that as a part of the Conservation and Reclamation Plan application process, it ran public notification advertisements describing the proposed pipeline in the *Edmonton Journal* and the *Lamont Leader* on Tuesday, December 18, 2012, and in the *Lamont Farm and Friends* on Friday, December 21, 2012. Scanned copies of the advertisements were submitted with the application.⁷ The public notifications requested that statements of concern be submitted within 30 days of the ads being placed. No statements of concern were received.

2 Commission findings

28. When deciding whether approval of the proposed facilities is in the public interest the Commission is required by Section 17 of the *Alberta Utilities Commission Act* to have regard to the project's social and economic effects and its effects on the environment.

29. The Commission has reviewed the application and has determined that it meets the requirements, including the public involvement and consultation requirements of AUC Rule 020. The Commission observes in this respect ATCO Pipelines' confirmation that there are no outstanding public or industry objections nor concerns. The Commission also finds that information in the application submitted by ATCO fulfills the requirements of AUC Rule 012.

30. The Commission accepts ATCO's evidence that the project is necessary to avoid a natural gas supply capacity shortfall by the winter of 2013-2014 in the Edmonton region resulting from a combination of temperature sensitive demand growth, industrial demand growth and on-system receipt declines as described more fully in Appendix A.

31. The Commission recognizes ATCO acquired a clearance pursuant to the *Historical Resources Act*. In addition, the Commission recognizes conservation and reclamation approval has been granted by the AESRD. The Commission also recognizes that the appropriate watercourse crossing notifications have been made to Alberta Environment and Fisheries and Oceans Canada and that the appropriate wetlands crossing notifications have been made to Alberta Environment.

32. The Commission finds that the environmental information required for the application has been sufficiently identified within the application and Information Request responses. The Commission is satisfied with ATCO's commitments to follow the specifications presented in the Environmental Protection Plan and Environmental Alignment Sheets in order to reduce the risk of adverse environmental impacts of the project.

33. Based on the foregoing, the Commission considers the project to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*.

⁷ Exhibit No. 0012.00.ATCO-2538, Public Notice Advertisements.

3 Decision

34. Pursuant to Section 11 of the Pipeline Act, Section 4.1 of the *Gas Utilities Act*, the Commission approves the amendment to Permit and Licence No. 16723 and grants ATCO the amended permit and licence as set out in Appendix 1 – Gas Utility Pipeline – Construction of Norma 508-mm Pipeline and Control Station – Permit and Licence No. 16723 - June 14, 2013 (Appendix 1 will be distributed separately).

Dated on June 14, 2013.

The Alberta Utilities Commission

(original signed by)

Henry van Egteren
Commission Member

Appendix A – Supply demand comparison for Norma and Ukalta alternatives

Facility Alternative	Winter	Edmonton area demand (TJ/day)	Incremental pipeline capacity (TJ/day)	Capital Cost (\$ millions)	Total Pipeline System Capacity (TJ/day)	
Norma (40 km, NPS20)	2013-2014	1986	230	61.1	2162	
	2014-2015	2043			2162	
	2015-2016	2060			2162	
	2016-2017	2077			2162	
	2017-2018	2094			2162	
	2018-2019	2105			2162	
	2019-2020	2115			2162	
	Additional Inland (18 km, NPS20)	2020-2021	2121	110	34.7	2272
2021-2022		2128			2272	
2022-2023		2134			2272	
2023-2024		2141			2272	
2024-2025		2148			2272	
2025-2026		2155			2272	
2026-2027		2162			2272	
2027-2028		2170			2272	
2028-2029		2177			2272	
2029-2030		2185			2272	
2030-2031		2184			2272	
2031-2032		2182			2272	
2032-2033		2181			2272	
Ukalta (62 km, NPS20)		2013-2014	1986	440	98.6	2372

	2014-2015	2043			2372
	2015-2016	2060			2372
	2016-2017	2077			2372
	2017-2018	2094			2372
	2018-2019	2105			2372
	2019-2020	2115			2372
	2020-2021	2121			2372
	2021-2022	2128			2372
	2022-2023	2134			2372
	2023-2024	2141			2372
	2024-2025	2148			2372
	2025-2026	2155			2372
	2026-2027	2162			2372
	2027-2028	2170			2372
	2028-2029	2177			2372
	2029-2030	2185			2372
	2030-2031	2184			2372
	2031-2032	2182			2372
	2032-2033	2181			2372