



File 185-A000-8-1
Date 5 February 2003

To: All Pipeline Companies under National Energy Board Jurisdiction

Re: Proposed Amendment to the *Onshore Pipeline Regulations, 1999* - Decommissioning of Pipelines and Related Facilities

The National Energy Board is proposing to amend its *Onshore Pipeline Regulations, 1999* (OPR) to provide for a regulatory process for applications to take pipelines permanently out of service but where this would not result in the discontinuation of service to end users.

Currently, there are two regulatory processes in place which address the issue of retiring pipelines or related facilities. First, paragraph 74(1)(d) of the *National Energy Board Act* (the Act) sets out the regulatory process where a company seeks to abandon its pipeline or a portion thereof. In Board Decision GH-4-88, the Board has interpreted abandonment of a pipeline to mean the discontinuation of service to end users. Second, section 44 of the OPR permits a regulated company to apply for an order permitting a pipeline, or section thereof, to be deactivated where there is a temporary removal from service.

Where regulated companies seek to permanently cease the operation of a pipeline but where there is no discontinuance of service to end users, they have sought Board approval under section 58 of the Act. Section 58 relates to exemptions for certificates for the construction and operation of a pipeline. The Board considers that section 58 does not adequately accommodate applications for permanent cessation of service where end users are not affected.

Therefore, the Board is proposing to amend the OPR to require companies to file an application to take pipelines permanently out of service in cases where there would be no discontinuation of service to end users. To accommodate this regulatory process, the Board is proposing to amend the OPR as follows:

- a) Adding the following definition to subsection 2(1) of the OPR:

Decommissioning means the permanent cessation of the operation of a pipeline without discontinuance of service to end users.

.../2

b) Adding the following provision to the OPR:

- 45.1(1) If a company proposes to decommission the pipeline or a section thereof, the company shall submit an application for the decommissioning to the Board.
- (2) The application shall include the rationale for the decommissioning and the measures to be employed for the decommissioning.

The Board recognizes that these sections would capture many projects which the Board has no practical need to examine. Therefore, the Board is also proposing to develop a streamlining order which would be similar to the section 58 streamlining order in that no application would need to be made to the Board. For projects falling within the order, however, annual reporting of streamlined projects would still be required.

The types of decommissioning projects which could be streamlined are set out below.

1. On lands which the company owns, provided that the lands have been evaluated and do not contain asbestos, polychlorinated biphenyls (PCBs), naturally occurring radioactive materials (NORMs), and substances listed under the *Canadian Environmental Protection Act* list of toxic substances and in the prohibited substances regulations, decommissioning of the following facilities could be streamlined:
 - 1.1 property related items including vehicles, tools and equipment, mobile equipment, office equipment, personal computers, or furniture
 - 1.2 the following pipeline components:
 - 1.2.1 a “T” connection;
 - 1.2.2 piping associated with the facilities identified in 1.2.1 and 1.2.3 to 1.2.7;
 - 1.2.3 cathodic protection systems (including rectifiers) that would not result in metal releases exceeding *Canadian Council Ministers of the Environment Guidelines* or any equivalent provincial guidelines;
 - 1.2.4 valves, including valves, vaults, pressure transmitters and valve operators;
 - 1.2.5 compressor and pump station components, including compressors, pumps, motors, silencers, scrubbers, gas seals, system boilers, scraper traps, switch gear, transformers, uninterruptible power supply, and instrument and control systems;
 - 1.2.6 storage tank components, including mixers, liners, roofs, and ladders;
 - 1.2.7 metering and regulating facilities;

- 1.2.8 quality measurement systems, including analyzers for water or basic sediment, densitometers, calorimeters, in-line viscometers, gas chromatographs, and automatic/composite samplers;
- 1.2.9 mechanical and electrical systems of a facility building, including plumbing, air conditioning, heating and ventilation systems, not involving the use or disposal of chlorofluorocarbons;
- 1.3 supervisory control and data acquisition (SCADA) and leak detection systems that would not reduce the functionality or sensitivity of the existing systems; or
- 1.4 buildings.

For clarification, the Board notes that only decommissioning of individual components would be streamlined. When facilities such as compressor and pump stations are rendered non-operational due to decommissioning of most or all of the pipeline components, application would need to be made to the Board under the decommissioning provisions of the OPR.

- 2. On lands which the company holds a lease or an easement only, decommissioning of pipeline components, excluding line pipe, could be streamlined if the following conditions are met:
 - 2.1 disturbance of the soil is not required to enable the decommissioning;
 - 2.2 the decommissioned pipeline components would not be left in the ground;
 - 2.3 the decommissioning would not occur within 50m of a watercourse;
 - 2.4 contaminated soils are not likely to be present at the decommissioning site; and
 - 2.5 the landowner has been consulted and does not have any outstanding concerns regarding the decommissioning.

The Board is requesting comments from interested persons regarding the proposed amendments to the *Onshore Pipeline Regulations, 1999* and an accompanying streamlining order.

The Board will receive comments until **5 March 2003**. For more information you may contact Marian Yuzda at (403) 299-3643 or at myuzda@neb-one.gc.ca or Margery Fowke at (403) 299-3937 or at mfowke@neb-one.gc.ca, both legal counsel at the National Energy Board.

Yours truly,



Michel L. Mantha
Secretary

- c.c. Canadian Energy Pipeline Association
- Canadian Association of Petroleum Producers
- Canadian Alliance of Pipeline Landowners Association