

Rule 020: Rules Respecting Gas Utility Pipelines Stakeholders' comments on proposed changes of Section 3

[Stakeholders: ATCO Pipelines, AltaGas Utilities,
Canadian Association of Petroleum Producers (CAPP)]

Section	Subsection	Existing	Proposed changes	Stakeholder comment	AUC response
3	Establish project need	3.1 General requirements	None	<p>AltaGas Utilities:</p> <p>Further to the general comments, propose a change to the section number from 3 to 3.9.</p> <p>Further to the general comments, propose a change to the section number from 3.1 to 3.9.1</p> <p>ATCO Pipelines:</p> <p>It was suggested to change:</p> <p>3.1 (1)</p> <p>“Need must be established before a licence will be granted.</p> <p>3.1(1)</p> <p>Need must be established before a licence will be granted.</p>	<p>Section 3 is an inserted new section and the balance of the rule is not impacted; therefore, no numbering changes are required.</p> <p>Agree this is consistent with earlier bulletin comments; proposed changes to be included.</p>

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			<p>3.1(2)</p> <p>Need includes: Project justification.</p> <ul style="list-style-type: none"> • Project cost. • Identification of alternatives and associated costs. • Assessment of the implications of the alternatives on the Public and the environment. • Rationale for selecting the applied-for project including an • Economic evaluation comparing the alternatives. 	<p>AltaGas Utilities:</p> <p>3.1 (2)</p> <ul style="list-style-type: none"> • Update to read: ‘Need assessment includes’ • For 3rd bullet, consider item as highlighted: “Identification of alternatives and associated costs, to the extent practical.” • Propose to include the following to end of this subsection (2): Refer to sections 3.9.3 and 3.9.4 on specific requirements for the need assessment. 	<p>Agree: will include.</p> <p>Agree with concept; will include reference to viable alternatives.</p> <p>Section 3 is an inserted new section and the balance of the rule is not impacted; therefore, no numbering changes are required.</p>
			<p>3.1(6)</p> <p>Persons that may be directly and adversely affected must have an opportunity to understand the project impact, have their concerns addressed by the applicant, or heard by the Commission if not addressed by the applicant. The Commission intends to provide flexibility to review cost-related evidence and consider cost-related issues in facilities proceedings and it considers that participation by interveners who are primarily on issues of cost should be permitted in those facility proceedings.</p>	<p>ATCO Pipelines:</p> <p>3.1 (6)</p> <p>Persons that may be directly and adversely affected must have an opportunity to understand the project impact, have their concerns addressed by the applicant, or heard by the Commission if not addressed by the applicant. The Commission intends to provide flexibility to review cost-related evidence and consider cost-related issues in facilities proceedings, to the extent that such issues have not already been considered in a previous proceeding, and it considers that participation by interveners who are focused primarily on issues of cost should</p>	<p>Agree: will include.</p>

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				<p>be permitted in those facility proceedings in such circumstances.</p> <p>AltaGas Utilities:</p> <p>Comments on the 1st sentence,</p> <ul style="list-style-type: none"> This is addressed in part in Section 2 of Rule 020 of the facility application process. AUI proposes to consider the following after the first sentence: Additional details regarding participant involvement are provided in Section 2.0 of this Rule. Comments on the 2nd sentence, AUI is concerned certain cost-related evidence and issues, more appropriately addressed by interveners as part of the rate application process, will unnecessarily burden the facilities application process. Protracted regulatory processes in the facilities application process can potentially lead to inefficiencies and duplication of effort. This has the potential to adversely affect the timing of projects, impacting the engineering, procurement and construction timelines. In AUI's view, any proposed changes to Rule 020 should ensure the facility application process focuses on the licence requirements. 	<p>Agree; will include.</p> <p>Agree that the prudence review of costs entering rate base should remain part of the rate application process.</p> <p>In some cases, such as where significant cost increases are forecast that may have potential to impact the consideration of project alternatives and project need, it may be appropriate to consider cost issues in the facility application process. It is agreed that this has potential to impact timing. However, that time spent may be appropriate to ensure that the project need and alternatives considered are appropriate. Time spent in this process may add certainty for both shareholders and ratepayers.</p>

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				<p>However, the prudence review of costs should remain part of the rate application process.</p> <ul style="list-style-type: none"> For AUI, the facilities application process must continue to focus on the licence approval requirements to construct and operate a new gas utility pipeline, particularly in the areas of participant involvement and engineering technical requirements as intended. <p>Under performance based regulation (PBR), on an annual basis, AUI will identify the project need along with the project costs and alternatives as part of the rate related application process such as a capital tracker or true-up filing or annual PBR filing through a Y or Z Factor rate adjustment mechanism. The project need may also be identified in a GRA as part of the PBR rebasing application. In these rate application processes, participation by interveners as part of the rate approval process is appropriate as the focus is primarily on cost related issues.</p> <ul style="list-style-type: none"> In some cases, where the project is forecast under the PBR I-X mechanism or not originally forecast in the rate application process, the first 	<p>Electric and gas distribution utilities regulated by the AUC are operating in a PBR regulatory environment. Although AltaGas Utilities Inc. has consolidated its transmission operations under its distribution PBR filing processes for rate setting purposes, it must continue to comply with the need requirements described in Rule 020 for its transmission facilities in order to obtain an operating licence.</p> <p>Agree that projects not identified under a PBR or rate process need to be assessed as part of the facilities application process in order for a pipeline licence to be issued.</p>

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			<p>3.1(7) Rates associated with gas utility pipeline facilities will be considered and established on a prospective basis with a subsequent true-up process to ensure that the projects entering rate base are used and required to be used, and that only prudently incurred costs enter rate base.</p>	<p>instance to address the project need would be provided as part of the facilities application process. Projects not originally identified in the rate application process may occur for various reasons outside AUI's control. This may include the timing of termination notice from third party suppliers impacting gas supply and/or quality issues. In these cases, delays in the facilities application process may adversely impact AUI's ability to maintain service levels to customers.</p> <ul style="list-style-type: none"> AUI seeks further clarification on the participation and scope of review by interveners in facilities proceedings. Therefore, AUI proposes scheduling a session with stakeholders to discuss submitted comments. <p>AltaGas Utilities:</p> <p>As rates for gas utility pipeline facilities are addressed through the rate application process, this subsection (7) should be removed in its entirety. In AUI's view, Rule 020 should be focused on the facilities application process. Alternatively, AUI submits the proposed change to address the above concern:</p>	<p>The processes proposed to establish need provide flexibility to address need only once, in the most effective fashion, before a licence is issued.</p> <p>The Commission does not consider that any unnecessary incremental delays will be triggered with the proposed procedures, which require need to be established before a licence is issued.</p> <p>For larger scale projects where the product of the pipeline length in kilometres and the pipeline diameter in millimetres exceeds 2,700, need will be assessed in the facility application. Ratepayer groups may be interested in participating in this need review process and will be provided that opportunity. Historically, most AltaGas projects would fall outside this threshold.</p>

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				<p><u>Under the Gas Utilities Act, rates associated with gas utility pipeline facilities are considered and approved as part of the rate application process.</u> Rates are established on a prospective basis with a subsequent true-up process to ensure that the projects entering rate base are used and required to be used, and that only prudently incurred costs enter rate base.</p>	Agree; will include revised wording.
	3.2 Procedures	None	<p>3.2(1) Need will be addressed, to the extent practical, in the first instance an applicant files a gas utility pipeline capital project proposal with the Commission, either as part of a rate filing (i.e. general rate application (GRA) or as part of a capital tracker application for companies that may be operating under performance-based regulation) or a facility application.</p>	<p>AltaGas Utilities: Under PBR, the process to address I-X capital projects is part of the rebasing GRA. Therefore, during the PBR period, the facilities application may be the first instance to submit a project need assessment for I-X capital projects. The proposed “GRA-like” requirement for I-X capital projects as part of the facilities application process defeats the regulatory efficiency gains inherent in PBR. In AUI’s January 30, 2015 Page 4 of 7 view, the utility carries the risk of disallowance.</p> <p>AUI is concerned any delays in the facilities application process may adversely impact the ability to maintain service levels to customers as well as impact project timing.</p>	<p>Electric and gas distribution utilities regulated by the AUC are operating in a PBR regulatory environment. Although AltaGas Utilities Inc. has consolidated its transmission operations under its distribution PBR filing processes for rate setting purposes, it must continue to comply with the need requirements described in Rule 020 for its transmission facilities in order to obtain an operating licence.</p> <p>The Commission does not consider that any unnecessary incremental delays will be triggered with the proposed procedures, which require need to be established before a licence is issued.</p>

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			<p>3.2(2)</p> <p>Streamlined or abbreviated need assessment processes will be permitted for certain gas utility pipeline projects that meet defined thresholds as described in sections 3.3 and 3.4. These generally include new growth and replacement projects that meet defined cost and physical attribute thresholds and are unlikely to have significant landowner or environmental impacts.</p>	<p>AltaGas Utilities:</p> <p>Update reference from sections 3.3 and 3.4 to sections 3.9.3 and 3.9.4.</p> <p>ATCO Pipelines:</p> <p>3.2 (2)</p> <p>Streamlined or abbreviated need assessment processes will be permitted for certain gas utility pipeline projects that meet defined thresholds as described in sections 3.3 and 3.4. These generally include NOVA Gas Transmission Ltd. (NGTL) directed projects, new growth and replacement projects that meet defined cost and physical attribute thresholds and are unlikely to have significant landowner or environmental impacts.</p> <p>Suggested to delete 3.3 (3) and 3.3 (4) and replaced as follows:</p>	<p>Section 3 is an inserted new section and the balance of the rule is not impacted; therefore, no numbering changes are required.</p> <p>Disagree that NGTL directed projects should be administered as abbreviated need processes. These are major projects that will generally require a complete review by the AUC.</p>
			<p>3.2(3)</p> <p>Growth projects identified in the NOVA Gas Transmission Ltd.- ATCO Pipelines integration arrangement that are currently administered in a deferral account process will continue to be administered in this way.</p>	<p>3.3 (3)</p> <p>Need will be addressed in rate filings or facilities applications based on the following:</p> <ul style="list-style-type: none"> Need for projects where the product of the pipeline length in kilometres and the pipeline diameter in millimetres exceeds 2,700 must be assessed in the 	<p>Agree; will incorporate suggestions in restructured section.</p>
			<p>3.2(4)</p> <p>The Commission may defer</p>		

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			<p>approval of the need for projects from a rate filing to a facilities application (e.g. where there are expected landowner or environmental issues).</p> <ul style="list-style-type: none"> • If the product of the pipeline length in kilometres and the pipeline diameter in millimetres exceeds 2,700 the need assessment for the project must be assessed with the facility application to facilitate thorough consideration of landowner and environmental issues. • Rate filing decisions will state whether the need for a project has been approved or deferred. 	<p>facility application to facilitate thorough consideration of landowner and environmental issues.</p> <ul style="list-style-type: none"> • Need for projects where the product of the pipeline length in kilometres and the pipeline diameter in millimetres is less than 2,700 may be deferred by the Commission from a rate filing to a facilities application where there are expected landowner or environmental issues. The Commission shall advise of any such deferral as soon in the rate filing process as possible so as to minimize, to the extent practicable, any duplication of the needs assessment. Where the Commission defers the need assessment for a project from a rate filing to a facilities application, the forecast costs of the project shall remain in the applicant's revenue requirement as placeholders, pending the outcome of the facilities application. <p>AltaGas Utilities:</p> <p>In AUI's view, the project need is identified as part of the rate application process (i.e. GRA or PBR capital tracker). The project need assessment along with the</p>	<p>Electric and gas distribution utilities regulated by the AUC are operating in a PBR regulatory environment. Although AltaGas Utilities Inc. has consolidated its transmission</p>

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				<p>impact on rates can then be appropriately addressed prior to seeking approval for construction and operation of gas utility pipeline through a facilities application. The onus is on the gas utility to ensure the project need is appropriately addressed and documented in the rate application process.</p> <p>To the extent there may be expected landowner or environment issues, such issues should be addressed in the facilities application process through the requirements as provided under Rule 020.</p> <p>In AUI's view, the rate application process and facilities application process are closely linked to ensure project need is established. However, the purpose and objectives for each of the application processes are different. Therefore, the two regulatory processes must be maintained as separate and distinct.</p> <p>If the first instance of project need is identified and assessed at the time of a rate application process through a capital tracker application or GRA, there should be no duplication in a facilities application process.</p> <p>In AUI's view, it is appropriate for the facilities application process to</p>	<p>operations under its distribution PBR filing processes for rate setting purposes, it must continue to comply with the need requirements described in Rule 020 for its transmission facilities in order to obtain an operating licence.</p> <p>Agree; procedures incorporate this perspective.</p> <p>Agreed that the processes are closely linked. Flexibility to deal with need only once, in the first occasion practical are appropriate. Need must be established before a licence is issued and this may require flexibility in processes.</p> <p>Agreed that there should not be duplication of processes.</p> <p>Agreed that if the project need has been established in a rate</p>

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			<p>3.2(5)</p> <p>Where the need is approved in a rate decision, the cost estimate will form the basis of the variance/prudence assessment that occurs at the time of the next rate filing (opening rate base), unless the estimate is subsequently modified through the facility application process.</p> <ul style="list-style-type: none"> Where the cost estimate associated with need is approved as part of the facilities application, this cost estimate will be considered in the subsequent prudence assessment, at the time of the 	<p>conduct a project need assessment if not previously brought before the Commission. However, if the project need has already been identified in a rate related application process, the focus on the facilities application should be related to changes in circumstances only.</p> <p>AUI seeks further clarification to address comments identified in this subsection and concerns related to general duplication of processes. Therefore, AUI proposes January 30, 2015 Page 5 of 7 scheduling a session with stakeholders to discuss submitted comments.</p> <p>ATCO Pipelines:</p> <p>3.2 (5)</p> <p>Where the need is approved in a rate decision, the cost estimate will form the basis of the variance/prudence assessment that occurs at the time of the next rate filing (opening rate base), unless the estimate is subsequently modified through the facility application process.</p> <ul style="list-style-type: none"> Where the cost estimate associated with need is approved as part of the facilities application, this cost estimate will be considered in the subsequent prudence 	<p>application process, need should not be re-established in a facilities process. However, frequently circumstances arise where a facilities application is made before a decision for need in a rates process has been established. In those circumstances, need must be established in the facilities process before a licence is issued.</p> <p>Agreed; concept to be incorporated.</p>

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			<p>next rate filing, when establishing an opening rate base amount.</p>	<p>assessment, at the time of the next rate filing, when establishing an opening rate base amount. Updated capital cost forecasts may be provided in a facilities application if costs deviate by more than +/- 30 per cent from previously provided cost forecasts.</p> <p>AltaGas Utilities:</p> <p>Given the time lag between a rate decision (where the project need was approved) and a decision on a facilities application, there may be circumstances where the cost estimate associated with the project need may be modified as part of the facilities application process. As the project need and cost estimate have already been approved in a rate decision, it is appropriate for updates to the cost estimate to be considered and referenced in any subsequent prudence assessment as part of the rate filing process.</p> <p>In AUI's view, the rate application process and facilities application process are closely linked to ensure project need is established. However, the purpose and objectives for each of the application processes are different. The rate application process</p>	

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				<p>provides for the approval of the project need and the prudence of costs. The facilities application process provides for the approval of the project need (in most cases developed as part of the rate application process) with specific requirements for the construction and operation of gas pipelines. Therefore, the two regulatory processes must be maintained as separate and distinct.</p> <p>AUI proposes the proposed the following change: (5) Where the need is approved in a rate decision, the cost estimate will form the basis of the variance/prudence assessment that occurs at the time of the next rate filing (opening rate base).</p> <p>In those cases where the cost estimate associated with the need is subsequently modified through the facility application process, updates to the cost estimate will be considered and referenced in the subsequent prudence assessment, at the time of the next rate filing, when establishing an opening rate base amount.</p>	Proposed wording incorporated.
	3.3 Abbreviated need			<p>AltaGas Utilities:</p> <p>Change section number to 3.9.3 and rename as 'Streamlined or abbreviated need assessment'</p>	Section 3 is an inserted new section and the balance of the rule is not impacted; therefore, no numbering changes are required.

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			<p>Streamlined or abbreviated need assessment processes that would include the reason for the project are acceptable for the following types of gas utility pipeline projects where there are no expected landowner objections or significant environmental impacts:</p> <p>(a) New growth projects with an estimated capital cost less than \$500,000.</p> <p>(b) New growth projects for receipt or delivery connections involving less than 100 metres of pipeline, and the associated metering and regulating facilities.</p> <p>(c) Replacement or relocation projects for existing facilities with an estimated capital cost less than \$1,000,000 where the project is reimbursed under the terms of a third party contribution or where a pipeline replacement project is required to comply with class location changes.</p> <p>(d) Replacement projects for existing facilities with an estimated capital cost less than \$500,000 or where the existing</p>	<p>ATCO Pipelines: Streamlined or abbreviated need assessment processes that would include the reason for the project are acceptable for the following types of gas utility pipeline projects where they qualify as "routine" applications (i.e. there are no unaddressed concerns raised by interested parties):</p> <p>(a) NGTL directed projects.</p> <p>(b) New growth projects with an estimated capital cost less than \$2,000,000.</p> <p>(c) New growth projects for receipt or delivery connections involving less than 100 metres of pipeline, and the associated metering and regulating facilities.</p> <p>(d) Replacement or relocation projects for existing facilities with an estimated capital cost less than \$2,000,000 where the project is reimbursed under the terms of a third party contribution or where a pipeline replacement project is required to comply with class location changes.</p> <p>(e) Replacement or relocation projects for existing facilities with an estimated capital cost less than \$2,000,000 or where the existing</p>	<p>Conceptual wording incorporated.</p> <p>Disagree that NGTL directed projects should be administered as abbreviated need processes. These are major projects that will generally require a complete review by the AUC.</p> <p>New growth projects revised from \$500,000 to \$1,000,000 for ATCO and retained for AltaGas due to the variation in rate base amounts and the associated rate impact of a significant capital addition.</p> <p>Replacement/relocation revised to \$2,000,000 for ATCO Pipelines and retained for AltaGas due to the variation in rate base amounts and the associated rate impact of a significant capital addition.</p> <p>Replacement projects revised from \$500,000 to \$1,000,000 for ATCO and retained for AltaGas due to the variation in rate base amounts and</p>

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			right-of-way is utilized.	right-of-way is utilized.	the associated rate impact of a significant capital addition.
	3.4 Complete need assessment		<p>In circumstances where an abbreviated need assessment is not applicable an application addressing the following components as applicable, must be filed with the AUC:</p> <p>(a) A description of the proposed project.</p> <p>(b) An explanation of why the project is required, including:</p> <ul style="list-style-type: none"> i. a description of current infrastructure and why it cannot be used to meet the need identified; ii. forecast demand information for growth projects; iii. for replacement projects, an explanation of why the 	<p>AltaGas Utilities:</p> <p>Change section number to 3.9.4</p> <p>ATCO Pipelines:</p> <p>In circumstances where an abbreviated need assessment is not applicable an application addressing the following components as applicable, in a fashion commensurate with the scope and cost of the project, must be filed with the AUC:</p> <p>(a) A description of the proposed project.</p> <p>(b) An explanation of why the project is required, including:</p> <ul style="list-style-type: none"> i. a description of current infrastructure and why it cannot be used to meet the need identified; ii. forecast demand information for growth projects; iii. for replacement projects, an explanation of why the 	<p>Section 3 is an inserted new section and the balance of the rule is not impacted; therefore, no numbering changes are required.</p> <p>Concept is captured in Section 3.1 (1).</p>

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			<p>current system is no longer adequate to meet current and future requirements.</p> <p>(c) An explanation of whether the proposed project is part of a larger initiative including a description of the project's various components, functions and forecast in-service dates.</p> <p>(d) The studies and analysis performed in identifying the timing and nature of the need.</p> <p>(e) The alternatives considered to address the identified need, including doing nothing.</p> <p>(f) A technical and economic comparison of the alternatives considered, including:</p> <ul style="list-style-type: none"> i. an evaluation of operational efficiency and reliability provided by each option; ii. an estimate of the capital, operating and maintenance costs for each option; iii. an economic assessment, with documentation of 	<p>current system is no longer adequate to meet current and future requirements.</p> <p>(c) An explanation of whether the proposed project is part of a larger initiative including a description of the project's various components, functions and forecast in-service dates.</p> <p>(d) A summary of the outcome of studies and analysis performed in identifying the timing and nature of the need.</p> <p>(e) The alternatives considered to address the identified need, including doing nothing.</p> <p>(f) A technical and economic comparison of all reasonable alternatives considered, including:</p> <ul style="list-style-type: none"> i. an evaluation of operational efficiency and reliability provided by each option; ii. an estimate of the capital, operating and maintenance costs for each option; iii. an economic assessment, with documentation of 	<p>Agree; incorporated conceptual language.</p> <p>Agree; incorporated conceptual language for viable projects.</p>

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			<p>assumptions, illustrating the cumulative present value of revenue requirements over a twenty year term, depicted, where possible, with a year-by-year graphical representation;</p> <p>iv. a description of related infrastructure for AUC regulated affiliated companies that will be impacted e.g. distribution facilities that will also be required and a cost estimate for such facilities;</p> <p>v. an evaluation of factors respecting implementation of each alternative, including timing and risks during construction;</p> <p>vi. a summary of any resolved or outstanding landowner concerns if consultation has been conducted;</p> <p>vii. a summary of any ratepayer or industry dialogue, including any feedback; and</p> <p>viii. a high-level evaluation of the land-use impacts of each alternative.</p>	<p>assumptions, illustrating the cumulative present value of revenue requirements over a twenty year term, depicted, where possible, with a year-by-year graphical representation;</p> <p>iv. a description of related infrastructure for AUC regulated affiliated companies that will be impacted e.g. distribution facilities that will also be required and a cost estimate for such facilities;</p> <p>v. an evaluation of factors respecting implementation of each alternative, including timing and risks during construction;</p> <p>vi. a summary of any resolved or outstanding landowner concerns if consultation has been conducted;</p> <p>vii. a summary of any ratepayer or industry dialogue, including any feedback; and</p> <p>viii. a high-level evaluation of the land-use impacts of each alternative.</p> <p>(g) The applicant's choice of</p>	

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			<p>(g) The applicant's choice of preferred alternative, including:</p> <ul style="list-style-type: none"> i. the rationale for selecting the alternative; and ii. the implementation schedule for the alternative. 	<p>preferred alternative, including:</p> <ul style="list-style-type: none"> i. the rationale for selecting the alternative; and ii. the implementation schedule for the alternative. <p>AltaGas Utilities:</p> <p>Propose a new subsection be added for flexibility to address certain circumstances that may arise depending on the nature of the project as follows:</p> <p>Where the Commission considers it appropriate to do so, the Commission may omit any requirement respecting a complete need assessment that is provided in this Rule or modify how such requirement applies.</p>	<p>Agree; conceptual wording is added in Section 3.5.</p>
General Comments	ATCO Pipelines				<p>General comments are generally captured in previous comments.</p>

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		AP is primarily concerned that the impetus behind the current review not be lost in the final changes—that impetus being to bring greater clarity to the utility application process and to prevent, to the extent practicable, duplication between facilities and rate proceedings.	AP recognizes that the Commission’s Rule 020 originated from the AER’s Guide 56, now known as Directive 56. As Rule 020 and Directive 56 evolve, it is important to ensure the principles of the two rules remain consistent. It is AP’s recommendation that the Commission confirm that the proposed changes to Rule 020 do not result in any inconsistencies between the AER’s Directive 56 and the AUC’s Rule 020, as they relate to the regulation of high pressure gas pipelines in the province of Alberta.		Agree that technical processes should be aligned. The AUC works with the AER under the terms of a memorandum of understanding. It is noteworthy that the rate processes for companies regulated by the AUC and the AER are dissimilar.
	AltaGas Utilities	It appears the proposed changes are intended to replace the current section 3 in its entirety.	<p>For purposes of the gas utility pipeline licence application process, AUI proposes all subsections of the current section 3 be identified and reviewed for consideration.</p> <p>Therefore, AUI has reviewed each of the subsections of section 3 and categorized proposed changes in one of the following categories: i) retain with no changes; ii) retain with proposed revisions; or iii) replace in its entirety:</p> <ul style="list-style-type: none"> Propose sections 3.1 to 3.7 be retained with no changes. These sections provide relevant and useful information regarding the licence application process not addressed in other sections of Rule 020. Propose section 3.8(1) be retained with no changes. Propose section 3.8(2) be removed and updated with the following revision: (2) A licence application is submitted to include the requirements of section 3.9 related to project need along with the applicable forms in Section 7 and Section 8. 		General comments are generally captured in previous comments.

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			<ul style="list-style-type: none"> • Propose to remove section 3.8.1 and 3.8.2 and replace as section 3.9. This section will reflect the proposed changes from Bulletin 2014-08, including consideration of stakeholder comments as appropriate. • Propose to retain section 3.8.3 but change only the section number to section 3.10. • Propose to retain section 3.8.4 but only change the section number to section 3.11. • Propose to retain section 3.9 but only change the section number to section 3.12. 		
	<p>Canadian Association of Petroleum Producers (CAPP)</p>	<p>CAPP has reviewed Bulletins 2014-08 and 2014-19 as well as the proposed changes to Section 3 of Rule 020. CAPP supports the AUC's initiative to improve the application process for new gas utility pipelines. In particular, CAPP supports:</p> <ol style="list-style-type: none"> 1. Provisions that permit parties to address cost-related issues in facilities proceedings if necessary. 2. Procedures that define where and when need will be addressed in the first instance. 3. Provisions for an abbreviated need assessment process. 4. The detailed description of the components that must be filed in a need assessment. <p>CAPP suggests that the AUC ensure there is also a clear definition of the information that a utility must provide in order for the AUC to assess cost variance and prudence.</p> <p>Finally, CAPP would note that vetting of major new growth projects for ATCO Pipelines (AP) through the NGTL annual planning process is only as valuable as the extent of AP's commitment to that process. In CAPP's view, AP has not adequately participated in the industry consultation component of the Annual Plan process. For example, although explicitly invited to do so, AP has not discussed the significant cost increases for the NE Calgary Connector project with the TTFP nor have they provided any further updated estimates for the remaining UPR projects. CAPP urges the AUC to monitor AP's interactions with the NGTL collaborative process, particularly the TTFP, through consultation with all interested parties and then consider whether that process is fulfilling the AUC's expectations for AP's consultation with stakeholders.</p>			<p>The proposed rule changes are aligned with CAPP's assessment.</p> <p>The complete need and abbreviated need processes are designed to capture these requirements.</p> <p>The AUC incorporated many of the concepts addressed in the need review process in examining ATCO costs for the NE Calgary UPR process in Decision 3421-D01-2015.</p> <p>The AUC monitors the NGTL TTFP information posted on the NGTL website, but is not a member of that industry committee.</p>