

National Energy
Board



Office national
de l'énergie

File OF-Surv-OpAud 01
16 November 2017

To: All Companies under National Energy Board Jurisdiction
Canadian Energy Pipeline Association
Canadian Association of Petroleum Producers
Provincial and Territorial Regulators

Subject: National Energy Board Information Advisory - NEB IA 2017-001

The National Energy Board (NEB) expects that companies have an effective, fully developed and implemented management system that provides for continual improvement. A well-designed and well-implemented management system, along with a strong safety culture, are foundational to preventing harm to people and the environment.

In 2016-2017 the NEB conducted nine audits with eight different companies. The scope of each audit focused on those companies' respective management systems. While reviewing the findings, the Board noted that while the companies had management systems in place, gaps were identified. The attached Information Advisory highlights management system gaps that were common across several audits and companies. In the interest of continual improvement, the Board encourages all companies to review these gaps and consider the learnings and possible improvements to their own management systems.

From April 2016 to March 2017, our regulated companies recorded 148 incidents, 15 of which caused harm to people and the environment. Relentless learning and improvement of management systems is required to prevent incidents and drive to zero harm.

The NEB expects that this Information Advisory be given wide circulation to all relevant personnel within your organization.

Yours truly,

Original signed by

Sheri Young
Secretary of the Board

Attachment

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Management System Gaps Identified in 2016-2017 Audits

Basis for Issuance

Safety and environment oversight is a core responsibility for the National Energy Board (Board or NEB). As part of ongoing oversight, the NEB verifies compliance to regulatory requirements on a company-specific basis. In the 2016-2017 fiscal year, the NEB's audit program evaluated aspects of the management system as it related to specific operations areas across several companies. For these focused audits, the NEB chose two operational areas that play a significant role in preventing harm to people and the environment through the prevention of incidents – namely Investigation, Incident and Near-Miss Reporting and Inspection and Monitoring (patrol activities).

The management system gaps identified for these operational activities are learnings for improvements to the management system that will improve these and other operational areas for all regulated companies.

Background

These audits were designed to target field-level activities as well as verifying the links between these field activities and the management system processes. The NEB selected two operations areas linked to incidents that harm people and the environment:

- Stream I – Sub-element 4.1 Inspection and Monitoring (patrol activities) and
- Stream II – Sub-element 4.2 Investigation, Incident and Near-Miss Reporting.

The companies to be audited were selected by the Board based on the NEB's existing compliance data and risk prioritization model. The resulting 2016-2017 audit program had:

- Two operational areas examined concurrently by applying two-tiered protocols which targeted the area and its integration into the management system;
- Nine audits conducted on eight different companies (1 company was audited for both topics);

For further information, please refer to the audit reports and the protocols posted on the NEB website at <http://www.neb-one.gc.ca/sftnvrnmnt/cmplnc/rprts/dt/index-eng.html>.

NEB Expectations

Upon review of the results, the NEB identified several management system gaps that could be considered and addressed across all NEB regulated companies to improve company management systems and these operational areas, including:

Hazard Identification and Analysis

- Incidents and near-misses provide opportunities for companies to verify that hazard inventories are comprehensive and current. Therefore, a company's process to review incidents and near-miss reports should link to a review of the hazard inventory to ensure that it is capturing all hazards for analysis and learning from incidents and near-misses.

Documentation

- Incidents: Companies must ensure that practices and procedures related to incident investigations and corrective and preventive actions are documented and maintained as part of their Management System implementation. In addition, companies need to ensure that records from incident investigations are properly generated, retained and maintained.
- Patrol Reports: Exception reporting (recording issues only), does not adequately document that an assessment of the conditions on the right of way has occurred. In order to meet the requirements, companies must demonstrate that conditions as listed in CSA 10.6.1.1. are subject to documented ongoing monitoring. In addition, undocumented, "ad hoc" right of way surveillance does not constitute patrol activities that sufficiently meet NEB requirements.

Training and Competency

- Companies must have appropriate programs in place to train staff and assess their competency in carrying out activities such as patrols and investigations and in developing preventative and corrective action plans or measures.
- In order to properly identify potential issues during patrols, patrol staff and retained contractors are required to demonstrate knowledge of potential environmental and integrity issues on the right of way, as listed in CSA 10.6.1.1.

Internal Audits

- Companies are required to evaluate the adequacy and effectiveness of their patrol activities as part of their Quality Assurance programs.

The NEB will apply these learnings in future compliance activities. Getting to zero incidents means that all companies must take the opportunity to leverage learnings from across industry to improve their management systems.