

October 16, 2023

Filed Electronically

Canada Energy Regulator
Suite 210, 517 10th Avenue NW
Calgary, AB T2R 0A8

Attention: Ms. Ramona Sladic, Secretary of the Commission

**Re: Kingston Midstream Virden Limited (Kingston Virden)
Five-year Review of Abandonment Cost Estimates (ACE) and Set-Aside and Collection
Mechanisms
Procedural Direction No. 9 – Process for Part 2 of the review
File No OF-ACEREV-2-2021 01
Request to Deviate from the Base Case 2021 Abandonment Cost Estimate (ACE)**

Pursuant to Procedural Direction No. 9 ([C25250](#)) issued by the Canada Energy Regulator (CER) on 28 June 2023, Kingston Midstream Virden Limited (Kingston Virden) files this request to deviate from the Base Case 2021 amount ([C24872](#)).

In this filing the term “Report” refers to the Five-Year Review of Abandonment Cost Estimates and Set-Aside and Collection Mechanisms 2021 Report of the Commission of the CER ([C24949](#)).

File reference	ACE SAM-COM Review 2021 File OF-AF-ACEREV-2021 01
Participant making this filing	Kingston Midstream Virden Limited
Filing type	Request
Filing ID of Requests to which this filing pertains	C24872
Name of Participant who filed the Request	Kingston Midstream Virden Limited
ACE Holder to which the Request pertains	Kingston Midstream Virden Limited
Participants upon which this filing was served	Participants listed in Part A of Appendix I – List of Participants (C17520-3)

Request 1: Error in calculations of number of above-ground facilities

i. Assumption and/or Unit Cost(s) to deviate

Part A Step 4: Above-ground facility abandonment activity unit costs

Part A Step 5: Engineering and Project Management and Contingency Cost Percentages

ii. Report Section

This request pertains to Section 4.4.8 of the Report “Above-Ground Facilities”.



iii. Reason

Although the Commission issued corrected ACE unit costs and updated facility types, there remain errors in the double counting of above-ground facilities associated with the Red Jacket Facility. The Reasons of the Commission in Section 4.4.8 of the Report do not apply to this Request.

iv. What Costs and Assumption would we propose

The corrected number of above-ground facilities are provided in Table 1 with rationale as to why the numbers provided in Base Case 2021 are incorrect.

Table 1: Above-ground Facilities Kingston Virden

Above-ground facility type	Corrected Number of Facility Sites	Notes
Valve with above-ground appurtenances	1	No change
Meter station	0	Removed 1 facility. It is accounted for in the Oil Terminal & Storage Facility section. (Red Jacket)
Compressor station	0	No change
Pump Station	0	Removed 1 facility. It is accounted for in the Oil Terminal & Storage Facility section. (Red Jacket)
Oil Terminal & Storage Facility	1	No change
Processing Plant	0	No change
Other - Riser	0	No change

Request 2: Application to revise unit rate costs for some categories

i. Assumption and/or Unit Cost(s) to deviate

Part A Step 3: Pipeline Abandonment Activity Unit Costs

Part A Step 5: Engineering and Project Management and Contingency Cost Percentages

ii. Report Section

This request pertains to Section 4.4 of the Report “Cost Categories and associated unit costs”.

iii. Reason

Commission generally selected unit costs in the mid-range of those submitted by companies. In addition, as described in Section 4.4.10, the Commission selected a contingency cost at the top end of the contingency percentages submitted by companies.

Kingston's requested unit cost deviations apply to categories where Kingston has direct experience with pipeline abandonment and were developed using historical costs. The Wapella Pipeline network is located within southeast Saskatchewan and Southwest Manitoba where the complexity of activities associated with the pipeline are low.

For the unit rate category **Land Access**, within the Reasons for the decision (pg. 34), the "Commission has taken into consideration the range of unit costs provided by the companies. The chosen unit cost is in the mid-range of the total unit costs provided for the cost category."

The Land Access category includes the following costs:

- Access rights and permits
- Establishing temporary workspaces
- Surveying Activities
- GIS updates
- Discharge rights

The Wapella Pipeline is in southeast Saskatchewan and southwest Manitoba, where access costs are significantly lower than other areas of Canada due to simplicity in landscape, easy access to right-of-way, and historical costs for similar tasks.

For **Pipeline Purging and Cleaning**, within the Reasons for the decision (pg. 34), the "The Base Case 2021 unit costs were generally chosen to be close to or slightly less than the mid-range of the unit costs provided for each pipeline diameter and reflect a steady increase of cost with increase in pipeline diameter."

Additionally, within the Reasons for the decision (pg. 35) the Commission states that "Some companies submitted that both low and high unit costs should be assigned for the Pipeline Purging and Cleaning cost category. This suggestion is not practical because there is no way for the Commission to know which unit cost (low or high) to apply to a particular pipeline based on the geospatial information provided by a company." Kingston is proposing to apply its high unit rate costs that were submitted to the CER in the ACE Review process to this category, to provide a conservative unit cost rate for this category.

Pipeline Purging and Cleaning include the following:

- Mob / demob of equipment and personnel
- Emptying pipeline of service fluids
- Pipeline pigging, cleaning and purging
- Pipeline cleanliness verification (lab testing)
- Storage and disposal of wastes

Kingston completes pipeline purging and cleaning activities up to 15 times per year and therefore has a good reference point for the actual costs to complete these activities.

Abandonment in Place unit rate includes the following:

- Mob/demob
- Excavation of pipelines and appurtenances where necessary to conduct abandonment activities (including topsoil stripping)
- Cutting, capping, and effectively sealing pipeline
- Segmentation to prevent water movement and mitigate water conduit effects
- Removal of underground appurtenances
- Backfill and compaction of disturbed soils

In Kingston's experience the costs associated with the activities listed in Table 2 below are typical of completing these activities within our pipeline area.

iv. What costs and assumption we would propose

Table 2: Updated Unit Costs

	Small Diameter
Land Access (\$/km)	\$533
Purging and Cleaning (oil)	\$1,173
Purging and Cleaning (other commodity)	\$1,173
Pipeline Abandonment in Place	\$3,954
Remediation (oil)	\$3,519
Remediation (other commodity)	\$3,519
Reclamation and Restoration	\$2,671

If you have any questions or concerns about the foregoing, please contact the undersigned at (587) 747-0517 or sarah.penny@kingstonmidstream.com.

Sincerely,



Sarah Penny
Manager, Regulatory, Land & External Relations