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LETTER DECISION

File OF-Tolls-Group2-Z051-2021-01 01
24 June 2021

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Dear Mr. Lord, Mr. Nettleton, and Mr. Roth:

**Canadian Natural Resources Limited (Canadian Natural)
Application pursuant to section 226 and subsection 239(2) of the *Canadian Energy Regulator Act* (CER Act) seeking access on the Pierson pipeline and seeking Just and Reasonable tolls
Decision with Reasons**

On 31 March 2021, the Canada Energy Regulator (CER) received an [Application for Access and Tolls \(C12225\)](#) by Canadian Natural pursuant to section 226 and subsection 239(2) of the CER Act in respect of 6720471 and the Pierson pipeline (Application).

The Application is denied. However, the Commission of the CER (Commission) orders Nottingham to provide interruptible service for the Pierson pipeline, and has issued Order TG-006-2021 to this effect.

1. *Background*

6720471, which owns the Pierson pipeline, was formed for the singular purpose of fulfilling organizational requirements found in the *National Energy Board Act*.¹ Nottingham Midstream Limited wholly owns 6720471. 6720471 is a shell company with no employees and does not

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¹ The requirement for a pipeline company to be a body corporate incorporated or continued under the federal Canada Business Corporations Act no longer applies under the CER Act. The definition of “company” was amended to include a body corporate incorporated or continued under an Act of a legislature of a province and not discontinued under the Act in question.

charge tolls to its parent company to use the Pierson pipeline. The Pierson pipeline is a short cross-border pipeline that connects to the downstream provincially regulated Wolstittmor Gas Gathering System, which is owned by Nottingham Midstream Limited. Nottingham Midstream Limited executes gas purchase or handling agreements for the use of the Pierson pipeline, Wolstittmor Gas Gathering System, and the Nottingham Gas Plant. Functionally, Nottingham Midstream Limited treats the Pierson pipeline as an extension of the Wolstittmor Gas Gathering System. Collectively, 6720471 and Nottingham Midstream Limited are referred to as Nottingham.

On 15 April 2021, Nottingham filed a letter with the CER ([C12417](#)).

On 22 April 2021, the Commission issued a comment process letter ([C12527](#)). Tundra Oil & Gas Limited (Tundra) ([C12826](#)), Nottingham ([C12988-1](#)) and Canadian Natural ([C13057](#)) filed letters in response on 4 May, 7 May, and 12 May 2021, respectively.

On 7 May 2021, the Commission issued Information Request (IR) No. 1 to Canadian Natural, Nottingham and Tundra. On 14 May 2021, responses to IR No. 1 were received from Canadian Natural ([C13108](#)), Nottingham ([C13115](#)) and Tundra ([C13082](#)). On 20 May 2021, the Commission issued IR No. 2 ([C13202](#)) to Canadian Natural and Nottingham. On 27 May 2021, Canadian Natural ([C13281](#)) and Nottingham ([C13260](#)) filed redacted responses to IR No. 2 and requested confidential treatment of the unredacted responses. On 3 June 2021, the Commission issued Ruling No. 1 ([C13400](#)), stating that it did not have an evidentiary need for the unredacted responses of Canadian Natural filed confidentially and ordering that pursuant to section 60 of the CER Act, the information filed confidentially by Nottingham with the CER alone will not be made publicly available nor will it be disclosed to any party in this Application.

2. Submissions

The Commission considered the Application, and all relevant submissions of evidence and argument by the parties to the proceeding, as summarized below.

2.1 Submissions of Canadian Natural

Canadian Natural's submissions included the following:

- Canadian Natural sought an order pursuant to subsection 239(2) of the CER Act directing 6720471 to receive, transport and deliver gas on the Pierson pipeline and an order pursuant to section 226 and subsection 239(2) of the CER Act, prescribing a just and reasonable toll for the receipt, transport and delivery of gas on the Pierson pipeline.
- On 1 August 2006, Canadian Natural entered into a Gas Purchase Agreement with Nottingham's predecessors for the purchase of gas at the Pierson Battery.
- In April 2017, Nottingham entered into a verbal agreement with Canadian Natural to modify the 2006 Gas Purchase Agreement for net-zero pricing, which adjusted negative monthly invoices, so the purchase price paid to Canadian Natural was not negative.
- On 30 April 2020, Nottingham sent a letter to Canadian Natural stating that Nottingham would no longer continue net-zero pricing. Nottingham proposed a return to the terms specified in the 2006 Gas Purchase Agreement.
- In May 2020, Canadian Natural stopped shipping gas on the Pierson pipeline and began flaring.

- While Canadian Natural can pursue alternatives to flaring, including power generation, gas injection, providing rural fuel gas, and building its own alternative pipeline, transportation on the Pierson pipeline and associated facilities is the most simple and economic option. Canadian Natural has only taken preliminary steps toward any other options, and not costed them.
- Canadian Natural filed emails outlining its negotiations for a gas purchasing or handling agreement with Nottingham. As one component of the negotiations for an agreement, on 17 July 2020, Nottingham proposed a capital fee of \$2.50/mcf (for volumes up to 25,000 m³/d), \$2.00/mcf (for volumes from 25,000 – 40,000 m³/d), and \$1.50/mcf (for volumes over 40,000 m³/d).
- On 24 September 2020, Canadian Natural proposed a capital fee of \$1.50/mcf on all volumes. Nottingham did not accept and on 28 September 2020, Nottingham gave a notice to terminate the 2006 Gas Purchase Agreement, with termination being effective 30 November 2020.
- In November 2020, Canadian Natural emailed Nottingham to negotiate a gas handling agreement. Emails were exchanged to discuss available capacity.
- On 7 January 2021, in a phone call with Nottingham, Canadian Natural discussed filing a complaint with the CER.
- Canadian Natural submits that Nottingham's proposed capital fees are unjust, unreasonable, and unjustly discriminatory against Canadian Natural because they have no basis in either operator expenses or capital investment and do not reflect the cost of providing service on the Pierson pipeline.
- Nottingham denied service on the Pierson pipeline, asserting no available capacity, even though Canadian Natural is the only producer with a physical tie-in to the pipeline.
- It is inconsequential to Canadian Natural whether its gas is sold outright to Nottingham and processed under Nottingham's working interest or transported to the facility and processed under another working interest, provided the fees are just and reasonable.
- If Nottingham's arrangements with Tundra are more favourable than its final offer to Canadian Natural, then Nottingham has discriminated against Canadian Natural.
- While Canadian Natural would prefer firm service, interruptible service would be preferable to no service at all.
- Canadian Natural is not willing to accept the terms for interruptible service that Nottingham proposed during the proceeding.
- The existing physical capacity of the Pierson pipeline is 31,000 m³/d but could be increased to 50,000 m³/d with the installation of a compressor.
- Canadian Natural outlined the terms under which it would accept interruptible service. First, Canadian Natural requested that the Pierson pipeline operate under a higher operating pressure to increase capacity. Second, Canadian Natural submitted that the operating costs charged in the past over-included costs. Third, Canadian Natural submitted that the proposed Capital Charge is unreasonably high and has never been justified, and no consideration has been given to Canadian Natural's previous contributions to capital costs.
- There are two alternatives to determine a just and reasonable toll: (1) a toll that is substantially similar to those agreed upon with Tundra, consistent with the RH-1-89 Decision; or (2) a toll based on cost of service in accordance with Guide P of the Filing Manual.

2.2 Submissions of Nottingham

Nottingham's submissions included the following:

- The Pierson pipeline is a 10 km natural gas pipeline with a capacity of 31,000 m³/d that delivers gas from Manitoba to the Wolstittmor Gas Gathering System, a provincially regulated system in Saskatchewan. All gas from the Wolstittmor Gas Gathering System is delivered to the Nottingham Gas Plant.
- During negotiations in 2020, Canadian Natural offered to pay a capital fee of \$1.50/mcf on all volumes and \$53 per 1000 m³ for operating costs. This proposal was unacceptable to Nottingham because the actual Wolstittmor Gas Gathering System operating costs exceed \$80 per 1000 m³.
- Nottingham filed a presentation slide that Canadian Natural provided on 8 July 2020. Canadian Natural's presentation listed long-term options for Canadian Natural's gas, including power generation, injection into gas disposal wells, and continuing gas transportation and processing. The Canadian Natural slide presentation also included two gas processing options: a long-term agreement with Nottingham; and building a pipeline directly to the Nottingham Gas Plant.
- In March 2021, following failed negotiations with Canadian Natural, Nottingham executed a Gas Purchase Agreement with Tundra to purchase gas in an amount equal to the capacity of the Pierson pipeline. The term of the agreement is five years from when Tundra initially delivers gas to the new tie-in point, with an option to extend the term.
- The contract terms and conditions within the Gas Purchase Agreement between Nottingham and Tundra are similar to those proposed to Canadian Natural in July 2020. Nottingham filed the Gas Purchase Agreement confidentially with the CER.
- Nottingham is now willing to offer Canadian Natural interruptible service through either a gas purchase contract or a gas handling agreement. Service would only be provided if available capacity on the Pierson pipeline and Wolstittmor Gas Gathering System existed.
- Nottingham proposed a gas handling agreement with four principles under which it would offer interruptible service: a Capital Charge equal to \$2.50/mcf for volumes up to 15,000 m³/d, and \$1.50/mcf for volumes in excess of this level; recovery of a volumetric allocated share of operating costs based on actual throughput; recovery of Nottingham's external costs to participate in this complaint proceeding; and all solution gas volumes delivered by Canadian Natural must meet then prevailing compression levels of the Pierson pipeline gas stream.
- From January 2021 to April 2021, there was no throughput on the Pierson pipeline.
- Nottingham would undertake an expansion if Canadian Natural provided financial commitments for the recovery of all incremental costs. A capacity expansion to the Pierson pipeline would not be used or useful absent concurrent expansions to the downstream connecting Wolstittmor Gas Gathering System and an assessment of potential impacts on the Nottingham Gas Plant.
- Nottingham will not expand the Pierson pipeline without retaining operational control and ownership over all essential equipment. While temporary increases in the Pierson pipeline's capacity have previously been achieved through use of compression facilities owned and operated by Canadian Natural, Nottingham's lack of operational control resulted in operational and commercial inefficiencies.

2.3 Submissions of Tundra

Tundra's submissions included the following:

- Tundra owns and operates oil wells in southwestern Manitoba that produce solution gas.
- In March 2021, Tundra executed a Gas Purchase Agreement with Nottingham requiring Tundra to deliver gas to a receipt point on the Pierson pipeline. To facilitate these deliveries, Tundra has invested in acquiring land for a new 9 km pipeline, repurposed 42 km of existing pipeline and added system compression.
- Tundra plans to deliver gas at the new tie-in point by 1 September 2021.
- Tundra reviewed the correspondence filed with the CER on Canadian Natural's negotiations with Nottingham and submitted that Canadian Natural had the opportunity to access the Pierson pipeline and all downstream facilities on terms and conditions similar to those of Tundra.

3. Views of the Commission

3.1 Regulatory Framework

The Application is made pursuant to the CER Act. The Commission's mandate in respect of traffic, tolls and tariff matters is set out in Part 3, Pipelines, sections 225 to 240.

For financial regulatory purposes, the CER divides regulated companies into two groups. Group 1 consists of those pipeline companies with extensive systems and several third-party shippers. Group 2 consists of the remaining pipeline companies that generally operate smaller, less complex pipelines with few or no third-party shippers. The tolls and tariffs of Group 2 companies, like Nottingham, are regulated under complaint-based regulation. Parties are encouraged to work out issues with the pipeline company and if this is unsuccessful, they may file a complaint with the CER.

All tolls must be just and reasonable and there must not be unjust discrimination in service or tolls. The complainant has the onus of establishing that there has been discrimination. Once discrimination has been established, pursuant to section 236 of the CER Act, the burden of proving that the discrimination is not unjust lies with the company. Further, the Commission may determine whether traffic is or has been carried under substantially similar circumstances and conditions, as referred to in section 230, or whether there is unjust discrimination within the meaning of section 235. Subsection 239(2) of the CER Act allows the Commission to require a company operating a pipeline for the transmission of gas to receive, transport and deliver such a commodity offered for transmission by means of its pipeline.

To determine if the requirements under the CER Act for just and reasonable tolls and no unjust discrimination in service or tolls are met, the Commission examined the record including submissions about Nottingham's negotiations with Canadian Natural, Nottingham's Gas Purchasing Agreement with Tundra and Nottingham's proposed principles for a gas handling agreement with Canadian Natural. All of these encompass the use of the federally regulated Pierson pipeline, as well as provincially regulated assets and there is no disentanglement between the fees and services provided by the federal and provincial assets.

The Commission finds that considering evidence that does not disentangle the use of federally-regulated and provincially-regulated assets is an appropriate approach due to the

unique characteristics of the Pierson pipeline and this proceeding. First, the Pierson pipeline, a ten-kilometre pipeline, comprises a small part of a bigger system. In order to use the Pierson pipeline in a meaningful way, a shipper must also have access to the downstream Wolstittmor Gas Gathering System, which is owned and operated by Nottingham and regulated by the province of Saskatchewan, and the Nottingham Gas Plant, also regulated provincially, to process the gas. Without the use of these two sets of facilities, there is no market for gas shipped on the Pierson pipeline. Second, no party expressed concerns about the inclusion of provincially regulated and federally regulated facilities in the gas purchasing or handling agreements. The Commission does not require that tolls be in a specific form, only that a company be able to demonstrate that their tolls are just, reasonable, and not unjustly discriminatory. The Commission does not wish to hinder parties from negotiating tolls and tariffs that are mutually beneficial.

3.2 Was Canadian Natural discriminated against for access to and service on the Pierson pipeline?

The Commission finds that Nottingham did not discriminate against Canadian Natural for access to and service on the Pierson pipeline because Nottingham did not abuse market power in negotiations with Canadian Natural and because the terms of the Gas Purchase Agreement are substantially similar to the terms proposed to Canadian Natural.

To determine if the requirements under the CER Act for just and reasonable tolls and no unjust discrimination in service or tolls were met, the Commission first examined the negotiations between Canadian Natural and Nottingham to see if Nottingham abused market power in said negotiations. Facilities under CER jurisdiction often have market power and, in some instances, operate as monopolies in the markets they serve. The Commission's role is to ensure that where market power exists, it is not abused and that tolls for pipeline services are just and reasonable, and non-discriminatory. Second, the Commission examined the Gas Purchasing Agreement between Tundra and Nottingham to see if the terms of service were indeed similar such that there was no unjust discrimination.

i) Did Nottingham abuse market power?

Canadian Natural and Nottingham filed evidence demonstrating their behavior during negotiations between April 2020 and January 2021. The Commission has considered whether Nottingham abused market power in negotiations with Canadian Natural.

The Commission finds that Nottingham did not abuse market power in negotiations with Canadian Natural. Canadian Natural's actions demonstrate a high elasticity of demand for the Pierson pipeline. Once Nottingham ended the verbal agreement for net-zero pricing in April 2020, Canadian Natural immediately began flaring its gas. This action demonstrates that Canadian Natural viewed flaring gas as a substitute for shipping on the Pierson pipeline. Canadian Natural also waited two months between July 2020 and September 2020 to respond to Nottingham's proposed gas handling agreement. This indicates that Nottingham could not even impose the pace of negotiations. Further, when Canadian Natural and Nottingham met in July 2020, Canadian Natural presented a list of alternatives it had to obtain value from its gas. In the Commission's view, this illustrates that Canadian Natural was of the view that it had viable alternatives to shipping on the Pierson pipeline, beyond even the aforementioned flaring option.

The CER's complaint process also acts as a check on market power. On 7 January 2021, Canadian Natural discussed with Nottingham filing a complaint with the CER for access to the Pierson pipeline and subsequently filed a complaint that resulted in this proceeding. The

evidence demonstrates that Canadian Natural was aware of its ability to use the CER complaint process as a check on any potential abuse of market power from Nottingham.

- ii) *Are the terms of the Gas Purchase Agreement substantially similar to the terms proposed to Canadian Natural in July 2020?*

In March 2021, Nottingham executed a Gas Purchase Agreement with Tundra. Canadian Natural submitted that if the Gas Purchase Agreement is more favourable than Nottingham's final offer to Canadian Natural, then Nottingham has discriminated against Canadian Natural. The Gas Purchase Agreement encompasses access to the Pierson pipeline, as well as the provincially regulated Wolstittmor Gas Gathering System and the Nottingham Gas Plant. The Commission's authority to determine the justness and reasonableness of tolls and the presence of unjust discrimination covers only the Pierson pipeline. As discussed in Section 3.1, the Commission has considered the unique circumstances associated with this proceeding and with transportation on the Pierson pipeline and, in light of these unique circumstances, the Commission agrees with Canadian Natural's proposal that the terms of the Gas Purchase Agreement can serve as a proxy for determining if Nottingham unjustly discriminated against Canadian Natural.

The Commission examined the Gas Purchase Agreement, which was filed confidentially, and compared it to the terms that Canadian Natural and Nottingham discussed. Tundra and Nottingham submitted, on the public record, that the contract terms and conditions within the Gas Purchase Agreement are similar to those proposed to Canadian Natural. The Commission confirms this assessment and finds that the terms proposed to Canadian Natural are substantially similar to those terms in the Gas Purchase Agreement. As terms are substantially similar, the Commission finds that Nottingham did not discriminate against Canadian Natural when it denied Canadian Natural access to the Pierson pipeline.

3.3 Is ordering Interruptible Service appropriate?

Tundra has contracted for firm service for five years for all the available capacity of the Pierson pipeline. The physical capacity of the Pierson pipeline was discussed throughout the proceeding. Nottingham submitted that the capacity of the Pierson pipeline is 31,000 m³/d while Canadian Natural submitted that, with the addition of a compressor, the physical capacity of the Pierson pipeline is 50,000 m³/d. The Application did not include a request under subsection 239(3) for an extension of the pipeline facilities. The Commission accepts Nottingham's submissions regarding the capacity of the Pierson pipeline. Given that the capacity is fully contracted, there is no additional existing capacity on the pipeline to be offered as firm service.

However, from time to time, there may be capacity available on the Pierson pipeline. For example, during Tundra's construction of its tie-in, the Pierson pipeline has no throughput. Interruptible service would make this capacity available and offer the opportunity for the efficient use of a CER-regulated asset. During this proceeding, Nottingham stated its willingness to offer interruptible service and Canadian Natural stated that, over no service at all, it would desire to obtain interruptible service. Interruptible service, by its nature, would not impact Tundra's priority to ship gas on the Pierson pipeline.

In line with the principle of economic efficiency, and no unjust discrimination in service, the Commission orders Nottingham to offer interruptible service on the Pierson pipeline.

3.4 What is a just and reasonable toll to be charged for Interruptible Service?

The terms under which interruptible service could be offered were discussed during the proceeding. Nottingham proposed a gas handling agreement with four principles under which it would offer interruptible service: (i) a Capital Charge of \$2.50/mcf for volumes up to 15,000 m³/d and \$1.50/mcf for volumes in excess of this level; (ii) recovery of a volumetric allocated share of operating costs based on actual throughput; (iii) recovery of Nottingham's external costs to participate in this complaint proceeding; and (iv) all solution gas volumes delivered by Canadian Natural must meet then prevailing compression levels of the Pierson pipeline gas stream.

In Canadian Natural's IR No. 2 redacted response, Canadian Natural stated it would be willing to accept interruptible service under certain terms, including using additional compression on the Pierson pipeline to increase capacity and a toll based on what Canadian Natural would view as reasonable operational and capital expenses.

Interruptible service must be offered with a toll that is just, reasonable, and not unjustly discriminatory. In addition, the CER Act requires that tolls must always, under substantially similar circumstances and conditions with respect to all traffic of the same description carried over the same route, be charged equally to all persons at the same rate.

In this case, the Commission finds that Tundra and Canadian Natural's gas would be of the same description and be carried over the same route. The circumstances and conditions under which the traffic would be carried differ, however. Tundra has contracted for firm service for five years for the full capacity of the pipeline and the Commission's finding above means that firm service will not be available for Canadian Natural. Firm service is given priority over interruptible service. In the Commission's view, this represents a material difference in the circumstances and conditions.

Despite the difference between firm and interruptible service, the Commission finds that, in this proceeding, tolls for interruptible service will be just and reasonable if they are substantially similar to those from the Gas Purchase Agreement. Canadian Natural proposed that the Commission could determine a just and reasonable toll on the Pierson pipeline by using the Gas Purchase Agreement as a proxy for a just and reasonable toll. It is not clear whether Canadian Natural meant for its proposal to apply in the context of both firm and interruptible service, or only in the context of firm service. At a minimum, Canadian Natural, as the party affected by the tolls for interruptible service, did not argue that using the terms of the Gas Purchase Agreement for interruptible service would result in tolls that were not just and reasonable. Further, there is nothing to suggest that the issues that Canadian Natural raised with respect to the Capital Charge and operating cost components of Nottingham's interruptible service toll proposal, were somehow uniquely issues for interruptible rather than firm service.

The Commission compared the principles under which Nottingham proposed interruptible service to the Gas Purchase Agreement and has determined that they are substantially similar, with the exception of the term requiring Canadian Natural to pay for Nottingham's external costs to participate in this complaint proceeding. The Commission therefore finds that Nottingham's principles would result in interruptible tolls that are just and reasonable on the Pierson pipeline except for the term requiring Canadian Natural to pay for Nottingham's external costs to participate in this complaint proceeding, for the reasons explained below.

i) Capital Charge

Nottingham and Canadian Natural disagreed on the Capital Charge. The Capital Charge now proposed by Nottingham begins at \$2.50/mcf and decreases with additional volumes. The Capital Charge covers not only the use of the Pierson pipeline, but also the Wolstittmor Gas Gathering System and the Nottingham Gas Plant. Nottingham's proposed Capital Charge is substantially similar to what was offered to Canadian Natural in July 2020. As noted above, the Commission agreed with Tundra and Nottingham's assertions that the terms of the July 2020 offer to Canadian Natural were substantially similar to the terms of the Gas Purchasing Agreement. The Commission notes that the terms currently offered for interruptible service have a steeper volume discount than those offered in July 2020, making the proposed Capital Charge more favourable for Canadian Natural.

ii) Recovery of Operating Costs

With respect to Canadian Natural's submission that the Capital Charge does not provide consideration to Canadian Natural's previous contributions to capital costs, the Commission finds that providing a particular consideration for Canadian Natural's prior payment of tolls would violate the no acquired rights principle². Under the no acquired rights principle, the payment of tolls in the past confers no benefit on toll payers beyond the provision of service at that time. The fact that Canadian Natural has historically paid tolls on the Pierson pipeline does not give them any rights over the capacity of the pipeline or entitle it to discounted service in the future.

The Commission also finds that the recovery of operating costs based on actual throughput is appropriate. This aligns with the cost causation principle, which states that tolls should be, to the greatest extent possible, cost based and that the users of a pipeline system should bear the financial responsibility for the costs caused by the transportation of their product through the pipeline. All shippers on the Pierson pipeline should pay for the costs caused by the transportation of their gas.

Canadian Natural expressed concerns about the appropriateness of operating costs charged in the past by Nottingham. Group 2 companies, like Nottingham, must provide current and potential shippers with enough information regarding tolls and tariffs to enable them to determine whether a complaint is warranted. This includes sufficient information about operating costs. Going forward, if there are concerns about the inclusion of inappropriate operating costs that result in tolls that are not just and reasonable on the Pierson pipeline, Canadian Natural or Tundra, as a shipper on the Pierson pipeline, may bring such concerns to the Commission.

iii) Recovery of external costs to participate in the Proceeding

The Commission finds that it is not appropriate to include the costs to participate in this complaint proceeding in the calculation of the toll to be charged to Canadian Natural. Tolls and tariffs on the Pierson pipeline are regulated on a complaint basis.

The record in this proceeding demonstrates attempted negotiations between Canadian Natural and Nottingham to address issues of access and tolls on the Pierson pipeline. These attempts were unsuccessful and Canadian Natural brought forward a complaint to the Commission. Under complaint-based regulation, this is an appropriate series of events.

² RH-1-2007, PDF Page 34 of 59, [A16008-1](#)

Group 2 companies have a relatively light financial regulatory burden and generally, lower expenses associated with regulation. While the cost to participate in CER proceedings is generally considered an operational expense and therefore recoverable from shippers, it is not appropriate to recover the cost to participate in a CER complaint proceeding solely from the party that complained. Nottingham's proposal would stifle complaints, thereby diminishing the effectiveness of complaint-based regulation.

- iv) *Gas volumes meeting prevailing compression levels of the Pierson pipeline gas stream*

The Commission finds it is appropriate that all gas volumes delivered by Canadian Natural to the Pierson pipeline must meet the prevailing compression levels of the gas stream. As the operator of the Pierson pipeline, Nottingham is responsible for its safe and efficient operation. Defining the limits of the gas transported on the pipeline, including the pressure at which the gas is delivered, is a standard means for a pipeline operator to meet that objective.

3.5 Other matters

As noted previously in the decision, the Application did not include a request for the extension of facilities and so the Commission is of the view that Canadian Natural's term requiring the operating pressure of the Pierson pipeline be increased is beyond the scope of the Application. As sophisticated commercial parties, Nottingham and Canadian Natural may negotiate mutually beneficial commercial arrangements regarding the use of compression or other facilities, provided they do not contravene the CER Act.

The Commission notes that the option of interruptible service does not mean that Canadian Natural is required to use this service; it simply expands the options available to Canadian Natural. The Commission's finding regarding the justness and reasonableness of Nottingham's proposed terms for interruptible service on the Pierson pipeline does not hinder the ability of Canadian Natural and Nottingham to negotiate mutually beneficial terms for interruptible service that differ from those proposed in this proceeding. If Nottingham and Canadian Natural negotiate a different tariff or tolls to be charged for interruptible service, then Nottingham must file the tariff and/or tolls with the CER.

Conclusion

The Commission appreciates the time and effort of Canadian Natural, Nottingham and Tundra who participated by providing comments in this complaint proceeding.

The Commission directs Nottingham to immediately serve a copy of this decision and order on all shippers and interested parties.

Yours sincerely,

Signed by

Jean-Denis Charlebois
Secretary of the Commission