



November 30, 2021

**Canada Energy Regulator**

210, 517 - 10 Avenue SW

Calgary, AB T2R 0A8

**Attention: Rumu Sen, Integrated Energy Information and Analysis**

**Re: Cost Recovery Regulation Regulatory Proposal**

The Milk River Pipeline Ltd. (MRPL) would like to thank the Canada Energy Regulator (CER) for the opportunity to provide input regarding the proposed design of Cost Recovery Regulations (Regulations) under Element and Methodology of the Cost Recovery Scheme (A, B, C and D).

**Proposed Cost Recovery Scheme A – Recovering Costs Directly form Project Applicants Who are not Currently Regulated by the CER and for Project Applications that are Denied or Withdrawn**

MRPL believes that costs recovery needs to account for the CER time spent on regulatory review, but we are also concerned that proposed greenfield levy of 0.2 per cent of the construction cost could discourage a new projects and limit future business expansion consideration. This proposal would mostly affect a new perspective companies that have a need to link their own interprovincial infrastructures without ability to recover project cost/levies through toll settlements.

While MRPL understands needs of even distribution of costs among all companies and supports the CER efforts, we feel that current proposal would disproportionately impact prospective small companies. Therefore, MRPL proposes reconsideration of greenfield levy by potentially lowering overall greenfield levy percentage or introduce company/project classification to help small companies with perspective projects.

**Proposed Cost Recovery Scheme B – Modernizing the Fixed Levies from Small and Intermediate Companies**

The regulatory proposals Scheme B will introduce significant cost increase for the small and intermediated companies. The MRPL is concerned about this proposal and our comments/concerns are:

- Many small and intermediated companies do not have significant revenue and large number of shippers to offset levies increase.
- The proposed Scheme will introduce additional administrative burden for small and intermediate companies.
- When examples are compared as per below, the significant increase and big burden is introduced to such companies. Small and intermediate companies would bare unproportionable increase in comparison to the large companies.

Company I- large	Throughput	39 km	Current cost	Proposed cost
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# Milk River

Pipeline

company	2,675,600		\$398,594	\$353,745
Company N – Small or Intermediate	Throughput 2,313,733	33 km	Current cost \$10,220	Proposed cost \$395,769

### **Proposed Cost Recovery Scheme C -Relief**

The proposal in the Scheme C will introduce additional burden to the small and intermediate companies and to the CER. This would further increase CER staff resources and time allocated to review regulatory submissions.

### **Proposed Cost Recovery Scheme D – Cost Recovery Allocation and Mythology Approach**

MRPL believes that with few adjustments or just simple clarification an updated cost recovery framework could be adapted to provide fair and reasonable cost recovery process. While we support need for Cost Recovery modernization, we are concerned that regulatory proposal would have significant impact to small and intermediate companies economic viability along with potential to deter new projects.

MRPL appreciates the opportunity provided by the CER in relation to this matter and looks forward to ongoing discussions and consultations.

Sincerely,