



File OF-Surv-Inc-2014-33 01  
5 March 2014

Mr. Russell K. Girling,  
President and Chief Executive Officer  
TransCanada PipeLines Limited  
450 – 1<sup>st</sup> Street SW  
Calgary, AB T2P 5H1  
Facsimile 403-920-2200

Dear Mr. Girling:

**Nova Gas Transmission Ltd. (NGTL)  
Order SG-N081-001-2014**

The National Energy Board (NEB or the Board) recently released its audit of TransCanada PipeLines Ltd.'s (TransCanada) integrity management program. In the audit, the Board noted potential safety concerns for pipelines, specifically in the NGTL system, that either have not or cannot be inspected using in-line tools. Since the conclusion of the NEB's information gathering component of the audit in August of 2013, there have been three ruptures and four leaks on TransCanada's NGTL system. Those lines that have been returned to service are currently operating under a 20% pressure restriction.

The Board is concerned by this recent trend of pipeline releases. In order to proactively promote public safety and protection of the environment, the Board orders TransCanada to reduce its maximum operating pressure on the unpiggable pipelines previously identified by TransCanada to have the highest risk. The Board's intention with these pressure reductions is to encourage the conditions necessary for the continued safe operation of this network of natural gas pipelines, while proactively reducing the risk of future ruptures.

The safe and secure operation of pipeline infrastructure is of paramount importance to the Board. The Board has issued **Safety Order SG-N081-001-2014** (Safety Order) for affected sections of the NGTL System pursuant to sections 12 and 48 of the *National Energy Board Act*. The Safety Order outlines the Board's precautionary measures and terms and conditions on which TransCanada may request a revision or lifting of the pressure restriction.

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The attached Safety Order directs TransCanada to operate the affected pipelines in the NGTL system at 20% of the 90 day highest pressure prior to the date of this Order. The pressure restrictions will remain in effect until the conditions of the Safety Order have been fulfilled. The Board must be satisfied that the affected pipelines of the NGTL System identified in this order can be operated safely at an increased pressure and in a manner that protects people and the environment.

In addition to meeting the conditions of this Safety Order, TransCanada will continue to be required to submit a detailed corrective action plan to address non-compliances identified in the Board's audit report of the company's integrity management program.

Yours truly,

A handwritten signature in black ink that reads "Sheri Young". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Sheri Young  
Secretary of the Board

c.c. Mr. Declan Russell, TransCanada PipeLines Limited, facsimile 403-920-2319



**ORDER SG-N081-001-2014**

**IN THE MATTER OF** the *National Energy Board Act* (the Act) and the regulations made thereunder; and

**IN THE MATTER OF** promoting the safety and security of operation of the TransCanada Alberta system by TransCanada PipeLines Limited (TransCanada), National Energy Board (Board) file OF-Surv-Inc-2014-33 01.

**BEFORE** the Board on 4 March 2014.

**WHEREAS** the Board regulates the operation of the natural gas pipeline system owned and operated by Nova Gas Transmission Ltd. (NGTL) pursuant to Certificate GC-113;

**AND WHEREAS** NGTL is a wholly owned subsidiary of TranCanada, and NGTL is the owner of the Alberta System facilities;

**AND WHEREAS** TransCanada is required to comply, or cause NGTL to comply, with all of the conditions contained in Certificate GC-113, pursuant to section 1 of Certificate GC-113;

**AND WHEREAS** there have been a number of recent pipeline body leaks and ruptures on the NGTL system;

**AND WHEREAS** these pipeline body leaks and ruptures are under investigation by the Board;

**AND WHEREAS** several of these pipeline body leaks and ruptures have occurred on NGTL pipelines that are not able to be internally inspected using automated tools (“unpiggable”);

**AND WHEREAS** TransCanada’s monitoring of external corrosion on the NGTL system unpiggable pipelines was identified as a non-compliance during the Board’s audit of TransCanada’s integrity management program and that TransCanada will file a Corrective Action Plan responding to this finding with the Board;

**AND WHEREAS** public safety and protection of the environment are the Board’s overriding priority;

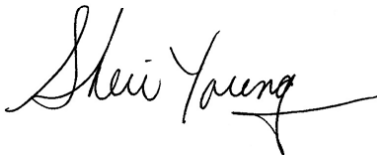
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**AND WHEREAS** the Board takes action pursuant to sections 12 and 48 of the Act to promote the continued safe and secure operation of the pipelines under its jurisdiction;

**NOW THEREFORE**, pursuant to sections 12 and 48 of the Act, the Board hereby orders the following safety measures:

1. Subject to the conditions of the Order, within 30 days from the date of this Order, the maximum operating pressure of the twenty-five (25) unpiggable NGTL pipelines that TransCanada has calculated to have the highest societal risk shall be reduced by 20% of the 90 day highest pressure from the date of the Order.
2. Within 35 days from the date of this Order, TransCanada shall file with the Board written confirmation that it has implemented the pressure restrictions. The written confirmation shall include the 90 day high pressure, the restricted operating pressure and confirmation that both the local and the control centre set-points for shutdown and control of the operation and isolation valves have been adjusted according to CSA Z662-11 Clauses 4.18 and 10.9.5 to reflect the pressure restrictions.
3. NGTL shall advise the Board of pipelines, if any, for which natural gas supply diminishment resulting from the pressure reductions outlined above are anticipated to result in a significant impact to public safety within the following 30 days.
4. The pressure restrictions shall remain in place until a plan and program to assess the integrity of the subject lines is approved by the Board and implemented by TransCanada.
5. TransCanada shall comply with all of the conditions of this Order unless the Board otherwise directs.

NATIONAL ENERGY BOARD

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Sheri Young  
Secretary of the Board