



LETTER DECISION

File OF-Fac-Gas-N081-2016-11 01
25 September 2017

Ms. Nicole Prince
Regulatory Analyst
Regulatory, Canadian Gas Pipelines
TransCanada PipeLines Limited
450 – 1 Street SW
Calgary, AB T2P 5H1
Facsimile 403-920-2347
Email: nicole_prince@transcanada.com

Ms. Azalea Jin
Senior Legal Counsel
Law, Canadian Gas Pipelines
TransCanada PipeLines Limited
450 – 1 Street SW
Calgary, AB T2P 5H1
Facsimile 403-920-2310
Email: azalea_jin@transcanada.com

Dear Ms. Prince and Ms. Jin:

**NOVA Gas Transmission Ltd. (NGTL)
2016 Meter Stations and Laterals Abandonment Program
Abandonment Hearing MHW-002-2017**

The National Energy Board (NEB or Board) has considered the above-referenced application dated 13 December 2016 (Application). Pursuant to paragraph 74(1)(d) of the *National Energy Board Act* (NEB Act) and section 50 of the *National Energy Board Onshore Pipeline Regulations* (OPR), the Board has issued the attached Order ZO-N081-004-2017 (Order), the effect of which is to grant NGTL leave to abandon the Project. The attached Order sets out the conditions the Board has imposed on the Project.

The Board's analysis and conclusions in support of its decision to issue the Order are set out below. In reaching its conclusions, the Board considered all of the evidence on the record. The regulatory documents on file in the MHW-002-2017 proceeding are available on the Board's website, www.neb-one.gc.ca.

It should be noted that on 19 June 2016 the NEB Act was amended, making important changes to the Board's jurisdiction over abandoned in place pipelines. This includes giving the NEB jurisdiction to take measures that the Board considers necessary for the safety and security of the public, the company's employees or the abandoned pipeline, or the protection of property or the environment.

1.0 Project Overview and the NEB Process

1.1 Application and Project Overview

On 13 December 2016, NGTL applied for leave to abandon 12 meter stations and 14 lateral pipelines (the Facilities), all of which are part of the NGTL System, at a total estimated cost of \$7,300,000. The NGTL System is an extensive natural gas pipeline system consisting of approximately 24,500 kilometres (km) of pipeline and other facilities in Alberta and British Columbia.

On 24 March 2017, the Board received a Project Update, correcting administrative errors from the original application, and removing two meter stations (Mastin Lake and Thornbury West) and one lateral (Thornbury West) from the Project, with an updated estimated cost of \$6,700,000. See Table 1 for list of facilities to be abandoned.

Table 1: Facilities to be abandoned as part of the Project

Meter Station	Lateral Pipeline	Lateral to be Abandoned In-place or Removed
Coleman Receipt	NPS 12 Coleman Lateral	Removed
Enchant Receipt	NPS 4 Enchant Lateral ¹	Partial Removal ²
	NPS 6 Enchant Lateral Loop ¹	Partial Removal ²
Grew Lake Receipt	NPS 6 Grew Lake Lateral	In-place
Grew Lake East Receipt	NPS 6 Grew Lake East Lateral	In-place
Hotchkiss Receipt	NPS 4 Hotchkiss Lateral	In-place
	NPS 6 Hotchkiss Lateral Loop	In-place
Hotchkiss East Receipt	NPS 4 Hotchkiss East Lateral	In-place
	NPS 4 Mastin Lake Lateral	Removed
Meanook Receipt	NPS 8 Meanook Lateral	In-place
Rambling Creek East	NPS 4 Rambling Creek East Lateral	Removed
Sharrow South No. 2 Receipt	NPS 4 Sharrow South No. 2 Lateral	In-place
Steele Lake Receipt	NPS 8 Steele Lake Lateral	In-place

¹ For the Enchant Lateral and the Enchant Lateral Loop only the upstream piping is being abandoned.

² The Enchant Lateral and the Enchant Lateral Loop are to be removed except where they cross under an irrigation canal. For the irrigation canal crossing, the portion of the pipelines will be cut on each side of the irrigation canal, filled with concrete and left in-place.

The Facilities are located on freehold and Alberta Crown lands (Alberta Environment and Parks). In its Application, NGTL states it will use existing land rights for the work associated with the abandonment. NGTL also states in its Application that no new easements will be acquired for the Project, and that it does not anticipate requiring temporary workspace. See Table 2 for a summary of Project information.

Table 2: Project Summary

Total km of pipe to be abandoned	50.8 km
km of pipe to be removed	4.1 km (5 ³ laterals, 0.2 to 1.3 km in length)
km of pipe to be abandoned in-place	46.7 km (8 laterals, 0.2 to 20.5 km in length)
Number of meter stations to be abandoned	10
Land Use	Freehold and Alberta Crown lands
Number of First Nation communities and Métis organizations consulted by NGTL	27 ⁴

³ Includes the Enchant Lateral and the Enchant Lateral Loop which are to be removed except where they cross under an irrigation canal. For the irrigation canal crossing, the portion of the pipelines will be cut on each side of the irrigation canal, filled with concrete and left in-place.

⁴ The Board required NGTL to serve the Notice of Abandonment Hearing on Aboriginal groups identified by the Board as having traditional territory in the Project area.

1.2 The NEB Process

Under the NEB Act, the Board must hold a public hearing to consider an application for leave to abandon a pipeline. The Board issued a Notice of Abandonment Hearing MHW-002-2017 for the Project (Notice) on 10 March 2017, which set out how the Board would consider the Application. The Board directed NGTL to serve a copy of the Notice on all persons potentially impacted by the Project, including:

- landowners;
- tenants;
- lessees;
- users and occupants;
- interested government bodies (e.g., municipalities, provinces);
- third party shippers;
- other persons identified by NGTL; and,
- Aboriginal and Metis groups.

The Notice indicated that any member of the public could be involved in the Board's written public hearing process by filing a letter and any supporting documents with the Board. The Board received letters from the Alberta Department of Energy (Alberta) and Centra Gas Manitoba Inc. (Centra) dated 18 April 2017, and from AltaGas Utilities Inc. (AltaGas) dated 19 April 2017. The Board also received additional letters of comment from Alberta and Centra, on 16 June 2017 and 22 June 2017, respectively.

2.0 Assessment of the Application

2.1 Engineering Matters

In its Application, NGTL indicated that the Project will be carried out in accordance with Canadian Standards Association Standard Z662-15: Oil and Gas Pipeline Systems (CSA Z662-15) and the OPR. NGTL further noted that it will conduct hazard assessments on the facilities to be abandoned to ensure proper handling, storage and/or disposal of materials.

NGTL's plan for Abandonment Activities includes:

- For each of the meter stations and laterals, the abandonment work will include physical isolation of the Facilities from the NGTL System.
- All lateral pipeline isolations will involve cutting, purging (emptying of service fluids leaving no internal pressure) with air, cleaning of any liquid or debris and capping, as per CSA Z662-15.
- For the meter stations, all aboveground facilities, including the meter station buildings, yard piping and unnecessary fencing and gravel, will be permanently removed. Where an aboveground facility is required to remain on site for operational purposes, such as to maintain side valves or for co-located facilities, the fencing, together with the appropriate gravel pad, will remain but the size or footprint of the fencing may change. Although work at the side valves is required to isolate the Facilities, the side valves will not be abandoned and will remain part of the operating pipeline.
- The Meanook Lateral crosses two public paved highways. Those portions of pipe will be cut on each side of the highway, filled with concrete to ensure structural integrity and capped on each end.
- For the Enchant Lateral and the Enchant Lateral Loop that cross under an irrigation canal, the portion of the pipelines will be cut on each side of the irrigation canal, filled with concrete to ensure structural integrity and capped on each end.
- For the Enchant Lateral and the Enchant Lateral Loop to be removed where the piping crosses under a watercourse, the pipelines will be purged, cleaned, and removed. No work will be undertaken in-stream or within the riparian area of any watercourse.
- For abandoned in-place laterals where piping crosses under a wetland or watercourse (Grew Lake East Lateral, Hotchkiss Lateral and Hotchkiss Lateral Loop, Hotchkiss East Lateral, Meanook Lateral and Steele Lake Lateral) those segments of pipe will be purged, cleaned, and left in-place. No excavation will be undertaken in-stream or within the riparian area of any watercourse.
- Cathodic protection systems will be disconnected from the abandoned lateral pipelines.

Views of the Board

The Board finds that the Project's Abandonment Activities, as described above, are consistent with the requirements of the latest version of CSA Z662-15, Clauses 10.16.2 and 12.10.3.4, related to abandonment of piping. Given the small pipe diameter of the

laterals (ranging from NPS 4 to NPS 8) to be abandoned in-place, the Board expects ground subsidence to be minimal. Additionally, the Board finds that filling the abandoned pipelines with concrete where they cross under public paved roads and under irrigation canals will minimize the potential for any damage to the infrastructure in the future. The Board is therefore satisfied with NGTL's proposed Abandonment Activities.

2.2 Economic Matters

NGTL estimates the cost of the Project will be \$6,700,000, while the original book cost of the facilities to be abandoned is \$5,628,507. NGTL submitted that the Project is expected to have no impact on NGTL's remaining rate base and no material impact on the NGTL System tolls or on the current transportation services offered on the NGTL System.

In its Application, NGTL indicated that the Facilities it proposes to abandon were included in the Abandonment Cost Estimate (ACE) approved by the Board for NGTL. The Facilities were also included in the revised estimate filed with the Board as part of the 2016 ACE Review. The Project costs are less than one per cent of NGTL's total ACE. Consequently, NGTL submitted that no changes to the ACE or Annual Contribution Amount (ACA) are required outside the NEB's ACE Review process.

NGTL confirmed that interim funding is available for this Project and that it intends to apply for reimbursement from the Abandonment Trust for all abandonment costs including applicable carrying charges in a subsequent application to the Board.

As noted above, Alberta, Centra, and AltaGas filed letters of comment in response to the Board's Notice of Abandonment Hearing. Alberta indicated it has a general interest in the Project as NGTL facilities are on Crown Land and Alberta is responsible for the stewardship of Crown Energy resources. Centra stated that the Project will impact the abandonment costs that it will pay on its FT-D contracts. Centra acknowledged that NGTL would seek reimbursement for the 2016 costs from its Abandonment Trust in a future application. AltaGas indicated its interest is in the future abandonment of NGTL facilities and stated that it is not directly impacted by this Application.

In its reply to the letters of comment, dated 2 May 2017, NGTL observed that none of the comments from the three parties raised specific concerns about this Application. In response to AltaGas, NGTL stated if future applications directly impact AltaGas it will have the ability to have its concerns addressed at the appropriate time. In response to Centra's concerns, NGTL stated that the facilities proposed to be abandoned in this Application were included in NGTL's ACE that was previously approved by the Board. NGTL also stated that the costs arising from this Application are not significant relative to its ACE or ACA that is used to determine the level of NGTL's abandonment surcharges.

Views of the Board

The Board accepts NGTL's assessment that this Project will have no impact on NGTL's rate base and no material impact on its tolls and current transportation services. The Board acknowledges NGTL's statement that it will provide interim funding for all costs associated with the Project. The Board finds that no further action is required to address the letters of comment from Alberta, Centra, and AltaGas. When NGTL applies to the Board for reimbursement of the costs for the Project from its Abandonment Trust, parties will have the opportunity to comment on the eligibility of the costs for which NGTL seeks reimbursement. This will occur in a future Board proceeding.

2.3 Environment Matters

In its Application, NGTL stated that the scope of the Project is small in scale. The Abandonment Activities are estimated to take approximately 10 to 14 days at each of the sites and to occur under frozen conditions where possible in order to avoid and minimize potential impacts on landowners (i.e., cultivated lands) and the environment. Four pipelines are proposed to be abandoned during non-frozen conditions, and the remaining eight lateral pipelines will be abandoned in-place. Abandonment Activities such as surface disturbance, pipe or facility removal will occur within existing fenced and graveled areas, or on previously disturbed rights-of-way.

NGTL stated that there is no in-stream work planned for the Project and that no wetlands located within 30 metres of the Facilities proposed for abandoning. No direct disturbance to wetlands is anticipated. NGTL also stated that there are several unmapped watercourses and mapped watercourses, including one irrigation canal, along the pipelines to be abandoned. NGTL confirmed in its response to Information Request (IR) No. 1, that there will be no direct disturbance to the watercourses, with the exception of the unnamed Class D irrigation canal, where ground disturbance may be as close as 10 metres in order to ensure safety and proper sloping of the excavation required to segment the pipelines. Mitigation measures to reduce the potential for erosion and sedimentation at the irrigation canal and at all watercourses and/or waterbodies includes installing erosion and sediment control and, where there is potential for runoff from the construction footprint to flow into a watercourse, the Soil Erosion Contingency Plan will be implemented. While no in-stream work is planned, NGTL is committed to following its Environmental Protection Plan (EPP) which includes all applicable measures in the Fisheries and Oceans Canada's (DFO) *Measures to Avoid Causing Harm to Fish and Fish Habitat*.

NGTL acknowledged that over time, the pipeline segments abandoned in-place may become perforated by corrosion, or may become exposed at watercourse crossings, due to natural channel migration and streambed scour. NGTL has stated that due to the relatively small diameter of the pipelines and the amount of cover required at watercourses, adverse effects to fish and fish habitat are considered unlikely.

Some of the Facilities are located in a Key Wildlife and Biodiversity Zone (KWBZ) associated with Crowsnest River and in provincially identified ranges for several terrestrial wildlife species including mammals, migratory birds and amphibians. NGTL stated that the Abandonment Activities will occur only on pre-disturbed areas, and are planned for the fall and winter to minimize potential wildlife interactions. Further, NGTL stated that in some areas agricultural land use has resulted in highly modified habitat which minimizes the potential for interactions with wildlife. There are no identified suitable habitat or critical habitat for wildlife species at risk at or adjacent to any of the proposed abandonment sites.

Two of the meter station sites proposed for abandonment are within the West Side Athabasca River (WSAR) Caribou Range and two additional receipt meter stations, and associated pipelines, are located in Special Access Zone associated with the Chinchaga Wildlife Refuge and a Secondary Grizzly Bear Zone. The wetlands, watercourses, and boreal forest habitats surrounding these sites are suitable for terrestrial wildlife though, due to forest harvest (i.e., cutblocks), the habitat has been altered and there is no defined critical habitat for any species at risk where the Abandonment Activities are proposed. NGTL stated the work will occur outside of the caribou Restricted Activity Period (RAP) of 15 February to 15 July, as requested by Alberta Environment and Parks (AEP), and other RAPs for sensitive wildlife will similarly be avoided or discussed with AEP if activities must be conducted during the sensitive periods.

Where the Abandonment Activities occur within the primary nesting period for migratory birds (21 April to 13 August) or the Ord's Kangaroo Rat RAP (1 November to 31 May), NGTL stated that a non-intrusive area search for evidence of nesting/burrowing within seven days of starting Abandonment Activities may be conducted, if recommended by an AEP wildlife biologist, and the *Wildlife Species of Concern Discovery Contingency Plan* will be implemented if active nests/dens are found. Further, NGTL stated that the Abandonment Activities are minor in scope and located within existing disturbed habitat, and with the implementation of mitigation measures the residual effects on species at risk are considered to be not significant.

Clubroot disease is also known to occur within Athabasca County where three abandonment sites are located and NGTL has indicated that it will contact the county to determine areas of known clubroot occurrences. NGTL's standard mitigation measures for clubroot (e.g., salvaging the organic layer in forested areas and topsoil salvage on all arable lands, and cleaning the equipment with a spray-on disinfectant) are supported by AEP.

NGTL stated that, where ground disturbance is required as part of the Abandonment Activities, it will reclaim disturbed areas and will monitor the areas until the equivalent land capability is achieved. NGTL also stated that all removed pipe, facilities, and other wastes associated with the Project, including any contaminated material, will be salvaged and/or disposed of materials at an approved disposal facility.

The abandoned pipeline sections could act as a conduit to transport materials and contaminants which may cause a reduction in soil productivity. NGTL has committed to completing a Phase I Environmental Site Assessment (ESA) prior to commencing Abandonment Activities, and says it

will conduct remedial work to address any soil contamination associated with the Project. In addition, in its Application, NGTL indicated that in the event that contaminated soils, surface water and/or groundwater are encountered during pipeline abandonment, it will implement the TransCanada Waste and Hazardous Materials Management Manual and the *Contaminated Soil Contingency Plan*. In addition, NGTL has committed to following the EPP and contingency plans as presented in the Application.

Views of the Board

The Board notes that the Project is not subject to the requirements of an Environmental Assessment under the *Canadian Environmental Assessment Act, 2012*. Environment matters were considered by the Board pursuant to the NEB Act.

In order to meet its obligations under the *Species at Risk Act*, the NEB sent a notification letter to Environment and Climate Change Canada (ECCC) advising the Minister that the Project, if approved, may affect wildlife species at risk or their habitat. ECCC responded that for the species: Baird's sparrow, Long-billed curlew and Sprague's pipit, the construction schedule of September to November is appropriate and if NGTL stays within the boundaries of the right-of-way as stated in the Application, ECCC does not foresee effects to these species. The Board notes that NGTL determined that there is no defined critical habitat for species at risk that will be affected by the proposed Abandonment Activities.

The Board further notes that NGTL's proposed schedule avoids Abandonment Activities within the RAPs for KWBZ and Caribou Ranges and that NGTL has indicated that in the event that activities must be conducted during the sensitive periods, they will discuss mitigation with AEP. Consequently, the Board is satisfied that with the implementation of these measures proposed by NGTL, and notes that direct effects to sensitive wildlife will be avoided as the proposed meter station and valve sites occur within existing previously disturbed rights-of-way and are not suitable wildlife habitat.

The Board notes that no work related to Abandonment Activities is proposed in-stream or within the riparian area of any watercourse. In addition, with the exception of the irrigation canal, watercourses will not be directly affected and no direct disturbance to wetlands is anticipated at any of the sites proposed for abandonment. The Board is satisfied with NGTL's proposed mitigation to reduce the potential for erosion and sedimentation at the irrigation canal.

Although NGTL said that contamination is not expected to exist, the Board requires assurance that any contamination associated with the meter stations and pipelines will be identified before commencement of Abandonment Activities. Condition 4 of the Order requires NGTL to file a Phase I ESA with the Board to identify actual or potential contamination associated with the sites where the Project is located.

NGTL provided comments on the Board's draft conditions and recommended only completing the Phase II ESA activities following site Abandonment Activities (including pipeline depressurization and removal of underground facilities). NGTL noted that due to the small footprint of the meter station sites and relative density of buried infrastructure on active sites, a higher potential risk exists to personnel or assets during subsurface investigation activities. The Board requires NGTL to provide a Phase II ESA Plan (Condition 5) prior to commencing the Abandonment Activities, unless NGTL can confirm that Phase II ESA is not required, based on the results of its Phase I ESA.

To confirm that all of its proposed environmental protection procedures and mitigation measures are implemented, including those for wildlife and species at risk, Condition 6 of the Order requires NGTL to file an updated Project-specific EPP with the Board, for approval, at least 45 days prior to commencing the Abandonment Activities.

In addition, NGTL committed to reclaim disturbed areas to equivalent land capability and to follow the principles of its Post-Facility Removal Monitoring Program. Condition 7 requires NGTL to file a Post-Abandonment Monitoring Plan and Report to provide for monitoring post-abandonment, and to demonstrate that the areas disturbed during Abandonment Activities have been remediated and are restored to equivalent land capability.

Given the nature and scope of the Project, and the implementation of Board's prescribed mitigative conditions, the Board anticipates that any environmental effects would be of limited geographic extent (limited to the Project sites), short-term (in the order of days to weeks), reversible and of low magnitude. The Board has determined that the carrying out of the Project is not likely to cause significant adverse environmental effects.

2.4 Consultation and Socio-Economic Matters

The Board expects an applicant to have a company-wide Consultation Program that establishes a systematic, comprehensive and proactive approach for the development and implementation of project-specific consultation activities. A Consultation Program should be appropriately integrated into a company's overall management system to provide protection for the public, employees, property and the environment throughout the lifecycle (design, construction, operation, maintenance, abandonment) of a pipeline system.

NGTL notified shippers, landowners, occupants, land users, regional personnel, provincial and federal departments and Aboriginal groups of the Application prior to filing its Application. The Board required NGTL to serve the Notice of Abandonment Hearing on all persons potentially affected by the Application, including landowners, interested government bodies and Aboriginal groups identified by the Board as having traditional territory in the Project area. The Notice set out the Board's hearing process and required those interested in participating to indicate their intention to do so by 18 April 2017. Alberta, Centra, and AltaGas, were the only groups who expressed interest in participating. All three organizations submitted letters of comment expressing their concerns.

No Aboriginal groups expressed interest in participating in this hearing.

On 12 May 2017, in reply to the Board's IR No. 2, NGTL confirmed that it is not aware of any outstanding issues or concerns with the Project, and that it will work with Aboriginal groups and stakeholders to address any Project-related issues or concerns, should they arise.

The Project is located on freehold and Alberta Crown lands. NGTL has stated it will use existing land rights for the work associated with the abandonment. No new lands will be required to complete Abandonment Activities.

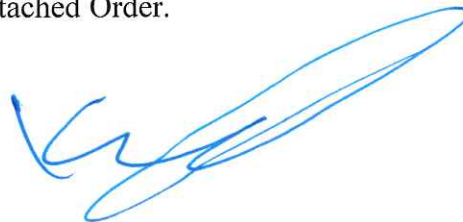
Views of the Board

The Board is satisfied that anyone potentially affected by the Project had the opportunity to voice their concerns and is of the view that the design and implementation of consultation activities was appropriate for the scale and scope of the Project. The Board expects applicants to identify the effects projects may have on socio-economic elements, to identify mitigation measures they will implement to reduce those effects, and to assess the significance of any effects that would remain once the mitigation has been applied. The Board notes that the planned scope and duration of Abandonment Activities will occur on previously disturbed lands and is satisfied that NGTL has identified and addressed all relevant socio-economic effects associated with the Project. The Board is of the view that the Project is not likely to cause any significant socio-economic effects.

Condition 8 of the Order requires NGTL to notify all landowners, land users and Aboriginal groups of the timing of Abandonment Activities 15 days prior to commencing them. Condition 9 requires NGTL to file for approval, a land rights summary that includes the number of easements affected by the Project; the number of easements to be surrendered; and the number of easement registrations that will be removed from land titles. Condition 10 requires NGTL to file for approval a contingency plan to protect landowners and land users, should subsequent land issues arise following the abandonment of the facility and surrender of the easement.

3.0 Decision

Based on the foregoing consideration and reasons, the Board grants NGTL leave to abandon the Facilities as set out on Schedule A of the attached Order.



K. Chaulk
Member