



May 27, 2011

File AD-GA-RG-CR-03e

Ms. Anne-Marie Erickson  
Secretary of the Board  
National Energy Board  
444 – 7 Avenue S.W.  
Calgary, AB T2P 0X8

Dear Ms Erickson:

**Re: Requested Amendment to the National Energy Board Cost Recovery Regulations (Regulation)**

I am writing on behalf of the Canadian Association of Petroleum Producers (CAPP) to the Board's letter of 18 March 2011 requesting comments from interested parties on the above subject.

By letter dated 1 June 2010 ExxonMobil Canada and Encana Corporation jointly requested an amendment to the existing Regulation whereby the threshold values that define large and intermediate gas pipeline companies be revised.

CAPP supports:

- the request that the threshold values in the Regulation for intermediate and large gas pipeline companies be amended; and
- the values proposed by ExxonMobil and Encana.

The NEB's Cost Recovery Program commenced in 1992, and the associated thresholds were set over 20 years ago. Much has changed since then. Any time a threshold is set based on revenue, volume or some other numerical measure it needs to be revisited from time to time. It is now appropriate to revisit the thresholds included in the subject Regulation.

Pursuant to the Memorandum of Understanding (MOU) between the NEB and the Canada-Nova Scotia Offshore Petroleum Board (CNSOPB), dated November 4, 2008, the CNSOPB has the lead role in monitoring regulatory compliance of offshore pipelines that are under the jurisdiction of both the NEB and the CNSOPB. Under the Cost Recovery Guidelines of the CNSOPB, Exxon Mobil and Encana contribute a significant portion of the annual revenues of the CNSOPB. For these companies to also be treated as Group 1 Pipelines under the current Regulation amounts to these companies paying twice for regulatory oversight.

---

2100, 350 – 7 Avenue S.W.  
Calgary, Alberta  
Canada T2P 3N9  
Tel (403) 267-1100  
Fax (403) 261-4622

403, 235 Water Street  
St. John's, Newfoundland and Labrador  
Canada A1C 1B6  
Tel (709) 724-4200  
Fax (709) 724-4225

May 27, 2011

Page 2

In addition, the ExxonMobil and Encana facilities have no regulatory requirement for tolls or tariffs and therefore do not require Board oversight on such issues.

CAPP was a founding member of the Board's Cost Recovery Liaison Committee and CAPP continues to be a member of this Committee. CAPP has attended a majority of the Committee's meetings. CAPP does not recall any discussion at the Committee of the Regulation being applicable to upstream offshore facilities prior to ExxonMobil raising this matter at the Committee in 2010. CAPP is sure the Committee would not support any company having to pay twice for regulatory oversight.

If you have any questions please feel free to contact the undersigned.

Yours truly,

A handwritten signature in cursive script that reads "Barry J. Jardine".

Barry J Jardine  
Manager Regulated Transportation

Cc: ExxonMobil – R. Moore  
Encana – R. Powell