



Canada Energy Regulator Régie de l'énergie du Canada

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CV 2122-264
22 November 2021

Ryan O'Hara
General Manager / Accountable Officer
Emera Brunswick Pipeline Company Limited
1 Germaine Street, Suite 1120
Saint John, NB E2L 4V1
Email: [REDACTED]

Dear Ryan O'Hara:

**Canada Energy Regulator Final Audit Report
Emera Brunswick Pipeline Company Limited
Audit Topic: Annual Report**

Please find attached the Final Audit Report for the audit of Emera Brunswick Pipeline Company Limited Annual Report. This audit was conducted by the Canada Energy Regulator (CER) from 27 July 2021 to 21 October 2021, under the authority of section 103 of the *Canadian Energy Regulator Act*.

The CER recognizes its obligations under both the *Access to Information Act* and the *Privacy Act* and will consult with affected parties prior to releasing any documents. Emera may request any redactions to the CER by 30 November 2021. A redacted version of the report will be posted on the CER external website. Subsequently, the CER will issue an audit closeout letter to Emera indicating the end of this audit.

If you require any further information or clarification, please contact Mark Tinney, Lead Auditor, at 403-966-1065, or at 1-800-899-1265.

Sincerely,

Signed by

Mark Tinney
Lead Auditor
Canada Energy Regulator

.../2

Attachment: Emera Brunswick Pipeline Company Limited – Audit of Annual Report - Audit Report, dated 22 November 2021

cc: [REDACTED], Director, Audit Enforcement and Investigation, Canada Energy Regulator, Email: [REDACTED]

[REDACTED], Director, Legal and Regulatory Affairs, Emera Brunswick Pipeline Company Limited, Email: [REDACTED]



Canada Energy
Regulator

Régie de l'énergie
du Canada

Canada Energy Regulator
Suite 210, 517 Tenth Avenue SW
Calgary, Alberta
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Audit Report

Auditee: Emera Brunswick Pipeline Company Limited

Audit Topic: Annual Report

CV 2122-264

File: OF-Surv-OpAud-E236-2021-2022 01

Date: 22 November 2021

Executive Summary

The Canada Energy Regulator (**CER**) expects pipelines and associated facilities within its jurisdiction to be constructed, operated, and abandoned in a safe and secure manner that protects people, property, and the environment. To this end, the CER conducts a variety of compliance oversight activities, such as audits.

Section 103 of the *Canadian Energy Regulator Act* (S.C. 2019, c.28, s.10) (**CER Act**) authorizes Inspection Officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the CER Act and its associated Regulations. This includes an evaluation if companies have established and implemented both a management system and its associated programs, as specified in the *Canadian Energy Regulator Onshore Pipeline Regulation* (SOR/99-294) (**OPR**).

The CER conducted a regulatory compliance audit of Emera Brunswick Pipeline Company Limited between 27 July 2021 and 21 October 2021 to evaluate compliance of its annual report.

The objectives of the audit were to verify that Emera's annual report meets the requirements of the OPR, and that the company has the necessary processes, procedures, and work instructions in place to fulfil the requirements of section 6.6 of the OPR. The scope of this audit was the company's annual report for the 2020 operating year.

For this audit, five regulatory requirements were evaluated. The results of the audit were that all five were deemed to be compliant. Table 1 in the report summarizes the audit findings. Detailed assessments can be found in Appendix 1. All findings are specific to the information assessed at the time of the audit as related to the audit scope.

As discussed in AP-05 of Appendix 1, in 2018 the National Energy Board (prior to becoming the CER) conducted a compliance audit of Emera's quality assurance program. One of the outcomes of the 2018 audit was that Emera was required to develop a documented quality assurance program to meet the requirements of paragraph 6.5(1)(w) of the OPR. The quality assurance program is to describe the various processes and activities that the company uses to verify the adequacy and effectiveness of its management system and programs. The results of the corrective actions that were taken as a result of the 2018 audit are evident in the results of the audit being discussed herein, in which no deficiencies were encountered.

Given that there were no issues identified by the auditors with any of the company's responses to the audit protocol and information request, or during interviews, no further actions are required by Emera. An audit closeout letter will be sent to Emera and the final audit report will be made available to the public on the CER website once Emera has advised the CER if it has any requests for redactions.

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1.0 Background

1.1 Introduction

The Canada Energy Regulator (**CER**) expects pipelines and associated facilities within the Government of Canada's jurisdiction to be constructed, operated, and abandoned in a safe and secure manner that protects people, property, and the environment.

Section 103 of the *Canadian Energy Regulator Act* (S.C. 2019, c.28, s.10) (**CER Act**) authorizes Inspection Officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the CER Act and its associated Regulations. This includes an evaluation if companies have established and implemented both a management system and its associated programs, as specified in the *Canadian Energy Regulator Onshore Pipeline Regulation* (SOR/99-294) (**OPR**).

The CER conducted a compliance audit of Emera Brunswick Pipeline Company Limited (**Emera** or **EBPC**) between 27 July 2021 and 21 October 2021 to evaluate the compliance of the company's annual report.

1.2 Description of Audit Topic

The primary focus of the audit being reported herein is that the OPR requires that each year, the company generate an annual report for the accountable officer's review and signature. The annual report is to describe the company's performance in achieving its goals, objectives, and targets during the previous year, as evaluated by the company's performance measures. In addition, the report is to describe the adequacy and effectiveness of the company's management system in achieving the company's policies, goals, and objectives and to describe the actions taken during the year to correct any deficiencies identified by the company's quality assurance program.

Once the company has prepared its annual report and it has been reviewed and signed by the accountable officer, the company is to advise the CER of this in writing. This written advisory is to be signed by the accountable officer and delivered to the CER no later than 30 April of each year. The receipt of this notification each year serves to confirm to the CER that the company's accountable officer is aware of, and has signed off on, an annual report which details:

- The adequacy and effectiveness of the company's management system and programs;
- Any deficiencies identified through the company's quality assurance measures; and
- The status of the actions being taken to rectify any deficiencies.

The CER does not normally ask companies to provide a copy of this annual report, but simply to verify that it has completed it and that it has been reviewed and signed by the accountable officer. However, the CER can ask companies to produce the report, as it did during this audit.

More detailed explanations of the CER's expectations for this audit are explained in Appendix 1.

1.3 Company Overview

In service since 2009, Emera Brunswick Pipeline Company Limited is a wholly owned subsidiary of Emera Inc., an energy company based in the Maritime Provinces. Emera Brunswick Pipeline Company Limited is the certificate holder for the CER-regulated Brunswick Pipeline which is a

145-kilometre, 30-inch diameter pipeline that currently delivers natural gas supplied exclusively by Repsol Energy Canada Ltd. From the Canaport™ Liquefied Natural Gas receiving and re-gasification terminal in Saint John, New Brunswick (NB), to the north eastern United States, as well as to markets in Canada through a backhaul on the Maritimes & Northeast Pipeline system. The pipeline is buried for its entire length and extends through southwest NB to an interconnection with the Maritimes & Northeast Pipeline transmission system at the Canada-U.S. border near St. Stephen, NB.

Emera’s CER-regulated assets are depicted in the map in Figure 1.

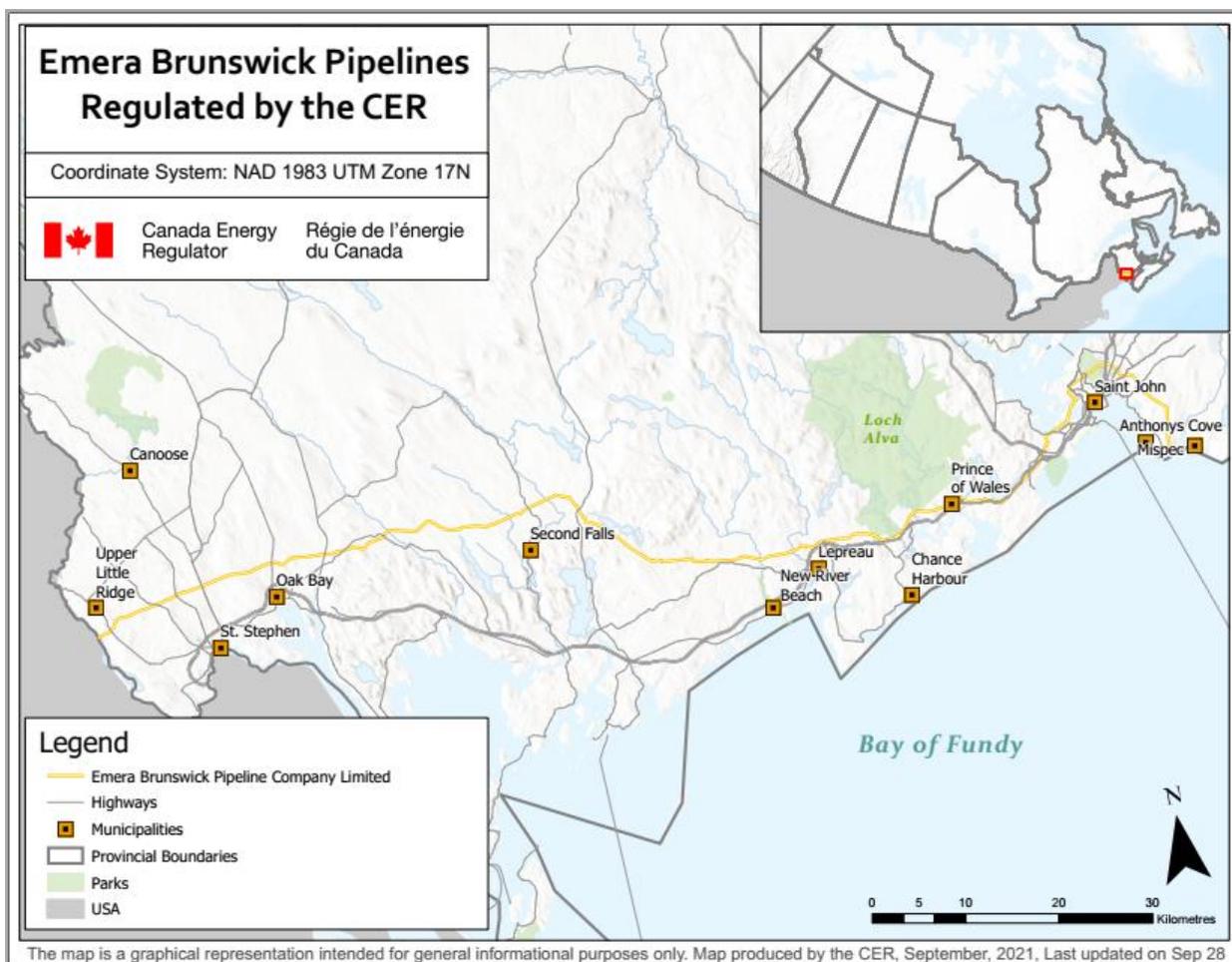


Figure 1: Emera’s CER-Regulated Assets

2.0 Objectives and Scope

The objectives of the audit were to verify that Emera’s annual report meets the requirements of the OPR and that the company has the necessary processes, procedures, and work instructions in place to fulfil the requirements of section 6.6 of the OPR.

The table below outlines the scope selected for this audit.

Audit Scope	Details
Audit Topic	Annual Report

Audit Scope	Details
Lifecycle Phases	<input checked="" type="checkbox"/> Construction <input checked="" type="checkbox"/> Operations <input checked="" type="checkbox"/> Abandonment
Section 55 Programs	<input checked="" type="checkbox"/> Emergency Management <input checked="" type="checkbox"/> Integrity Management <input checked="" type="checkbox"/> Safety Management <input checked="" type="checkbox"/> Security Management <input checked="" type="checkbox"/> Environmental Protection <input checked="" type="checkbox"/> Damage Prevention
Timeframe	Annual Report for the 2020 Operating Year

3.0 Methodology

As part of this audit, the CER Auditors (**auditors**) assessed compliance to the audit criteria through:

- Document reviews;
- Record sampling; and
- Interviews.

A list of documents reviewed, records sampled, and interviews conducted are retained on file with the CER. An interview was conducted with Emera staff to have them explain their documents and records and how they believe that their processes and activities meet the requirements of the five protocol items shown in Appendix 1.

An audit notification letter was sent to Emera on 27 July 2021 advising the company of the CER's plans to conduct a compliance audit. The Lead Auditor provided the audit protocol and initial information request to Emera on 3 August 2021 and followed up on 4 August 2021 with a meeting with Emera's staff to discuss the plans and schedule for the audit. Document review began on 20 September 2021 and an interview was conducted on 8 October 2021.

In accordance with the established CER audit process, the Lead Auditor shares a pre-closeout summary of the audit results. However, given that the auditors did not identify any issues of concern with the information provided by Emera, there was no need for a pre-closeout meeting. The Lead Auditor conducted a final close out meeting with the Emera on 21 October 2021.

This audit was conducted during the Covid-19 pandemic. All interactions between the auditors and Emera were virtual (i.e., through online conferencing software). No in-person contact between the auditors and Emera's staff was possible, and no field inspections were conducted.

4.0 Summary of Findings

The Lead Auditor has assigned a finding to each audit protocol. A finding can be either:

- No Issues Identified – No non-compliances were identified during the audit based on the information provided by the Auditee and reviewed by the Auditor within the context of the audit scope; or
- Non-Compliant – The Auditee has not demonstrated that it has met the legal requirements. A corrective and preventive action plan shall be developed and implemented to resolve the deficiency.

Note that all findings are specific to the information assessed at the time of the audit as related to the audit scope.

The table below summarizes the finding results. See [Appendix 1: Audit Assessment](#) for more information.

Table 1: Summary of Findings

Audit Protocol (AP) Number	Regulatory Reference	Topic	Finding Status	Finding Summary
AP-01	Paragraph 6.5(1)(b) of the OPR	Performance measures to meet company goals, objectives and targets	No issues identified	The auditors did not identify any issues of concern with the manner in which Emera is meeting the regulatory requirement of paragraph 6.5(1)(b) of the OPR.
AP-02	Paragraph 6.6(1)(a) of the OPR	Annual report to describe performance in achieving company goals, objectives and targets	No issues identified	The auditors did not identify any issues of concern with the manner in which Emera is meeting the regulatory requirement of paragraph 6.6(1)(a) of the OPR.
AP-03	Paragraph 6.5(1)(v) of the OPR	Process to evaluate the adequacy and effectiveness of the management system	No issues identified	The auditors did not identify any issues of concern with the manner in which Emera is meeting the regulatory requirement of paragraph 6.5(1)(v) of the OPR.
AP-04	Paragraph 6.6(1)(b) of the OPR	Annual report to describe the adequacy and	No issues identified	The auditors did not identify any issues of concern with the manner in which Emera

Audit Protocol (AP) Number	Regulatory Reference	Topic	Finding Status	Finding Summary
		effectiveness of the management system		is meeting the regulatory requirement of paragraph 6.6(1)(b) of the OPR.
AP-05	Paragraph 6.6(1)(c) of the OPR	Annual report to describe the actions taken to correct deficiencies	No issues identified	The auditors did not identify any issues of concern with the manner in which Emera is meeting the regulatory requirement of paragraph 6.6(1)(c) of the OPR.

As noted in AP-05, in Appendix 1, in 2018, the National Energy Board (prior to becoming the CER) conducted a compliance audit of Emera’s quality assurance program. One of the outcomes of the 2018 audit was that Emera was required to develop a documented quality assurance program to meet the requirements of paragraph 6.5(1)(w) of the OPR. It would appear, based on the results of the audit being discussed herein, with zero non-compliances noted by the auditors, that Emera has established and implemented an effective quality assurance program, which it continues to improve.

5.0 Next Steps

With the issuance of the final audit report, Emera has five business days to advise the CER if it has any requests for redactions of any of the information contained in this report. The CER will take these requests into consideration in deciding what to redact before publishing the final audit report on the CER’s external website. Aside from any potential redaction requests, there is no further action required by Emera. The CER will issue an audit closeout letter in the near future.

6.0 Conclusion

In conclusion, the CER conducted a compliance audit of Emera Brunswick Pipeline Company Limited to evaluate if Emera’s annual report for the 2020 operating year meets the requirements of the OPR. Out of a total of five regulatory requirements that were assessed, there were no issues identified with any of them.

Appendix 1: Audit Assessment

AP-01: Performance measures to meet company goals, objectives, and targets

Finding Status	No issues identified
Regulatory Section	Paragraph 6.5(1)(b) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, develop performance measures for evaluating the company's success in achieving its goals, objectives and targets.
Expected Outcomes	<ul style="list-style-type: none"> - The company has developed performance measures that are relevant to its documented goals, objectives, and targets; - The performance measures support the ability to assess the achievement of the company's goals, objectives, and targets; and - The company applies the performance measures to assess its success in achieving its goals, objectives, and targets.
Relevant Information Provided by the Auditee	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> - OMS-PRO-03-Goals, Objectives and Targets Process - OMS-PRO-03-FRM-01 GOTS 2021- AO Approved and Signed - OMS-PRO-03-FRM-01 GOTS 2021- Q1 Update - OMS-PRO-03-FRM-01 GOTS 2021- Q2 Update - OMS-PRO-15 Management Review Process - OMS-PRO-15-PPT-01 – 2021 Management Review Meeting Presentation - Accountable Officer Communication re GOTs - 2020 Training Record – 2020 GOT Awareness - 2020 Training Record – GOT Process Revision Training - 2020 Training Record – Management System Awareness Training
Finding Summary	There were no issues identified by the auditors.

Detailed Assessment

As detailed in paragraph 6.5(1)(b) of the OPR, a company is required to develop performance measures for evaluating the company's success in achieving its goals objectives and targets. To demonstrate to the auditors that Emera is meeting this requirement, the company provided the auditors with a copy of its *Goals, Objectives, and Targets Process* (OMS-PRO-03) and its completed *Goals, Objectives and Targets (GOTS) 2021 Form* (OMS-PRO-03-FRM-01).

The auditors reviewed the *Goals, Objectives, and Targets Process* and noted that the process describes the company's approach to developing, approving, implementing, and reviewing its management system and section 55 program goals, objectives, targets, and performance measures. The auditors also reviewed Emera's *GOTS 2021 Form* and observed that the company's goals, objectives, and targets and performance measures were documented within the form.

Within Emera's *Operational Management System (OMS)*, the company has 17 processes that it uses to provide oversight over the six program areas required by section 55 of the OPR, as well as other company-specific programs. The auditors noted that Emera's *Goals, Objectives, and Targets Process* defines the specific roles and responsibilities for the GOTS process as well as the procedural steps for each phase of the process (i.e., to develop; approve; implement; and review the goals, objectives, and targets). The process also describes how the process is to be reviewed for adequacy and effectiveness.

Emera stated that it uses data generated by its annual management review meetings as an input and output to the process of reviewing the goals, objectives and targets that were set in the previous year and to establish the goals, objectives and targets for the coming year. As evidence, the company provided the auditors with its various process documents and forms used for the GOTS setting process and also provided the auditors with the presentation that it used at its 2021 Annual Management Review meeting. At this meeting, the company reviewed the performance of the management system in 2020 and established goals, objectives, targets, and performance measures for the 2021 operating year.

As explained by Emera's *Management Review Process (OMS-PRO-15)*, the company conducts quarterly management review meetings and an annual management review meeting during which the company's performance in achieving its GOTS is reviewed. At the annual meeting the GOTS for the upcoming year are also set. As such, the management review process is both an input and an output of the GOTS process. The *Management Review Process* outlines the roles and responsibilities and the procedural steps for the quarterly and annual management review meetings. It also includes a section which describes how the process is to be evaluated for its adequacy and effectiveness.

As mentioned, Emera provided the auditors with a completed copy of its 2021 goals, objectives, and targets as well as the Q1 and Q2 updates. The auditors noted that Emera's process for setting GOTS and performance measures is applied to each of its section 55 program areas. These activities were confirmed during interview.

The company stated that, generally, 10 weeks in advance of a quarterly meeting, the process owner sends out a questionnaire to each of the section 55 program owners. These are completed in collaboration with each program manager. The responses are then reviewed by senior leadership. Once the responses have been reviewed and accepted, the quarterly management review meeting is held.

Emera stated that it holds four quarterly management review meetings each year. Then, at its annual management review, it reviews the results of each of the quarterly meetings. Emera advised the auditors that the company also conducts adequacy and effectiveness reviews as well as maturity assessments of each process. Then the GOTS are established for the coming year. These are then communicated to the program owners. In addition, these are relayed to staff through regularly scheduled meetings.

Emera also provided the auditors with evidence that the accountable officer is involved in the process of reviewing and approving the annual goals, objectives and targets set each year and how these are communicated to Emera staff. There is also a training requirement to ensure Emera's employees are kept aware of the goals, objectives and targets that have been established by the company each year. As such, the company was able to provide the auditors with evidence that it is communicating its annual goals, objectives, and targets to its employees each year and there is a training component.

In summary, the auditors did not identify any issues of concern with the manner in which Emera is meeting this regulatory requirement. Emera demonstrated to the auditors that:

- The company has developed performance measures that are relevant to its documented goals, objectives, and targets;
- The performance measures support the ability to assess the achievement of the company's goals, objectives, and targets; and
- The company applies the performance measures to assess its success in achieving its goals, objectives, and targets.

AP-02: Annual report to describe performance in achieving company goals, objectives, and targets

Finding Status	No issues identified
Regulatory Section	Paragraph 6.6(1)(a) of the OPR: A company shall complete an annual report for the previous calendar year, signed by the accountable officer, that describes the company's performance in achieving its goals, objectives, and targets during that year, as evaluated by the performance measures developed under paragraph 6.5(1)(b).
Expected Outcomes	<ul style="list-style-type: none"> - The company has completed an annual report for the previous calendar year; - The report has been reviewed and signed by the accountable officer; - The annual report discusses the company's performance in achieving its goals, objectives, and targets; and - The goals, objectives, and targets are those developed in accordance with the requirements of paragraph 6.5(1)(b) of the OPR.
Relevant Information Provided by the Auditee	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> - 2020 EBPC Annual Report, dated April 30, 2021
Finding Summary	There were no issues identified by the auditors.

Detailed Assessment

Emera provided the auditors with a copy of its *2020 EBPC Annual Report*, signed by the accountable officer to indicate that it had been reviewed and approved by the accountable officer.

Paragraph 6.5(1)(b) of the OPR requires a company to develop performance measures, which are to be used to evaluate the company's success in achieving its goals, objectives, and targets. Paragraph 6.6(a) of the OPR requires the company to prepare an annual report in which it describes the company's success in achieving its goals, objectives, and targets during that year, as evaluated by those performance measures.

As mentioned in AP-01, Emera holds quarterly management review meetings as well as an annual management review meeting in which the performance measures are assessed for their success in achieving the company's goals, objectives, and targets. These are then reported in the company's annual report.

The auditors noted that Section 3 of the *2020 EBPC Annual Report* described the company's performance in achieving its goals, objectives, and targets as assessed through its performance measures. Section 3 of the annual report states that OMS program goals are developed in addition to overarching company goals to ensure the OMS is being implemented effectively in each program area. Section 3 is then divided into a number of subsections in which the goals for each program are listed along with corresponding objectives, targets and performance measures and their status as of year-end; either completed or not completed.

For any performance measure that was not achieved by the due date, the company provided an explanation as to why this occurred and the corrective and/or preventive action being taken to rectify the situation. This was done for the six programs required by section 55 of the OPR as well as a few company-specific programs. The section 55 programs were:

- Health and Safety Management Program
- Emergency Management Program
- Integrity Management Program
- Environmental Protection Program
- Security Protection Program
- Damage Prevention Program

In summary, the auditors did not identify any issues of concern with the manner in which Emera is meeting this regulatory requirement. Emera demonstrated to the auditors that:

- The company has completed an annual report for the previous calendar year;
- The report has been reviewed and signed by the accountable officer;
- The annual report discusses the company's performance in achieving its goals, objectives, and targets; and
- The goals, objectives, and targets are those developed in accordance with the requirements of paragraph 6.5(1)(b) of the OPR.

AP-03: Process to evaluate the adequacy and effectiveness of the management system

Finding Status	No issues identified
Regulatory Section	Paragraph 6.5(1)(v) of the OPR: A company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for evaluating the adequacy and effectiveness of the company's management system and for monitoring, measuring and documenting the company's performance in meeting its obligations under these Regulations.
Expected Outcomes	<ul style="list-style-type: none"> - The company has a compliant process that is established and implemented; - The company has developed methods for evaluating the adequacy and effectiveness of its management system; - The company's management system has been evaluated for adequacy and effectiveness; - The company's performance in meeting its obligations under these Regulations have been monitored, measured and documented; and - The company has implemented corrective actions based on the results of its monitoring and measuring the adequacy and performance of its management system.
Relevant Information Provided by the Auditee	<p>The following key documents and records were reviewed:</p> <ul style="list-style-type: none"> - OMS-PRO-10B – Evaluating Adequacy and Effectiveness Process - OMS-PRO-10B-FRM-01 Adequacy and Effectiveness Form 2020 - OMS-PRO-10B-FRM-02 Maturity Assessment Form 2020
Finding Summary	There were no issues identified by the auditors.

Detailed Assessment

Emera provided the auditors with its *Evaluating Adequacy and Effectiveness Process* (OMS-PRO-10B), which, according to the document, was established and implemented to meet the requirements of paragraph 6.5(1)(v) of the OPR.

The process document describes the company's approach to evaluate the adequacy and effectiveness of its management system processes and to monitor, measure, and document the performance of those processes in meeting their intended outcomes and the company's obligations under the management system.

The process document describes the roles and responsibilities of the various stakeholders including the quality assurance (QA) specialist to ensure QA of the process and also describes the procedural steps to evaluate the adequacy and effectiveness of each process. One of the procedural steps is for the process owner to report the overall performance in the company's annual report.

As with each of Emera's process documents, the *Evaluating Adequacy and Effectiveness Process* includes a section on how to evaluate its own adequacy and effectiveness.

Emera also provided the auditors with completed copies of its *Adequacy and Effectiveness Form 2020* (OMS-PRO-10B-FRM-01) and its *Maturity Assessment Form 2020* (OMS-PRO-10B-FRM-02). The *Adequacy and Effectiveness Form* is used to evaluate the status of each process's monitoring, measuring and documenting requirements and provides an assessment of the qualitative and quantitative results and discusses any deficiencies.

The *Maturity Assessment Form* is used to assess the maturity of each of Emera's 15 OMS processes as they apply to each of the company's programs using a maturity scale ranging from 1 to 4, where an assessment of '1' means it is not yet developed and '4' equates to being developed and effective.

As mentioned in AP-01, Emera holds quarterly management review meetings as well as an annual management review meeting. During these meetings, the adequacy and effectiveness of each program and process is assessed. In addition, maturity assessments of each process are conducted. These are then reported in the company's annual report.

In summary, the auditors did not identify any issues of concern with the manner in which Emera is meeting this regulatory requirement. Emera demonstrated to the auditors that:

- The company has a compliant process that is established and implemented;
- The company has developed methods for evaluating the adequacy and effectiveness of its management system;
- The company's management system has been evaluated for adequacy and effectiveness;
- The company's performance in meeting its obligations under these Regulations have been monitored, measured and documented; and
- The company has implemented corrective actions based on the results of its monitoring and measuring the adequacy and performance of its management system.

AP-04: Annual report to describe the adequacy and effectiveness of the management system

Finding Status	No issues identified
Regulatory Section	Paragraph 6.6(1)(b) of the OPR: A company shall complete an annual report for the previous calendar year, signed by the accountable officer, that describes the adequacy and effectiveness of the company’s management system, as evaluated by the process established and implemented under paragraph 6.5(1)(v).
Expected Outcomes	<ul style="list-style-type: none"> - The company has completed an annual report for the previous calendar year that is signed by the accountable officer; - The annual report discusses the adequacy and effectiveness of the company’s management system; and - The discussion of adequacy and effectiveness of the management system is based on the process established and implemented in accordance with the requirements of paragraph 6.5(1)(v) of the OPR.
Relevant Information Provided by the Auditee	<p>The following key documents and records were reviewed:</p> <ul style="list-style-type: none"> - 2020 EBPC Annual Report, dated April 30, 2021 - OMS-PRO-10B – Evaluating Adequacy and Effectiveness Process
Finding Summary	There were no issues identified by the auditors.

Detailed Assessment

Paragraph 6.5(1)(v) of the OPR requires a company to establish and implement a process for evaluating the adequacy and effectiveness of the company’s management system and for monitoring, measuring, and documenting the company’s performance in meeting its obligations under the OPR’s regulations. Once this evaluation of adequacy and effectiveness has been completed, paragraph 6.6(1)(b) of the OPR requires the company to describe the adequacy and effectiveness of the company’s management system in its annual report.

As described in AP-01 and AP-03, Emera has a process for evaluating the adequacy and effectiveness of the management system program areas and the overarching processes. The process requires that the results of this evaluation are to be discussed in the company’s annual report.

Emera provided the auditors with a copy of its *2020 EBPC Annual Report*, signed by the accountable officer. The auditors noted that in Section 4.2 of the report, Emera did in fact discuss the adequacy and effectiveness of the management system.

In Section 4.2, Emera describes the measures that it uses to evaluate the adequacy of the management system processes as well as the measures it uses to assess their effectiveness. It then goes through each of the 15 processes and provides an assessment of their adequacy and effectiveness, based on those measures. Where corrective and/or preventive measures are deemed necessary, the company describes what they are. The auditors noted that the assessment of

adequacy and effectiveness provided in the annual report followed the process implemented by Emera to meet the requirements of paragraph 6.5(1)(v) of the OPR. In its annual report, the auditors noted that Emera provided a maturity assessment of each of its management system processes.

In summary, the auditors did not identify any issues of concern with the manner in which Emera is meeting this regulatory requirement. Emera demonstrated to the auditors that:

- The company has completed an annual report for the previous calendar year that is signed by the accountable officer;
- The annual report discusses the adequacy and effectiveness of the company's management system; and
- The discussion of adequacy and effectiveness of the management system is based on the process established and implemented in accordance with the requirements of paragraph 6.5(1)(v) of the OPR.

AP-05: Annual report to describe the actions taken to correct deficiencies

Finding Status	No issues identified
Regulatory Section	Paragraph 6.6(1)(c) of the OPR: A company shall complete an annual report for the previous calendar year, signed by the accountable officer, that describes the actions taken during that year to correct any deficiencies identified by the quality assurance program established under paragraph 6.5(1)(w).
Expected Outcomes	<ul style="list-style-type: none">- The company has completed an annual report for the previous calendar year that is signed by the accountable officer;- The annual report discusses the actions taken to correct identified deficiencies; and- The discussion of quality assurance of the management system is based on the program established and implemented in accordance with the requirements of paragraph 6.5(1)(w) of the OPR.
Relevant Information Provided by the Auditee	The following key documents and records were reviewed: <ul style="list-style-type: none">- 2020 EBPC Annual Report, dated April 30, 2021
Finding Summary	There were no issues identified by the auditors.

Detailed Assessment

Paragraph 6.5(1)(w) of the OPR requires a company to establish and implement a quality assurance program for the management system and for each program referred to in section 55 of the OPR, including a process for conducting audits in accordance with section 53 and for taking corrective and preventive actions if deficiencies are identified. Paragraph 6.6(1)(c) of the OPR requires the company to describe in its annual report, the actions taken during that year to correct any deficiencies identified by the quality assurance program.

Emera provided the auditors with a copy of its *2020 EBPC Annual Report*, signed by the accountable officer in which deficiencies identified through the company's quality assurance measures and activities are discussed in various sections of the report.

One aspect of Emera's quality assurance program is to conduct evaluations of its management system processes for their adequacy and effectiveness. The company describes the outcome of this process in its annual report and describes any deficiencies that were identified, and the actions being taken to rectify those deficiencies.

Another aspect of its quality assurance program is to evaluate the success of each of its programs in achieving the goals that have been set within those programs to work towards the company's overarching corporate goals. Within the annual report, Emera discussed the performance measures that were previously set to monitor its success in achieving those goals, and whether they were

achieved. In cases where the performance measures were not met, the company provided an explanation as to why, and described the actions being taken to correct the situation. Within the annual report, Emera discussed: the results of inspection and monitoring activities within each of its programs; the deficiencies found; and the corrective and/or preventive action being taken.

Emera discussed the results of its incident management process including: the incidents and near-misses that were reported; the incident investigations that were conducted; the root causes that were identified; and the corrective and/or preventive actions taken.

Emera also discussed the results of compliance verification activities that were taken, including internal and external audits, the outcomes of those activities and the status of any corrective actions. Included in that discussion were the results of a 2018 audit conducted by the National Energy Board (before it became the CER) of Emera's quality assurance program. The discussion includes the various corrective and/or preventive actions that were taken by Emera to correct the deficiencies identified in the 2018 audit.

One of the outcomes of the 2018 audit was that Emera was required to develop a documented quality assurance program to meet the requirements of paragraph 6.5(1)(w) of the OPR. The quality assurance program is to describe the various processes and activities that the company uses to verify the adequacy and effectiveness of its management system and programs. The results of the corrective actions that were taken as a result of the 2018 audit are evident in the results of the audit being discussed herein, in which no deficiencies were encountered.

In summary, the auditors did not identify any issues of concern with the manner Emera is meeting this regulatory requirement. Emera demonstrated to the auditors that:

- The company has completed an annual report for the previous calendar year that is signed by the accountable officer;
- The annual report discusses the actions taken to correct identified deficiencies; and
- The discussion of quality assurance of the management system is based on the program established and implemented in accordance with the requirements of paragraph 6.5(1)(w) of the OPR.

Appendix 2: Terms and Abbreviations

Term/Abbreviation	Definition
AO	Accountable Officer
AP	Audit Protocol
CAPA	Corrective and Preventive Action
CER	Canada Energy Regulator
EBPC	Emera Brunswick Pipeline Company
GOTs	Goals, Objectives, and Targets
OMS	Operational Management System
OPR	Canadian Energy Regulator Onshore Pipeline Regulations
QA	Quality Assurance