



File OF-AF-ACE 01  
16 August 2017

To: List of Participants

**National Energy Board  
Abandonment Cost Estimate (ACE) Review 2016  
Release of Discussion Papers and Refined ACE Framework**

On 13 February 2017, the Board (NEB or Board) issued [Procedural Direction No. 1](#), and noted that it is interested in refining and advancing the Board's current abandonment framework that was established during 2008-2010 for estimating abandonment cost estimates for the end of life phases of the pipeline. The Board noted that it will hold Technical Conference(s) in the fall of 2017, and that the Technical Conference(s) would enable informal exchange of information and discussion among industry, Indigenous groups, landowners, landowner associations, government departments and other stakeholders. The Board also solicited comments from the Participants on the preliminary list of topics (topics) for the Technical Conference(s) and on Group 1 ACE Review 2016 filings.

On 5 May 2017, the Board issued [Procedural Direction No. 2](#) to the Participants acknowledging their comments on the topics for the Technical Conference(s) and on Group 1 ACE Review 2016 filings. The Board noted that Participants' comments will assist the Board in finalizing the topics and in shaping the discussion on these topics. The Board also indicated that it intends to solicit comments from Participants on Discussion Papers and supporting documents in advance of the Technical Conference(s).

The Board is releasing three documents for comment ahead of the Technical Conference(s) at this time:

1. Discussion Papers (nine topics);

Refined ACE Framework (framework), consisting of:

2. Excel spreadsheet; and
3. User Guide.

These documents are described further below. Comments received on the Discussion Papers will help inform the structure and format of the Technical Conference(s). The Board intends to release a registration form and draft agenda for the Technical Conference(s) after this comment period has closed. The Board also intends to hold the Technical Conference(s) in late Fall 2017.

### **Discussion Papers**

Due to the technical nature of the material and in order to maximize the productivity of the discussion at the Technical Conference(s), the Board staff has prepared **Discussion Papers** on nine topics (See Attachment I). Each Discussion Paper includes background information, issues pertaining to each individual topic and focus questions for consideration. The specific topics explored in these Discussion Papers are:

- **Discussion Paper 1:** Development of a refined ACE framework and the supporting User Guide;
- **Discussion Paper 2:** Consultation and mitigating impacts on current and future land uses;
- **Discussion Paper 3:** Land-use categories, descriptions and definitions;
- **Discussion Paper 4:** Scope and methodology of land-use studies;
- **Discussion Paper 5:** Potential refinements to abandonment method assumptions for land-use categories;
- **Discussion Paper 6:** Inflation rate;
- **Discussion Paper 7:** Cost categories and unit costs for abandonment activities;
- **Discussion Paper 8:** Methodology for the application and derivation of contingency including insurance and taxes;
- **Discussion Paper 9:** Salvage value.

### **Refined ACE Framework**

The Board staff has developed a framework to provide greater clarity, consistency and transparency, and to better test the reasonableness of the ACEs filed by the companies. The proposed framework consists of an Excel spreadsheet with 5 worksheets (Attachment II – PDF only available on Regulatory Documents<sup>1</sup>) and a User Guide (Attachment III) that provides instructions on how to input data into the spreadsheet and what supporting information will be required by the Board to validate the assumptions (see Discussion Paper No. 1 for more details). This framework is meant to replace the existing Base Case Tables A-1 to A-4, and is intended to address some of the issues or inconsistencies found by the Board in its assessment of the ACE filings and the challenges that arise when assessing the adequacy of these filings.

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<sup>1</sup> The List of Participants will be emailed a copy of the spreadsheet in Excel format directly.

## **Comments on Discussion Papers and Refined ACE Framework**

The Board encourages all Participants (including Group 2 companies), and expects Group 1 companies, to prepare and file written submissions outlining their views on each of the Discussion Papers, including on the framework. The questions for discussion in each Discussion Paper should be considered, but Participants need not limit their comments to the questions posed. The Board welcomes input from those intending to participate at the Technical Conferences, as well as from those not intending to participate. The Board expects this to be a collaborative process and intends this to be an opportunity for all Participants to meaningfully participate in the refinement and advancement of the Board's current abandonment framework.

Comments on the Discussion Papers are most helpful if they:

- indicate the topic of the Discussion Paper and the specific question to which the comment relates;
- contain a clear rationale, and provide evidence to support the view expressed;
- pose additional questions for discussion not listed by the Board staff; and
- describe any approaches the Board should consider to address an issue.

Comments on the framework can be filed in response to the questions posed in Discussion Paper 1: Development of a refined ACE framework and the supporting User Guide. Participants are not limited by the questions for discussion. The Board staff intends to discuss the framework at the Technical Conference(s). Based on the comments received and any further refinements, the Board may implement the refined ACE framework ahead of the next ACE Review.

The deadline for providing comments on the Discussion Papers, including the framework is 20 September 2017.

Please refer to [Procedural Direction No. 1](#) (PDF page 6) for instructions for preparing and filing the documents with the Board.

A Process Advisor is available to answer questions regarding this process. Please direct any enquiries to Matt Groza, Process Advisor at [ACEReview@neb-one-gc.ca](mailto:ACEReview@neb-one-gc.ca), or 403-614-4952 or toll free 1-800-899-1265.

An Excel copy of the spreadsheet can be obtained by contacting Danielle Comte, Regulatory Officer, at 403-604-0289 or at [danielle.comte@neb-one.gc.ca](mailto:danielle.comte@neb-one.gc.ca).

Yours truly,

*Original signed by*

Sheri Young  
Secretary of the Board

Attachments