

DECISION

**NSUARB-NG-MAPLE-PC-02
2009 NSUARB 127**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE PIPELINE ACT

- and -

IN THE MATTER OF AN APPLICATION by MapleLNG Limited ("MapleLNG") for a PERMIT TO CONSTRUCT a SEND OUT PIPELINE at Goldboro, Guysborough County, Nova Scotia

BEFORE: Peter W. Gurnham, Q.C., Chair
Kulvinder S. Dhillon, P. Eng., Member
Murray E. Doehler, CA, P.Eng., Member

APPLICANT: MapleLNG Limited

APPLICATION DATE: March 11, 2008, revised November 4, 2008

SCHEDULE "A" Public Submissions and MapleLNG Responses

SCHEDULE "B" Permit to Construct

DECISION DATE: September 14, 2009

DECISION: Pursuant to Section 9 of the Pipeline Act, the Board hereby issues to MapleLNG Limited a Permit to Construct a Send Out Pipeline at Goldboro, Guysborough County, Nova Scotia, subject to conditions.

I THE PROJECT

[1] This decision is in respect of an Application filed with the Nova Scotia Utility and Review Board (the “Board”) by MapleLNG Limited (“MapleLNG”) on March 11, 2008 for a Permit to Construct (“PTC”) a send out pipeline at Goldboro, Nova Scotia. MapleLNG revised its application on November 4, 2008, hereinafter referred to as the “proposed works”, which included this project description:

MapleLNG Limited is developing a terminal for the import and storage of Liquefied Natural Gas (LNG) at a site in Goldboro, Nova Scotia, Canada. The location is adjacent to the existing ExxonMobil Sable gas plant (SOEI plant) and the Maritimes and Northeast Pipeline (M&NP).

The liquefied gas will be obtained from LNG carriers and processed at the terminal. The natural gas product will be then sent through a metering system and to the M&NP pipeline. The total nominal send-out capacity of the import terminal in the initial phase is up to 9 BCM/a maximum with an extension to 18 BCM/a (second phase). The terminal will operate continuously on a 24 hours per day, 365 days per year basis.

MapleLNG is planning to construct a 2.2 km long natural gas send-out pipeline from the terminal to a point of connection to the M&NP system. The pipeline extends approximately 600 m from the regasification facility to the northeast corner of the MapleLNG property where it enters the existing Municipality of the District of Guysborough (MODG) pipeline corridor. The pipeline then follows the MapleLNG Pipeline Easement in a north to north-westerly direction for approximately 1100 m. The pipeline right of way (ROW) then crosses the Sable Road and continues north for approximately 500 m to a point of connection to the M&NP system.

[MapleLNG Revised Application, November 4, 2008, p. 1]

[2] With its June 11, 2008 Decision [2008 NSUARB 64], the Board issued a PTC for the liquefied natural gas (“LNG”) terminal referred to in the above description. The send-out pipeline, which is approximately 2.2 km long and is the subject of this decision will carry natural gas from the LNG terminal outlet to an interconnection facility on the Maritimes & Northeast Pipeline (“M&NP”).

[3] MapleLNG has performed a preliminary design of the pipeline including the proposed route, size, wall thickness, material and coating, but has not yet completed its detailed engineering design.

II THE BOARD'S ROLE

[4] The Board's role under the *Pipeline Act*, R.S.N.S. 1989, c. 345 in connection with this Application is to ensure that, from a public safety perspective, the pipeline is designed, constructed, operated and ultimately abandoned in accordance with the *Nova Scotia Pipeline Regulations* ("*Regulations*"). The Board's role does not include consideration of environmental or occupational health and safety matters, except to the extent they are addressed in the *Regulations*.

[5] Under the *Regulations*, the Board can engage as a certifying authority ("CA"), an independent person or a group with expertise in pipelines, to advise the Board whether in its opinion the *Regulations* and associated standards will be met during all phases of the proposed works. The Board engaged the services of Energy Consultants International Inc. ("ECI") to act as its CA and to provide recommendations to the Board with respect to the Application.

[6] To date, the Board has carried out the following activities with respect to the Application:

- engaged the CA;
- issued Directions on Procedure setting out the PTC application process;

- invited, received and reviewed public submissions on the Application;
- received and reviewed MapleLNG's responses to the public submissions; and
- received and reviewed the CA's recommendation with respect to the Application.

The Board's Continuing Role

[7] It is important to note that the Board's responsibility to oversee the proposed works does not end with the issuance of a PTC. Rather, the Board, with the ongoing assistance of the CA, will continue to monitor the design and construction phases of the proposed works to ensure conformance with the *Regulations*. Upon completion of the proposed works, but prior to the start-up of its operations, MapleLNG is required to file a Licence to Operate ("Licence") application with the Board. That Licence will only be issued once the CA has satisfied itself and the Board that the propose works have been designed, constructed and tested in accordance with the *Regulations*, and that MapleLNG has in place appropriate operation, maintenance and integrity management programs such that the pipeline may be safely put into service. The Licence may include conditions to ensure ongoing compliance with the *Regulations*.

[8] Once the pipeline is operating, the Board's supervision will continue to ensure that MapleLNG complies with the *Regulations* and the conditions of its Licence. In that regard, the CA will conduct regular inspections and audits, and report its findings to the Board. Should the pipeline be found to be operating in a manner which is not in

compliance, the Board may take such actions as are necessary up to, and including, suspension or revocation of the Licence.

III THE CERTIFYING AUTHORITY'S ROLE

[9] Under the *Regulations*, the CA's role is primarily to determine whether the proposed works are being constructed, operated or abandoned in accordance with the *Regulations*, and to make recommendations to the Board regarding any terms and conditions which should accompany a PTC or Licence issued by the Board.

[10] To date the CA has performed the following activities:

- reviewed the Application for completeness and conformance to the *Regulations*;
- reviewed additional information and clarification provided by MapleLNG;
- reviewed public comments, and MapleLNG's responses to those comments; and
- provided a recommendation to the Board to issue the PTC subject to certain terms and conditions.

[11] The CA has recommended that the PTC be issued subject to the following conditions:

1. MapleLNG shall submit to the Certifying Authority, on a timely basis, all final design and materials information and specifications relating to components and systems required by the CSA Z662 Oil and Gas Pipeline Systems Standard, Nova Scotia Pipeline Act, the Pipeline Regulations, and other applicable codes and standards referenced therein.
2. MapleLNG shall file detailed engineering design and drawings including pipe wall thickness calculations incorporating seismic and corrosion allowances.
3. MapleLNG shall file details of the cathodic protection design.

4. MapleLNG shall provide details of the pressure control and pressure relief systems before construction.
5. MapleLNG shall file metering and connection details at the MN&P pipeline
6. MapleLNG shall provide reasonable notice to the Certifying Authority of its intended schedule of activities for the materials production and proposed works and shall permit a representative from the Certifying Authority to be on site to observe the production, fabrication and construction.
7. Notwithstanding any of the above, MapleLNG shall file all outstanding deliverables identified in their responses to Information Requests by the Board and its Certifying Authority ECI.
8. The Board's Certifying Authority will verify, in advance of the installation of the proposed works, that the specific materials to be used comply with all applicable codes and standards and are suitable for their intended purpose, and that all materials have been certified in accordance with the applicable codes.
9. MapleLNG shall file the name and qualifications of their selection for Construction Superintendent before commencement of construction.
10. ECI shall verify before installation that the general contractor and personnel are qualified to perform the proposed work.
11. ECI shall verify before installation that the NDT inspection services and personnel are qualified to perform the proposed work.
12. ECI shall witness welder qualification testing before commencement of installation if required.
13. ECI should be onsite to conduct spot inspections of construction during the installation process, including the observations of any welding performed in the course of installation.
14. ECI shall be onsite during the final strength and leak testing procedure, to witness the completion of successful stand-up pressure tests.
15. MapleLNG shall provide a copy of required permits and approvals, from federal, provincial and municipal Departments, Boards and Agencies, to the Board and the Certifying Authority prior to commencing construction of those portions of the proposed works which would be subject to such permits and approvals including but not limited to wetlands access and alteration permits from Nova Scotia Environment and the [Encana] MapleLNG Pipeline Agreement.

[ECI Report Dated April 23, 2009, pp. 4,5]

[12] The Board has accepted the CA's recommendation and has incorporated in the PTC all of the above noted conditions.

[13] As noted above, the CA will continue to assist the Board in its supervision of the proposed works through all phases of design, construction, operation and, ultimately, shut down and abandonment.

IV PUBLIC COMMENT

[14] The Board has received three written submissions from:

- Kevin McAllister, owner of a mineral exploration licence in the area of the proposed works
- Wayne Lockerby - Greyhawk Ridge Minerals Inc.
- EnCana Corporation

[15] Issues raised in the public submissions included:

- possible locations of faults and other geological structures (natural and man-made) in the vicinity of the proposed works;
- gold mine tailings management;
- interconnecting facilities at the M&NP pipeline.

[16] All submissions and MapleLNG's responses to these submissions are included in Schedule "A" attached to this decision.

[17] The CA and the Board have carefully reviewed the written submissions and MapleLNG's responses to these submissions. The Board understands the concerns expressed by the public and appreciates the time and effort they had taken to make the Board aware of them. The Board is satisfied with MapleLNG's responses to the issues, which have been raised in the written submissions and understands that those concerns will be fully addressed and considered as the proposed works progress through the

detailed design and construction stages. MapleLNG, in its responses, has indicated its intent to do so.

[18] The Board is satisfied that the ongoing monitoring and reporting by the CA will ensure that compliance with the Regulations under the Board's jurisdiction will be maintained.

V PERMIT TO CONSTRUCT

[19] The Board has considered the Application, the CA's recommendation, public submissions and MapleLNG responses. The Board believes that it is in the public interest to now issue a PTC to MapleLNG. A copy of the PTC, including the conditions to be met by MapleLNG, is attached as Schedule "B" to this Decision.

DATED at Halifax, Nova Scotia, this 14th day of September, 2009.

Peter W. Gurnham

Kulvinder S. Dhillon

Murray E. Doehler