



# **NATIONAL ENERGY BOARD**

**1999 - 2000  
Estimates**

**Part III - Report on Plans and Priorities**

---

Kenneth W. Vollman  
Chairman  
National Energy Board

---

The Honourable Ralph Goodale, P.C., M.P.  
Minister  
Natural Resources Canada

## Preface

The National Energy Board's (NEB or Board) *Report on Plans and Priorities* is designed to be used as a reference document. As such, it contains several levels of detail to respond to the various needs of its audience.

The Report is divided into four sections. Section I includes the Chairman's Message and the Management Representation Statement. Section II presents an overview of the Board's mandate, objectives and operating environment that form the basis for planned spending. Section III provides further detail on the planning perspective as well as performance information. Section IV contains supplementary personnel, structure and financial information that the reader may require to understand the Board's program fully.

The Planning, Reporting and Accountability Structure (PRAS) on which this document is based has been approved by Treasury Board Ministers. It is the basis for accountability for the results achieved with the resources and authorities provided. The Board will amend the PRAS in 1999 to better reflect the Board's revised planning program.

The document is designed to permit easy access to specific information that the reader may require. The Table of Contents provides a detailed guide to each section. In addition, references are made throughout the document to allow the reader to locate more information about items of particular interest.

Comments or questions can be directed to the Treasury Board Secretariat ("TBS") Internet site or to:

Estimates Production Group  
Planning, Performance and Reporting Sector  
Treasury Board Secretariat  
7<sup>th</sup> Floor, East Tower  
Ottawa, Ontario  
K1A 0R5

# Table of Contents

<b>Preface</b> .....	i
<b>Table of Contents</b> .....	ii
<b>Section I: Messages</b> .....	1
A. Chairman's Message .....	1
B. Management Representation Statement .....	3
<b>Section II: Agency Overview</b> .....	4
A. Mandate, Roles and Responsibilities .....	4
A.1 Vision .....	5
A.2 Business .....	5
A.3 Values .....	5
B. Objectives .....	6
C. Operating Context .....	6
Chart 1: Percentage of Hearing Time Spent on Typical Issues .....	8
Chart 2: Sable Island Gas Projects - Percentage of Hearing Time by Participants .....	9
D. Financial Spending Plan .....	11
<b>Section III: Plans, Priorities, Strategies and Expected Results</b> .....	12
A. Summary of Key Plans, Priorities, Strategies and Expected Results .....	12
B: Details by Goal .....	13
B.1 Business Line Description .....	13
B.2 New Goals and Strategies .....	13
B.3 Key Deliverables by Goal .....	14
<b>Section IV: Supplementary Information</b> .....	25
A. Structure, Personnel and Financial Information .....	25
Table 1: Spending Authorities - Ministry Summary Part II of the Estimates .....	25
Table 2.1: Organization Structure .....	25
Figure 1: Organizational Chart .....	26
Table 2.2: Planned Full Time Equivalent (FTEs) by Business Unit ..	27
Table 3.1: Non-Applicable .....	27
Table 3.2: Non-Applicable .....	27
Table 3.3: Non-Applicable .....	27
Table 4: Summary of Standard Objects of Expenditure .....	28

Table 5: Program Resources by Business Line for the Estimates Year .....	29
Table 6: Non-Applicable .....	29
Table 7: Revenue by Program .....	29
Table 8: Net Cost of Program for the Estimates Year .....	30
Table 9.1: Non-Applicable .....	30
Table 9.2: Non-Applicable .....	30
Table 9.3: Non-Applicable .....	30
Table 10: Non-Applicable .....	30
Table 11: Non-Applicable .....	30
B. Other Information .....	31
I. List of Acts and Regulations .....	31
II. Y2K Information .....	32
III. Table 12: Regulatory Initiatives .....	35
IV. Table 13: References .....	37

## **Section I: Messages**

### **A. Chairman's Message**

In preparing its Strategic Plan for the next three years, the NEB has redefined its corporate vision and purpose. Our vision is to be a respected leader in safety, environmental and economic regulation. Our purpose is to promote pipeline safety, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

We have chosen the words in our purpose “to promote safety, environmental protection and economic efficiency” with great care. It is my intent to focus on delivering results that make a difference to Canadians. Our new corporate purpose will help ensure that our activities bring results that are of value to the public we serve.

The companies that are regulated by the Board create wealth for Canadians through the transport of oil, natural gas and natural gas liquids, and through the export of hydrocarbons and electricity. As a regulatory agency, the Board's role is to help create a framework which allows these economic activities to flourish when they are in the public interest.

The Board has developed four corporate goals for the next three years which are based on its corporate purpose. The first goal is to ensure that Board-regulated facilities are safe and perceived to be safe. The second goal is to ensure that Board-regulated facilities are built and operated in a manner which protects the environment and respects individual rights.

During the past decade, the Board has witnessed an increased emphasis on “physical regulation” as opposed to economic regulation. The public has become increasingly concerned with safety and environmental issues related to pipeline construction and operation. This has been reflected in an increased willingness by individual citizens, local community groups and others to participate in hearings before the Board. The Board is committed to ensuring Canadians' concerns are appropriately addressed, and pipelines are built and constructed with due regard to public safety, environmental protection and landowner rights.

The Board's third corporate goal is to ensure that Canadians derive the benefits of economic efficiency. Although the Board has witnessed a relative increase in emphasis on physical regulation in recent years, there are currently a number of key issues emerging in the realm of economic regulation. In the last year, the largest company under the Board's jurisdiction, TransCanada PipeLines Ltd. (“TransCanada”), became the owner of Nova Gas Transmission Ltd. As a result TransCanada is now one of the largest natural gas transmission companies in North America. Through its ownership position in other

pipeline systems, TransCanada currently controls almost all of the natural gas pipeline capacity out of Alberta.

The recent approval of the Maritimes and Northeast pipeline and the Alliance Pipeline project will allow the introduction of some major new companies in the Canadian gas transmission industry. These changes in the industry's structure raise the potential for enhanced competition to provide significant benefits to gas shippers and buyers. At the same time, a number of companies will have a large degree of market power, particularly in some regional markets. The Board's third goal ensures Canadians derive the benefits of economic efficiency in the provision of pipeline transportation services through regulation.

The Board's fourth corporate goal is to ensure we meet the evolving needs of the public to engage in Board matters. As discussed above, there has been heightened public interest in applications that come before the Board. Further, the construction of the Maritimes & Northeast pipeline is introducing a major natural gas transmission system into a region of Canada that has no previous experience with these sorts of projects and the associated regulatory processes. The Board is committed to working with Canadians to ensure our processes are open and accessible, with the goal of increasing the number of surveyed citizens who believe their input is considered in NEB matters and their concerns are appropriately addressed.

The companies regulated by the Board also face regulation by other government agencies. The Board is committed to cooperating with other key agencies and key stakeholders, with the goal of providing efficient results-oriented regulation. The Board will strive to eliminate unnecessary reporting requirements and any other sources of regulation that do not directly contribute to the Board's corporate goals.

In closing, I would like to re-emphasize that the companies regulated by the Board create very large economic benefits for Canadians. The Board's goals are to enhance the economic benefits to the greatest extent possible while ensuring that pipelines are built in a safe and environmentally responsible manner that respects the rights of landowners. I am confident our strategic plan embodied in this *Report on Plans and Priorities* will assist us in focusing on the results Canadians expect from the NEB.

Kenneth W. Vollman  
Chairman

## **B. Management Representation Statement**

### **Report on Plans and Priorities 1999-2000**

I submit, for tabling in Parliament, the 1999-2000 Report on Plans and Priorities (RPP) for the National Energy Board.

To the best of my knowledge the information:

- accurately portrays the Agency's mandate, plans, priorities, strategies and expected key results of the organization;
- is consistent with the disclosure principles contained in the Guidelines for Preparing a Report on Plans and Priorities;
- is comprehensive and accurate; and,
- is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP's production.

The planning and reporting structure on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

---

Gaétan Caron  
Executive Director  
National Energy Board

February 16, 1999

## **Section II: Agency Overview**

The National Energy Board came into being by proclamation of the *National Energy Board Act* (“NEB Act”) on November 2, 1959. The Board is designated as a department within the meaning and purpose of the *Financial Administration Act*, and reports to Parliament through the Minister of Natural Resources Canada (“NRCan”).

### **A. Mandate, Roles and Responsibilities**

The main functions of the Board are set forth in the NEB Act. The Board has all the powers vested in a superior court of record<sup>1</sup> with regard to attendance at hearings, the swearing in and examination of witnesses, the production and inspection of documents and the enforcement of its orders. The NEB Act provides for up to nine Board Members. Most oral hearings are conducted by three Members, who constitute a quorum of the Board, with one acting as Presiding Member. The Board's regulatory decisions and the reasons for them are issued as public documents.

The Board has **regulatory powers** under the NEB Act, the *Canada Oil and Gas Operations Act* (“COGO Act”) and certain provisions of the *Canada Petroleum Resources Act* (“CPR Act”) for oil and gas exploration and activities on Frontier lands not otherwise regulated under joint federal/provincial accords. The Board's mandate includes the provision of expert technical advice to the Canada-Newfoundland and Canada-Nova Scotia Offshore Petroleum Boards, NRCan and the Department of Indian Affairs and Northern Development.

Furthermore, the Board has specific responsibilities under the *Northern Pipeline Act* (“NP Act”) and the *Energy Administration Act* (“EA Act”). In addition, Board inspectors are appointed safety inspection officers by the Minister of Human Resources Canada to administer Part II of the *Canada Labour Code* as it applies to facilities regulated by the Board.

The Board also has an important **advisory** function and may, on its own initiative, hold inquiries and conduct studies on specific energy matters as well as prepare reports for the information of Parliament, the Federal government and general public. The NEB Act requires that the Board keep under review matters relating to all aspects of energy supply, production, development and trade which fall within the jurisdiction of the Federal government. In addition, the Board carries out studies and reports at the request of the Minister of NRCan.

---

<sup>1</sup> This means, for example, that evidence before the Board is given under oath, subpoenas can be issued for the attendance of witnesses and the orders of the Board can be enforced.



As a matter of key public interest, the Board has long been responsible for conducting *environmental assessments* of energy projects within its jurisdiction. Additionally, since 1995, the Board has specific responsibilities under the *Canadian Environment Assessment Act* ("CEA Act"). Pursuant to the NEB Act and the COGO Act, the Board's environmental responsibilities span three distinct phases: evaluating potential environmental effects of proposed projects; monitoring and enforcement of terms and conditions during and after construction; and, monitoring of ongoing pipeline operations.

### **A.1 Vision**

The Board's vision is to be a respected leader in safety, environmental and economic regulation.

### **A.2 Business**

The Board promotes safety, environmental protection and economic efficiency in the Canadian public interest while respecting individual rights and within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

### **A.3 Values**

In achieving its vision, the Board is guided by the following values:

- Building our relationships on trust, honesty and mutual respect
- Cooperating with each other in the greater interest of the organization
- Being responsible and accountable for our actions
- Recognizing the efforts, achievements and ideas of others
- Being open to learning and change that enables personal and organizational growth
- Taking actions and decisions that are fair, objective and respected

These values are the basis of our relationship with Canadians, our clients and each other.

## **B. Objectives**

1. To regulate, in the public interest, those areas of the oil, gas and electricity industries relating to:
  - the construction and operation of pipelines;
  - the construction and operation of international and designated interprovincial power lines;
  - traffic, tolls and tariffs of pipelines;
  - exports of oil, gas and electricity and imports of gas and oil; and,
  - oil and gas activities on Frontier lands not subject to a federal provincial accord.
  
2. To provide advice to the Minister of Natural Resources Canada on the development and use of energy resources.

## **C. Operating Context**

Over the past decade, government policy has increasingly emphasized reliance on market mechanisms, in addition to the promotion of trade. There has been a sustained increase in natural gas and crude oil exports from Canada during this period. The increase in trade in both energy and other commodities has also lead to an increasing emphasis on international competitiveness.

In this market and policy context, the Board has adapted by ensuring its regulatory procedures do not impose unnecessary costs on Canadians. In its search for regulatory efficiency, the Board has sought out new processes and has endeavoured to intervene in the market only when a regulatory solution would be clearly superior to a market solution. The most striking example of the Board's search to minimize the regulatory burden has been the recent shift away from cost-of-service regulation to negotiated incentive settlements.

The natural gas transmission industry has witnessed some dramatic changes in the last year. TransCanada PipeLines Ltd. has amalgated its assets with NOVA Gas Transmission Ltd. ("NOVA"), creating one of the largest natural gas pipeline companies in North America. As NOVA was a principal owner of Foothills PipeLines and TransCanada had previously purchased Alberta Natural Gas, this amalgamation has resulted in TransCanada controlling almost all of the existing pipeline takeaway capacity out of Alberta.

At the same time, the Board's recent approvals of the Maritimes and Northeast pipeline project and the Alliance pipeline project will result in the entry of two new significant gas transmission systems. Once these projects are completed, however, the Canadian gas transmission industry will still be dominated by just a few major players. On the one hand, there may be intense competition between these companies in specific

market areas. On the other hand, these companies will have a large degree of market power, specifically in certain regional markets.

The restructuring of the industry is posing several interesting challenges for the Board, particularly with respect to the criteria for approving new pipeline projects and the treatment of potential stranded costs on incumbent pipelines.

As a result of the ageing of the pipeline infrastructure and the growing experience with major energy projects, governments, regulatory agencies, and the public have become increasingly concerned about such matters as socio-economic and environmental impacts and safety considerations. Pipelines are a proven safe method for the transport of energy. However, as pipeline systems age, they require more attention to ensure their safe operation. The ageing of the infrastructures, increasing competitiveness and cost-consciousness of the pipeline industry, as well as the growth of population and pressure for multiple uses of original pipeline corridors require the Board be more vigilant.

The Board must ensure the safety of the pipeline infrastructure systems under its jurisdiction and make sure the risks associated with pipelines are properly managed. Pipeline ageing is not the key determinant of risk; construction practices, methods and materials, along with maintenance practices and location are also an integral part of the overall safety considerations.

Environmental assessments, inspections and audits are effective monitoring tools for ensuring that physical projects are compatible with sound, sustainable development. Canadians increasingly understand the importance of a careful balance of the economic, social, cultural and environmental factors which come into play in the decision-making process. This integrated approach raises a number of complex issues and concerns. The Board needs to integrate its regulatory processes to cover the entire life cycle of the project from design to construction, operation and eventual abandonment.

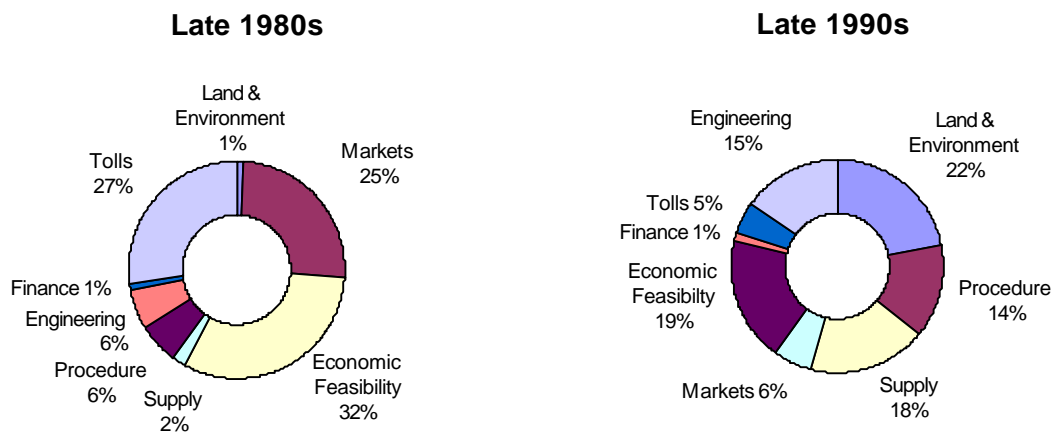
Companies under NEB jurisdiction are subject to numerous demands from all levels of government for information on projects and operations. The interests of these government agencies are often quite similar and coordination can yield significant benefits in reducing the burden on the company and promoting communication among government. The Board constantly looks for opportunities for inter-agency cooperation as a means to minimize the burden on companies and leverage our own resources. A few simple examples include, developing a common Y2K questionnaire, using the inspection services of other agencies and relying upon industry-wide technical standards rather than developing unique rules and regulations.

In 1998, a higher proportion of cases coming before the Board were contentious with strongly positioned parties. As a result, parties are increasingly likely to pursue every possible avenue of recourse, including litigation, both during and after proceedings to achieve their goals. In addition to dedicating the necessary resources to participate in such actions, the Board must be vigilant to ensure the legal foundations of its decisions are in place. Finally, the Board must continue to refine and evolve its approach to environmental regulation, including its compliance with the CEA Act, and develop principles which reflect best practices.

The evolution of issues is evidenced by the amount of time spent in hearings on physical regulation matters (e.g. engineering, lands and environment) which has increased to 37 per cent in the late 1990's from seven per cent of hearing time in the late 1980's (See Chart 1). This increased interest in physical regulation has required that the Board give consideration to a larger array of publics in its decision making and recommendations.

**Chart 1**

**Percentage of Hearing Time Spent on Typical Issues**



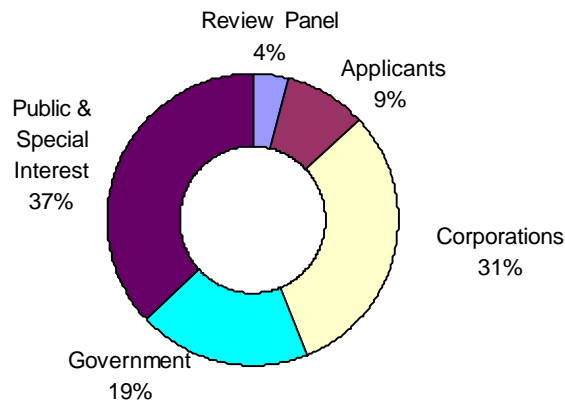
In the public interest, the Board will continue to ensure safe, efficient, and environmentally sound construction, operation, maintenance and abandonment of gas and oil pipelines and power lines subject to federal jurisdiction. To achieve its objective of safeguarding the public interest, the need for clearer standards of excellence will ensure that all requirements associated with Board approvals are maintained systematically for compliance. The Board's management of information and the development of its technological capabilities with respect to safety and environmental issues are necessary to support ongoing, high quality assessment.

In this socio-economic and environmental context, the Board recognizes the desire of individual Canadians to provide greater input on decisions that affect their lives. More landowners, individuals and special interest landowner or environmental groups are seeking representation in the Board's public hearings. The Board and the industry it regulates must continue to find ways to engage the public in key issues and concerns and allow them to be an integral part of the solution. Recognizing the desire for greater participation by the public in its hearings the Board must provide meaningful early notification and increased access to information about its proceedings. The Board will continue to seek innovative ways to modify procedures to better engage citizens.

An example of the change in the proportion of hearing time used by public and special interests occurred in the Board's Sable Gas Review where the hearing time used by such participants was greater than the total hearing time used by the corporations intervening. (See Chart 2)

### Chart 2

#### Sable Island Gas Projects - Percentage of Hearing Time by Participants



Although the Board has adopted various approaches which ensure public participation, it recognizes the need to find new ways to encourage more participation in its decision making processes and to improve its methods of communication with the public and the regulated community. The Board has become more pro-active in putting information such as current regulatory issues and framework in the public domain to ensure a higher level of public confidence in the Board's decision making process. However, to successfully achieve its overall public engagement objective, the Board needs to make progress in this direction and form the appropriate strategies as an important part of future direction and plans.

Over the past years, the Board has undergone important changes in strategic direction and organizational structure. Management and staff have spent considerable time and energy to develop goals and useful performance measures in a way which focuses on the needs of the Board's internal and external clients. As a result, in an environment of limited resources, the Board strives to improve workload management and maintain high standards of analysis and quality of decisions in the face of increasingly complex and numerous issues. The support of program management and services to the overall achievement of the Board's Expected Results is crucial to the successful attainment of the Board's mandate, roles, responsibilities, objectives, organizational and financial spending plans.

However, change is not without its challenges. Over the past decade, the Board has managed a gradual reduction in its workforce to the current level of 286 full time employees from approximately 400 in the early 1990's. The human resource challenges facing the Board are created by several factors partly due to increased activities in, and competition from, the Calgary Labour Market. The capability of the Board to respond efficiently and effectively to the evolving and changing energy sector is dependent on its ability to retain staff, to staff new positions in a timely manner and to overcome difficulties in finding suitable candidates. Some of the difficulties encountered by the Board are:

- the retention of staff;
- the acquisition of replacements for those experts who leave the Board;
- training and development of human resources in light of the evolving and changing regulatory environment; and,
- the evolving intellectual needs of energy regulation.

## D. Financial Spending Plan

(\$ millions)	Forecast Spending 1998-99 <sup>(1)</sup>	<b>Planned Spending 1999-00</b>	Planned Spending 2000-01	Planned Spending 2001-02
<b>Gross Program Spending:</b>				
Energy Regulation and Advice	54.2	<b>29.1</b>	27.9	27.9
Less: Revenue Credited to the Vote	-	-	-	-
<b>Net Program Spending</b>	54.2	<b>29.1</b>	27.9	27.9
Less: Revenue Credited to the Consolidated Revenue Fund ("CRF")	25.5	<b>27.2</b>	30.5	27.2
Plus: Cost of services Provided by other Departments/agencies	4.0	<b>5.2</b>	5.2	5.2
<b>Net Cost of the Agency</b>	32.7	<b>7.1</b>	2.6	5.9

- <sup>(1)</sup> The expenditures for 1998-99 include \$22.2M in additional funding to cover payments resulting from an out of court settlement associated with a Federal Court decision to disallow the recovery of the Board's costs of relocating from Ottawa to Calgary.

## Section III: Plans, Priorities, Strategies and Expected Results

### A. Summary of Key Plans, Priorities, Strategies and Expected Results

<b>NEB with Gross Planned Expenditures of \$29.1 million in 1999-2000</b>	
<b>to provide Canadians with:</b>	<b>as demonstrated by:</b>
<p>Social and economic benefits through regulation of the Canadian energy industry (oil, gas and electricity)</p>	<p>Effectiveness of safety and environmental monitoring and compliance of facilities under the Board's jurisdiction;</p> <p>Impacts of cooperation with industry, other government departments and the public regarding safety, economic efficiency and environmental issues;</p> <p>The efficiency and effectiveness of public access and use of the Board's decisions, public records and information;</p> <p>The quality of advice and assistance to Board Members and Management;</p> <p>Quality of analysis and advice of energy market monitoring and information gathering with a view of protecting the public interest;</p> <p>Technical effectiveness of Information Management Systems;</p> <p>Internal client satisfaction.</p>

**Note:** Business Leaders from Operations, Applications, Commodities, Information Management and Corporate Services are accountable for Key Plans, Priorities, Strategies and Expected Results.



## **B: Details by Goal**

### **B.1 Business Line Description**

#### *Energy Regulation and Advice*

The Board's single business line is the provision of energy regulation decisions and advice. As a small agency, its corporate accountability to Parliament and central agencies is reported under the one business line upon which clients can readily identify and understand in terms of products and services. In order to fulfil its business line, the Board is structured into five Business Units, representing its major areas of activity namely: Applications, Operations, Energy Commodities, Information Management and Corporate Services. The business line is directly linked to the major areas of activity to explain further the Board's services and its accountability in achieving the overall strategic objectives outlined in Section II- B.

### **B.2 New Goals and Strategies**

New goals and strategies were identified to better reflect the Board's requirements of results-based management which will be used in internal and external planning and reporting documents. The goals are linked directly to the Board's single business and program line and to the expected results. Each strategy is an integral part of each goal to ensure the gaps and risks are taken into account in the overall strategic direction of the plan. The goals are interconnected and integrated into all of the service lines<sup>2</sup> to ensure their success. The following Goals, Gaps, Objectives, Measures and Key Activities provide the detail required to assess how the Board intends to achieve its expected results. It is possible that the measurements identified under each goal may be changed or adjusted over the planning period.

---

<sup>2</sup>

Service lines in Treasury Board terminology refers to the Board's Business Units described in Section IV - Table 2.2.

**Business Line: The provision of energy regulation decisions and advice**

<b>Goal</b>	<b>Strategies</b>
1. NEB-regulated facilities are safe and perceived to be safe.	Interact and communicate with the public to build confidence and understanding.  Collect and manage essential information.  Develop knowledge and skills and apply what we learn.  Focus efforts on results and explicitly assess risks and gaps.
2. NEB-regulated facilities are built and operated in a manner which protects the environment and respects individual rights.	
3. Canadians derive the benefits of economic efficiency.	
4. NEB meets the evolving needs of the public to engage in NEB matters	

**B.3 Key Deliverables by Goal**

This section links each goal to its objectives and measurements and lists the key annual activities over the planning period. The section identifies the key deliverables within each goal to achieve the expected results and to promote the Board’s single business line and strategic objectives.

**Goal 1  
NEB-Regulated Facilities are safe and perceived to be safe**

*Context*

During the past decade, federally regulated pipeline infrastructure has increased by roughly 25 per cent, from some 32 000 kilometres to over 40 000 kilometres. About half of federally regulated oil pipelines and one quarter of federally regulated gas pipelines are more than 30 years old.

The number of major incidents on NEB-regulated pipelines, that is those incidents which pose a significant risk to the public or the environment, has been few and trending downwards in recent years. In 1994, there were six such incidents while only one incident occurred in 1998.

Although companies have been successful in performing preventative maintenance to keep the ageing pipelines operating at high reliability levels, the Board’s safety program has become increasingly important and of more interest to the public. The Board has put

greater emphasis on monitoring both the construction of new pipelines and the integrity of the existing pipeline infrastructure.

The Board's approach of diligently working with the pipeline industry and key stakeholders in a cooperative manner should lead to continued improvements in regulatory compliance and safety levels over time.

Similar emphasis is being placed on the upstream activities north of the 60<sup>th</sup> parallel. As activity levels increase in non-accord Frontier lands, the potential for incidents will also rise. The Board's safety and environmental monitoring program is designed to ensure that these risks are identified and managed by operators.

### ***Gaps***

- There is a lack of shared information and understanding among the public, industry and the NEB regarding the safety performance of pipelines and the NEB's role. This deficiency reduces public confidence in the integrity of Canada's pipeline infrastructure.
- The NEB needs to improve its management of information to ensure that throughout the life of the facilities issues related to safety and environment are quickly identified and addressed. Aspects of this were identified by the Office of the Auditor General in its audit of the NEB in 1998.

### ***Goal 1 Objectives***

- Increased safety of pipelines and upstream operations through the development and promotion of effective safety programs for companies under federal jurisdiction.
- Increased recognition by Canadians of the Board's safety programs.
- Increased effectiveness of Canadian pipeline and upstream safety regulatory programs through the better use of information, partnerships with other regulatory agencies, government departments and industry and increased skills of staff.

### ***Goal 1 Measurements***

- Maintain or improve key safety indicators.
- Maintain or improve public confidence indicators.

## ***Key Activities for Goal 1***

### **1999-2000**

- revise *Onshore Pipeline Regulations, Hydrocarbon Processing Plant Regulations, Diving Regulations* and *Production and Conservation Regulations* to reflect a move away from prescriptive regulations to goal oriented regulations and increased emphasis on maintenance and risk management.
- review current pipeline safety monitoring and compliance practices and the Board's philosophy and approach towards its compliance and audit program.
- establish safety performance base line data.
- implement risk-based inspection and audit program to focus NEB resources on key areas.
- initiate environment and safety information management system needs assessment and design.
- establish data collection systems to support risk-based inspection and audit program and safety performance data.
- address deficiencies identified by the Auditor General.

### **2000-2001**

- initiate needs assessment for communities and landowners (See Goal 4).
- implement industry-wide database on safety and incident data.
- implement safety and environment information management system.
- implement and align standards, regulations and guidelines, practices and procedures and staff competencies to reflect the review undertaken in 1999-2000.

### **2001-2002**

- implement and align standards, regulations and guidelines, practices and procedures and staff competencies to reflect the review undertaken in 1999-2000.

**Goal 2**  
**NEB-Regulated Facilities are built and operated in a manner that protects the environment and respects individual rights.**

*Context*

The Board has long recognized the critical importance of environmental protection and respect for individual rights to Canadians. Assessment of potential environmental effects and analysis of proposed mitigation measures receive a high profile in the review of facilities applications. In addition, inspection, monitoring and audit programs are used to ensure that construction and operations are in compliance with conditions and regulations. Over time standard pipeline practices have evolved to better address and mitigate the effects of pipeline construction and operation on the environment. The Board must continue to keep pace with this changing field, ensure the protection of the environment and respect the importance of individual rights in the development and operation of energy projects under the Board's jurisdiction.

The Board continues to place emphasis on ensuring regulated facilities and rights-of-way are appropriately protected, remediated or reclaimed and that landowner complaints related to environmental or land rights issues are addressed. Individuals living along pipeline routes may be affected by the planning, construction, operation, maintenance and abandonment of a pipeline. Negative impacts on human activities and the environment may be reduced or avoided through the careful study of alternative routes. Public review of detailed routes and alternatives is necessary to ensure landowners possess information necessary to properly exercise their rights and to ensure Board Members have high quality and pertinent information in making related decisions.

*Gaps*

- Knowledge of the effectiveness in practice of various measures used to protect the environment in pipeline construction and operation.
- Lack of clarity and shared understanding of the threshold level of acceptable environmental standards to ensure efficient and effective regulatory reviews and appropriate proposed measures to mitigate impacts.

*Goal 2 Objectives*

- Increased field knowledge of the effectiveness of conditions and pipeline practices in mitigating environmental effects of construction and operation of energy projects.
- Clear, consistent environmental standards and practices, incorporating the cumulative knowledge of demonstrated field results.

- Consistently high respect for landowners' rights and interests in the development of energy projects within NEB jurisdiction.
- Pipeline companies take responsibility for self-managing environmental protection programs and landowner consultations.

### ***Goal 2 Measurements***

- Maintain or improve environmental performance based on key indicators.
- Landowner satisfaction with restoration and clean-up.
- Individuals whose property is potentially or actually affected by pipeline projects are satisfied their rights have been respected.

### ***Key Activities for Goal 2***

#### **1999-2000**

- Clarify assessment standards for environmental protection throughout a project's life cycle and begin consultations with outside parties seeking shared problem definition and solutions.
- Define key performance indicators.
- Refine approaches for Early Public Notification and for conducting proceedings, particularly Detailed Route Hearings, to ensure individual rights are respected and participation is facilitated.

#### **2000-2001**

- Establish environmental performance base line data.
- Review current pipeline environmental protection practices and the Board's philosophy and approach towards assessment, compliance and audit program.
- Address environmental protection needs in the information management system developed under Goal 1.

## 2001-2002

- Implement and align standards, regulations and guidelines, practices and procedures and staff competencies to reflect the 2000-01 review and possible legislative changes stemming from the 2000 *Canadian Environmental Assessment Act* Five Year Review.

<p style="text-align: center;"><b>Goal 3</b> <b>Canadians derive the benefits of economic efficiency</b></p>
--

### *Context*

As discussed under Operating Context (Section II, Subsection C), government policy has increasingly emphasized reliance on market mechanisms and encouraged trade and the promotion of Canada's competitive position. In the competitive international market that has emerged, there has been a commensurate emphasis on encouraging economic efficiency in Canadian industry.

In seeking to ensure that Canadians derive the benefits of economic efficiency, the Board seeks to promote market solutions wherever possible. Where regulation is necessary, the Board promotes the kinds of benefits which would arise from competitive market solutions.

The Board's responsibility to approve new pipeline facilities while promoting economic efficiency means, for example, ensuring that there are no undue regulatory barriers to new pipeline entrants and allowing competition to occur where it provides increased choice to gas and oil buyers. With respect to tolls and tariffs, promotion of economic efficiency means such things as ensuring that tolls are as low as reasonably possible, that a wide range of services is available, and that tolls do not result in undue subsidization or discrimination. Finally, the Board discharges its responsibilities to approve oil, gas and electricity exports in a manner that reflects market-based solutions.

Economic efficiency also embraces the concept of regulatory efficiency. The Board has an obligation to ensure that its regulatory processes are as efficient as possible; wherever possible, it will strive to minimize the costs incurred by parties to the regulatory process.

The structure of the Canadian natural gas transmission system is undergoing fundamental changes as new companies are attempting to enter the market, thereby challenging the long-standing dominant position of the incumbent pipelines. These new entrants can potentially provide benefits to shippers and gas buyers by providing increased choice and new service offerings and by applying competitive pressures on the incumbents to improve their services. However, the potential new entrants raise a number of issues

concerning the standards by which these new projects are assessed and the impacts on existing pipelines.

With respect to the Board's responsibilities to approve tolls, most of the major pipelines under the Board's jurisdiction have had their tolls determined pursuant to negotiated incentive settlements between the pipelines and the shippers. Many of these agreements will be expiring in the near future.

Finally, in competitive markets, participants either have the ability to generate the information necessary to make rational business decisions, or they can purchase available information from third parties. Information is never perfect, and all business decisions must be made in the face of a degree of uncertainty, but in a regulated environment the absence of information can be an impediment to business decisions and regulatory decisions which are "market-like". The NEB has a significant role to play in generating information for its own regulatory needs and for the benefit of market participants. However, given the ongoing changes in the industry, the NEB must ensure that it makes the right investments in meeting the market information needs.

### ***Gaps***

- NEB's level of market knowledge to effectively deal with the issues that are arising due to changes in market structures.
- The NEB may be called upon to mediate some major toll issues in the near term and could be challenged because of a gap in our current state of knowledge with respect to the success of the incentive settlements.
- Knowledge of what information in areas such as energy markets, and energy supply and demand is needed in the public domain to ensure business decisions and regulatory solutions will be as close as possible to those which would be obtained in a market environment.

### ***Goal 3 Objectives***

- The NEB does not intervene in the marketplace unless essential due to legislative requirements or market failure.
- Where regulation is essential, NEB regulatory solutions emulate competitive market solutions to the greatest extent possible.
- Information is readily available to meet the NEB's own regulatory needs, to meet the needs of regulated market participants and to contribute to market-like regulatory outcomes.



### ***Goal 3 Measurements***

- Pipeline companies and shipper representatives are satisfied with the environment and processes created by the Board in which issues concerning traffic, tolls and tariffs are resolved.
- Shipper satisfaction with the level of pipeline tolls, and with the range and choice of services.
- Board Member and external party satisfaction with Board-produced information (informal surveys).
- Maintain or improve key indicators of regulatory efficiency.

### ***Key Activities for Goal 3***

#### **1999-2000**

- Complete report on *Canadian Energy Supply and Demand to 2025*.
- Review of incentive regulation; needs assessment, information review, and revised methodologies where appropriate, to ensure the continued success of incentive settlements.
- Identify the scope for a review of the NEB's approaches to discharging its major regulatory responsibilities. After scoping and prioritizing, some approaches will be assessed in terms of their effectiveness in achieving market-like solutions, and appropriate changes will be identified.
- Assess information and monitoring needs, and devise a plan for satisfying needs, including delivery mechanisms.

#### **2000-2001**

- Implement any necessary changes to regulatory approaches, pursuant to review in previous year.
- Assess the effectiveness of any other regulatory approaches identified but not reviewed in previous year.
- Deliver any Energy Market Assessments pursuant to review and plan from previous year.

## 2001-2002

- Devise, plan and initiate analysis for a supply and demand report in next planning period.

<p style="text-align: center;"><b>Goal 4</b> <b>NEB meets the evolving needs of the public to engage in NEB matters</b></p>
---

### *Context*

The Board recognizes the desire of individual Canadians to provide greater input into decisions that affect their lives. To deliver fair, objective and respected decisions, decision makers need access to the best available information to effectively influence energy project decisions. The Board and Canadian public require effective tools to tap increased volumes of energy information and to provide means for users to select the most relevant information.

The Board is committed to maintaining the highest standards of public interaction and public information with the aim of providing transparent, fair and consistent regulatory initiatives in the most cost-effective manner. As one step to fulfill this commitment, the Board continues to streamline its communications to reduce costs, to improve public access to Board information and to avoid duplication and overlap.

The Board has also embarked on increasing its investment in electronic information while providing paper based information where more effective. It has sought ways to improve the regulatory process and enable the public and interested parties to selectively search for, gain access to and use relevant documents. As a result, the Board has adopted the Electronic Regulatory Filing (“ERF”) strategy as a means to enhance public participation and interaction and to allow for increased input from Canadians on decisions that affect their lives. When ERF is implemented, regulatory information will be more widely available by electronic means on a publicly accessible website. As well, the Board is continuing its efforts to share this expertise and information with other regulatory agencies and government departments. Ultimately the Board wishes to tap a variety of tools to make public participation easier and more effective.

The new challenges of the Board over the planning period are to enhance its technological capabilities and to create greater opportunities for public input and participation.

### ***Gaps***

- Simple and effective means for the public to participate in NEB events, processes and procedures.
- Public confidence in the degree to which Board processes enable the consideration of all input.

### ***Goal 4 Objectives***

- Increase public access and use of the Board's decisions, public records and information.
- Progress towards improving electronic document production and dissemination in an efficient and effective manner.
- Increased public understanding of, and confidence, in the Board's processes.

### ***Goal 4 Measurement***

- Maintain or improve the level of public awareness of, and satisfaction with the Board's information services and the assistance available for participants in the Board's regulatory proceedings.

### ***Key Activities for Goal 4***

#### **1999-2000**

- Implementation of initial phases of the ERF Initiative including publishing of NEB documents to a publicly accessible web site and commencement of pilot hearings and regulatory proceedings with electronic filings.
- Conduct a community and landowner needs assessment to identify information requirements and the preferred means of delivery from the NEB and regulated pipeline companies in the areas of safety, lands and environment.

#### **2000-2001**

- Complete implementation of the ERF Initiative including upgrading of the electronic document repository, implementation of digital signatures and ongoing use through regulatory proceedings.

- Define the roles of the NEB and regulated companies in responding to the information needs of the communities and landowners with respect to safety, lands and the environment. Establish guidelines for implementation.

## **2001-2002**

- Ongoing maintenance of the ERF technology and use in a mandatory filing environment.
- Implement the strategies to fulfill community and landowner information needs and monitor effectiveness of regulated companies.

## Section IV: Supplementary Information

### A. Structure, Personnel and Financial Information

**Table 1: Spending Authorities - Ministry Summary Part II of the Estimates**

Vote	(\$ millions)	<b>1999-00 Main Estimates</b>	1998-99 Main Estimates
<b>National Energy Board</b>			
25	Operating expenditures	<b>25.1</b>	24.3
(S)	Contributions to employee benefit plans	<b>4.0</b>	4.0
	Total Agency	<b>29.1</b>	28.3

**Table 2.1: Organization Structure**

#### Business Unit Description

##### Applications

The Applications Business Unit is responsible for the processing and assessment of regulatory applications submitted under the NEB Act. These fall primarily under Parts III, IV and VI of the Act corresponding to facilities, tolls and tariffs and export applications. The Applications Unit is also responsible for the financial surveillance and audits of NEB-regulated pipelines.

##### Commodities

The Commodities Business Unit is responsible for assisting the Board in fulfilling its mandate through energy industry and marketplace surveillance, the updating of guidelines, and regulations relating to energy exports as prescribed by Part VI of the NEB Act. In the context of evolving market conditions, it is also responsible for the disposition of applications for short-term exports of gas, oil and NGLs, imports of natural gas and the disposition of applications concerning electricity exports and international power lines.

##### Operations

The Operations Business Unit is accountable for safety and environmental matters pertaining to facilities under the NEB Act, the COGO Act and the CPR Act. It conducts safety and environmental inspections and audits, accident investigations, monitors emergency response procedures, regulates the development of hydrocarbon resources in

non-accord Frontier lands, and develops regulations and guidelines with respect to the above.

Corporate Services

The Corporate Services Business Unit is responsible for providing those services necessary to assist the Board in its management of human, material and financial resources.

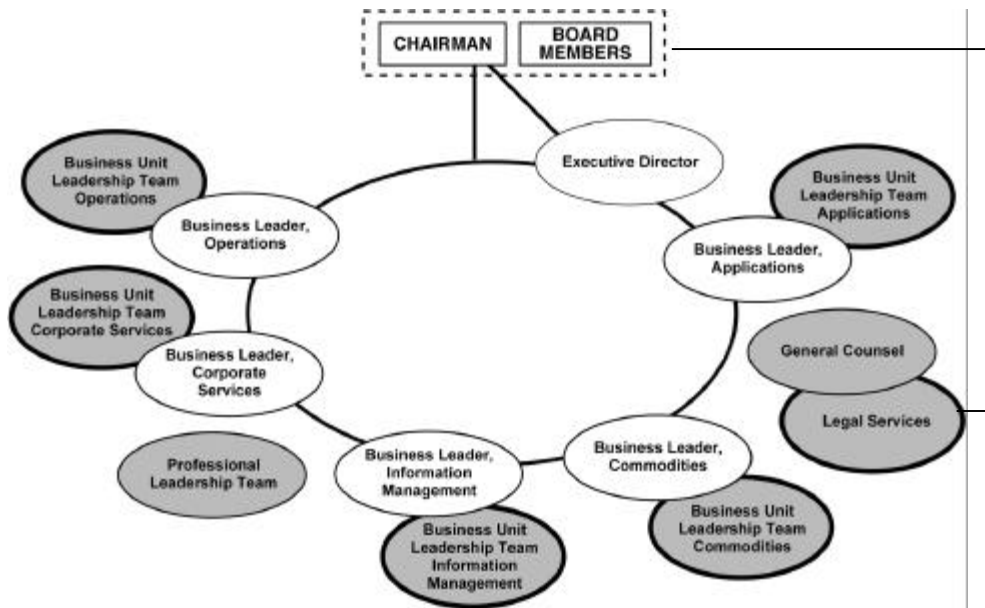
Information Management

The Information Management Business Unit is responsible for developing and implementing an information management strategy for the Board that enhances its ability to deliver fair, objective and respected decisions and provides the information required by external stakeholders.

Legal Services and Professional Leadership

The General Counsel provides legal services for both regulatory and management purposes. The Professional Leadership Team has the responsibility for maintaining and enhancing the technical expertise in the economic, environment, energy resources and engineering fields.

**Figure 1 - Organizational Chart**



**Table 2.2: Planned Full Time Equivalent (FTE's) By Business Unit**

	Forecast 1998- 1999	<b>Planned 1999- 2000</b>	Planned 2000- 2001	Planned 2001- 2002
<b>National Energy Board</b>				
Business Units				
Applications	57	<b>57</b>	57	57
Operations	52	<b>52</b>	52	52
Commodities	43	<b>43</b>	43	43
Information Management	63	<b>63</b>	63	63
Corporate Services	37	<b>37</b>	37	37
Board Members, Executive Director, Legal Services, and Professional Leaders	34	<b>34</b>	34	34
<b>Agency Total</b>	286	<b>286</b>	286	286

**Capital Projects Information**

**Non-Applicable Tables**

**Table 3.1:** Capital Spending by Program(s) and Business Line(s)

**Table 3.2:** Capital Projects by Program(s) and Business Line(s)

**Table 3.3:** Status of Major Crown Projects

*Additional Financial Information*

**Table 4: Summary of Standard Objects of Expenditure**

(\$ millions)	Forecast Spending 1998-99 <sup>(1)</sup>	<b>Planned Spending 1999-00</b>	Planned Spending 2000-01	Planned Spending 2001-02
<b>Personnel</b>				
Salaries and Wages	17.3	<b>19.7</b>	18.8	18.8
Contributions to employee benefit plans	4.3	<b>4.0</b>	3.7	3.7
	21.6	<b>23.7</b>	22.5	22.5
<b>Goods and Services</b>				
Transportation and communications	2.8	<b>2.3</b>	2.3	2.3
Information	0.1	<b>0.1</b>	0.1	0.1
Professional and special services	4.2	<b>1.5</b>	1.5	1.5
Rentals	0.5	<b>0.5</b>	0.5	0.5
Purchased repair and maintenance	0.5	<b>0.5</b>	0.5	0.5
Utilities, materials and supplies	1.1	<b>0.5</b>	0.5	0.5
Other subsidies and payments	22.3	-	-	-
	31.5	<b>5.4</b>	5.4	5.4
<b>Capital</b>	1.1	-	-	-
<b>Total Budgetary Expenditures</b>	54.2	<b>29.1</b>	27.9	27.9

<sup>(1)</sup> The expenditures for 1998-99 include \$22.2M in additional funding to cover payments resulting from an out of court settlement associated with a Federal Court decision to disallow the recovery of the Board's costs of relocating from Ottawa to Calgary.



**Table 5 : Program Resources by Business Line for the Estimates Year**

(\$ millions)	FTE	Operating	Capital	Transfer Payments	Planned Spending	Plus: LIA	Gross Planned Spending	Less :	
								Revenue Credited to the Vote	Net Planned Spending
Energy Regulation and Advice	286	29.1	-	-	29.1	-	29.1	-	29.1
<b>Total Agency</b>	<b>286</b>	<b>29.1</b>	<b>-</b>	<b>-</b>	<b>29.1</b>	<b>-</b>	<b>29.1</b>	<b>-</b>	<b>29.1</b>

**Table: 6 Non-Applicable Table - Transfer Payments by Program and Business Line**

**Table 7: Revenue by Program**

Revenue Credited to the Consolidated Revenue Fund (CRF) (\$ millions)	Forecast Revenue 1998-99	Planned Revenue 1999-00	Planned Revenue 2000-01	Planned Revenue 2001-02
<b>Total Revenue Credited to CRF</b>	<b>25.5</b>	<b>27.2</b>	<b>30.5</b>	<b>27.2</b>

**Table 8: Net Cost of Program for the Estimates Year**

(\$ millions)	Energy Regulation and Advice	<b>Total</b>
Gross Planned Spending	29.1	<b>29.1</b>
Plus:		
Services received without charge		
Accommodation provided by Public Works and Government Services Canada (PWGSC)	4.0	<b>4.0</b>
Contributions covering employer's share of employees health insurance premiums and costs paid by Treasury Board Secretariat	1.1	<b>1.1</b>
Workmen's compensation, cost recovery audit costs and miscellaneous costs provided by other departments	0.1	<b>0.1</b>
Total Cost of Program	34.3	<b>34.3</b>
Less:		
Revenue Credited to the CRF	27.2	<b>27.2</b>
1999-2000 Estimated Net Program Cost	7.1	<b>7.1</b>

**Table 9.1: Non-Applicable** - Revolving Fund - Statement of Operations

**Table 9.2: Non-Applicable** - Revolving Fund - Statement of Changes in  
Financial Position

**Table 9.3: Non-Applicable** - Revolving Fund - Projected Use of Authority

**Table 10: Non-Applicable** - Loans, Investments and Advances by Program  
and Business Line

**Table 11: Non-Applicable** - Tax Expenditures

## **B. Other Information**

### **I. List of Statutes and Regulations**

Below is a listing of Acts, Regulations, Rules and Guidelines under which the Board operates or has responsibilities.

#### **Acts**

<i>National Energy Board Act</i>	RSC 1985, c. N-7
<i>Canada Oil and Gas Operations Act</i>	SC 1992, c. 35
<i>Canada Petroleum Resources Act</i>	RS 1985, c. 36
<i>Canadian Environmental Assessment Act</i>	SC 1992, c. 37
<i>Canada Labour Code Part II</i>	RS 1985, c L-2
<i>Energy Administration Act</i>	RS 1985, c. E-6
<i>Northern Pipeline Act</i>	RS 1985, c. N-26

#### **Regulations Pursuant to the National Energy Board Act**

<i>Cost Recovery Regulations</i>	SOR/91-7
<i>Export and Import Reporting Regulations</i>	SOR/95-563
<i>Gas Pipeline Uniform Accounting Regulations</i>	SOR/83-190
<i>Oil Pipeline Uniform Accounting Regulations</i>	CRC, Vol. XI, c. 1058
<i>Oil Product Designation Regulations</i>	SOR/88-216
<i>Onshore Pipeline Regulations</i>	SOR/89-303
<i>Offshore Pipeline Regulations</i>	no official site
<i>Part VI (Oil and Gas) Regulations</i>	SOR/96-244
<i>Part VI Regulations, Electricity</i>	SOR/97-130
<i>Pipeline Crossing Regulations, Part I</i>	SOR/88-528
<i>Pipeline Crossing Regulations, Part II</i>	SOR/88-529
<i>Power Line Crossing Regulations</i>	SOR/95-500
<i>Substituted Service Regulations</i>	SOR/83-191
<i>Toll Information Regulations</i>	SOR/79-319

#### **Regulations Pursuant to the Canada Oil and Gas Operations Act**

<i>Canada Oil and Gas Certificate of Fitness Regulations</i>	SOR/96-114
<i>Canada Oil and Gas Diving Regulations</i>	SOR/88-600
<i>Canada Oil and Gas Drilling Regulations</i>	SOR/79-82
<i>Canada Oil and Gas Installations Regulations</i>	SOR/96-118
<i>Canada Oil and Gas Geophysical Regulations</i>	SOR/96-117

<i>Canada Oil and Gas Production and Conservation Regulations</i>	SOR/90-791
<i>Canada Oil and Gas Operation Regulations</i>	SOR/83-149
<i>Oil and Gas Spills and Debris Liability Regulations</i>	SOR/87-331

### **Regulations Pursuant to the Canadian Environmental Assessment Act**

<i>Law List Regulations</i>	SOR/94-636
<i>Inclusion List Regulations</i>	SOR/94-637
<i>Comprehensive Study List Regulations</i>	SOR/94-638
<i>Exclusion List Regulations</i>	SOR/94-639
<i>Federal Authorities Regulations</i>	SOR/96-280
<i>Regulations Respecting the Coordination by Federal Authorities of Environmental Assessment Procedures and Requirements</i>	SOR/97-181

## **II. Y2K Information**

### **The Year 2000 - Y2K**

The Board considers preparedness for the Year 2000 a priority for the industry that it regulates as well as the Board itself. The Board has been active in the industry and regulatory community promoting awareness of the issues and collecting information on the level of preparedness of regulated companies. Internally, the Board has taken steps to identify and address any Year 2000 concerns.

#### ***Our Regulatory Initiatives***

The Board has taken an active role externally with respect to Year 2000 (“Y2K”) issues. For Canada’s pipeline infrastructure, Y2K could have significant consequences should date sensitive software or embedded logic result in reduced pipeline capacity and corresponding shortages for consumers. To ensure that regulated companies are taking appropriate initiatives to address Y2K issues, the Board has implemented a process of passive coercion by directing all regulated pipeline companies to submit periodic updates on each of their Y2K preparedness programs.

For the purposes of this project, the Board has divided regulated companies into two tiers. Companies whose operations have the highest potential impact on Canadians (such as environmental impact and Canadian public welfare) are included in the higher tier. These companies are, for the most part, the companies that deliver the highest volumes of oil and natural gas for distribution within Canada or for export. All other companies are grouped into the tier 2 category.

Tier 1 & 2 Companies: All NEB regulated pipeline companies have been requested to submit Y2K preparedness progress reports

Tier 1 Companies: In addition to having to submit periodic progress reports, these companies are requested to submit a report summarizing a third party Y2K compliance audit for those systems which have the potential for affecting health, safety and environment as well as continuity of service.

On 26 November 1998, members of the Operations Business Unit participated in the House of Commons Standing Committee on Industry (hearings on Y2K) in Ottawa. An issue was raised by industry that companies are overloaded with the amount of information requests that they are receiving from concerned parties with respect to Y2K. In response, it was agreed that a common questionnaire would be developed to address common concerns and needs.

In December 1998, a common questionnaire was developed as a joint effort between the NEB, Canadian Association of Petroleum Producers (CAPP), Canadian Gas Association (CGA), Canadian Energy Pipeline Association (CEPA), Department of Defense and Natural Resources Canada (NRCan). This questionnaire was sent out to energy industries across Canada in the first week of January 1999. The intent of this common format is to facilitate information gathering for all parties yet allow industry to focus more efforts on achieving preparedness rather than using resources to respond to various industry groups and government agencies. The information gathered from this questionnaire will be processed in the first quarter of 1999 to develop a geospacial representation of risk throughout Canada. As questions within this questionnaire are similar to those covered in the NEB's information request, the NEB intends to replace status updates with responses to the common questionnaire.

In the next year, the NEB will continue to work closely with industry and government organizations to address the Y2K issue as it could impact continuity of service, safety of the Canadian public, and the environment.

### ***Our Internal Systems***

The Board has established a Year 2000 Project Office whose mandate is to manage the process of:

- Conducting the identification and analysis of the Board's internal information technology systems and completing a risk assessment;
- Preparing contingency plans that include components such as: crisis scenarios, contingency plans, crisis response plans and business resumption plans;

- Establishing work plans to address the risks;
- Monitoring the Board's progress against the plan.

The Board's assets have been divided into four categories: custom developed applications, commercial off-the-shelf applications (COTS), infrastructure and embedded systems. The process adopted to assess all assets is based on guidelines from the Treasury Board Secretariat. This methodology prioritizes the assessment, contingency planning and remediation of assets, based on business function criticality.

#### *Custom Developed Applications*

The Board has several computer-based applications which are utilized to ensure the efficient functioning of the Board. These applications support its line businesses and include: human resources applications, financial and time reporting systems, material management and contract management systems. The Board has completed its inventory of these systems, has prioritized them based on their mission criticality, and is completing business and technical assessments. Contingency and remediation plans are being developed to ensure the business functions supported by these applications are not compromised in the Year 2000.

#### *Commercial Off-the-Shelf Applications*

In addition to the custom developed applications, the Board has also inventoried and prioritized its inventory of COTS applications. Contingency and remediation plans are also being developed for this suite of software.

#### *Infrastructure*

In 1998, the Board migrated its desktop environment to a compliant platform. The Board has inventoried, and is evaluating, the remaining infrastructure components including: network servers, network operating systems and communications equipment. The Board is also evaluating the VAX platform and determining appropriate migration and contingency alternatives.

#### *Embedded Systems*

The Board has completed an extensive inventory of all embedded system components and is currently evaluating them for year 2000 readiness. Although many of the components included in this category are not owned by the Board (for example: elevators, lighting, security systems, etc.), the Board is working actively with these owners and suppliers to assess preparedness.

**III. Table 12: Regulatory Initiatives**

<b>Regulatory Instrument</b>	<b>Expected Result</b>
<i>Onshore Pipeline Regulations</i>	<ul style="list-style-type: none"> <li>• Less prescriptive, more goal oriented regulations for NEB pipelines.</li> <li>• Modernization of regulations</li> <li>• Placing more onus on companies for pipeline safety and increasing the importance of audits by the regulator</li> </ul>
<i>Rules of Practice and Procedures</i>	<ul style="list-style-type: none"> <li>• Updating of the existing Rules to make provision for ERF which is expected to be implemented in 1999-2000.</li> </ul>
<i>Pipeline Crossing Regulations</i>	<ul style="list-style-type: none"> <li>• Incorporation of changes to harmonize with other legislation and updating based on suggestions received.</li> </ul>
<i>Canada Oil and Gas Diving Regulations</i>	<ul style="list-style-type: none"> <li>• Preparation and issuance of performance based goal oriented regulations under the <i>Canada Oil and Gas Operations Act</i> and under the Accord Implementation Acts.</li> </ul>
<i>Nova Scotia and Newfoundland Offshore Safety Regulations</i>	<ul style="list-style-type: none"> <li>• Streamlining the administration of the regulations.</li> </ul>
<i>Canada Oil and Gas Occupational Safety and Health Regulations</i>	<ul style="list-style-type: none"> <li>• Updated regulations to conform with the <i>Canada Occupational Safety and Health Regulations</i> under the <i>Canada Labour Code</i>.</li> <li>• Harmonization with the Offshore Safety Regulations.</li> </ul>
<i>Canada Oil and Gas Production and Conservation Regulations and Canada Oil and Gas Drilling Regulations</i>	<ul style="list-style-type: none"> <li>• Amalgamation of these regulations.</li> </ul>

<b>Regulatory Instrument</b>	<b>Expected Result</b>
<i>Omnibus Changes to Frontier Regulations</i>	<ul style="list-style-type: none"> <li>• Incorporation of suggestions made by the Standing Joint Committee for the Scrutiny of Regulations on numerous regulations under the COGO Act and under the Accord Implementation Acts.</li> </ul>
<i>Oil and Gas Export Regulations</i>	<ul style="list-style-type: none"> <li>• Implementation of any further efficiencies in the regulation of natural gas.</li> </ul>
<i>Hydrocarbon Processing Plant Regulations</i>	<ul style="list-style-type: none"> <li>• Less prescriptive, more goal oriented regulations for NEB regulated facilities.</li> <li>• Placing more onus on companies for facility safety and increasing the importance of audits by the regulator.</li> </ul>
<i>Cost Recovery Regulations</i>	<ul style="list-style-type: none"> <li>• Examination of various options for changes to these regulations by the NEB and a committee of regulated companies.</li> </ul>
<i>Certificate of Fitness Regulations</i>	<ul style="list-style-type: none"> <li>• Updating of these regulations to include an additional certifying authority and definitions for onshore and offshore areas.</li> </ul>



**IV. Table 13: References**

National Energy Board  
444 - Seventh Avenue S.W.  
Calgary, Alberta  
T2P 0X8

Telephone: (403) 292-4800  
Facsimile: (403) 292-5503  
Internet: [www.neb.gc.ca](http://www.neb.gc.ca)

Kenneth W. Vollman	Chairman
Gaétan Caron	Executive Director
Brenda Kenny	Business Leader, Applications
John McCarthy	Business Leader, Operations
Terrance Rochefort	Business Leader, Commodities
Scott Richardson	Business Leader, Information Management
Sylvia Farrant	Business Leader, Corporate Services
Judith Hanebury	General Counsel
Peter Schnell	Team Leader, Planning and Reporting
Louis Morin	Planning Officer
Elizabeth Arden	Internet Administrator