Many Islands Pipe Lines (Canada) Limited

1000-1777 Victoria Avenue
Regina, S4P 4K5
T: (306) 777-9063
F: (306) 565-3332
tjordan@saskenergy.com

File # LL12470

November 3, 2022

VIA ONLINE SUBMISSION

Canada Energy Regulator
210 - 517 10th Avenue SW
Calgary, AB T2R 0A8

Attention: Secretary of the Commission

Dear Sir or Madam:

Re: Flow Direction of the Many Islands Pipe Lines (Canada) Limited
Steelman – North Portal Pipeline, North Portal/ Portal Segment
Application for Variance of Order XG-W57-3-93

Please find enclosed variance application for filing pursuant to section 69(1) of the *Canadian Energy Regulator* Act. Many Islands Pipe Lines (Canada) Limited's contact information is as follows:

1000-1777 Victoria Avenue
Regina, SK S4P 4K5
Attention: Terry Jordan
T: (306) 777-9063
F: (306) 565-3332
tjordan@saskenergy.com

MANY ISLANDS PIPE LINES (CANADA) LIMITED

Terry D. Jordan
Senior Legal Counsel
Enclosure

Table of Contents

Application

Many Islands Pipe Lines (Canada) Limited, 1000 - 1777 Victoria Avenue, Regina, Saskatchewan, S4P 4K5 ("**MIPL**"), hereby makes an application pursuant to section 69(1) of the Canadian Energy Regulator Act (the **"Act")** for approval to vary Order XG-W57-3-93, issued by the National Energy Board (the "**Board**") on December 9, 1993 (the "**Order**").

Specifically, the purpose of this application is to seek approval from the Canada Energy Regulator (the "**CER**") for a proposed flow reversal and bi-directional flow for a 1.15 km section of 219.1 mm outside diameter ("O.D.") pipe. The affected segment extends from a point immediately outside the property line of the MIPL North Portal Meter Station located at LSD 09-03-01-05 W2M within the province of Saskatchewan to a point of interconnection with the pipeline of Williston Basin Interstate Pipeline Company ("**WBI**") at LSD 01-03-01-05 W2M located on the Canada/ United States border.

A. Background and Relevant Facts

1. MIPL is a wholly owned subsidiary of SaskEnergy Incorporated ("**SaskEnergy**"). MIPL owns and operates a federally regulated natural gas transmission system. MIPL's pipelines most commonly interconnect in Saskatchewan with the pipeline facilities of TransGas Limited ("**TransGas**"), itself a wholly owned, provincially regulated, subsidiary of SaskEnergy engaged in the transportation and storage of natural gas within the province of Saskatchewan.

2. The segment (the "**Pipeline**") is a 219.1 mm O.D. pipeline, approximately 1.15 kilometers in length, that extends from a point immediately outside the property of MIPL North Portal Meter Station within the province of Saskatchewan, at LSD 09-03-01-05 W2M (the "**Meter Station Point**"), to a point of interconnection with WBI on the Canada / United States border LSD 01-03-01-05 W3M (the "**Interconnection Point**"). A map showing the location of the Pipeline is attached as Appendix A.

3. The background is as described in GH-R-1-93 NEB Reasons for Decision dated 04 June 1993 (the "Decision"), Section 1.2 (C00229-9):

> On 25 February 1993, the Board dismissed the WBI Canadian application on the ground that the newly-constructed Steelman/North Portal Extension was integral and essential to the proposed facilities of WBI Canadian and that once connected and operations commenced, the WBI Canadian line and the Steelman/North Portal Extension would be operated as one overall undertaking of an international character. The Board found that the primary purpose of both the Steelman/North Portal Extension and the WBI Canadian line was to deliver gas produced in Canada to the United States of America and that although ownership of the two pipelines was separate, it was apparent that the lines were intended to be constructed and operated as one system. The Board, therefore, determined that the combined WBI Canadian line and the Steelman/North Portal Extension will constitute one federal work and undertaking which should properly fall within federal jurisdiction under paragraph 92(10)(a) of the Constitution Act, 1867 and, accordingly, should be regulated by the National Energy Board. As the application which was before the Board did not include the upstream facilities consisting of the Steelman/North Portal Extension, the Board dismissed the WBI Canadian application.

4. The Board varied its decision to allow the WBI Canadian application but affirmed its decision on the one system/federal jurisdiction issue. MIPL then applied to amend the Order XG-W57-3-93 to substitute MIPL for WBI Canadian, constructed the southern North Portal/Portal segment of the pipeline, and acquired the previously constructed TransGas pipeline. See the November 22, 1993 applications pursuant to Section 74, 58 and 21 of the National Energy Board Act (C00229-8).

5. Both segments contemplated bi-direction flow at the time of design. The TransGas Project Summary Report dated 1992-93 (C00229-6) stated that the valve station would allow for both the "import and export" of gas, and for Saskatchewan access to Saskatchewan sourced gas supply. The purpose of the project was stated to be as follows:

    1. Providing immediate security of supply to the towns of North Portal and Northgate, and future tie-ins to the towns of Hirsch, Frobisher, Alameda, Oxbow and Glen Ewan.

    2. Providing security of supply to the City of Estevan, and the Saskatchewan Power Corporation's Estevan, Boundary Dam and Shand Electrical Generation Stations.

3. The planned valve station near North Portal (refer to regional map C00229-2) will allow for WBI Canadian Pipeline, Ltd. to interconnect with TransGas for import and export of natural gas between Saskatchewan and North Dakota.

4. The system expansion will provide pipeline access to natural gas reserves located near the Saskatchewan-North Dakota border.

6. The WBI Canada application (C00229-7) stated as follows, at para. 6:

> The purpose of the proposed WBI facilities is to provide the necessary interconnect between the facilities of TransGas and those of Williston Basin. These facilities will allow for direct access for Canadian gas to the markets served by Williston Basin and indirect access to further downstream markets via the various pipelines with which Williston Basin interconnects. It is also planned that the pipeline facilities be designed to operate in a reversed direction. This will permit access to the storage facilities in Montana and Wyoming owned and operated by Williston Basin, which could be attractive to Canadian gas supplies or markets at certain times. It is anticipated that the pipeline will operate principally in the export flow mode, but WBI is of the view that it would be prudent to allow for reversed flow in its design.

7. In Order AO-1-XG-W57-3-93 (C00229-4), which relates to the Pipeline, the Board imposed the following condition:

> Many Islands shall file for the Board's approval, prior to the commencement of operations, an outline of the measures that will be taken to prevent an over-pressure of its pipeline in the event of flow reversal.

8. A Leave to Open application was made for the southern North Portal/Portal Pipeline Constructed under XG-W57-3-93, which included appendices to show conditions met for Order XG-M29-58-93. To meet the over-pressure related condition in Order AO-1-XG-W57-3-93 it appears that MIPL provided the following information in its Leave to Open application of December 29, 1993 (C00229-10):

> The subject Many Islands Pipe Lines (Canada) Limited pipeline begins at a block valve on TransGas' system near Steelman, Saskatchewan and extends approximately 35 km south to a custody transfer meter station. The line then continues approximately 1.2 km south from the meter station to the International Border near North Portal, Saskatchewan and Portal, North Dakota.

> The pipeline and meter station have been designed to handle export flows only. The pipeline has been hydrostatically tested to allow for a Maximum Operating Pressure of 1100 psig. Expected day to day operating pressures will be 400 to 550 psig
>
> …
>
> In the event that upstream pressure drops-off in the MIPL(C)L pipeline a flow reversal will be restricted from occurring in the 1.2 km pipeline by a check valve installed in-line with the custody transfer meter run. If a runaway pressure increase in the line between the meter station and the WBI valve station occurs, it will be relieved at 700 psig by the SRV on WBI's site.

9. As indicated in the December 29, 1993 letter application, Appendix H to the Leave to Open application was to address conditions in Order AO-1-XG-W57-3-93 (C00229-4), which requires "an outline of the measures that will be taken to prevent an over pressure of its pipeline", and which relates to the southern section only. The check valve and run away pressure increase relieved by the SRV on WBI's site for the Pipeline addressed the issue of an overpressure situation at the time.

10. MIPL filed an application July 2, 2019 to vary Order XG-M29-58-93 to permit bidirectional flow on the Steelman/ North Portal pipeline segment (C00229), which was granted March 30, 2020 as the Commission was of the view that while bi-directional flow appears to have been considered as part of the original pipeline design, the original order was not explicit as to authorization (C05512-1 and C05512-3). In light of the Engineering Assessment provided by MIPL with its Application, and for clarity going forward, the Commission found that it was in the public interest to grant the requested relief (AO-001-XG-M29-58-93, C05512).

B. Description of Proposed Bi-direction Flow

11. Pursuant to section 69 of the Canadian Energy Regulator Act, MIPL seeks approval from the CER for the proposed flow reversal and bi-directional flow of the 1.15 km section of 219.1 mm outside diameter pipe segment from the Interconnection Point within 01-03-01-05 W3M to the Meter Station Point within LSD 09-03-01-05 W2M (the "**Pipeline**").

C. Reason for proposal

12. There is a decline of gas production in the province of Saskatchewan and even more so for the Southeast portion of the province, see attached Appendix B. The growing demand for

imported gas in Southeast Saskatchewan makes an existing Pipeline asset indispensable for MIPL to be able to provide that import capacity. An import supply is required to displace the gas production decline for customer requirements.

13. Given mechanical and contractual constraints on the Nova Gas Transmission Line (NGTL) System, MIPL is looking to diversify its import options and the existing MIPL Interconnection Point is at an ideal location to act as an interconnect for Southeast Saskatchewan. MIPL is looking to increase the utilization of existing Pipeline up to its capacity for the remainder of its economic life to address this situation.

14. Upon approval of flow reversal and bi-directional flow, and subsequent facility modifications, the existing Interconnection Point would allow a new supply of natural gas to enter the MIPL transmission system from the United States to displace the downward trend for gas supply in Saskatchewan.

D. Engineering

15. The proposed change to the service for flow on the North Portal/Portal pipeline segment is very similar to the Steelman/ North Portal Pipeline segment bi-directional flow variance, having the same pipe specifications and age of pipeline. Changing the flow direction of the 1.15 km dry sweet natural gas pipeline is predicted to have a negligible impact on the integrity of the line as it will still be considered benign from a cyclic pressure fatigue perspective and there will be no increase in risk of any feature failing.

16. An inline inspection tool run was completed on July 26, 2022, to confirm that the condition of the North Portal/Portal NPS 8 pipeline segment is consistent with the previously inspected Steelman North Portal Pipeline segment. The change to bi-directional operation will not have a negative impact on the integrity of the pipeline. An Engineering Assessment is attached as Appendix D.

17. Project activities will comply with the requirements set out in Canadian Standards Association Z662-19 Oil and Gas Pipeline Systems and the Canadian Energy Regulator Act and the CER Onshore Pipeline Regulations (OPR).

18. This variance will not result in any increase in the Pipeline's capacity, nor any change in the type of commodity being transported on the Pipeline.[1]

19. As indicated in paragraph 8 above, for the original Leave to Open MIPL used a check valve to prevent an over-pressure of its pipeline in the event of flow reversal and relied on WBI's safety release valve for overpressure protection. Upon an approval this application, MIPL would perform upgrades under an O&M notification to the North Portal Meter Station that would include:

    (a) removal of the existing check valve (designed to restrict flow reversal and allow pressure control when combined with WBI over pressure control) and installation of upgraded pressure control with increased gas monitoring for over-pressure protection to safely operate existing pipelines;

    (b) replacement of the existing meter with a bi-directional meter; and

    (c) new piping and fittings to connect the new equipment.

20. The upgrades will not result in an increase in the MOP, stress levels, diameter of pipeline, and/or airborne emissions or noise levels when operating. The upgrades are anticipated to occur on an operations and maintenance basis. The upgrades will occur within 30 metres of a wetland, and temporary workspace will be required for future O&M construction. However, the installations are within the footprint of the existing meter station site, and no new permanent lands are required.

21. The timing of the upgrades is scheduled for August 2023 and would take 7-8 weeks to complete. Notice to the CER will be provided at least 21 working days prior to the work, together with a complete description of the activity (with final design), the rational for the activity, a complete record or table of engagement, and relevant company manuals and

[1] MIPL is aware of the direction in the Guidance Note to Section 43 of the Canadian Energy Regulator Onshore Pipeline Regulations, to the effect that a change in pressure of the pipeline contents below maximum operating pressure may not constitute a change in service. However, if a company intends to increase the operating pressure of a pipeline that has historically operated well below its maximum operating pressure, then the Commission should be consulted to determine if an application is required. In this instance flows are not anticipated to exceed historical maximums, and MIPL will consult with the Commission should such be anticipated, or should throughput flows be anticipated to materially change so as to operate the line at MOP. This was previously done by MIPL for its Alberta Unity pipeline (AFQ2F9).

environmental protection plan information. If there are concerns from a technical perspective, MIPL would propose a condition similar to the original amending Order AO-1-XG-W57-3-93 (C00229-4), e.g.:

> Many Islands shall file for the [Commission]'s approval, prior to the commencement of [planned facility alterations to enable flow reversal], an outline of the measures that will be taken to prevent an over-pressure of its pipeline in the event of flow reversal.

22. Due to lead times for some of the materials, MIPL is requesting to have a decision by February 2023 to meet the proposed schedule. The current cost estimate of $750,000 is part of MIPL capital expenditure budget for next fiscal year.

E. Engagement, Environment, and Socio-Economic Assessment

23. The proposed flow conversion is not anticipated to have any new environmental or socio-economic implications. As physical alterations are necessary to effect the conversion, notice of this application will be provided to all potentially affected persons, groups, communities, and stakeholders within 72 hours of the filing of this application, including information for where to find the application and associated documents on the CER website. MIPL will notify identified Aboriginal groups with asserted traditional territory in relation to the project. A preliminary list of Indigenous communities was obtained in an email from the CER dated August 3, 2021 (see OM2021-390).

24. There is limited potential for traditional use activities to be affected by the proposed flow reversal and bi-directional flow at this location, with associated equipment upgrades to occur in the existing yard site. There will be no increase in the storage or disposal of toxic substances. There will be no increased emissions in air contaminants. MIPL has a recent environmental site assessment (ESA) and an environmental protection plan (EPP) for the North Portal Meter Station LSD 09-03-01-05 W2M (see OM2021-390), those will be revised prior to commencement of future facility upgrades, and followed.

25. MIPL has identified commercial third parties that would be affected by an approval for flow reversal and bi-directional flow. No objections are anticipated. An engagement table is attached as Appendix D, together with a sample notification.

F. Economics

26. This facility alterations anticipated to allow for bi-directional flow are modest and allow for adjustment to changing market realities. This variance will not negatively impact on the economic viability of the pipeline.

G. Supporting Information

The following information is attached in support of this application for deactivation:

Appendix A – Regional Map - Pipelines and Metering Station

Appendix B - Change in Saskatchewan Supply and Demand

Appendix C– Bidirectional Engineering Assessment

Appendix D – Engagement Table and Sample Notification

MANY ISLANDS PIPE LINES (CANADA) LIMITED

Terry D. Jordan, Senior Legal Counsel
November 3, 2022