



Cenovus FCCL Ltd.

Foster Creek Thermal Oil Sands Project Industrial System Designation Amendment

May 13, 2013

The Alberta Utilities Commission
Decision 2013-172: Cenovus FCCL Ltd.
Foster Creek Thermal Oil Sands Project
Industrial System Designation Amendment
Application No. 1608892
Proceeding ID No. 2172

May 13, 2013

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The Alberta Utilities Commission
Fifth Avenue Place, Fourth Floor, 425 First Street S.W.
Calgary, Alberta
T2P 3L8

Telephone: 403-592-8845
Fax: 403-592-4406

Website: www.auc.ab.ca

1 Introduction and background

1. On September 22, 2009, the Alberta Utilities Commission (AUC or the Commission) issued [Decision 2009-142](#)¹ and [Industrial System Designation Order No. U2009-313 Errata](#),² designating Foster Creek Thermal Oil Sands Project (Foster Creek Project) as an industrial system pursuant to Section 4 of the *Hydro and Electric Energy Act*. Foster Creek Project was granted an exemption pursuant to Section 117 of the *Electric Utilities Act* from the requirements of the *Electric Utilities Act* since the electric energy is produced from and consumed by the proposed industrial system.

2. The industrial complex, encompassing a total of 180 sections owned by the FCCL Partnership, of which Cenovus FCCL Ltd. (Cenovus) is a part owner and operator, produces bitumen from the McMurray formation of the Athabasca oil sands by way of steam-assisted gravity drainage. Cenovus filed an application with the AUC seeking an amendment to the industrial system designation by adding new distribution facilities at the industrial complex. This application was registered as Application No. 1608892 on October 10, 2012.

3. In addition, Cenovus requested the Commission to revise the permit and licence to reflect an ownership change from EnCana FCCL Ltd. to Cenovus FCCL Ltd (Cenovus), which is registered under the *Business Corporations Act*.

4. The industrial system encompasses all electrical facilities at the Foster Creek Thermal Oil Sands site. These electrical facilities are located in Township 70, Ranges 3, 4 and 5, and Township 71, Ranges 3 and 4, all west of the Fourth Meridian, within the Cold Lake Air Weapons Range.

5. Currently the major electrical facilities comprising the industrial system include:

- The Foster Creek Power Plant consisting of two 40 megawatt (MW) gas-fired turbine generation units, two heat recovery steam turbine generator units, and associated auxiliary equipment.
- Substation 1200S housing two 13.8/144 kilovolt (kV) step-up transformers, two 144/25-kV step-down transformers, associated protection and auxiliary substation equipment.
- Various 25-kV electric distribution facilities including transmission line 2191L and all other existing and approved 25-kV facilities.

¹ Decision 2009-142: EnCana FCCL Ltd – Industrial System Designation Foster Creek Thermal Oil Sands, Application No. 1604774, Proceeding ID No. 219, September 22, 2009.

² Industrial System Designation Order No. U2009-313 Errata, Application No. 1604774, Proceeding ID No. 219, September 24, 2009.

6. Cenovus stated that the Foster Creek project had grown significantly from its inception in 1998 as a 3,000 barrels per day pilot production facility. Cenovus had regulatory approval to increase production to approximately 240,000 barrels per day by as early as 2016 and pending approvals, increase to approximately 295,000 by the end of 2018. Cenovus stated that an increased need to transport production from the Foster Creek project would be directly affected by a reliable electricity supply.

7. Cold Lake Pipeline Limited Partnership (Cold Lake Pipeline), is the owner of the bitumen and diluent pipelines that are integral to the operation of the Foster Creek project. Cenovus stated that Cold Lake Pipeline requested Cenovus to make the submission on their behalf indicating that it intended to construct an additional pipeline in order to meet the increasing demand for transportation of product resulting from expansions of the Foster Creek project. The electricity consuming operations related to this additional pipeline would consist of a pump station serving phases F-H and a junction station. A loss of the power at these facilities would prevent shipment of bitumen from the project to markets. As well, due to the limited on site bitumen storage capacity, a power outage of more than a few hours would necessitate a shutdown of the Foster Creek project industrial process.

8. The pump station would be fed from the Cenovus Foster Creek 1200S substation via the 1209 power transformer and 1211 breaker. The new line extension would begin at Structure 37 and extend north for two spans, where it would run 75 metres east and south by use of an underground cable to a new three phase five megavoltampere (MVA) – 25kV/4160V pad-mounted transformer to supply the load.

9. The junction station will be fed from the Cenovus Foster Creek 1200S substation via the 1209 power transformer and 1211 breaker. The new 25-kV line would begin at Structure 15 and extend north for approximately 75 metres and continue west for 600 metres where it would turn south and travel approximately 75 metres through an underground cable to a new three phase 10/13.3 MVA – 25kV/4160V pad-mounted transformer.

10. Cenovus sought approval to amend the industrial system designation to include these facilities in the industrial system.

11. The new facilities are located within Cenovus' Foster Creek Thermal Oil Sands Project boundary which is inside the Cold Lake Air Weapons Range.

12. There are no private landowners within the Cold Lake Air Weapons Range, therefore, a notice of application was not issued and a hearing was not required as the Commission considered that its decision or order would not directly and adversely affect the rights of a person pursuant to Section 9 of the *Alberta Utilities Commission Act*.

2 Findings

13. Application No. 1608892, the industrial system designation amendment application, was made pursuant Section 4 of the *Hydro and Electric Energy Act* and sections 2(1)(d) and 117 of the *Electric Utilities Act*. The relief sought is an approval to build two 25-kV distribution lines for Cenovus to provide electric energy to Cold Lake Pipeline within Cenovus' Foster Creek

Thermal Oil Sands Project boundary. The criteria to grant the amendment is stated in Section 4(3) of the *Hydro and Electric Energy Act*, namely:

14(3)(a) the electric system includes a generating unit located on the property of the one or more industrial operations it is intended to serve, there is a high degree of integration of the electric system with one or more industrial operations the electric system forms part of and serves, and there is a high degree of integration of the components of the industrial operations;

14(3)(b) the industrial operations process a feedstock, produce a primary product or manufacture a product;

14(3)(c) there is a common ownership of all of the components of the industrial operations;

14(3)(d) the whole of the output of each component within the industrial operation is used by that operation and is necessary to constitute its final products;

14(3)(e) there is a high degree of integration of the management of the components and processes of the industrial operations;

14(3)(f) the application to the Commission for a designation under subsection (1) demonstrates significant investment in both the expansion or extension of the industrial operations processes and the development of the electricity supply;

14(3)(g) where an industrial operation extends beyond contiguous property, the owner of the industrial operation satisfies the Commission that the overall cost of providing the owner's own distribution or transmission facilities to interconnect the integral parts of the industrial operation is equal to or less than the tariffs applicable for distribution or transmission in the service area where the industrial operation is located.

14. With respect to criteria 4(3)(a), 4(3)(d), and 4(3)(e), in its Foster Creek Thermal Oil Sands complex, Cenovus' steam assisted gravity drainage bitumen recovery facilities are integrated with Cold Lake Pipeline facilities, all of which are powered by on-site generation facilities. There is a high degree of integration of the electric system with the industrial processes.

15. With respect to criteria 4(3)(b), Cenovus's oil sands operations process the raw feedstock of the oil sands, bitumen mixed with sand, to produce the primary product of bitumen, subsequently transported off site via the Cold Lake Pipeline.

16. With respect to Criterion 4(3)(c), Cenovus directly owns a majority of the components in its oil sands complex.

17. With respect to Criterion 4(3)(f), the Commission believes the proposed distribution facilities will incur a significant investment in both the expansion and extension of the industrial operations processes and the supply of the electricity supply for Cenovus oil sands production and pipeline pumping activities.

18. With respect to Criterion 4(3)(g), none of the amendments applied for in Application No. 1608922 extend beyond Cenovus' contiguous property.

19. Based on the findings stated above, the Commission finds that the industrial system designation amendment requested in the application meets the requirements of Section 4(3) of the *Hydro and Electric Energy Act* and sections 2(1)(d) and 117 of the *Electric Utilities Act*.

20. Based on the foregoing, the Commission considers the project to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*.

21. Cenovus is registered under the *Business Corporations Act*. In accordance with the requirements of Section 23 of the *Hydro and Electric Energy Act*, Cenovus has demonstrated that it is eligible to hold the Industrial System Designation approval in its name.

3 Decision

22. Pursuant to Section 4 of the *Hydro and Electric Energy Act* and sections 2(1)(d) and 117 of the *Electric Utilities Act*, the Commission approves the application and grants to Cenovus the approval set out in Appendix 1– Industrial System Designation Amendment – Order No. U2013 - 229 – May 13, 2013 (Appendix 1 will be distributed separately).

Dated on May 13, 2013.

The Alberta Utilities Commission

(original signed by)

Tudor Beattie, QC
Commission Member