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LETTER DECISION

File OF-Fac-Gas-W102-2019-05 02
3 November 2020

Mr. Rob Power
Regulatory Specialist
Westcoast Energy Inc.
Suite 200, 425 - 1st Street SW
Calgary, AB T2P 3L8
Email rob.power@enbridge.com

Dear Mr. Power:

Letter Decision re: Westcoast Energy Inc. doing business as Spectra Energy Transmission (Westcoast) – Application for the Silverstar Project (Project) under sections 214 and 226 of the *Canadian Energy Regulator Act (CER Act)*

The Canada Energy Regulator (CER) received Westcoast's application, dated 29 February 2020, to construct and operate the Silverstar Project, as well as its subsequent filings dated 1 May 2020 and 17 June 2020 in response to Information Requests from the CER.

Westcoast requested an exemption from the provisions of subsection 180(1), and sections 198, 199 and 213 of the CER Act. Westcoast further requested an order pursuant to section 97 of the CER Act exempting the company from the provisions of section 17 of the *Canadian Energy Regulator Onshore Pipeline Regulations (Regulations)* and Condition 1 of Order MO-08-2000 in relation to the non-destructive examination (NDE) of all welds for the auxiliary and utility piping systems. Finally, Westcoast requested an order pursuant to section 226 of the CER Act, affirming that the cost of the Project will be included in the Transmission North (T-North) (Zone 3) cost of service and tolled on a rolled-in basis.

In addition to the filings referred to above, the CER also received letters from NOVA Gas Transmission Ltd. (NGTL) requesting that a formal hearing process be held as part of the CER's assessment process. On 30 June 2020, the Commission of the CER (Commission) initiated a comment process on this request. Following the conclusion of that comment process, on 20 August 2020 the Commission determined that no hearing process was necessary and stated that the Commission would proceed to its assessment and decision on the Application.

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Decision of the Commission – Section 214

In reaching its determination under section 214 of the CER Act, the Commission has taken into account considerations that appear to it to be relevant and directly related to the Project, as well as matters under section 56, and is satisfied with Westcoast's engagement activities. The Commission finds that the protection of the environment and public safety have been appropriately addressed by Westcoast in the Project application and materials. In addition, the Commission evaluated the financial viability, economic justification, and proposed design and operations of the Project. The Commission accepts the rationale provided by Westcoast and finds that it is in the public interest to grant the requested relief.

The Commission, therefore, issues Order XG-024-2020 (Order) pursuant to section 214 of the CER Act, the effect of which is to approve the Project. A copy of the Order and its Schedule A are attached, which together outline the specifics of the Project as approved.

As indicated in the Order, the Commission grants Westcoast an exemption from the provisions of paragraph 180(1)(a) and section 198 of the CER Act for the Project. The Commission views these exemptions as reasonable and appropriate for a project of this scale.

The Commission grants Westcoast's request for a partial exemption from the requirements to obtain a Leave to Open (LTO) as otherwise required under paragraph 180(1)(b) and subsection 213(1) of the CER Act. Specifically, the Commission grants the exemption for those auxiliary and utility systems having a design pressure of 1965 kPag (285 psig) or less. The Commission agrees that the environment and public safety will not be compromised by the granting of this exemption, in light of the scale and use of the systems in question. The Commission reminds Westcoast to apply for and receive LTO for the remaining facilities pursuant to section 213 of the CER Act, prior to those remaining facilities being placed in operation.

Similarly, the Commission grants Westcoast's request for an exemption from the provisions of section 17 of the Regulations and Condition 1 of Order MO-08-2000 in relation to the non-destructive examination of all welds for the auxiliary and utility piping systems which are designed and constructed in accordance with the American Society of Mechanical Engineers B31.3, and have a design pressure of 1965 kPa or less.

The CER did not directly notify Indigenous communities who may have known and/or asserted traditional territory in the Project area when the application was received as the information in the application indicated that the potential for adverse effects on the exercise of rights in the Project area would be none or negligible. Based upon the scale of the Project and the nature of the surrounding environment, the Commission has determined that the Project has no or negligible potential impacts on the exercise of Indigenous and Treaty Rights in the Project area. The Commission also determined that the Project has no or negligible environmental or socio-economic effects.

Pursuant to Conditions 1 and 4 of the Order, Westcoast must file any technical specification updates for the Project components listed in the Application concurrently with its Leave to Open Application. Technical specification updates are limited to differences in pipe length, diameter, wall thickness, grade or material that do not impact any other information provided in the Application. Any other changes will require advance approval from the Commission. Once filed by Westcoast, the Commission will review all final technical specification updates and issue an Amending Order as appropriate.

Decision of the Commission – Section 226

In the Application, Westcoast applied to include the cost of the new metering facility in the T-North (Zone 3) cost of service and toll it on a rolled-in basis.

The Commission accepts Westcoast's submissions that the addition of the Silverstar delivery facility would not functionally re-purpose the T-North system as a whole. The Commission is satisfied that the T-North system, including the Sunset Creek compressor station and the delivery facilities at Sunset, will remain functionally integrated after the Silverstar facility is placed in service.

In the Commission's view, the delivery facilities at Sunset Creek and Silverstar should receive the same tolling treatment because each metering facility is performing a similar function – measuring gas leaving the Westcoast system for markets not served by Westcoast. The Commission views any theoretical argument for tolling these metering facilities separately from the T-North system is overridden by practical considerations such as the small role the modest capital cost of these metering facilities would have on the T-North toll.

Accordingly, the Commission is of the view that the proposed tolling treatment for the Project is appropriate in these circumstances. A toll order is attached to this effect.

The Commission finds that a reassessment of the tolling methodology for the T-North System, including the Sunset and Silverstar meter stations, is not required at this time.

The Commission directs Westcoast to serve a copy of this letter, the attached Orders and its Schedule A on all interested parties.

Yours sincerely,

Original signed by

Jean-Denis Charlebois
Secretary of the Commission

Attachments

November 2020
Calgary, Alberta