

March 8, 2019

Filed Electronically and Hand Delivered

National Energy Board
Suite 210, 517 - 10th Avenue SW
Calgary, Alberta T2R 0A8

Attention: Ms. Sheri Young, Secretary of the Board

Dear Ms. Young:

**Re: Genesis Pipeline Canada Ltd. (Genesis)
Implementation of Financial Requirements - Comments on Draft Guidelines
NEB File OF-Gen-06 FRR**

In its letter of February 15, 2019, the National Energy Board (NEB) requested companies to provide comments on its *Draft Pipeline Financial Requirements Guidelines* (Guidelines) by March 8, 2019, if there were any areas that were unclear or required further clarification.

Genesis respectfully submits two comments on the Guidelines where clarification or more information would be helpful.

Item 1 — Companies Operating Multiple Pipelines or Shipping Multiple Commodities

The previously published Canada Gazette articles dealing with pipeline financial resource regulations (Part I, Vol. 150, No. 41, published October 8, 2016 and Part II, Vol. 152 No. 14, published on June 25, 2018) included regulatory impact analysis statements that were not part of the regulations but that included five bullets providing additional clarifications related to determining a company's absolute liability. In particular, the second bullet states:

- Where a company operates an oil pipeline system of two or more connected lines, the highest capacity within the system will be used to determine the absolute liability limit.

Genesis has used this approach to calculate pipeline capacities in its connected systems as it avoids double counting capacities on connected pipelines and reflects that the maximum capacity within the system is limited by the pipeline with the highest individual capacity. Other bullets from this

section of the impact analysis statement appear in Section 3.2 of the Guidelines, but this one does not.

Clarification in the Guidelines that this an acceptable practice for determining liability limits would be helpful as it is not clear in either 3.2 or in 3.3 (a) Oil Pipelines where it mentions multiple oil pipelines.

Item 2 — Changes to Pipeline Capacity or Risk Value

Section 3.3(e) of the Guidelines states that, “A Company must apply to the Board explicitly to have its Absolute Liability Class lowered, providing sufficient evidence to the Board detailing the impacts of the modification, prior to the Board approving a decrease in the Company’s Absolute Liability Class. Following Board approval of the lowering of the Company’s Absolute Liability Class, the change to Absolute Liability Class would become effective once the applied-for changes to a Company’s system had been physically completed in accordance with any requirements and conditions.”

Genesis respectfully requests the following:

1. Please clarify the interrelated application process that will be required for
 - a. changes to a Company’s system, and
 - b. the Absolute Liability Class lowering.

2. Please confirm that the Filing Manual will be updated to include these process steps.

Thank you for the opportunity to comment on the draft Guidelines.

Please contact the undersigned should you have any questions regarding this filing.

Yours Sincerely,



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