

**SHELL CANADA LIMITED
COGENERATION PLANT AND
HYDROGEN PIPELINE
FORT SASKATCHEWAN AREA**

**Addendum to Decision 2000-30
Applications No.990464 and 1051618**

DECISION 2000-30

The Alberta Energy and Utilities Board (Board/EUB) issued *Decision 2000-30* (attached) on May 30, 2000, approving the applications. This addendum provides the reasons for the Board's decisions.

1 INTRODUCTION

1.1 Application 990464

Shell Canada Limited (Shell) applied to the Board, pursuant to Section 9 of the Hydro and Electric Energy Act, for approval to construct and operate a 150 megawatt (MW) natural-gas-fired cogeneration plant on its approved Scotford Upgrader site. This site is adjacent to the Scotford Refinery in Strathcona County, about 14 km north of Fort Saskatchewan, Alberta.

The cogeneration plant would include

- a natural-gas-fired combustion gas turbine, which would generate 80 MW of electric power,
- a heat recovery steam generator (HRSG), and
- a steam turbine, which would generate about 70 MW of electric power.

The applicant described the cogeneration process as follows:

- Natural gas would be fired in the combustion turbine to generate about 80 MW of electricity.
- Heat would be recovered from the hot combustion turbine exhaust gases in the HRSG, which would produce steam.
- The steam would be delivered to the upgrader to help meet its steam requirements.
- High-pressure HRSG steam and the excess high-pressure steam from the upgrader process units would be delivered to the steam turbine to produce an additional 70 MW of electricity.

1.2 Application 1051618

Shell also applied, pursuant to Part 4 of the Pipeline Act, for approval to construct and operate approximately 8.7 km of 762 mm outside diameter pipeline to transport hydrogen gas from the existing Dow Chemical Canada Inc. (Dow) facility located in the southeast quarter of Section 13, Township 55, Range 22, West of the 4th Meridian to the proposed cogeneration plant.

The attached figure shows the location of the cogeneration plant and hydrogen pipeline in relation to other facilities, parcels of lands, and main land features in the area.

1.3 Hearing

The Board issued a notice and received objections to the applications from the Scotford Landowners Group, a group of some 23 families and individuals that were negotiating with Strathcona County (the County) to have their properties acquired by the County. However, the group advised the Board that, as a result of agreement having been reached with the County, 18 of the parties were withdrawing their objections. The Board also received objections to the applications from A. Dzurny, Mr. and Mrs. T. Emslie, and W. Procyk, and therefore, decided to hear the applications and interventions at a public hearing.

The hearing was held on May 18, 2000, in Fort Saskatchewan, Alberta before J. D. Dilay, P.Eng. (Presiding Member), G. J. Miller (Board Member), and W. G. Remmer, P.Eng. (Acting Board Member).

The participants in the hearing are listed in the table in the attached *Decision 2000-30*.

1.4 Background

The Shell cogeneration plant and hydrogen pipeline are part of Shell's Fort McMurray oil sands project, which includes three previously approved applications:

- Muskeg River Mine Project (*Decision 99-2*), a truck-and-shovel mine and bitumen extraction facility near Fort McMurray, Alberta;
- Oil Sands Bitumen Upgrader (*Decision 99-8*), the Scotford Upgrading Project, which involves processing bitumen feedstock in a new integrated upgrading facility at Scotford to produce refinery feedstock for Shell's Scotford and Sarnia refineries and other third-party facilities; and
- Corridor Pipeline Limited (*Decision 99-23*), a 500 km dual pipeline system to transport dilute bitumen blends from the Muskeg River Mine to the Scotford Upgrader and to return diluent from the upgrader to the mine, as well as a 45 km dual pipeline system to transport feedstock from Edmonton to the Scotford Upgrader and to deliver upgrader product from Scotford to Edmonton for further shipment to market.

1.5 Timing of Projects

For the subject pipeline application, Shell proposed to follow the same alignment as the approved Corridor Pipeline Limited (Corridor) pipelines corridor and to construct all but 1.7 km of the pipeline concurrently with the Corridor project to minimize land disturbance. The EUB encourages companies to follow existing pipeline corridors and share rights-of-way and work space where appropriate.

Shell submitted that the original upgrader design included

- a 20 MW steam turbine to generate electricity from excess high-pressure steam produced

within the upgrader process units, and

- two utility boilers to generate high-pressure steam. These boilers were required for start-up purposes only and were assumed to be operating at maximum turndown during normal operation.

However, Shell decided to modify the upgrader's design to include the proposed cogeneration plant, which would improve the energy efficiency of the process by producing both electrical power and steam to be used by the upgrader. Therefore, the schedule for the proposed cogeneration project was integrated with the upgrader project schedule.

2 ISSUES

The Board considers the issues respecting these applications to be

- need for the pipeline and cogeneration plant,
- impacts of the proposed facilities on the community, in particular, noise, safety, air quality, and excessive lighting, and
- land use.

3 NEED

3.1 Views of the Applicant

Shell stated that in its approved upgrader application it made reference to the hydrogen pipeline as a future improvement project. Shell selected the hydroconversion process for its upgrader, which would require a steady supply of hydrogen to upgrade the bitumen into a high-quality, low-sulphur synthetic crude oil. Although most of the hydrogen would be manufactured at the upgrader, Shell proposed to build a new pipeline to transport additional hydrogen from the neighbouring Dow complex, which was currently producing hydrogen as an off-gas and burning it as fuel. Shell stated that by using this off-gas hydrogen as a feedstock, it would reduce the amount of energy required in manufacturing hydrogen at the upgrader, enhance the overall reliability of hydrogen supply, and reduce the carbon dioxide emissions from Dow.

Shell submitted that the proposed cogeneration facility would produce both electrical power and steam and that the plant was sized to satisfy the steam requirements of the upgrader. Consequently, electric power generation would be sufficient not only to supply the electric needs of the process, but also to supply the excess to the Alberta Electric System. Therefore, the cogeneration plant would eliminate the need for Shell to obtain electrical power from the provincial grid and the need for on-site steam boilers.

3.2 Views of the Interveners

Both the County and the City of Fort Saskatchewan supported the proposed pipeline and cogeneration facilities, stating that the proposal was an appropriate development in a heavy industrial area. While Mr. Dzurny and the Emslies had concerns regarding off-site impacts such as air quality, lighting, noise, emergency response, and safety in general, they did not present any evidence questioning the need for the proposed pipeline and cogeneration plant.

3.3 Views of the Board

The Board accepts that the proposed pipeline is an appropriate development in the heavy industrial area as designated by the County. The Board is satisfied that the pipeline is needed as an improvement facility to the upgrader project and that it will provide the kind of enhancements to the operation of the upgrader as indicated by Shell.

The Board concurs with Shell that the cogeneration plant, being the producer of steam and electricity, is needed to supply the steam requirements of the upgrader. There will be a need for steam as soon as the upgrader starts operating; therefore the cogeneration plant has to be operational by the time the upgrader becomes operational. With respect to electricity generation, the Board notes that the cogeneration plant will produce more electric energy than required to meet the ongoing needs of the facility. This is a desirable feature, because Shell will be able to supply all its electric energy needs internally and provide the excess electric energy to the Alberta Power Pool. This will help bring more electricity supply to the electric market. The Board therefore concludes that Shell's proposal to install the cogeneration plan is superior to Shell's original plan. However, the impacts must be mitigated to reasonable levels and compliance with regulatory requirements must be assured.

4 IMPACTS

4.1 Views of the Applicant

Shell stated that it conducted a noise impact assessment to evaluate the potential for additional sound that might affect local residents and to determine if the requirements of EUB *Interim Directive (ID) 99-8: Noise Control Directive* could be met. It reported that the noise impact assessment demonstrated that the addition of the cogeneration facilities would not result in an increase in noise levels at residences in the area.

Shell committed to reduce the impact of construction noise as much as practical by restricting construction activities to weekdays. It stated that engines and other mechanical equipment would meet manufacturer specifications and be equipped with suitable mufflers. Also, neighbours would be notified of any abnormal noise resulting from a significant event that might take place during construction.

Shell said that once plant commissioning would take place, noise from steam venting would be reduced, as the vents would be fitted with a silencer and other mitigation devices that would allow only a small amount of steam to be released at a time. Also, main doors would be kept closed to confine the noise within the buildings as much as possible. Finally, Shell stated that it would conduct a post-start-up noise survey to confirm that the permissible sound levels had not been exceeded.

Shell stated that the proposed hydrogen pipeline would meet all material selection criteria and that it would be built and operated in accordance with the Pipeline Regulation and Canadian Standards Association (CSA) requirements. Shell pointed out that sour service materials were not needed for the pipeline because there was no hydrogen sulphide or any other corrosive

substance associated with it. Shell indicated that because hydrogen is lighter than air and natural gas, it would dissipate very quickly in air in the unlikely event of a pipeline leak and would not form a cloud around the leak area. Shell further indicated that because the operating pressure is only about 60 pounds per square inch (psig), the energy in the pipeline would not be sufficient to rupture the pipe and cause an explosion. Shell stated that even if there were combustion resulting from a leak, the combustible zone at such a low pressure would be extremely close to the pipe itself, thus posing very low risk to residents in the area.

With respect to emergency response, Shell indicated that it had a comprehensive emergency response program at the Scotford complex for dealing with all anticipated emergencies. As well, Shell stated that it had an emergency response team to deal with emergencies outside of the facility such as truck, rail, or pipeline spills. In addition, Shell pointed out that it was part of the larger regional response organization called Northeast Region Community Awareness and Emergency Response (NRCAER), composed of emergency and fire protection specialists from industry, the County, the City of Fort Saskatchewan, and others. Both the Shell emergency response program and the regional NRCAER program have active training programs to ensure that members remain fully versed in the latest practices, as well as being familiar with the emergency protocols. Shell stated that the Scotford Refinery also had an emergency response plan for Shell pipelines in this area, which would be revised to include the hydrogen pipeline. Shell indicated that it was prepared to meet with the Emslies with respect to the emergency response plan.

With respect to the concern raised about sirens within the refinery, Shell noted that sirens were needed to notify its internal emergency response personnel but were not intended to alert anyone outside the refinery to take action. If action were required to be taken outside of the refinery, the County would implement and coordinate its Regional Response Disaster Plan. Shell further noted that the County had an Egress Plan to coordinate the evacuation of residences in the area if necessary. However, Shell indicated that it would notify area residents in advance of planned activities that might cause excessive noise or light.

Shell indicated that it had been working with the County and Alberta Infrastructure to ensure that its staff did not use shortcuts through the residents' side roads in accessing and leaving the plant site. Shell stated that the additional traffic from the cogeneration facility for the construction period would be insignificant in relation to its upgrader.

With respect to company-landowner communications, Shell indicated that it had put in place a 24-hour single-point phone number to respond to concerns that may arise as a result of events anywhere in the entire industrial complex.

Shell stated that the proposed cogeneration facility would improve the energy efficiency of the upgrader by producing both electrical power and steam to be used by the upgrader. The cogeneration plant would eliminate the need for Shell to obtain electrical power from the provincial grid and to operate on-site steam boilers. Therefore, the emissions associated with the cogeneration plant would be lower than those associated with obtaining off-site electrical power and generating on-site steam for the upgrader.

Shell submitted that the cogeneration plant would burn clean natural gas and would, therefore, have negligible incremental sulphur dioxide (SO₂) emissions. It stated that there would, however, be emissions of nitrogen oxide (NO_x), carbon monoxide (CO), carbon dioxide (CO₂), and water vapour from the cogeneration facility. Shell maintained that the environmental assessment and air modelling have shown minimal increases in ground-level nitrogen dioxide (NO₂) and CO concentrations and that the predicted concentrations would be well below the Alberta ambient air quality guidelines. Shell further stated that low-NO_x technology for the gas turbine and the HRSG would mitigate these effects. It pointed out that cumulative effects of NO_x and CO emissions from the cogeneration facility in association with existing and approved facilities were virtually identical to those predicted for the upgrader, which had already been approved by the Board.

Shell acknowledged that the Scotford facility would result in CO₂ emissions, but maintained that while these emissions would not result in any effects to local air quality, they were considered to be greenhouse gases. Shell pointed out, however, that the upgrader was approved to use grid power, which is primarily produced from coal-fired thermal generating stations here in Alberta. By producing power in the cogeneration facility from gas and excess heat, Shell stated that overall CO₂ emissions associated with the upgrader would be reduced significantly. The cogeneration facility would emit approximately 55 to 60 per cent less CO₂ than conventional coal-fired thermal electricity for an equivalent amount of electrical power.

Shell confirmed that it would use low-level luminescent lights for the upgrader and the cogeneration project. Furthermore, Shell submitted that the cogeneration plant would be located within the upgrader site, not on the periphery of Shell's property. Therefore, the plant would not be directly visible, as it would be located among other larger facilities. Shell submitted that there was not a great need for exterior lights on the cogeneration facility, but stated that there would be lights over all entrances to the buildings and likely low-level lights on any equipment that may come in or out of the building. Therefore, lighting for the cogeneration plant would have little or no impact.

Shell said that as a result of Mrs. Emslie's testimony during the hearing, Shell became aware for the first time that the Emslies had to purchase total block blinds to mitigate excessive lighting during the night and offered to pay the Emslies the cost they had incurred.

4.2 Views of the Interveners

Mr. Dzurny and the Emslies did not dispute the results of the noise impact assessment but did object to existing noise levels in the area and the prospect of even more noise. Especially disconcerting to the residents was noise from unplanned incidents, such as very large flaring, steam venting, construction, and other similar events. Mr. Dzurny and the Emslies stated that they strongly believed that the permissible sound levels as determined using *ID 99-8* were already too high and did not take into sufficient consideration all industrial noise contributors, such as construction activities and road and rail traffic. Mr. Dzurny also believed that noise levels had increased as a result of logging and removal of a significant portion of the trees in the area that used to buffer noise. The Emslies stated that the noise had had a direct effect on their quality of life. Their children were having trouble sleeping and would often be awakened during the night as a result of a particular noise event, such as emergency flaring or plant sirens.

The Emslies expressed concerns in general about the safety of living in close proximity to pipelines. They were concerned about pipeline leaks and explosions. They believed that additional pipelines in the area would increase the cumulative effects on public safety and their lifestyle. Mr. Dzurny indicated that he did not want another pipeline in his backyard. He suggested that a single-point phone number be put in place in case of emergencies.

The County indicated that it would continue working with Shell regarding appropriate emergency response plans for all the new facilities and the integration of those plans with NRCAER. The County stated that it had approved the construction of a \$3.9 million 24-hour integrated emergency service facility known as Heartland Hall, which would be completed by mid-2001 near the intersection of secondary Highway 830 and Highway 15. In response to concerns raised by the Emslies at the hearing regarding whom to call in the event of a potential emergency, the County encouraged both industry and residents to use 911 to reach the dispatch centre.

The Emslies stated that they had a number of safety issues relating to the upgrader and the cogeneration plant, as well as to other industrial development in the area. In the event of a siren sounding at the Shell complex, for example, the Emslies were concerned because of the uncertainty of what was happening and whom to call and the time it would take parties to respond to their inquiry. The Emslies were also concerned that in case of an emergency area evacuation, local trains may block the roads leading out of the area for as much as 20 minutes. As well, they stated that they did not understand how the emergency response plan worked. The Emslies agreed to meet with Shell on issues relating to emergency response.

With respect to air quality, Mr. Dzurny indicated that there would be added pollution from the exhaust stacks and from construction of the cogeneration plant. He submitted that under certain wind conditions, air pollutants from either Dow or Shell had caused him lengthy headaches and asthma attacks. Therefore, Mr. Dzurny opposed any further industrial development in the area. The Emslies indicated that they were constantly affected by air emissions from the Dow and Shell facilities. Mrs. Emslie testified that she was so concerned about the welfare of her family that when the air smelled bad or the sky was very grey or of an unusual colour, she would not let her children outdoors to play. She indicated that such situations were occurring on average a couple of times each month.

4.3 Views of the Board

The Board agrees that the residents are being affected by industrial noise in the area and are concerned particularly by the frequency of abnormal noise events. The Board believes, however, that the proposed cogeneration facility and hydrogen pipeline will not contribute to the overall sound level that already exists.

The Board may direct its staff to undertake a full examination of the sound levels in the area from all industrial sources under its jurisdiction to determine if levels are within limits set by *ID 99-8*. If noise levels exceed the permissible sound level, industrial operators will be required to conduct whatever modifications are necessary to reduce the noise to acceptable levels. The need for such an examination would depend on whether the residents remain in their present

locations or relocate.

The Board is satisfied that the proposed pipeline is properly designed and that it can be built and operated in accordance with the Pipeline Regulation and CSA requirements. Because of the operating conditions of the pipeline and the nature of the substance it carries, the Board is convinced that the potential for corrosion is very low and the likelihood of a catastrophic pipeline failure is remote. Therefore, the Board believes that the incremental risk of the pipeline to area residents' safety is low. Notwithstanding, the Board encourages Shell to continue to communicate with area residents regarding safety concerns and to update its safety procedures and emergency response plan where appropriate.

The Board recognizes the concerns of the local residents in the area with respect to emergency response, traffic, and communications. However, the Board notes that Shell, along with the County, the City of Fort Saskatchewan, and other industries in the area, has developed or is participating in an extensive response plan in case of an emergency situation. However, the Board notes that the Emslies indicated that they were not fully aware of details relating to matters such as the emergency response plan, the evacuation procedures, and company-landowner communications. The Board notes Shell's willingness to meet and inform area residents with respect to these matters and expects this to be done in a timely manner.

The Board is satisfied that Shell's applied-for cogeneration plant will not pose incremental safety hazards.

The Board notes that Shell's original upgrader design called for a smaller steam turbine to generate electricity and for two utility boilers to generate high-pressure steam. Under this arrangement, Shell's process would have required a steady purchase of electric power from the Alberta grid as well as the firing of natural gas into the utility boilers to produce steam for start-up purposes. Therefore, under Shell's original upgrader design, a significant amount of electric energy purchased by Shell from the grid would have been produced by coal-fired units. However, under Shell's current proposal, all its energy requirements will be produced by cleaner-burning natural gas. Therefore, the Board is satisfied that Shell's proposal will have fewer emissions than the original design without the cogeneration plant.

The Board notes that current nighttime lighting levels at the residences near the Dow and Shell plants are mainly due to the existing industrial development in the area. Therefore, the Board concurs with Shell's submission that the addition of the cogeneration plant, which will be located at the heart of the plant and with its view obstructed by other facilities, will have no significant effect on the lighting levels at the Emslie or Dzurny residences.

5 LAND USE

5.1 Views of the Applicant

Shell submitted that the Board has no jurisdiction to determine whether land should be put to agricultural, residential, or industrial uses, because that is the jurisdiction of municipalities. It argued that the particular land-use designation given by municipalities is largely irrelevant to the Board's consideration of a project because the Board is bound to consider any application before

it based on the benefit to the public interest as set forth in the energy statutes. Shell stated that the Board's mandate is to oversee the orderly, economic, and efficient development of Alberta's oil and gas resources having regard to the social, economic, and environmental impacts of the project, and not whether a project was compatible with an existing land-use designation by a municipality.

Shell interpreted Section 619 of the Municipal Government Act as confirmation of this view. It maintained that under this provision, Board orders and approvals took precedence over any municipal planning law, instrument, area plan, or bylaw. Shell stated that applications to the municipality for development permits must be issued in conformity with the Board's approval of projects. Shell asserted that the effect of this provision was to grant the Board the ultimate authority for approval of energy projects that may conflict with municipal zoning or other land-use planning laws.

Shell recognized and was sympathetic to the concerns of local residents about the level of industrialization in the area. Shell stated that it was committed to working with the County and the residents to help resolve the matter to ensure that a fair and equitable agreement was reached. Shell said that it and other industrial operators had set aside a fixed dollar amount to assist in the land purchase process for the 24 residences in the County.

5.2 Views of the Interveners

Mr. Dzurny stated that the County would not issue building permits in his area because new housing and other nonindustrial uses did not conform to the County's long-term area land-use policy and plans. He indicated that he desired to build another house, as well as expand the facilities on his property, to enhance his aviation interests but was discouraged or effectively prevented by the County given its long-term Municipal Development Plan. He expressed his frustration that large companies like Shell were permitted to expand their facilities, with a view to making a profit, but individual land owners, like himself, who had resided in the area much longer than Shell, were prevented from using their lands similarly to make a profit.

With respect to Shell's submission regarding jurisdiction, the County submitted that the Board must take municipalities' land-use planning laws into account because the effect of Section 619 of the Municipal Government Act is to make the Board, not tribunals such as development appeal boards or the Municipal Government Board, the final arbiter of land-use issues where oil and gas industrial projects were concerned. The County maintained that a permit or approval of an industrial facility issued by the Board would frequently have consequences beyond the boundaries of the industrial site and the Board's responsibility to consider the public interest must include these impacts on adjoining properties. The County argued that if the Board declined to consider land-use issues in connection with industrial applications, the citizens and the municipalities themselves would be deprived of an effective forum to deal with land-use planning matters that arose as a result of industrial approvals in the oil and gas industry. Therefore, the County stated that in this particular case Shell's application was wholly consistent with its land-use planning guidelines and Municipal Development Plan.

With respect to zoning and, in particular, Mr. Dzurny's submission regarding development permits, the County stated that the northeast sector of the County to the east of the City of Fort

Saskatchewan and north of Highway 15 was designated for heavy industrial uses in the long-term Municipal Development Plan Bylaw 3898. Currently, the zoning allowed for AR (agricultural and rural), which permitted agricultural and associated residential uses. The County pointed out that there were 24 parcels of land, including Mr. Dzurny's, representing residences located close to the Shell and other industrial site in the area with designated AR zoning. It stated that the AR land-use bylaw described the current allowable uses, whereas the Municipal Development Plan indicated the proposed future uses for the area.

The County explained that as new industry moves into the area, those areas within the Municipal Development Plan set apart for heavy industry or light or medium industry would be available for siting the new industry. Other activities not compatible with the long-term Municipal Development Plan designations would not be viewed favourably by the County, since the purpose of the long-term plan was a transition from existing uses or uses incompatible with a heavy industrial designation.

The County explained that Mr. Dzurny resided in an area subject to an existing zoning of AR, allowing single, detached dwelling use. It pointed out, however, that the area was also designated as suitable for heavy industrial uses over the long term and that such uses were favoured for future development. With respect to building another residence on the Dzurny lands, the County pointed out that Mr. Dzurny had not actually applied for a development permit but that the rules regarding the construction of a new house meant that it would only be approved if it were necessary to provide a residence for a worker in an intensive livestock or greenhouse operation or if Mr. Dzurny's existing house were to be torn down. The County said that additions to or expansion of Mr. Dzurny's existing residence were generally acceptable but had to conform to the regulations outlined in the AR land-use bylaw.

The County stated that it had completed negotiations with 20 of the 24 landowners in the northern area of the County, which it terms Alberta's Industrial Heartland. In general, the County believed that acquisition of the lands that may be affected by industrial development was an industry responsibility. It believed that this situation was unique and the said it had taken the lead in this matter because the parcels of land were too numerous and fragmented for any particular industry to consider buying. Finally, the County stated that it believed that the outstanding differences with the property owners could be overcome and that it was committed to resolving the matter as quickly as possible.

The City of Fort Saskatchewan supported the proposed pipeline as an appropriate development in a heavy industrial area. It indicated that recent zoning changes in the area from agriculture to industrial land use were consistent with its joint general municipal plan with the County and in keeping with its commitment to Alberta's Industrial Heartland Association to promote the concentration of industrial activity in the area and nearby counties. The City of Fort Saskatchewan explained that the industrial zoning designation did not preclude agricultural use and that recent residential development permit applications had been refused because residential use was incompatible with long-term industrial development plans in the area.

The City of Fort Saskatchewan stated that it had been waiting for the County to conclude its land purchase negotiations with those landowners who actually resided on lands in close proximity to the industrial sites before it commenced negotiations with city landowners. It noted

that none of the city land owners in question resided on the lands.

Mr. Dzurny and the Emslies pointed out that they had a long history in the area, preceding much of the industrial development that had taken place. They said that they had been ignored and no regard was placed on their interest when the area was rezoned from agriculture to heavy industrial. They also believed that this level of concentrated industrial development was not compatible with raising families or living a normal life. Consequently, they had come to the realization that the only viable alternative for them was to relocate out of the area.

The Emslies stated that there had been little to no contact with the County regarding the negotiation of a relocation settlement for their lands and they only knew what they had heard or read in the media. Mr. Dzurny and the Emslies stated that they were willing to negotiate if proper consideration was given to their investments in their homes and property.

5.3 Views of the Board

With respect to Shell's submission regarding jurisdiction, the Board is of the view that the effect of Section 619 of the Municipal Government Act is to give Board licences and approvals precedence over land-use bylaws or other planning instruments enacted by municipalities, as well as over decisions of local development appeal boards or other planning agencies. The provision does not empower the Board to assume authority for land-use planning responsibilities given to municipalities pursuant to the Municipal Government Act. However, the Board accepts that in reaching decisions regarding energy projects, the public interest, as expressed in the energy statutes, obliges it to consider the impacts of energy-related activities on neighbouring lands. This may be discerned, for example, from Section 2.1 of the Energy Resources Conservation Act, which provides that the Board must consider in addition to other matters "...whether the project is in the public interest having regard to the social and economic effects of the project and the effects of the project on the environment." The potential effect of energy-related activities on lands situated near a project site may also be described generally as a land-use issue, because the potential effects may limit or impair the use and enjoyment to which owners may legitimately wish to put their lands. In this context, the issue is one that would properly be considered by the Board.

With respect to zoning and Mr. Dzurny's submission, the Board concludes that

- the County has the right to plan for the future and make decisions on which lands within its boundaries would be suitable for heavy industrial activities;
- long-term planning is an important function of any municipality if an area is to develop in an orderly and efficient manner;
- the current AR designation of land in the Scotford area reflects the historical character of land-use in this area. As land-use moves from agricultural to heavy industrial, municipal development permits are also reflecting the transition from agricultural to industrial; and
- current restrictions on construction of a second residence for pure resale purposes does effectively limit the use to which Mr. Dzurny may put his lands.

The Board is encouraged by the progress that has been made to date with a number of the landowners respecting their relocation. The Board strongly believes that it is essential that the County and remaining landowners come to a timely resolution of this matter. It appears to the Board, based on the comments made at the hearing by the County and the resident interveners, that this is very possible.

Dated at Calgary, Alberta, on July 25, 2000.

ALBERTA ENERGY AND UTILITIES BOARD

(Original signed by)

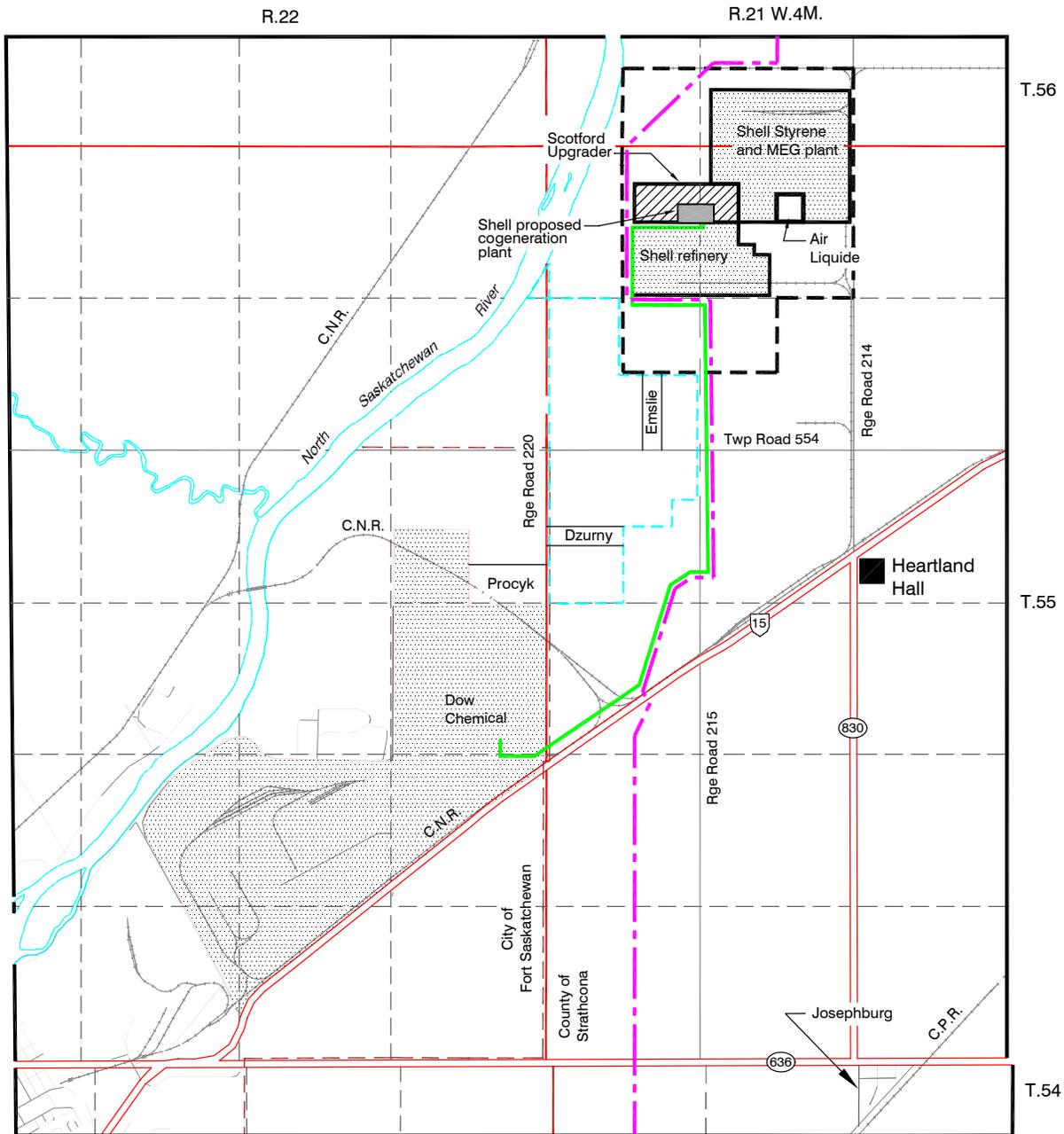
J. D. Dilay, P.Eng.
Presiding Member

(Original signed by)

G. J. Miller
Board Member

(Original signed by)

W. G. Remmer, P.Eng.
Acting Board Member



LEGEND

- Shell cogeneration plant
- Shell Canada Limited site boundary
- Hydrogen pipeline
- Properties under consideration
- Corridor pipeline

Shell cogeneration plant and hydrogen pipeline

Applications No. 990464 and 1051618

Shell Canada Limited

Addendum to Decision 2000-30

ALBERTA ENERGY AND UTILITIES BOARD

Calgary, Alberta

SHELL CANADA LIMITED

COGENERATION PLANT AND HYDROGEN PIPELINE

Decision 2000-30

FORT SASKATCHEWAN AREA

Applications 990464 and 1051618

THE APPLICATIONS AND HEARING

Shell Canada Limited (Shell) applied for approval of a 150-Megawatt cogeneration plant to be located at its Scotford Upgrader site in the Fort Saskatchewan area to supply the site with electric power and steam and to sell excess power to the Alberta Electric System. It also applied for approval of an 8.7-kilometre, 762-millimetre outside diameter hydrogen pipeline that would run from the Dow Chemical Canada Inc. (Dow) site to the Upgrader site.

The Alberta Energy and Utilities Board (the Board) issued a notice and received objections to the applications from the Scotford Landowners Group, a group of some 23 families and individuals that were negotiating with Strathcona County (the County) to have their properties acquired by the County. The Group advised the Board that, as a result of agreement having been reached with the County, 18 of the parties were withdrawing their objections. The Board also received objections to the applications by A. Dzurny, Mr. and Mrs. T. Emslie, and W. Procyk, and therefore, decided to hear the applications and interventions at a public hearing.

The hearing was held on May 18, 2000 in Fort Saskatchewan, Alberta before J. D. Dilay, P.Eng. (Presiding Member), G. J. Miller (Board Member), and W. G. Remmer, P.Eng. (Acting Board Member).

The participants in the hearing are listed in the attached table.

DECISION

In several past decisions, the Board has expressed its concern about the impacts on the residents from the degree of industrialization in the area. The Board notes that the majority of residents in the area between the Shell and Dow sites have now reached agreement with the County to acquire their properties so that they may relocate. The Board continues to believe that the best approach to resolve the situation is for the remaining residents and the County to also negotiate agreements. The Board is encouraged that the County and the residents who participated in this hearing expressed a willingness to continue with the negotiation process. The Board urges the County and the remaining residents to recommence their negotiations at the earliest possible time.

Notwithstanding the success achieved thus far and the prospect for further successful agreement between the County and the residents, the Board intends to follow up

immediately on the complaints that came forward in the hearing with the companies and with Alberta Environment.

The Board believes that, as requested by Shell, there is considerable merit to issuing early decisions to allow for the coordination of construction with other already-approved facilities, and thereby, to minimize surface disturbance and to optimize planning. The Board believes that, having regard for the proposed location of the cogeneration plant and the hydrogen pipeline relative to the residents, and having regard for the nature of the projects, they can be built and operated in accordance with the province's requirements and with minimal incremental impacts. Accordingly, the Board approves both applications and will issue the approval documents and an addendum to this report with its reasons for decision in due course.

Dated at Calgary, Alberta, on May 30, 2000

ALBERTA ENERGY AND UTILITIES BOARD

(Original signed by)

J. D. Dilay, P.Eng.
Presiding Member

(Original signed by)

G. J. Miller
Board Member

(Original signed by)

W. G. Remmer, P.Eng.
Acting Board Member

TABLE – ATTACHMENT TO DECISION 2000-30**THOSE WHO APPEARED AT THE HEARING**

Principals and Representatives (Abbreviation Used in Report)	Witnesses
Shell Canada Limited (Shell) S. Denstedt	R. Seeley D. Quinn J. Virtue R. Atwell L. Richardson D. Leahey L. Frank
Corridor Pipeline M. Boyle	
Strathcona County (the County) L. Burgess	G. Klassen R. Powell L. Burton
City of Fort Saskatchewan T. Stacey	T. Stacey
A. Dzurny	A. Dzurny
T. and C. Emslie D. Mallon	T. and C. Emslie
Energy and Utilities Board staff D. Larder D. DeGagne P. Derbyshire S. Lee R. Schroeder P. Wickel	

Mr. W. Procyk submitted a letter to the Board but did not participate in the hearing.