



National Energy Board

Office national de l'énergie

# Trans Mountain Share and Unit Purchase Agreement

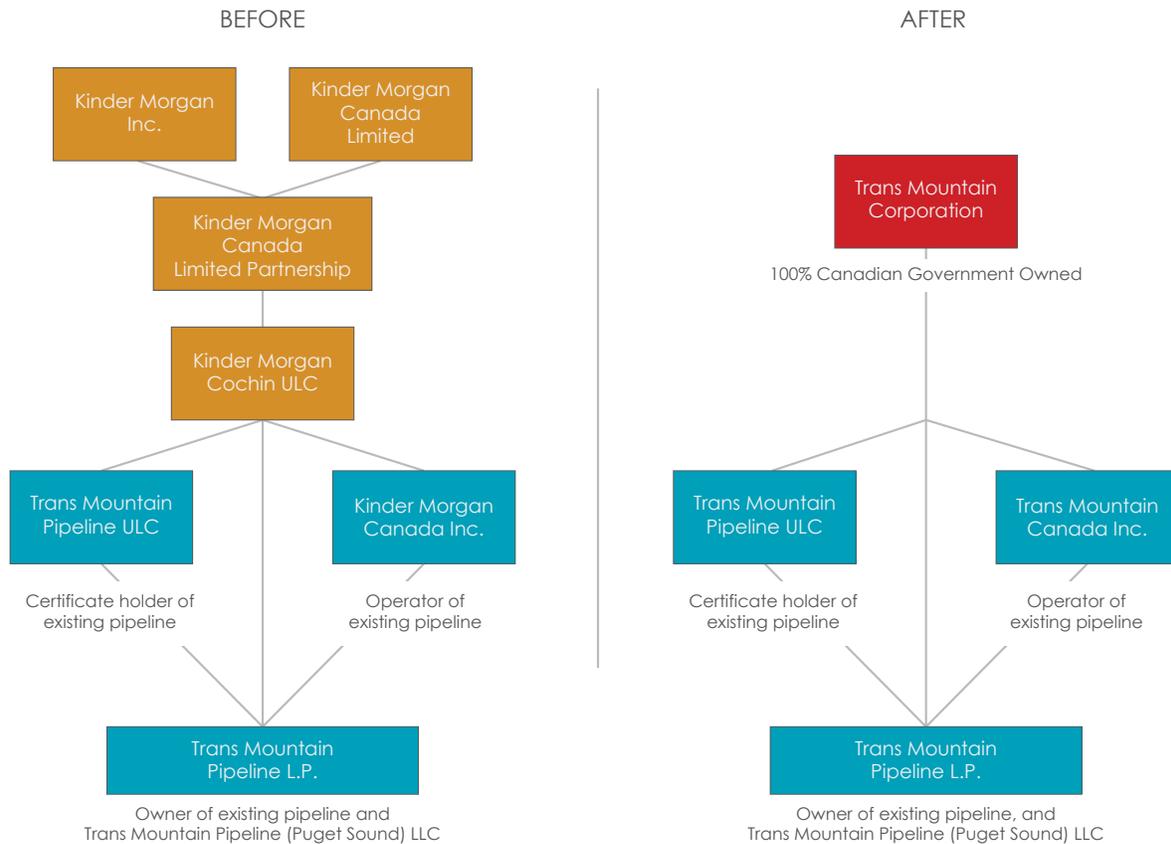
## The Agreement:

On May 29, 2018, the Government of Canada and Kinder Morgan announced that they had entered into a Share and Unit Purchase Agreement (Agreement). Kinder Morgan Canada shareholders voted to approve the transaction at a meeting on August 30, 2018. Under the Agreement, the Government of Canada acquired the shares and units of all the entities that own and operate the existing Trans Mountain pipeline.

## Quick Facts

- The Trans Mountain Pipeline transports crude oil and refined petroleum products from Edmonton, Alberta to refineries and terminals in British Columbia and Washington State. Crude oil is also shipped to offshore markets in Asia and the U.S. west coast via the Westridge Marine Terminal in Burnaby, British Columbia.
- Trans Mountain started operations in 1953 and is unique among the major pipelines out of the Western Canadian Sedimentary Basin in that it ships the full spectrum of oils (from refined petroleum products to heavy crude oil) in a single line.

Trans Mountain Structure Before and After Purchase Agreement



This diagram reflects all filings received as of October 10, 2018.

## The NEB's Role:

The NEB operates at arms-length from the Government of Canada, similar to the manner courts function independently from the Government. The NEB's purpose is to promote safety and security, environmental protection and efficient energy infrastructure and markets in the Canadian public interest.

That will not change as a result of the Agreement. The NEB will continue to hold Trans Mountain accountable in the public interest. Safety and environmental protection are of paramount importance to the NEB. All pipeline companies regulated by the NEB must meet the requirements of the NEB Act, regardless of their ownership.

## How Will the Pipeline be Run?

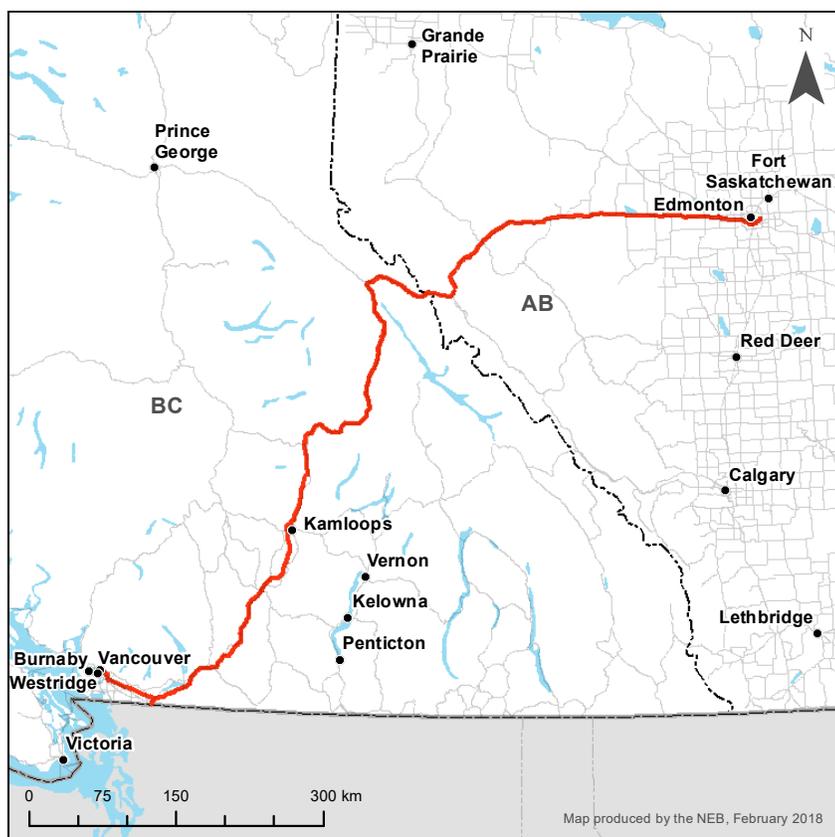
The existing management structure of the company that operates the Trans Mountain Pipeline system will remain in place. Under the Agreement, the employees of Kinder Morgan Canada would not change. Those employees will continue to operate the facilities directly.

Agreements entered into with respect to the existing pipeline remain in place. These include transportation services agreements and facility support agreements with shippers, agreements with landowners and Indigenous groups, and memberships in spill response organizations.

## Who Cleans up and Pays if There's a Spill?

Trans Mountain Pipeline ULC is responsible to take measures to stop the flow of hydrocarbons, clean up and ensure appropriate environmental remediation. It is important to note, that in the event of a spill, all major pipeline companies are subject to an absolute liability limit of \$1 billion CAD under the NEB Act.

Absolute liability means that a pipeline company is accountable for all costs and damages up to the limit (\$1 billion), regardless of whether there is proof of its fault or negligence. If a court determines that the pipeline company's fault or negligence is responsible for a spill or unintended release, there is no limit to liability for costs and damages related to the spill. In other words, even if the costs and damages related to a spill exceed the absolute liability limit, the pipeline company must pay the full cost.



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