



File 3000-A000-24  
14 September 2005

To: Oil and Gas Companies under the Jurisdiction of the National Energy Board and Interested Parties

**Notice of Proposed Regulatory Change 2005-01 –  
Pipeline Security Management Programs**

Pipelines and associated facilities are an important part of Canada's energy sector. On 20 April 2005, the *National Energy Board Act* was amended to explicitly include "security" within the Board's mandate. This provides the Board with the clear statutory basis to regulate security of energy infrastructure under its jurisdiction.

Between June 2004 and March 2005, the Board completed 12 Pipeline Security Management Assessments (PSMAs). These assessments included a review of security programs at each of the companies followed by field verification site visits at approximately 75 facilities across Canada.

The Board thanks those companies which participated in this initiative for their cooperation and assistance. The PSMAs provided the NEB with a better understanding of how regulated companies are managing pipeline security and provided a baseline for the assessment of existing security management programs. The PSMAs identified that all the companies visited manage pipeline security to some degree; however, not all companies have developed and implemented a complete pipeline security management program.

Based on the PSMA program information and analysis, the Board intends to amend the *Onshore Pipeline Regulations, 1999 (OPR 99)* and the *National Energy Board Processing Plant Regulations (PPR)* to require companies to develop and implement a pipeline security management program.

As an interim step, prior to the promulgation of amendments to these regulations, the Board is providing companies with the attached Notice of Proposed Regulatory Change (NOPRC). The NOPRC describes the proposed changes to the regulations. Once all of the comments are received regarding NOPRC 2005-01, the Board will release a Proposed Regulatory Change (PRC). The PRC will form a basis for the Board's interim pipeline security management expectations prior to any changes regarding security to the *OPR 99* or *PPR*.

The Board invites anyone with an interest in the content of NOPRC 2005-01 to provide written comments to the Board. The closing date for receiving comments is 28 October 2005.

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Comments should be addressed as follows:

NOPRC 2005-01 Pipeline Security Management  
Attention: Michel L. Mantha  
National Energy Board  
444 - 7<sup>th</sup> Ave. S.W.  
Calgary, AB T2P 0X8  
Facsimile: (403) 299-5503

These initiatives represent the efforts by industry and the federal government to improve security of the nation's pipeline systems. The Board continues to work with federal, provincial partners and industry to promote security management and to align security initiatives.

Board staff intend to follow-up with site visits and meetings with a selection of pipeline companies to monitor the progress of companies developing their security management programs. Staff will also continue networking, and holding regular discussions with industry and other federal and provincial departments in regard to security management issues, initiatives and guidance.

If you have any questions or require further information on this matter, please contact Leo Jansen at (403) 299-2777 (ljansen@neb-one.gc.ca) or Jamie Kereliuk at (403) 299-2793 (jkereliuk@neb-one.gc.ca).

Yours truly,

A handwritten signature in black ink, appearing to read 'Michel L. Mantha', with a long horizontal line extending to the right.

Michel L. Mantha  
Secretary

Attachment

cc: Janet Bax, Public Safety and Emergency Preparedness Canada, (613) 944-4918  
Felix Kwamena, Natural Resources Canada, (613) 995-8463  
Kimber Johnston, Public Safety and Emergency Preparedness Canada, (613) 991-4669  
William Keenlyside, Transport Canada, (604) 775-7309  
Stuart Pinks, Canada-Nova Scotia Offshore Petroleum Board, (902) 422-1799  
Howard Pike, Canada-Newfoundland Offshore Petroleum Board, (709) 778-1473  
Colonel Norm Couturier, Canadian Forces Northern Area, (867) 873-0708  
Jennifer Jansen, RCMP, (780) 412-5847  
Joy Kadnar, US Office of Pipeline Safety, (202) 366-4566  
Jack Fox, US Transportation Security Administration, (571) 227-2935

## NOTICE OF PROPOSED REGULATORY CHANGE NOPRC 2005-01

The National Energy Board is proposing amendments to the *Onshore Pipeline Regulations, 1999* and the *National Energy Board Processing Plant Regulations*. The proposed amendments will require companies to have a Pipeline Security Management Program. It is the Board's expectation that a Security Management Program be systematic, comprehensive and proactive in managing security risks and will be appropriately integrated into a company's overall management system to provide for safe and secure practice in the design, construction, operation and maintenance of a pipeline system.

A pipeline Security Management Program should complement existing programs already developed and should be proportionate to the size and risk of the assets being protected.

The proposed guidance provided below is considered basic requirements for a Pipeline Security Management Program. The Board intends to partner with industry and other federal and provincial stakeholders to produce a more comprehensive national guidance document.

### **Proposed Amendment**

*Section (xx). Companies shall develop, implement and maintain a pipeline security management program that adequately and appropriately addresses the risk of the facility or facilities being protected.*

### **Proposed Guidance**

A Pipeline Security Management Program should include the following:

- A security policy illustrating management commitment to security;
- Defined roles, responsibilities and authorities in regard to security management;
- A communication plan that supports the Pipeline Security Management Program;
- A dedicated link to a reliable security threat advisory system;
- A process to manage people resources, including competency requirements;
- Security management training;
- A review process to maintain and evaluate the effectiveness of the company's Pipeline Security Management Program and components thereof;

- A process to promote improvement, including performance monitoring for the ongoing assessment of conformance with the requirements of the Pipeline Security Management Program and mechanisms for taking corrective and preventive measures in the event of nonconformance;
- A process to identify and rank critical facilities and operations;
- A process to evaluate vulnerabilities of facilities and operations;
- A process to identify interdependencies of facilities or operations;
- A process to manage physical security which may include:
  - procedures for evaluating requirements for security measures at company facilities; and
  - procedures to ensure that physical security measures are maintained at company facilities;
- A process to manage security sensitive information which, if compromised, would impact the operation of the pipeline system. This may include procedures to classify and handle security sensitive information that has the potential to impact pipeline operations;
- A process to manage the security of process control and SCADA systems that, if compromised, would impact the operation of the pipeline system. This may include protecting cyber information and supporting infrastructure
- A process to control access to sensitive areas which may include:
  - procedures to control access to security sensitive areas; and
  - hiring and termination procedures for security sensitive positions;
- A process to monitor, track and manage security related incidents.