



## **ATCO Gas and Pipelines Ltd. (South)**

**Shepard Energy Centre Delivery Lateral Pipeline  
August 14, 2013**

**The Alberta Utilities Commission**

Decision 2013-302: ATCO Gas and Pipelines Ltd. (South)

Shepard Energy Centre Delivery Lateral Pipeline

Application No. 1609690

Proceeding ID No. 2673

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Fifth Avenue Place, Fourth Floor, 425 First Street S.W.

Calgary, Alberta

T2P 3L8

Telephone: 403-592-8845

Fax: 403-592-4406

Website: [www.auc.ab.ca](http://www.auc.ab.ca)

## 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 June 19, 2013, seeking approval for an amendment to Permit and Licence No. 106<sup>1</sup> pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act* for the following:

- addition of newly constructed pipeline [lines 64 through 104 – 15.80 kilometres of 508.0-millimetre (mm) outside-diameter (OD) pipe]
- addition of a control station
- addition of a meter station
- addition of four above ground isolation valves.

The new pipeline will primarily serve the Shepard Energy Centre (SEC) and is referred to as the SEC delivery lateral project (the project).

### 1.1 Discussion

2. ATCO proposes to construct a new 508 mm OD high pressure, non-odorized sweet natural gas pipeline from the SW 30-24-28-W4M to the SW 20-23-28-W4M. The SEC delivery lateral project involves the construction of approximately 15.8 kilometres of 508 mm OD pipeline. The pipeline originates at a connection to an existing ATCO facility, the Carbon Loop transmission pipeline, through an above ground valve assembly located at ATCO's surface facility in SW 30-24-28-W4M (north of 16th Avenue NE and east of Stoney Trail NE). The pipeline route includes 1.7 kilometres westward from the tie-in point into the Transportation Utility Corridor (TUC), 11 kilometres south within the TUC and 3.0 kilometres eastward from the TUC to the Shepard Energy Centre (SEC) in the SW 20-23-28-W4M (South of Glenmore Trail and East of 100 Street SE). There are also two proposed surface facilities associated with the project to be located on TUC owned lands in the SE 36-23-29-WM (Chestermere Lake lateral - Shepard spill control station) and the SE 25-23-29-W4M (SEC metering station).

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<sup>1</sup> Permit and Licence No. 106, Application No. 1608790, Proceeding ID No. 2103, September 5, 2012.

3. ATCO stated that the SEC delivery lateral project will modify the ATCO south integrated system to enable the transportation of 113 terajoules (TJ)/day of non-odorized gas to the new SEC cogeneration facility. Unodorized gas was requested since odorant contains sulphur, which is not compatible with their process. The facilities described above represent the least-cost solution, consistent with the integration agreement between ATCO and NOVA Gas Transmission Ltd.(NGTL), by building new facilities where necessary, re-purposing existing facilities where feasible and maintaining system capability at a level that will ensure peak demand requirements are still met. The proposed new pipeline will provide natural gas to the SEC ,which is currently under construction. The SEC is an 800 megawatt (MW), natural gas-fired power generation facility. The 60 acre facility is located on the east side of Calgary in the Shepard Industrial Park. ATCO submitted that the business case for the SEC delivery lateral project was included in ATCO's 2013/2014 General Rate Application (GRA) No.1609158, Proceeding ID 2322<sup>2</sup>.

4. ATCO stated that the facilities supplying the SEC and the city of Calgary are designed to handle the power plant's expected maximum demand, simultaneous with handling peak demands for other local customers. This requires ATCO to reconfigure the use of its existing Carbon Loop Line from odorized to unodorized service, with the Carbon Loop Line flowing directly into the new Shepard pipeline. The Carbon Loop Line and the SEC will be supplied by a new NGTL Rosebud River interconnection. The Rosebud River interconnection will be largely dedicated to the SEC during periods of high demand at the SEC, but with the ability flow into Calgary during periods of lower demand at the SEC. As a result, fluctuations at the SEC are not expected to impact other customers because adequate pressure and inventory for the SEC can be managed by control facilities along the Carbon Loop transmission pipeline.<sup>3</sup> In addition, ATCO proposes to supplement the demand requirements in the Calgary area with additional East Calgary B facility upgrades.

5. ATCO stated that gas from the SEC delivery lateral is required to meet the projected 2014 winter demand for the town of Chestermere. The Shepard spill control station is designed to meter, odorize and provide overpressure protection between the SEC delivery lateral and the Chestermere Lake lateral pipelines. The SEC metering station is designed to meter gas transported in the SEC delivery lateral to the SEC power plant. The metering station would be located within the TUC to ensure permanent access for operation and maintenance. The proposed valves to be located within SW 30-24-28-W4M and SW 20-23-28-W4M act as emergency shutdown points that can be controlled remotely. The proposed valves to be located within SE 36-23-29-W4M and SE 25-23-29-W4M, act as isolation valves and transfer points to the Chestermere Lake lateral-Shepard spill control and SEC metering stations respectively.

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<sup>2</sup> Exhibit No. 0061.01.ATCO PIPE-2322, AP Responses to AUC IRs, Business Case for the Shepard Energy Centre Pipeline, Page 137 to Page 142 of 964.

<sup>3</sup> Exhibit No. 38.01 AUC-ATCO – 1(b) - The SEC is proposed to be a base-loaded power plant and is not expected to be subject to significant fluctuations in demand.

6. ATCO stated that the SEC delivery lateral is required to meet the initial SEC commissioning loads and is required to be in-service for July 1, 2014, according to the contractual demand. However, the SEC is ahead of schedule and the customer has requested an earlier in-service date if possible. Related projects, the East Calgary B projects, are expected to meet system demands and are not required until the onset of cold weather temperatures in the winter of 2014. ATCO submitted that land negotiations and detailed design are progressing on the 2.4 kilometre, 610 mm East Calgary B extension. Consent to survey has been obtained from all directly affected land owners and the project is scheduled for commissioning in October of 2014.

## 1.2 Commission process

7. The Commission issued information requests to ATCO on July 24, 2013. ATCO responded to the information requests on August 1, 2013.

8. Notice of application was issued by the Commission on July 18, 2013. The deadline for filing objections or concerns was August 9, 2013. Two interveners (ENMAX Green Power INC<sup>4</sup> on August 7, 2013, and Capital Power Corporation<sup>5</sup> on August 9, 2013) registered statements of intent to participate. Both interveners were in support of the project. No objections or concerns were filed.

## 1.3 Environmental assessment

9. ATCO stated that it engaged the services of TERA Environmental Consultants to prepare a pre-construction site assessment (PCSA) and Environmental Protection Plan (EPP)<sup>6</sup> for this project. The proposed pipeline crosses eight Class III wetlands, two Class IV wetlands, one Class V wetland and one irrigation canal. No watercourses are crossed by the proposed route. In response to an information request as to why the code of practice notification was not done prior to filing an application with the Alberta Utilities Commission, ATCO stated that a letter has been provided as notification to Alberta Environment and Sustainable Resource Development (AESRD) under the *Code of Practice for Pipelines and Telecommunication Lines Crossing a Water Body*. In the event that construction timing changes, a revised code of practice notification would be provided to AESRD prior to construction. The proposed pipeline does not traverse lands with a designated historical resource value. Since the project is a Class II pipeline and does not encounter lands on the listing of significant sites (March 2013) by Alberta Culture, *Historical Resources Act* clearance is not required for the project. ATCO would have environmental inspectors on site for the duration of construction activities to ensure compliance with all approvals.

10. ATCO stated that two new stations would be located on TUC owned lands in the SE 36-23-29-WM (Chestermere Lake lateral - Shepard spill control station) and the SE 25-23-29-W4M (SEC Metering Station). ATCO engaged the services of Acoustical Consultants Inc. (ACI) to complete noise impact assessments for the proposed sites. The assessments showed that noise mitigation would not be required at either of the sites.

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<sup>4</sup> Exhibit No. 0039.01.EGPI-2673, EGPI SIP in ATCO Shepard Pipeline.

<sup>5</sup> Exhibit No. 0040.01.CPC-2673, Capital Power SIP.

<sup>6</sup> Exhibit No. 0020.00.ATCO-2673, PSCA and EPP.

## 1.4 Consultation

8. ATCO stated that consultation with affected parties was completed in accordance with AUC Rule 020 – *Gas Utility Pipelines* (AUC Rule 020). ATCO has received non-objections for the pipeline from all landowners, occupants and parties directly affected under this application, although, as noted below, two parties in proximity to the route have raised concerns and have not provided ATCO with confirmation of an objection or non-objection. The right of way required to complete the construction of the mainline has been acquired. A ministerial consent application was submitted on April 28, 2013, to Alberta Infrastructure. A non-objection letter was received from Alberta Infrastructure on June 11, 2013.<sup>7</sup> Alberta Infrastructure stated that ministerial consent would be issued once the Alberta Utilities Commission approves the pipeline.

11. ATCO stated that notification packages were sent to remaining landowners within 200 metres of the proposed pipeline, who had not already been consulted as directly affected parties. An open house was held on April 4, 2013, at the Coast Plaza Hotel in Calgary.

12. ATCO stated that, prior to this consultation, one individual had expressed concern with the east connector pipeline as part of the utility pipeline replacement (UPR) project<sup>8</sup>. The routing of the UPR project was different than what is proposed for the SEC delivery lateral. A notification package was delivered and an email was sent directly to the individual to ensure they were aware the project was separate from the UPR project. Following the notification, a second individual had specific questions regarding the proposed SEC delivery lateral pipeline. ATCO attempted to address those concerns through in-home consultation and emails. Presently, ATCO does not have confirmation of an objection or a non-objection from either party.<sup>9</sup> Neither of these individuals responded to the AUC notice of application.

13. ATCO stated that it also completed consultations with the local municipalities including Rocky View County and the city of Calgary. The proposed pipeline alignment was arrived at through consultation with the above noted stakeholders, as well as the affected landowners.

14. ATCO stated that industry notifications for the project were completed in April 2013, and that there were no unresolved issues associated with the industry notifications for this project.

15. ATCO stated that, 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.

## 2 Findings

16. 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.

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<sup>7</sup> Exhibit No. 0026.00.ATCO-2673, Ministerial Consent – Non-Objection.

<sup>8</sup> ATCO Urban Pipeline Replacement Project, Application No. 1608617, Proceeding ID No. 1995, This is an application to replace the existing aging high pressure pipelines in Calgary and Edmonton with a pipeline ring proposed for installation within the transportation utility corridors of both cities.

<sup>9</sup> Exhibits No. 0023.00.ATCO-2673, 0024.00.ATCO-2673 and 0025.00.ATCO-2673, Communication Logs and Meeting Minutes.

17. 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 although there were initial concerns, there are no outstanding public or industry objections or concerns resulting from the notice of application filed by the Commission. The Commission also finds that information in the application submitted by ATCO fulfills the requirements of AUC Rule 012: *Noise Control*.

18. The Commission recognizes ATCO's statement that the proposed pipeline does not traverse lands with a designated historical resource value, the Project is a Class II pipeline and does not encounter lands on the listing of significant sites (March 2013) by Alberta Culture and recognizes that *Historical Resources Act* clearance is not required for the project. The Commission also recognizes that appropriate wetlands crossing notifications have been made to AESRD.

19. The Commission finds that the environmental information required for the application has been sufficiently provided 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 in order to reduce the risk of adverse environmental impacts of the project.

20. The Commission accepts ATCO's evidence that the project is necessary to provide unodorized natural gas service to the Shepard Energy Centre. The Commission also accepts that the facilities supplying the Shepard Energy Centre and the city of Calgary are designed to handle the power plant's expected maximum demand simultaneous with handling peak demands for other local customers and that ATCO has projects underway at East Calgary B, that will further supplement the demand requirements.

21. The Commission expects that ATCO will not begin construction until ministerial consent respecting the use of the TUC has been issued and that ATCO will abide by the conditions set forth in the ministerial consent issued by Alberta Infrastructure.

22. 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*.

### **3 Decision**

23. Pursuant to Section 11 of the *Pipeline Act* and Section 4.1 of the *Gas Utilities Act*, the Commission approves the amendment to Permit and Licence No. 106 and grants ATCO the amended permit and licence as set out in Appendix 1 – Gas Utility Pipeline – Shepard Energy Centre Delivery Lateral Pipeline – Permit and Licence No. 106 – August 14, 2013 (Appendix 1 will be distributed separately).

Dated on August 14, 2013.

**The Alberta Utilities Commission**

*(original signed by)*

Tudor Beattie, QC  
Commission Member