



ESTIMATES

National Energy Board

Performance Report

For the period ending
March 31, 2002

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament.

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of funds.

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Foreword

In the spring of 2000, the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the Government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Departments and agencies are encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on outcomes - benefits to Canadians and Canadian society - and describes the contribution the organisation has made toward those outcomes. It sets the department’s performance in context and discusses risks and challenges faced by the organisation in delivering its commitments. The report also associates performance with earlier commitments as well as achievements realised in partnership with other governmental and non-governmental organisations. Supporting the need for responsible spending, it links resources to results. Finally, the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments and agencies strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organisation according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

This report is accessible electronically from the Treasury Board of Canada Secretariat Internet site:
<http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

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National Energy Board

Performance Report

For the period ending
March 31, 2002

Kenneth W. Vollman
Chairman
National Energy Board

The Honourable Herb Dhaliwal, P.C., M.P.
Minister
Natural Resources

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Section 1: Chairman's Message

The National Energy Board's main responsibilities are the regulation of certain aspects of the energy industry (oil, gas and electricity) and, through monitoring the energy sector, the provision of advice to the federal government and information to the public.

The Board has developed a robust performance framework over the past several years that is consistent with the premise for reporting described in *Canada's Performance 2001*. Our four corporate goals, outlined below, indicate what we are trying to achieve. The major strategies and actions identified in this report indicate why specific activities move us toward those goals, and we have developed measures on how to monitor progress. We also indicate where the road to success is not always direct, giving cause to make changes when required.

NEB-regulated facilities are safe and perceived to be safe.

Pipeline safety must never be compromised. Toward that end, we continued with goal-oriented regulation, which recognizes that the pipeline companies under the Board's jurisdiction have the primary responsibility for their facilities. The Board verifies that any risks associated with the construction and operation are properly assessed and managed by the companies.

After a declining trend over the previous several years, the Board is concerned about the increase in major pipeline ruptures in 2001 and early 2002. The causes are a main focus of the Board's activity over the next year. Over a five-year period, total pipeline incidents have declined however, and there have been no fatalities. In Northern Canada the Board investigated a traffic fatality which occurred on an ice road leading to a drilling rig. Causes were investigated and the Board directed changes to operating procedures to address the hazard and prevent recurrences in the future.

An additional challenge was imposed by the events of 11 September 2001. The Board began work with the industry and other government agencies on ways of enhancing the security of the Canadian pipeline network. Changes have also been proposed to the *National Energy Board Act* that will support the Board in promoting a secure energy infrastructure. In the interim the Board is satisfied that Canadian pipeline companies are taking prudent measures to protect the overall security of the pipeline network in Canada.

NEB-regulated facilities are built and operated in a manner that protects the environment and respects individuals' rights.

Protection of the environment is a key aspect of the Board's decision-making process. Measuring the achievement of desired end results of environmental conditions has become the Board's primary measure for the construction of pipeline facilities. Although some refinements in reporting are being made, the Board is pleased that the desired end results were met for the majority of environmental conditions. The primary measure for protection of the environment during the operation of pipeline facilities is the number of

major releases. One major release occurred during this time period. NEB inspectors worked with the Transportation Safety Board to investigate the incident and ensure that protective measures were put in place to avoid recurrence.

With respect to individuals' rights, the Board strives to ensure success in resolving landowner complaints. The Board succeeded in resolving the majority of long-standing landowner complaints.

Canadians derive the benefits of economic efficiency.

Energy prices have moderated substantially from the peak levels attained in late 2000 and early 2001, and the Board is satisfied that Canadians are generally obtaining access to energy on similar pricing terms and conditions as export customers. However, there are ongoing questions about the near-term outlook for North American natural gas supply. The Board continues to monitor this situation and will report on the Canadian outlook later in 2002. In fact, with today's emphasis on market solutions wherever possible, rather than regulatory solutions, the importance of the Board's market monitoring and information work is increasing. The Board is responding to this need with new information products.

Economic efficiency embodies regulatory efficiency. Changes in the pipeline business give cause for the Board to reconsider specific aspects of pipeline regulation and in this report we describe possible alternatives to the traditional approach, toward ensuring that adequate capacity is built on time and where it is needed. In keeping with regulatory efficiency, I am pleased to report that the Board worked over the past year with other boards and agencies to develop a cooperation plan for a coordinated review of potential applications to construct a northern pipeline. In addition, as we discuss in this report, the Board seeks to sustain regulatory efficiency by maintaining or reducing application processing times. In several areas, the Board generally met its expectations on this measure. The Board is, however, committed to further improvement in processing efficiencies.

Restructuring of the North American electricity industry has implications for the Board's work through increasing requests for authorizations to export electricity and for the construction and operation of international power lines to accommodate increasing international trade. A monitoring report addressing restructuring and other issues was released in May 2001. This report concluded, among other things, that most electricity markets in Canada seem to be adequately supplied. As well, the report notes that Canadian electricity prices are among the lowest of the industrialized countries. The NEB expects to release another report on electricity markets later this fiscal year.

The NEB meets the evolving needs of the public to engage in NEB matters.

Consulting with Canadians on key matters before the Board is an integral part of the Board's decision-making process. Progress was made on a number of initiatives to ensure this interaction will be effective and efficient. Implementation of our electronic filing

initiative has provided parties with a new means to file and access regulatory information. This system is the principal vehicle the Board will use in meeting the requirements of Government On-Line. We are also refining our approaches to Appropriate Dispute Resolution so that parties have new options for preventing and managing disagreements in addition to traditional approaches such as holding formal public hearings.

The Board issued a Memorandum of Guidance outlining how the Board, in its decision-making processes, will approach the issue of the Crown's fiduciary obligation to consult with Aboriginal peoples.

Next year, we will report using the measures we recently adopted to evaluate our effectiveness in meeting this goal.

In summary, results in 2001-2002 suggest we have made progress toward achieving our goals. On that basis, I believe the NEB has provided significant value to Canadians, and will continue to do so in the future.

Kenneth W. Vollman

Section 2: Agency Context

2.1 Mandate and Regulatory Context

The National Energy Board (NEB) is an independent tribunal with responsibilities under legislation such as the *National Energy Board Act*, the *Canada Oil and Gas Operations Act* (COGOA) and the *Northern Pipeline Act*. Since 1959, the Board has been engaged in the delivery of its mandate in the regulation of pipelines, energy development and trade.

The NEB has mandated regulatory powers under the legislation it administers and the associated regulations (see Appendix D). It also has advisory responsibilities arising from legislation and the Board's own initiatives. These two main responsibilities, summarized in the following table, comprise the NEB's business line.

Table 1 - NEB Responsibilities

Regulatory	Advisory
<p>To regulate, in the public interest, those areas of the oil, gas and electricity industries relating to:</p> <ul style="list-style-type: none">• Construction and operation of pipelines• Construction and operation of international and designated interprovincial power lines• Transportation, tolls and tariffs of pipelines• Exports of oil, gas and electricity and imports of oil and gas• Oil and gas activities on frontier lands not subject to a federal/provincial accord	<p>To provide advice to the Minister of Natural Resources Canada on the development and use of energy resources by:</p> <ul style="list-style-type: none">• Monitoring the energy sector• Providing advice to the federal government• Issuing public reports

An effective regulatory framework is an important aspect of a well-functioning society. Protection of the public interest in safety, environmental protection and economic efficiency is a primary role of both government in general and the NEB specifically. Thus the NEB has defined its corporate purpose:

We promote safety, environmental protection and economic efficiency in the Canadian public interest while respecting individuals' rights and within the mandate set by parliament in the regulation of pipelines, energy development and trade.

In line with its purpose the NEB has established its vision:

We will be a respected leader in safety, environmental and economic regulation.

2.2 Social and Economic Factors

As indicated in Table 1, the NEB's main responsibilities are energy regulation and provision of advice, including the monitoring of energy markets. These responsibilities are discharged in a dynamic environment driven by social, economic and technological change. Over the reporting period a number of key developments affected the NEB.

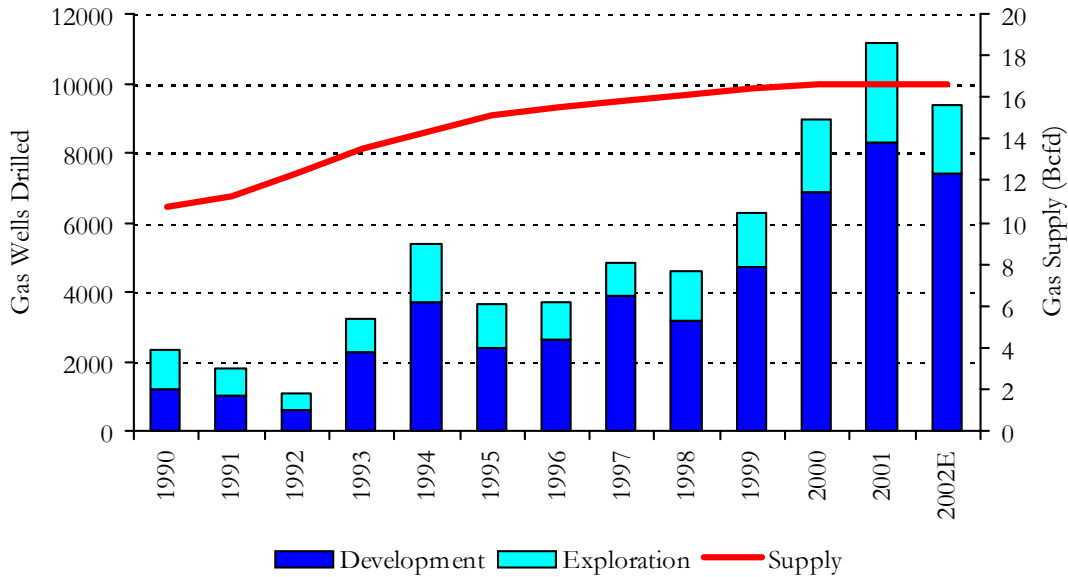
Recent court decisions dealing with Aboriginal rights issues continue to provide guidance regarding the requirements and obligations of both the Crown and companies with respect to consultation with Aboriginal peoples, whose rights may be impacted by resource development activities. As the case law regarding the obligation to consult continues to evolve and Aboriginal groups take a greater interest in Board processes, the Board, like other government departments and agencies, is challenged to establish policies and practices to respect the rights of Aboriginal peoples while considering other public interests. In this regard, the Board released a Memorandum of Guidance (MOG) on Consultation with Aboriginal Peoples in March 2002. This MOG outlines the approach the Board intends to take in respect of projects that may potentially interfere with Aboriginal rights.

The North American electricity industry continues to restructure. In the context of the NEB's regulation of the electricity industry, which pertains to the construction and operation of international power lines (IPLs) and authorization of electricity exports, the most important current development is the formation of Regional Transmission Organizations (RTOs). This refers to an initiative spearheaded by the U.S. Federal Energy Regulatory Commission (FERC), which would lead to the consolidation of transmission entities in the U.S. to promote inter-regional trade and facilitate competition in bulk power markets. Given the international nature of the electricity transmission grid, RTOs are expected to have some influence on electricity trade and decisions on where international transmission infrastructure might be built. The timing for the formation of RTOs is still somewhat uncertain, as is the exact form of Canadian participation.

As the result of a federal court decision in March 2001, the Board undertook to reassess the environmental information it requires for authorizing electricity exports. The time required to consider the implications of the court's decision caused significant delays in processing subsequent electricity export applications. Based on guidance from the court, an interim solution has been implemented and application processing times have returned to more normal levels. However, third party interest in electricity exports is increasing as evidenced by the increase in submissions.

The outlook for natural gas supply is an emerging concern given the expected near-term growth in North American gas demand. While drilling activity in conventional areas over the past year has been unprecedented, production does not appear to be increasing (Figure 1). This highlights the importance of finding and developing incremental supplies in the conventional producing regions, prospective developments in the North and possibly off the East Coast. The Board continues to monitor and report on the outlook for Canadian gas supply.

Figure 1 - Western Canada Natural Gas Supply and Drilling Activity



Increased concerns by Canadians about gas supply are also illustrated by expressions of interest in Québec for a connection to the Maritimes and Northeast Pipeline, which would enable direct access to alternative supplies from the East Coast, and a request by the Province of New Brunswick for the NEB to alter the method it uses to assess exports of natural gas.

From the NEB’s perspective, the events of 11 September 2001 heightened the awareness of the need to ensure the security of Canada’s natural gas and oil pipeline infrastructure. The Board engaged in discussions with pipeline companies about security measures and found that most pipelines were proactive in addressing the issue. The Board also worked in cooperation with the Office of Critical Infrastructure Protection and Emergency Preparedness and other federal and provincial agencies to ensure a coordinated response to the security issue.

Changes in the pipeline infrastructure present both opportunities and challenges. In the most general sense, competition is improved when new pipeline connections provide access to new markets or alternative supplies, and consumers are offered more choices and more services. However, pipelines operating under traditional cost-of-service regulation may have difficulty in responding to the new competitive environment. Further, with many choices, the needs of the pipelines and users have become less homogeneous, thus making mutually acceptable agreements more difficult to achieve. NEB actions on these issues are addressed in the section on Goal 3.

The Board makes decisions on energy projects that directly affect the industry. These decisions also affect energy consumers, landowners along pipeline and international power line (IPL) rights of way and anyone who lives in the vicinity. A balanced approach

to decision making requires that the Board have due regard to social, economic and environmental issues associated with these projects. Escalating public concern is evident in Board proceedings. For example, the Sumas Energy 2 Inc. electric generation project has raised public concern regarding air quality in the lower Fraser River Valley; this project is associated with an international power line application. Similar concerns have been raised regarding an application to construct a natural gas pipeline from Washington State under the Georgia Strait to serve electric generation facilities on Vancouver Island (GSX Canada Pipeline Project or GSX).

The NEB is committed to working in a collaborative manner with other regulatory agencies to ensure that energy projects only proceed when all the public interests are considered. In 2001, the Board invested considerable effort working with other regulatory authorities to define the regulatory process for anticipated applications for a major gas pipeline from the North. In cooperation with the Canadian Environmental Assessment Agency (CEAA), the Board also laid the groundwork for reviewing the GSX project. In May 2001, a National Energy Policy was proposed in the U.S. An important aspect of the policy was increased international cooperation between Canada and the U.S., which would lead to increased integration of the two markets. One implication of the policy was the need for additional transportation infrastructure to support expanded oil and gas resource development and increased electricity trade. The NEB participated in trilateral meetings with regulators from the U.S. and Mexico to consider measures to improve cooperation in trade among the three countries, specifically with respect to electricity.

2.3 Performance Reporting

The NEB contributes to the realization of the overarching goals of the federal government. As outlined in the Speech From the Throne, 31 January 2001, the Government will continue to work with Canadians in creating and sharing opportunities to enhance the quality of life for all. A framework for reporting performance with a quality-of-life dimension is provided in *Canada's Performance 2001*.¹ That report provides specific societal indicators under four basic themes:

- economic opportunities and innovation in Canada
- the health of Canadians
- the Canadian environment
- the strength of Canadian communities

A significant element of the concept of quality of life is protecting the public interest through safety, environmental and economic regulation. It is within this sphere that the NEB has important contributions to make in terms of overall government objectives.

¹ *Canada's Performance 2001, Annual Report to Parliament*, President of the Treasury Board.

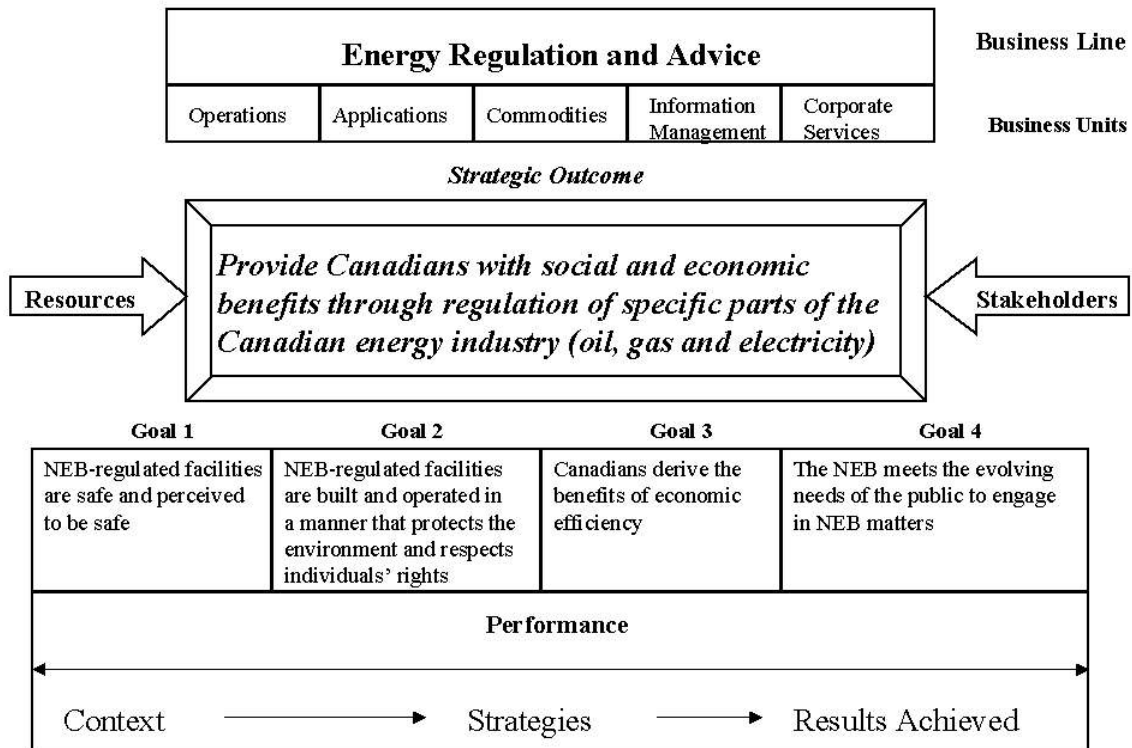
Canada's Performance 2001 also provides a reporting framework based on the premise that Canadians have a right to know **what** governments are trying to achieve, **why** governments believe certain activities contribute to their objectives, and **how** governments plan to measure whether they are achieving their objectives.

The NEB has developed a robust performance framework over the past several years that is consistent with this premise (refer to Section 2.4). Four strategic goals indicate what the NEB is trying to achieve. The identified strategies and major actions indicate why specific activities move the NEB toward those goals, and measures have been developed on how to monitor progress. Results for each goal are reported in Section 3.2.

2.4 Results Framework

The NEB Results Framework is based on five Business Units contributing to the realization of the organization's overall strategic outcome. The Board has one strategic outcome: *to provide Canadians with social and economic benefits through regulation of specific parts of the Canadian energy industry (oil, gas and electricity)*. This outcome is the expected result of all the ongoing activities of the NEB. It represents a long-term result to be achieved through the collaborative efforts of various levels of government, industry and stakeholders. In support of the strategic outcome, the NEB has developed four strategic goals. The strategies and measures for each goal, as outlined in the *Report on Plans and Priorities 2001-2002*, represent the focus for performance reporting at the NEB. This framework is depicted in the following figure:

Figure 2 - Managing for Results Framework



Section 3.2 of this report presents the achievements of the NEB toward reaching the four goals, for the period ending 31 March 2002. Section 3.3 contains performance information regarding horizontal themes and management initiatives.

2.5 Agency Spending

The National Energy Board program constitutes one business line, Energy Regulation and Advice, focussed on realizing a single strategic outcome. The resources used in working toward achieving this outcome for fiscal year 2001-2002 are summarized in the following table:

Table 2 - Resources Used

National Energy Board		
Planned Spending	\$29,877,000	286 FTEs ²
Total Authorities	\$33,290,464	286 FTEs
2001-2002 Actual	\$33,002,201	281 FTEs

For a comparison with spending in previous years see Appendix A, Table 3.

² Full-time equivalents.

Section 3: Performance Accomplishments

3.1 Introduction

This section describes the outcomes resulting from strategies implemented in 2001-2002. These outcomes either are direct or may be inferred from the measures indicating progress toward the achievement of the four strategic goals.

3.2 Strategic Goals

3.2.1 Goal 1

NEB-regulated facilities are safe and perceived to be safe.

Context

As the designers, builders and operators of their facilities, NEB-regulated companies have the greatest control over and the primary responsibility for the safety of their facilities. The role of the NEB in this context is to promote safety by ensuring that a comprehensive regulatory framework which encourages companies to maintain or improve their performance is in place. This regulatory framework includes:

- developing regulations
- assessing new facilities applications for associated safety and environmental issues
- monitoring safety and compliance through inspections and audits
- investigating incidents to determine whether regulations need to be modified and whether regulatory action is required to ensure safety.

Safety levels measured today reflect not only current ongoing maintenance and repair activities, but also reflect the impacts of decisions and actions that were taken during the design and construction of the facilities. The NEB regulates many different types of facilities, from gas processing plants to gathering and transmission pipelines. Pipelines, which account for the majority of the facilities regulated by the NEB, carry a large assortment of products and traverse many different environments and topographies. This requires a flexible regulatory framework which can accommodate many different significant factors.

The NEB's move to goal-oriented regulation promotes the use of management systems and facilitates proper management of the unique risks and issues associated with each facility. Management systems provide a comprehensive framework for planning and implementing safety and environmental activities. Regular internal reviews, which are an integral part of management systems, provide the mechanism for continual improvement of programs and procedures and resultant improvements in safety and operations.

Strategy

- Move towards goal-oriented regulation to improve the industry's ownership of safety performance by promoting the use of safety and environmental management systems.

Results Achieved

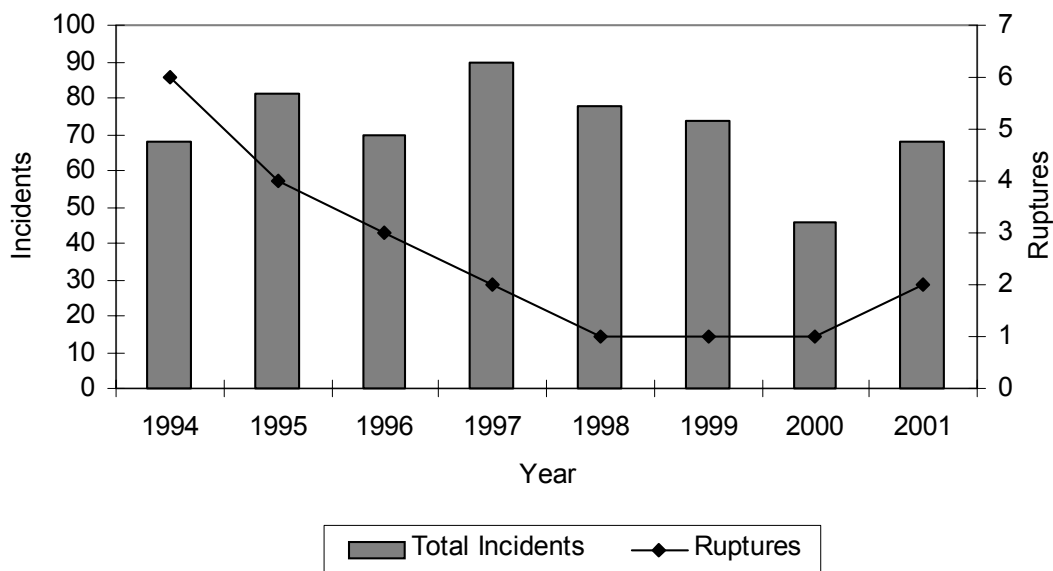
The NEB uses a number of indicators to measure its progress in meeting Goal 1.

Pipeline Systems

For pipeline systems, the NEB uses the number of pipeline ruptures, the number of incidents and the number of fatalities which have occurred in the calendar year. The Board's *Onshore Pipeline Regulations, 1999* (OPR-99) require pipeline companies to provide this information.

One of the most important indicators the Board uses to measure safety performance is the number of pipeline ruptures (Figure 3). These major failures pose the greatest risk to the public and the environment. In 2001 there were two ruptures on NEB-regulated pipelines, an increase from the three previous years. Another two ruptures occurred in April and May 2002. The increase in ruptures is of major concern to the Board. In 2002-2003, the NEB will be conducting 15 risk-based focussed audits relating to pipeline integrity and emergency response programs. These audits will be based on the results of the developmental work on the implementation of OPR-99 which was conducted during the 2001-02 fiscal year.

Figure 3 - Pipeline Incidents and Ruptures



Sixty-eight pipeline incidents were reported in 2001 (Figure 3). While this is significantly higher than the 47 incidents reported in 2000, it is still lower than the average of 77 during the previous seven years. The rise in incidents in 2001 relative to the previous year is attributed to a concerted effort to improve the reporting by Board-regulated companies. While 68 incidents were reported, there were no fatalities.

In comparison with the United States pipeline network, taking into account the differing reporting requirements, in 2001 NEB-regulated pipelines had an incident rate of approximately 32 percent less for hazardous liquids and 52 percent less for natural gas transmission pipelines.

Exploration and Production

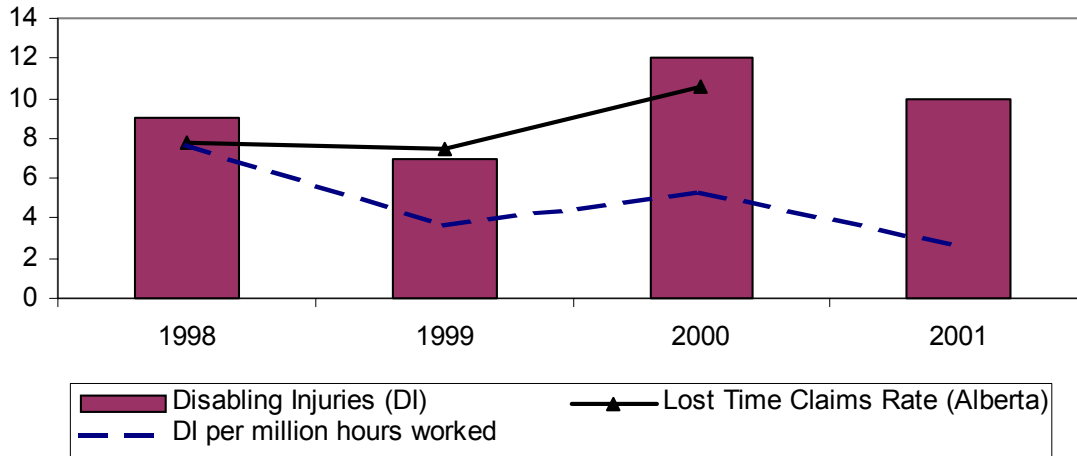
With respect to oil and gas resource development operations north of the 60th parallel, which the NEB regulates under COGOA, the indicators are the number of fatalities, well blowouts and hazardous occurrences, as defined by the *Canada Oil and Gas Occupational Safety and Health Regulations*.

In March 2001, a fatality occurred in the Northwest Territories when a worker died as the result of an accident on a seismic drilling rig. The NEB investigated the accident and, in October 2001, issued a Safety Advisory to operators identifying the hazard and advising them to modify either their equipment or procedures to further reduce the hazard. The NEB has followed up on this recommendation with inspections.

In February 2002, another fatality occurred in the Northwest Territories, as the result of a traffic accident on an ice road leading to a drilling rig. The Board investigated and issued a Safety Advisory to ensure companies are adequately prepared for work in the harsh northern environment. NEB inspections will be increased.

The number of hazardous occurrences increased from 64 in 2000 to 79 in 2001. Most of this increase was related to equipment damage. The number of disabling injuries decreased in 2001 from the previous year even though there was a significant increase in activity. Disabling injuries decreased from 5.3 per million hours worked in 2000 to 2.6 per million hours worked in 2001. These rates are lower than Alberta upstream oil and gas industry lost time rates (Figure 4).

Figure 4 - COGOA Disabling Injuries



Perception of Pipeline Safety

The second aspect of Goal 1 is that pipelines are perceived to be safe. The events of 11 September 2001 heightened awareness of the need to ensure the security of Canada’s natural gas and oil pipeline infrastructure. Following these events, the NEB maintained communications with the Office of Critical Infrastructure Protection and Emergency Preparedness to monitor potential threats to the pipeline infrastructure and had meetings with its U.S. counterparts about various approaches to ensuring the integrity of the pipeline grid. Further, the NEB has worked with the pipeline industry and other government agencies and organizations to define and identify critical facilities and associated expected levels of emergency preparedness.

In general, companies were found to be pro-active in addressing security issues and the NEB is satisfied that Canadian pipeline companies are taking prudent measures to protect the overall security of the pipeline network in Canada. Changes have also been proposed to the *National Energy Board Act* that will support the Board in promoting a secure energy infrastructure.

In January 2002, the NEB contracted a nationally recognized polling company, to conduct a nation-wide survey of 1 200 pipeline right-of-way landowners. The purpose of the survey was to obtain the opinions and positions of landowners with respect to what might be included in the proposed *National Energy Board Damage Prevention Regulations*. Ninety-two percent of the respondents believe pipelines are a “somewhat safe” or “very safe” means of transportation for petroleum products and natural gas. This compares to 62 percent and 56 percent for railroads and tanker trucks respectively. However, two-thirds of the landowners believed that a terrorist attack on pipelines is probable.

Major Actions

- Revise regulations to progress towards goal-oriented regulation.

The NEB continues to develop regulatory instruments incorporating a mix of goal-oriented and prescriptive requirements. Goal-oriented sections are used wherever possible to allow companies to achieve compliance through systems and methods tailored to their unique operations. During the reporting period, the *Canada Oil and Gas Drilling and Production Regulations* and revisions to the *Oil and Gas Occupational Safety and Health Regulations* were undergoing scrutiny at the Department of Justice, pursuant to the *Statutory Instruments Act*. In April 2002, the *National Energy Board Processing Plant Regulations* were forwarded to the Minister for pre-publication in Canada Gazette Part I and miscellaneous amendments to regulations made under the *Canada Oil and Gas Operations Act* were submitted for publication in Canada Gazette Part II.

A number of regulations and guidance notes were under active review and development during the reporting period including the proposed *National Energy Board Damage Prevention Regulations*, the *Onshore Pipeline Regulations, 1999*, the *Canada Oil and Gas Diving Regulations* and the *Guidance Notes for the Onshore Pipeline Regulations, 1999 - Amendment 1*.

The proposed *Damage Prevention Regulations* will eventually govern all activities which could potentially damage a pipeline, including vehicle and mobile equipment crossings. The proposed new regulations will apply to pipeline companies as well as a significant number of Canadians that own land crossed by a pipeline or who undertake activities that could damage a pipeline.

- Continue the planning and implementation of an NEB Safety Management Program.

As part of its efforts to improve the efficiency and effectiveness of its safety and environmental management activities, the NEB integrated its Safety Management Program with its Environmental Management Program into the Safety and Environmental Management System (SEMS) and contracted an independent party to conduct a gap analysis of its current undertakings. The analysis indicated that the NEB has a well-developed SEMS with many of the required elements of an ISO 14001/OHSAS 18001 management system in place.³ It was noted that health and safety hazards associated with NEB-regulated pipelines are dealt with in detail by the NEB while the management of internal health and safety hazards are in development. Based on the results of the gap analysis, the NEB is developing an action plan to close the identified gaps. Work on the action plan will continue into 2002-03.

³ International Standard ISO 14001:1996 adopted as CAN/CSA-ISO 14001-96 and British Standards Institute: Occupational Health and Safety Management Systems - Specification OHSAS 18001:1999.

- Expand the capability of the NEB's Environmental and Safety Information Management System (ESIMS).

The Environmental and Safety Information and Management System (ESIMS) database has been developed for recording and tracking environmental and safety issues relating to the construction and operation of NEB-regulated facilities. The first module of the ESIMS was implemented in May 2000. In 2001, additional modules were added for the tracking of pipeline audit findings and well and seismic inspection data for lands subject to the COGOA.

- Continue to implement OPR-99 and adjust the Board's approach to its compliance and audit programs.

The NEB completed three audits of pipeline companies under its jurisdiction in 2001, pursuant to the OPR-99. All findings have been accepted by the companies and they have implemented action plans to address deficiencies.

For more detailed performance information pertaining to compliance monitoring, incident investigation and the development of goal-oriented regulations, please refer to the NEB Annual Report 2001, pp. 24-30.

3.2.2 Goal 2

NEB-regulated facilities are built and operated in a manner that protects the environment and respects individuals' rights.

Context

Goal 2 expresses the Board's strong commitment to the protection of the environment and respect for individuals' rights in the construction and operation of regulated pipelines and facilities.

In 2001-2002, the Board assessed the environmental and socio-economic impact of 99 facilities-related projects which were submitted for approval pursuant to Part III of the NEB Act. The Board also ensures that the applications it receives are assessed in compliance with the *Canadian Environmental Assessment Act* (CEAA). For the majority of projects under the NEB's mandate, an environmental screening is carried out under the CEAA. However, certain applications require that a Comprehensive Study Report (CSR) assessing environmental issues be completed and approved by the Minister of the Environment before the regulatory process can proceed. In 2001, the NEB was the lead responsible authority for two applications that required a CSR.

During construction and operation, NEB inspectors conduct environmental monitoring inspections to evaluate the success of reclamation and to verify compliance with project approvals and associated project conditions. In addition, the NEB conducts

comprehensive pipeline audits to evaluate compliance with the goal-oriented OPR-99. Goals contained within the OPR-99 align with the technical, safety and environmental requirements for all stages of a pipeline's life cycle. NEB-regulated companies now have an opportunity to select the most appropriate method to meet defined goals and, during audits, demonstrate the adequacy and effectiveness of those methods chosen.

Strategies

- Continued development and implementation of the Environmental Management Program (EMP).
- Development of initiatives to contribute to environmental objectives identified through the EMP.

Results Achieved

In 2001-2002, the Board refined Goal 2 measures which evaluate NEB progress to ensure that NEB-regulated facilities are built and operated in a manner that protects the environment.

Construction: Desired End Results (DER)

Environmental conditions are attached to project approvals to address specific environmental issues associated with a project. To date, it has been difficult to quantify whether NEB conditions are effective in protecting the environment. The NEB has begun to define the DER so that not just compliance to the environmental condition is evaluated, but also the achievement of the DER will be assessed.

The NEB uses this information to improve the clarity and effectiveness of conditions that it places on facility approvals. In 2001, information received indicated that 56 percent of environmental conditions achieved their DER while four percent did not. The remaining conditions were not yet due for reporting purposes. Further work is being done to standardize the reporting of this information.

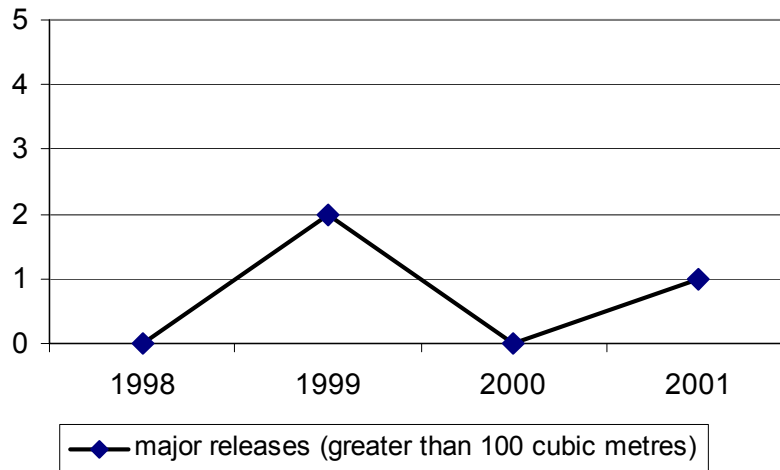
Also in 2001, a new standard condition was implemented requiring an officer of the company to report that compliance has been achieved once a facility is on-stream and reclamation has been completed. This condition encourages companies to pro-actively develop their own compliance monitoring system and gives the NEB the ability to focus on projects of high risk.

Operations: Major Releases

Existing NEB-regulated facilities operating under approved conditions and permits should have no major releases to the air, land or water. The NEB uses the number of major releases to the environment as a key indicator of the success of operating facilities. In 2001-2002, one major release occurred, approximately 100 cubic metres of crude oil,

onto a farm in southern Ontario (Figure 5). NEB inspectors worked with the Transportation Safety Board to investigate the incident and to ensure that protective measures were put in place to avoid recurrence.

Figure 5 - Major Releases to the Environment During Operations

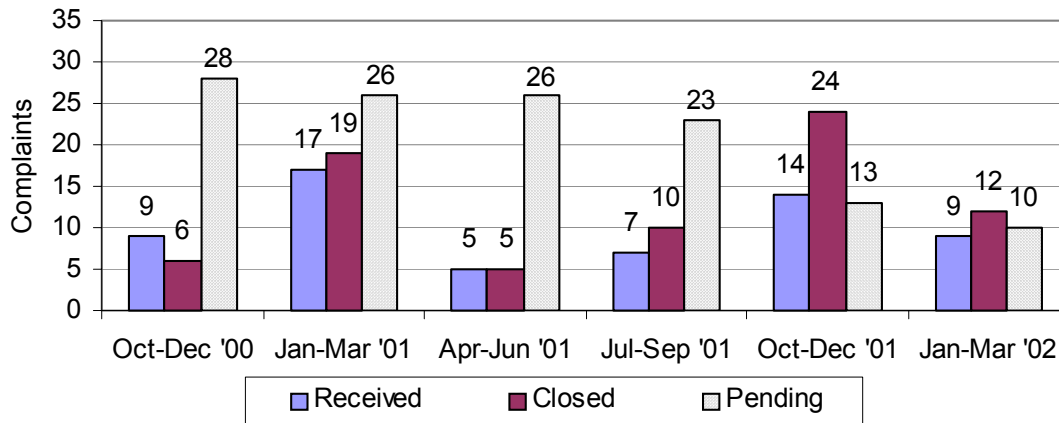


In trying to benchmark environmental results against other organizations, the NEB has found that very little environmental performance data is readily available. Efforts are being made through Canadian energy associations to identify appropriate environmental performance indicators.

Rights of Individuals: Landowner Complaints

The second part of Goal 2 recognizes that it is imperative to respect the rights of individuals. The NEB has a comprehensive landowner program in place with an effective process for responding to landowners who may have concerns about environmental or safety issues. During 2001 through early 2002, the number of pending files (outstanding complaints) declined significantly as the number of complaints that were resolved and closed exceeded new complaints that were received (Figure 6).

Figure 6 - Landowner Complaints



Major Actions

- Carry out the Implementation and the Measuring and Evaluation elements of the EMP.

Implementation of the EMP continued in 2001-2002 with the combining of safety and environmental management system efforts to create an integrated Safety and Environmental Management System (SEMS) (refer to Goal 1).

- Carry out initiatives based on the environmental objectives identified through the EMP.

Environmental objectives originally identified through the EMP were completed through a number of NEB initiatives. The efficiency of the NEB’s environmental assessment review process was improved through a corporate project which defined and documented environmental information requirements expected to be considered when reviewing an application. This initiative is expected to be continued in 2002-2003 with a formal review and update of the NEB *Guidelines for Filing Requirements*. The quality of environmental inspections and pipeline audits was improved through the formal documentation of comprehensive NEB environmental inspection and pipeline audit procedures. Compliance monitoring of NEB approvals and conditions was improved through increased availability and utilization of the Environmental and Safety Information Management System (ESIMS), an internal database designed to capture inspection and pipeline audit results.

- Improve the ESIMS, if and where necessary, to provide measurements related to selected environmental and safety performance indicators.

In 2001-2002, ESIMS was utilized as the primary tool to track compliance with environmental conditions issued on facility approvals. This system allows conditions to be tracked for compliance and evaluated for completeness. As of December 2001, more

than 800 conditions on over 185 pipeline construction projects have been tracked and evaluated using ESIMS.

- Prepare for renewed activity in the Canadian North.

As a regulatory agency with environmental assessment responsibilities, the NEB continues to play a lead role in contributing to defining the information requirements for evaluating a natural gas development proposal in the Northwest Territories (NWT). In March 2001, 12 organizations holding regulatory and environmental assessment responsibilities in the Mackenzie Valley jointly released a document entitled *Guidance on Provision of a Preliminary Information Package for Gas Development in the NWT*. This document provides proponent guidance on preparing and submitting a preliminary information package. By December 2001, the organizations had completed a draft co-operation plan for a co-ordinated review of any proposal submitted for the construction of a northern gas pipeline through the NWT. This blueprint for regulatory co-operation will enhance the effectiveness, transparency, and timeliness of environmental assessment and regulatory decision-making.

For more detailed information regarding the development of environmental and safety management programs and regulatory decisions and environmental assessments, please refer to the NEB Annual Report 2001, pp. 24-30.

3.2.3 Goal 3

Canadians derive the benefits of economic efficiency.

Context

The Board influences economic efficiency by making regulatory decisions, providing energy market information and improving the efficiency of regulatory processes.

As explained in Section 2.1, the Board is responsible for: approving natural gas, oil, natural gas liquids and electricity exports; approving the construction and operation of interprovincial and international pipelines and IPLs; and approving the tolls and tariffs on interprovincial and international pipelines. The basis of the Board's approach to the authorization of exports is to ensure that Canadians have access to natural gas, oil, natural gas liquids and electricity on similar market terms and conditions, i.e., to ensure that markets are functioning properly.

With respect to pipeline regulation, the Board believes that market solutions generally provide the lowest possible cost and broadest consumer choice. Where market solutions are not possible, regulatory solutions should strive to produce outcomes that provide the benefits normally associated with competitive markets.

The Board also informs the public about energy market trends on an ongoing basis. Providing and interpreting energy market information contributes to the efficient operation of energy markets and thus helps the Board achieve this goal. Finally, in the context of the NEB's operations, economic efficiency embodies regulatory efficiency. This includes: reducing regulatory barriers; streamlining regulatory processes and effectively coordinating these processes with other agencies, when appropriate; and striving to minimize costs incurred by parties.

Strategies

- Monitor and report publicly on energy markets and their functioning.
- Pro-actively prepare for regulatory change.

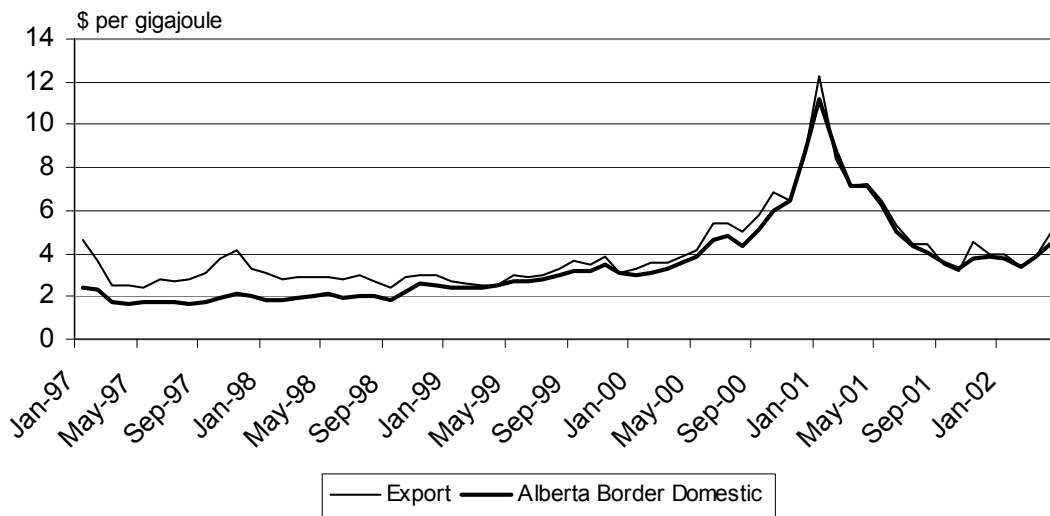
Results Achieved

To gauge the success of the Goal 3 strategies, the Board utilizes two main measures. The first of these is:

Evidence that Canadian energy markets are working well.

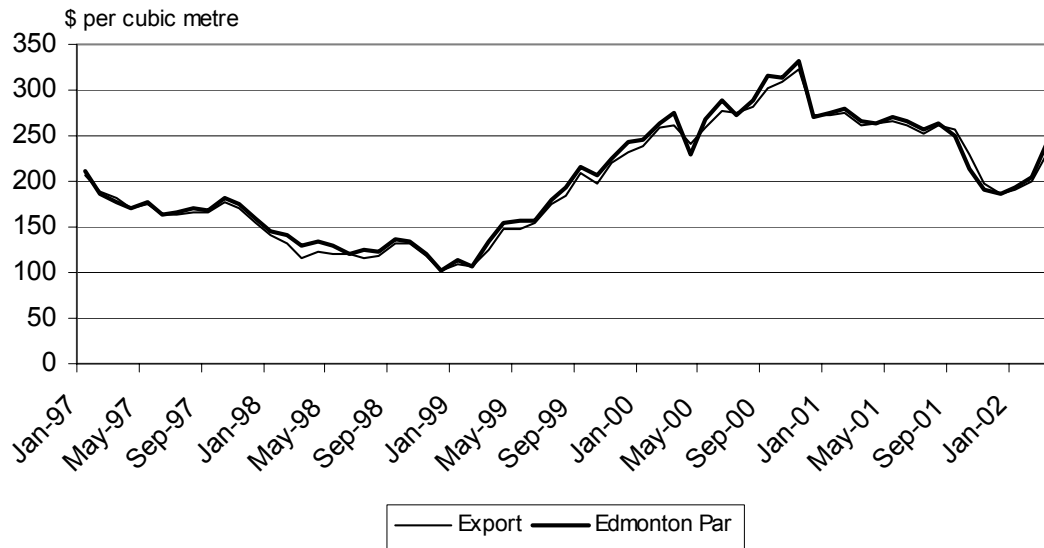
A key indicator that Canadians are receiving the benefits of economic efficiency is that Canadians can obtain gas on similar terms and conditions, including price, as export customers. In the context of the North American market, this means that prices paid for gas in the domestic market should be essentially the same as for gas sold into the export market. Price trends over the past several years indicate that domestic and export prices have been converging, and have been very close over the past three years (Figure 7).

Figure 7 - Natural Gas Export Prices and Domestic Prices at the Alberta Border



A similar relationship exists between the domestic and export prices for crude oil, which again demonstrates that Canadians have access to Canadian crude oil on price terms at least as favourable as export customers (Figure 8).

Figure 8 - Crude Oil Prices at Edmonton



The Board also monitors electricity markets; however, the use of price data to support a conclusion that markets are functioning properly is somewhat more difficult due to the lack of functioning open markets in many parts of the country.

Another measure of the efficient operation of markets is the adequacy of oil and gas pipeline capacity to move these commodities from producing regions to consumers. The Board is satisfied that adequate capacity existed on all major pipeline corridors, although in early 2001 there may have been tightness in capacity on the Duke Energy system (formerly operated by Westcoast Energy Inc.) in the B.C. Lower Mainland. It is noted that Duke has applied to the NEB to expand its system.

In addition, the Board assessed the functioning of energy markets in 2001-2002 in two Energy Market Assessment (EMA) reports (refer to major actions below) and a technical report on conventional heavy oil resources.

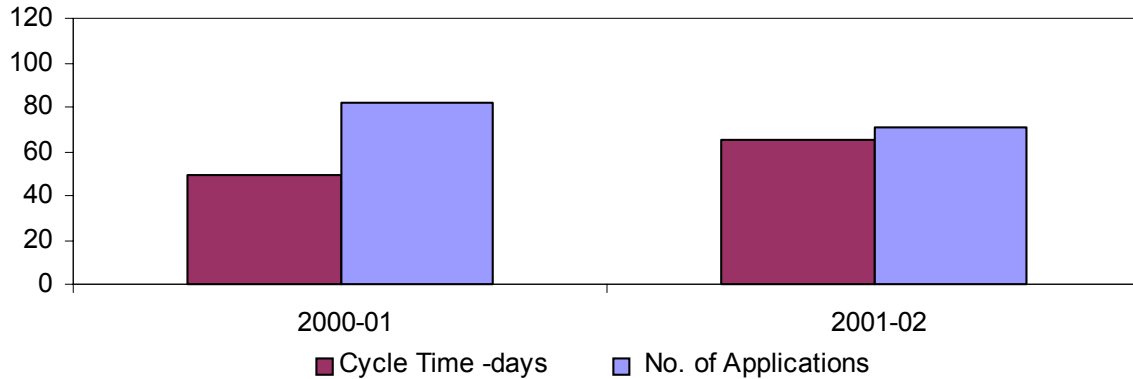
These reports are available at the Board's Web Site, at www.neb-one.gc.ca.

The second main measure to assess Goal 3 strategies is:

Application processing times are maintained or reduced.

The NEB compiles data on cycle times (the time between the receipt of an application and the rendering of a Board decision) to track the number, type and processing times of the applications it receives. It also analyses the data to help pinpoint areas requiring attention.

Figure 9 - Average Cycle Times for Non-Hearing Facilities Applications (Section 58)



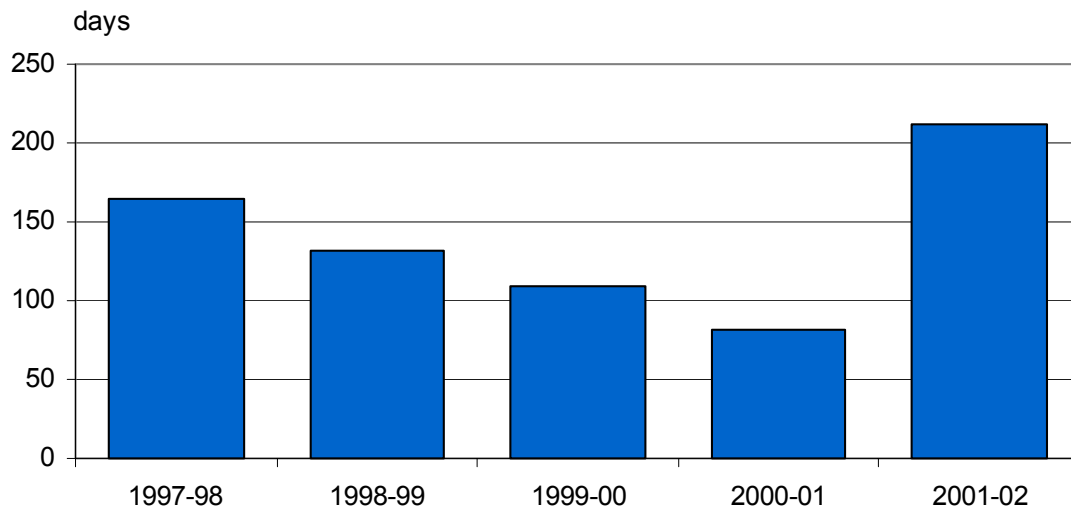
In 2001-02 the NEB processed 71 facilities applications filed pursuant to section 58 of the NEB Act, down from 82 in 2000-01. Over the same period, the average cycle time for processing these applications increased to 65 days from 49 days (Figure 9). Part of the reason for the decrease in number of applications and increase in processing times is related to the implementation of the Board’s streamlining order XG/XO-100-2000 in October of 2000. With the implementation of the streamlining order, regulated companies are no longer required to file applications for low-risk projects that are carried out on station property; consequently, the remaining applications tend to be those that are more complicated in nature. While this may account for part of the increase in cycle times, the Board will be examining all the factors with the intention of improving processing efficiencies.

The NEB strives to be at least as efficient as other regulatory agencies. Comparisons are, however, difficult as there is no directly comparable regulatory agency. One imperfect measure of comparison with respect to section 58 applications may be with the U.S. Federal Energy Regulatory Commission (FERC). The FERC, in its *Annual Performance Report For Fiscal Year 2001*, reports that it processed certificates to build new gas pipeline facilities faster than targeted time frames. As an example of performance, FERC reports that its target for “cases that involve no precedential issue and are unopposed” was the completion of 82 percent of the cases within 159 days, and FERC actually completed 82 percent of such cases within 136 days. FERC’s target for “cases that involve no precedential issues and are protested” was the completion of 82 percent of the cases within 304 days, and FERC achieved the 82 percent in 200 days. These are not directly comparable with NEB data for section 58 applications, but suggest that the NEB results of an average of 49 days in 2000-2001 and an average of 65 days in 2001-2002 are within a reasonable range.

Average cycle times for non-hearing electricity export applications increased to 210 days in 2001-2002 compared with 80 days the previous year. In both years the NEB processed 10 applications (Figure 10). These higher cycle times were the eventual outcome of a federal court decision in March 2001, which overturned an NEB approval of a blanket electricity export authorization for BC Hydro. The Board faced a regulatory challenge in appropriately considering the environmental impacts associated with these types of exports. Under a blanket permit authorization, the specific source(s) of the production and the volumes to be exported may not be known, which poses difficulties in assessing the environmental impact. The time required to assess the implications of the court's decision and to develop an interim solution resulted in significant delays in processing subsequent electricity export applications.

As a result of implementing an interim solution, which comprised obtaining supplemental information from export applicants, processing times early in 2002-2003 have returned to a more normal level (60 to 90 days). The Board plans to implement changes to its Memorandum of Guidance,⁴ as it pertains to electricity exports, to address this issue on a longer term basis. The Board also plans to streamline internal processing of less complex electricity export applications to further improve its delivery of regulatory results.

Figure 10 - Average Cycle Times for Non-Hearing Electricity Export Applications



Cycle times remained about the same in 2001-2002 as the previous year for applications on frontier lands pursuant to the NEB's responsibilities under the COGOA. The average for 2001-2002 was 24 days for 73 applications compared with 23 days for 82 applications the previous year.

⁴ Memorandum of Guidance to Interested Parties Concerning Full Implementation of the September 1988 Canadian Electricity Policy (Revised 26 August 1998).

It is expected that the Board's Electronic-Filing system (refer to Goal 4) will increase regulatory efficiency by expediting the treatment of information pertaining to applications, thus reducing the costs for all participants in these proceedings.

Major Actions

- Closely monitor the functioning of the natural gas market and produce annual assessments (e.g., Energy Market Assessments [EMAs] for natural gas).

The Board monitors the North American natural gas market on an ongoing basis. This includes assessment of the key factors influencing prices, supply, domestic demand and exports. Quarterly reports by staff to the Board ensure the most recent intelligence is conveyed. Information is shared with the public through Board Member and staff presentations at conferences and in other public fora. In 2001-2002, Board Members and senior staff spoke at several major conferences in Canada and in the U.S.

Information on exports is made available at the Board's Website. In 2001-2002 work was undertaken which will result in the release of a natural gas markets EMA well before the start of the 2002-2003 heating season.

In May 2001, the NEB published *North American Natural Gas Liquids Pricing and Convergence*. The report noted that high natural gas prices in late 2000 to early 2001 impacted natural gas liquids (NGL) prices and affected how NGLs were valued and used in the market place.

- Initiate public consultations on a comprehensive report on the outlook for energy supply, demand and pricing in Canada (the supply/demand report).

The NEB consulted with a number of representatives from industry, associations and public interest groups toward identifying the key drivers and issues underpinning the long-term energy outlook. Based on this information, the Board staff commenced developing alternative long-term energy scenarios for a major report in 2003.

- Publish an Electricity EMA.

Canadian Electricity Trends and Issues provided a province-by-province analysis of demand and generation trends, trade, electricity pricing and regulatory developments. The report concluded that provincial electricity markets seem to be adequately supplied and that consumer prices have been generally stable over the past several years, with the exception of Alberta in late 2000 and early 2001 where prices rose due to a tight supply situation.

- Prepare for major regulatory events, including the expected filing of an application for a natural gas pipeline from the North.

Steps taken toward rationalization of the regulatory processes for a potential northern pipeline application are addressed in Goal 2, including partnering with other agencies to reduce overlap and preparing for the unique issues to be addressed.

- Explore and implement new regulatory approaches as appropriate (e.g., alternative dispute resolution).

For several years the Board has encouraged and supported the establishment of tolls and tariffs on the basis of negotiated settlements, subject to Board guidelines. This streamlined process has resulted in cost savings to all parties involved by reducing the number of costly and confrontational public hearings. This process has been very successful, with only the most difficult-to-resolve toll and tariff issues coming before the Board for arbitration.

An example of the difficulty that may arise was the TransCanada Pipelines Limited (TCPL) tolls settlement which was subject to renegotiation 2000-2001. While TCPL and most of its shippers were able to arrive at a settlement for a tolling structure, this was not sufficient under the Board guidelines, which required unanimous acceptance or, at least, no opposition. Subsequently, the settlement was approved by the Board following a hearing in 2001-2002. This settlement excluded the determination of the fair rate of return, which was to be considered in a separate proceeding.

As competition in the pipeline industry increases, the NEB is challenged to develop, in conjunction with stakeholders, alternative regulatory approaches which best fit the needs of all interested parties. Currently under consideration are modifications to the NEB guidelines for settlements and appropriate dispute resolution (refer to Goal 4).

Another challenge posed to the NEB by the restructuring of markets was the request by the Province of New Brunswick for the Board to apply the Market-Based Procedure, specifically the complaints procedure, in the Board's consideration of applications for short-term export orders pertaining to East Coast natural gas. This is the subject of a hearing in 2002-2003.

More comprehensive information regarding economic efficiency is presented in the NEB Annual Report 2001, pp. 31-35 .

3.2.4 Goal 4

The NEB meets the evolving needs of the public to engage in NEB matters.

The Board is continuing to enhance the opportunities available to Canadians to participate in Board matters. Through its public engagement program, the Board has adopted a set of guiding principles for all of its interactions with the various groups, companies and individuals who wish to participate in Board processes. The program also provides a forum for continual learning so that Board employees can build the necessary skills and gain experience required to further enable effective public involvement. The Board also intends to build upon the work completed during the year to design and implement communications strategies and tools that will assist the Board's overall public engagement efforts.

Strategy

- Enable Canadians to effectively participate in Board matters.

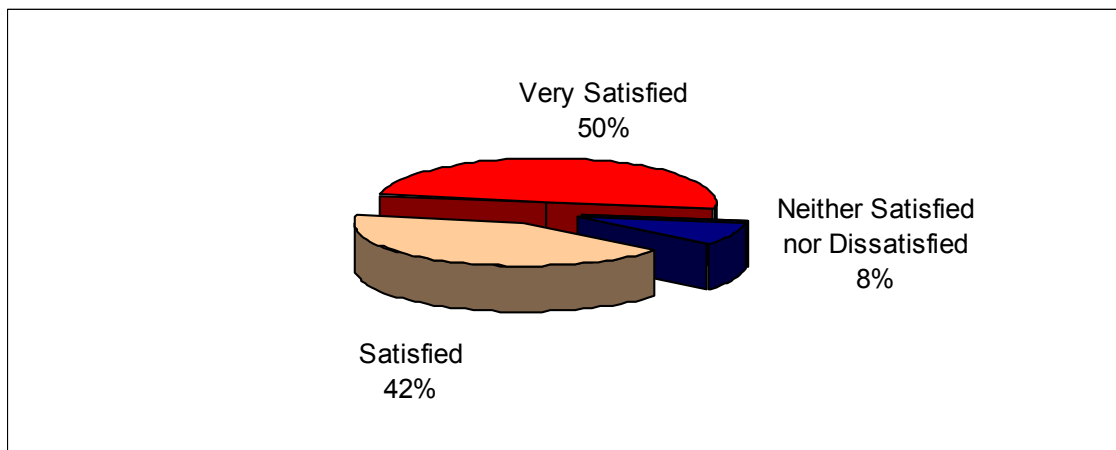
Results Achieved

The main measure used to indicate success with respect to the Goal 4 strategy is:

Client Satisfaction with NEB Services.

A survey of hearing participants was conducted in 2001-2002 with regard to their perception of NEB hearing processes and the opportunity to participate. While the sample size was small, 92 percent of participants were satisfied or very satisfied with their interaction with the NEB (Figure 11).

Figure 11 - Client Satisfaction with NEB Interaction



Major Actions

- Implementation of Electronic Filing.

Electronic Filing (E-Filing) is the principal vehicle the NEB will use in meeting the requirements of Government On-Line. E-Filing commenced 19 February 2002 and is operating effectively. Outside parties are now able to file regulatory information electronically and anyone can access this information on-line. Also posted to the site are all Board documents pertaining to a particular regulatory application or other matters, such as letters or memoranda of guidance to regulated companies.

A comprehensive review of the Electronic Regulatory Filing project (the predecessor to E-Filing) resulted in the Board's decision to choose a more cost-effective approach. As a result, the Board decided to adopt Portable Document Format (PDF) technology for posting documents electronically, rather than the Standard Generalized Markup Language (SGML) technology previously used by the Board in partnership with the Ontario Energy Board. PDF allows users to submit information more quickly and easily, often resulting in time and cost savings.

Access to the electronic filing site is via the NEB Website, www.neb-one.gc.ca.

- Redesign of the NEB Website.

In conjunction with the recent changes in Electronic Filing, the Board also redesigned its Website to meet the federal government's Common Look and Feel standards. These changes have resulted in an updated site that is easier to navigate and provides enhanced access to Board information.

Further improvements to the Board's Website are planned in the future, as the Board strives to meet Government On-Line requirements and to provide Canadians with efficient access to up-to-date and relevant information.

- Development of Appropriate Dispute Resolution Options.

This year the Board launched the Appropriate Dispute Resolution (ADR) project to explore new options for preventing and managing disagreements. Using a collaborative approach to designing ADR, the Board intends to have initial discussions with various parties and will use the input received to develop new options for dealing with disputes. The goal is to design approaches that reflect the particular needs and concerns of all interested parties.

These efforts will add to earlier work done by the Board to design flexible approaches in handling disputes among parties, including the Mediation Practice Direction that was adopted last year following consultation with landowners and landowner associations, industry associations and regulated companies.

- Development of Regulations.

In keeping with the Government of Canada's requirement to consult with Canadians in the development of regulations, the Board launched a comprehensive consultation program on the proposed *National Energy Board Damage Prevention Regulations* (refer to Goal 1). These regulations will eventually govern all activities which could potentially damage a pipeline, including vehicle and mobile equipment crossings. Board staff consulted with representatives of regulated companies, industry associations, special interest groups and the public on various aspects of the proposed regulations. To obtain feedback from the public, the Board commissioned a survey of landowners across the country. Many of these landowners agreed to provide their names and mailing addresses to permit further communication with the Board on issues of concern.

- Consultation with Aboriginal Peoples.

In March 2002, the Board issued a Memorandum of Guidance (MOG) on Consultation with Aboriginal Peoples. In April 2002 the Board issued further guidance to regulated companies detailing the nature of information that should be filed with applications where the proposed project has the potential to interfere with Aboriginal rights.

- Board Member Visits.

In May 2001, Board Members met informally with a number of NEB stakeholders in Atlantic Canada. The purpose of these meetings was to share information and build relationships. Over a week-long period, Board Members had meetings with several government departments and agencies, associations, companies and Aboriginal and public interest groups. A constructive dialogue occurred. A key message the Board received from Aboriginal and public interest groups was the need for more information on how the Board operates and guidance on how they might participate in Board processes.

Refinement of Goal 4 Measures

During the year, the Board reviewed and revised the measures formerly developed to evaluate its effectiveness in meeting Goal 4. The practice of consulting with Canadians is an integral component of the Board's decision-making process. The following new Goal 4 measures will help shape priorities and performance measurement in the years ahead:

- breadth of public engagement mechanisms employed by the Board
- number of new technologies used to improve access to NEB processes and information
- extent to which the Board consults with target groups leading to collaboration on "guides to public engagement"
- stakeholder satisfaction with NEB process and information services.

Over the next fiscal year, the Board intends to further refine these measures so that the initiatives taking place to achieve success in public engagement can be more easily measured and reported publicly.

More information regarding public information services, public consultation and landowner engagement is presented in the NEB Annual Report 2001, pp. 36-39.

3.3 Horizontal Themes and Management Issues

3.3.1 Sustainable Development

It can be shown that the NEB promotes sustainable development on the basis of the generally accepted principle that sustainable development means “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” This in turn requires integrating environmental, economic and social considerations.

For example, Section 52 of the NEB Act states that the Board shall, in making its decisions on the issuance of certificates to construct pipelines, be “... satisfied that the pipeline is and will be required by the present and future public convenience and necessity...” and that “... the Board shall have regard to all considerations that appear to it to be relevant ...” including “any public interest that may be affected ...”. The Board typically assesses environmental, economic, market and social considerations in making decisions, as well as matters pertaining to safety.

The NEB has committed within its Environmental Policy to promote sound environmental decision-making throughout its activities, consistent with the principles of sustainable development. Furthermore, as a step toward sustainable development (as noted in the discussion under Goal 1 and Goal 2) the Board has continued in 2001-2002 with the implementation of an integrated Safety and Environmental Management System (SEMS), based on ISO 14001 principles and OHSAS 18001. As described earlier, the SEMS is used to: set priorities; establish work plans; and promote continual improvement in achieving positive safety and environmental results.

Another example of how the Board promotes sustainable development is with respect to its authorizations for exports of natural gas, crude oil and electricity. The NEB discharges its responsibilities by the Market-Based Procedure for long-term gas exports and Fair Market Access tests for oil and electricity. The concept underlying these mechanisms is that efficient (competitive) markets will best ensure that the current and future needs of Canadians are met. Toward this end, the Board monitors energy markets and provides information on the current state and outlook for these markets in the form of Energy Market Assessments and notably, in the Board’s periodic long-term outlook for Canadian energy supply and demand.

Implementing the principles of sustainable development is also illustrated through the NEB’s daily activities. This includes the Board’s participation in the Alberta Common Services Council Committee on Sustainable Development, a committee contributing

toward the development of sustainable operating practices. Over the past ten years Board staff have participated in the annual Calgary Transit Commuter Challenge and have won the event each year in its corporate category.

3.3.2 Partnerships

The NEB cooperates with other government regulatory departments and agencies to carry out its regulatory advisory functions. A summary of these arrangements, including brief descriptions, is contained in Appendix E.

The benefits gained by Canadians, as the result of NEB's proactively engaging other agencies and organizations, result from:

- reduced duplication, thereby resulting in more efficient use of resources
- providing services to other government departments to help them achieve better outcomes by utilizing the NEB's expertise
- augmenting the NEB's capabilities to regulate, provide advice and monitor energy markets
- developing the capability to deal with complex issues arising in large projects (e.g., a pipeline from the North); this requires exploiting diverse experience and expertise from a number of organizations toward a common end
- continual assessment of NEB's internal processes and improvement through continual learning
- furthering the objectives of the Government of Canada by international cooperation on energy matters
- affirming the NEB's vision to be a respected leader in safety, environmental and economic regulation.

3.3.3 Management Initiatives

The NEB is an active partner with the Treasury Board Secretariat on major change initiatives towards the development of citizen-focused government. During 2001-02, progress has been made in the areas of the Service Improvement Initiative, Government of Canada On-Line, Modern Comptrollership, Improved Reporting to Parliament and Development of an Exemplary Workplace, but much work remains to be done in these areas.

Under the Service Improvement Initiative (SII), the NEB continued as a member of the Alberta Federal Council Service Committee, a sub-committee of the Alberta Federal Council. This committee brings together federal departments and agencies that are required to improve the delivery of services, with a goal of at least a ten percent improvement in client satisfaction by 2005. The NEB participated in training workshops on the SII held in Edmonton and Calgary for member departments. The NEB also invited a member of the Treasury Board Secretariat regional executive to make a presentation to Board Members and staff on the SII.

Work continued in order to meet the Government On-Line initiative, principally with respect to the NEB's E-Filing initiative and redesign of the Board's Website (refer to Goal 4).

Under the Modern Comptrollership and Improved Reporting to Parliament initiatives, the Financial Information Strategy (FIS) initiative was launched and the NEB became FIS compliant effective 1 April 2001. The capacity check phase of the Modern Comptrollership initiative is scheduled to commence in early 2002-03 with a contract in place for PricewaterhouseCoopers to do the capacity assessment work. Building on efforts of previous years, much work has been done on a new time reporting system as a component of the Integrated Management Systems project. This system is due to be implemented at the NEB in early 2002-03. Additionally, much work has been done in preparation for making the financial management system and budgetary and expenditure control system resident on the desk top of every cost centre manager. The result will be more timely information and an improved capability to manage resources.

During 2001-02, work also continued on the project to implement position and job family competencies in response to identified gaps and vulnerabilities from the program integrity initiative review. The job families in the Program Delivery Business Units had their competency frameworks implemented in this fiscal period and the remainder of the job families had their competency frameworks developed for implementation in the next fiscal period.

Under the Development of an Exemplary Workplace initiative, work at the NEB continues as a vanguard department in the government-wide Modernization of Travel program and in preparation for HR modernization.

3.3.4 Procurement

Where possible, the NEB purchases a portion of the supplies for its operations from aboriginal companies. Consistent with the Procurement Strategy for Aboriginal Business Achievements, the NEB establishes annual performance targets and assesses and seeks out opportunities to increase these purchases. In 2001, the Board surpassed its objective for the dollar value of contracts awarded by 57 percent.

Appendix A: Financial Information

A. Financial Overview

The National Energy Board continually strives to improve the efficiency and effectiveness of its operations and to rationalize costs related to agency performance. The Board's operating budget is directly affected by activity levels in the Canadian energy sector. In addition to the Board's planned expenditures of \$29.9 million, the Board carried forward \$1.3 million from 2000-01 and received supplementary funding in the amount of \$2.1 million for a total of \$33.3 million in appropriations. The supplementary funding of \$2.1 million was required to cover \$1.1 million for additional operating resources, \$0.8 million for compensation for collective bargaining, and \$0.2 million to cover adjustments to the Employee Benefit Plan (EBP).

The Financial Tables that follow present an overview of the National Energy Board's 2001-2002 financial performance. It should be noted that the Contingent Liabilities Table is not included in this year's report since there were no significant liabilities as of March 31, 2002.

Table 1 - Summary of Voted Appropriations

Table 2 - Comparison of Total Planned to Actual Spending

Table 3 - Historical Comparison of Total Planned Spending to Actual Spending

Table 4 - Revenue

B. Financial Tables

Table 1 - Summary of Voted Appropriations

Financial Requirements by Authority (\$millions)				
Vote	National Energy Board	2001-2002		
		Planned Spending	Total Authorities	Actual
30	Operating Expenditures	25.9	29.1	28.8
(S)	Employee Benefit Plan (EBP)	4	4.2	4.2
Total NEB		29.9	33.3⁽¹⁾	33.0

1 The difference between planned spending and total authorities is attributable to: \$1.3 carry forward from 2000-01; \$1.1 million for additional operating resources; \$0.8 million for compensation for collective bargaining; and \$0.2 million for EBP adjustments.

Table 2 - Comparison of Total Planned to Actual Spending

Agency Planned versus Actual Spending (\$millions)			
National Energy Board	2001-2002		
	Planned	Total Authorities	Actual
FTEs	286.0	286.0	281.0
Operating	29.9	33.3	33.0
Capital	-	-	-
Voted Grants & Contributions			
Total Gross Expenditures	29.9	33.3	33.0
Less:			
Respendable Revenues ⁽¹⁾	-	-	-
Total Net Expenditures	29.9	33.3	33.0
Other Revenues & Expenditures			
Non-respendable Revenues ⁽²⁾	(30.6)	(30.6)	(31.3)
Cost of Services Provided by Other Departments	4.7	4.7	5.3
Net Cost of Program	4.0	7.4	7.0

1 These revenues were formerly called "Revenues Credited to the Vote".

2 These revenues were formerly called "Revenues Credited to the General Government Revenues (GGR)".

Table 3 - Historical Comparison of Total Planned Spending to Actual Spending

Agency Planned versus Actual Spending by Business Line (\$millions)					
	Actual 1990-00	Actual 2000-01	2001 - 2002		
			Planned Spending	Total Authorities	Actual
National Energy Board	31.5	30.6	29.9	33.3	33.0
Total	31.5	30.6	29.9	33.3	33.0

Table 4 - Revenue

Non-respondable Revenues (\$millions)					
	Actual 1999-00	Actual 2000-01	2001 - 2002		
			Planned Revenues	Total Authorities	Actual
National Energy Board	28.2	30.7	30.6	30.6	31.3
Total Non-respondable Revenues ⁽¹⁾	28.2	30.7	30.6	30.6	31.3

1 These revenues were formerly called "Revenues Credited to the General Government Revenues (GGR)".

Appendix B: Regulatory Initiatives

This table presents a summary of the regulatory initiatives currently in progress.

Regulatory Instrument	Expected Result
<i>Processing Plant Regulations</i>	<p>Less prescriptive, more goal-oriented regulations for NEB regulated facilities.</p> <p>More onus placed on companies for facility safety and increasing the importance of audits by the regulator.</p>
<i>National Energy Board Pipeline Crossing Regulations, Parts I & II; and the Damage Prevention Regulations</i>	<p>Less prescriptive, more goal-oriented regulations for NEB-regulated facilities, to more effectively address safety in the proximity of pipelines.</p>
<i>National Energy Board Cost Recovery Regulations</i>	<p>Regulations that are considered to provide a fair distribution of the NEB's operational costs.</p>
<i>Canada Oil and Gas Diving Regulations; Newfoundland Offshore Area Petroleum Diving Regulations; and Nova Scotia Offshore Area Petroleum Diving Regulations</i>	<p>Less prescriptive, more goal-oriented regulations for activities under the <i>Canada Oil and Gas Operations Act</i>.</p> <p>To mirror regulations under the Accord Implementation Acts.</p> <p>Updated and harmonized regulations for diving activities in support of oil and gas programs in frontier lands.</p>
<i>Canada Oil and Gas Drilling and Production Regulations; Newfoundland Offshore Area Oil and Gas Drilling and Production Regulations; and Nova Scotia Offshore Area Oil and Gas Drilling and Production Regulations</i>	<p>Amalgamation of <i>Canada Oil and Gas Production and Conservation Regulations</i> and <i>Canada Oil and Gas Drilling Regulations</i>.</p> <p>Updated and streamlined administration.</p>
<i>Onshore Pipeline Regulations, 1999</i>	<p>Modifications to the existing Regulations arising from experience and authority gained on pressure vessels and pressure piping matters.</p>
<i>Oil and Gas Occupational Safety and Health Regulations</i>	<p>Updated regulations to conform with the <i>Canada Occupational Safety and Health Regulations</i> under the <i>Canada Labour Code</i>.</p>

<p><i>Omnibus Changes to Frontier Regulations</i></p>	<p>Incorporation of recommendations made by the Standing Joint Committee for the Scrutiny of Regulations on numerous regulations under the COGOA and under the Accord Implementation Acts.</p>
<p><i>Canada Oil and Gas Certificate of Fitness Regulations; the Nova Scotia Offshore Certificate of Fitness Regulations; and the Newfoundland Offshore Certificate of Fitness Regulations</i></p>	<p>Updated regulations to include an additional certifying authority and definitions for onshore and offshore areas.</p>
<p><i>Canada Offshore Oil and Gas Installation Manager Regulations; Newfoundland Offshore Oil and Gas Installation Manager Regulations; and Nova Scotia Offshore Oil and Gas Installation Manager Regulations</i></p>	<p>New regulations that are acceptable to the accord area provinces regarding qualification of Offshore Installation Manager.</p>

Appendix C: Regulatory Reporting

These tables present a summary of NEB Public Hearings and Non-Hearing Applications from 1 April 2001 to 30 March 2002.

Oral Hearings	Results	Outcomes
Westcoast Energy Inc. (MH-1-2001)	Hearing held from 9 to 12 April 2001 in Chetwynd, British Columbia. Decision issued on 12 April Decision issued on 25 October.	On 12 April, the Board decided not to permit Westcoast to reopen its Pine River Gas Plant Sulphur Pipeline. The Board had issued an order on 16 March 2001, following a number of fires on the pipeline, directing WEI to stop all work on the pipeline, except work required in an emergency situation, and to cease operating the pipeline pending further order of the Board. On 25 October, the Board decided that Westcoast could safely continue work on the Pine River Gas Plant Sulphur Pipeline and reopen the pipeline for operation.
Enbridge Pipelines Inc. (OH-1-2000)	Hearing held on 19 and 20 March, in Calgary, Alberta Decision issued on 15 May 2001.	Approved the construction of approximately 123 kilometres (76 miles) of pipeline over three separate construction segments located between its Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal.
BC Gas Utility Ltd. (RH-2-2001)	Hearing held from 10 to 12 September in Vancouver, B.C. Decision issued on 1 November 2001	The Board decided on the tolls that BC Gas will pay for service on Westcoast Energy Inc.
Maritimes & Northeast Pipeline Management Ltd. (RH-3-2001)	Hearing held from 11 to 25 October in Dartmouth, Nova Scotia. Decisions issued on 8 and 15 November 2001.	Approved 2001/2002 tolls.
TransCanada PipeLines Limited (RH-1-2001)	Hearing held from 18 September to 2 October in Calgary, Alberta. Decision issued on 15 November 2001.	Approved 2001/2002 tolls and tariff issues and the Mainline Service and Pricing Settlement.

Petro-Canada GH-3-2001	Hearing held on 19 November Calgary, Alberta. Decision issued on 20 December 2001.	Approved the construction of approximately 71 kilometres (44 miles) of natural gas pipeline from Medicine Hat, Alberta to near Burstall, Saskatchewan.
TransCanada PipeLines Limited (RH-4-2001)	Hearing held from 27 February to 4 April 2002 in Calgary, Alberta. Decision Pending.	Application for approval of the cost of capital to be included in the calculation of the Company's mainline tolls for the years 2001 and 2002.
Cedars Rapids Transmission Co. (EH-1-2002)	Hearing held on 26 and 27 March 2002 in Dorval, Quebec. Decision Pending.	Application to replace 71 kilometres (44 miles) of an existing 72.8 kilometre (45 mile) international power line from Les Cèdres generating station in Quebec to an export point near Cornwall, Ontario.
Written Hearings	Results	Outcomes
Westcoast Energy Inc. (GH-3-2000)	Decision issued on 10 April 2002.	Approved the purchase of approximately 67.6 kilometres (42 miles) of pipeline and associated facilities from AEC Oil & Gas Co. Ltd. in the Maxhamish area of northeast British Columbia.

Non-Hearing Applications and Other Matters	Number of Decisions
Pipeline Matters	310
Frontier Matters	131
Traffic, Tolls and Tariff Matters	15
Natural Gas Matters	166
Electricity Matters	29
Oil Export Matters	125
Natural Gas Liquids Export Matters	105
Other Matters	15

Appendix D: Legislation Administered

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

Acts

<i>National Energy Board Act</i>	R.S.C. 1985, c. N-7
<i>Canada Oil and Gas Operations Act</i>	S.C. 1992, c. 35
<i>Canada Petroleum Resources Act</i>	R.S.C. 1985, c. 36 (2 nd suppl.)
<i>Canadian Environmental Assessment Act</i>	S.C. 1992, c. 37
<i>Canada Labour Code (Part II)</i>	R.S.C. 1985, c. L-2
<i>Energy Administration Act</i>	R.S.C. 1985, c. E-6
<i>Northern Pipeline Act</i>	R.S.C. 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>	C.R.C., Vol. XI, c. 1058
<i>Oil Product Designation Regulations</i>	SOR/88-216
<i>Onshore Pipeline Regulations</i>	SOR/99-294
<i>Part VI (Oil and Gas) Regulations</i>	SOR/96-244
<i>Electricity Regulations</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
<i>National Energy Board Order No. MO-62-69</i>	C.R.C., Vol. XI, c.1055
<i>National Energy Board Rules of Practice and Procedure, 1995</i>	SOR/95-208
<i>Pipeline Arbitration Committee Procedures</i>	SOR/86-787

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

Canada Oil and Gas Certificate of Fitness Regulations SOR/96-114

Canada Oil and Gas Diving Regulations SOR/88-600

Canada Oil and Gas Drilling Regulations SOR/79-82

Canada Oil and Gas Installations Regulations SOR/96-118

Canada Oil and Gas Geophysical Operations Regulations SOR/96-117

Canada Oil and Gas Production and Conservation Regulations SOR/90-791

Canada Oil and Gas Operations Regulations SOR/83-149

Oil and Gas Spills and Debris Liability Regulations SOR/87-331

Regulations Pursuant to the *Canadian Environmental Assessment Act*

Law List Regulations SOR/94-636

Inclusion List Regulations SOR/94-637

Comprehensive Study List Regulations SOR/94-638

Exclusion List Regulations SOR/94-639

Federal Authorities Regulations SOR/96-280

Regulations Respecting the Coordination by Federal Authorities of Environmental Assessment Procedures and Requirements SOR/97-181

Regulations Pursuant to the *Mackenzie Valley Resource Management Act*

Preliminary Screening Requirement Regulations SOR/99-12

Exemption List Regulations SOR/99-13

Mackenzie Valley Land Use Regulations SOR/98-429

Regulations Pursuant to the *Canada Labour Code Part II*

Canada Occupational Safety and Health Regulations SOR/86-304

Oil and Gas Occupational Safety and Health Regulations SOR/87-612

Safety and Health Committees and Representatives Regulations SOR/86-305

Appendix E: Cooperation with Other Government Regulatory Departments and Agencies

The following table summarizes the various initiatives of the Board and its cooperation with other departments and agencies to reduce regulatory overlap, provide more efficient regulatory services and assist with monitoring of energy markets.

Initiative and Partners	Key Result Commitment	Planned Results 2001-2004	Results 2001-2002
1. Memorandum of Understanding (MOU) with Mackenzie Valley Environmental Impact Review Board (MVEIRB)	Enhanced cooperation and timeliness of environmental assessments, wholly and partly in the Mackenzie Valley.	Streamline environmental assessment processes for northern projects; and mutual assistance in technical matters.	NEB participated with the MVEIRB and other boards and agencies in developing a draft coordination plan for the environmental impact assessment and regulatory review of a northern natural gas pipeline project.
2. MOU with Natural Resources Canada (NRCan), Energy Sector (Energy Policy Branch)	Strengthen the analytical capacity of both organizations; achieve efficiencies and economies.	Cooperate in sharing energy market data and information; developing energy supply and demand models; and undertaking energy market studies.	Provided resources and technical assistance toward developing and implementing a new energy model to assist with assessing the long-term energy outlook.
3. MOU with NRCan, Energy Sector (Energy Resources Branch)	Enable energy resource development and conservation, on specific lands pursuant to the COGO Act and CPR Act.	Provide technical services as required with respect to the regulation of oil and gas exploration, development and pipelines.	The NEB provided technical assistance related to three regulatory instruments pertaining to frontier oil and gas development.
4. MOU with Indian and Northern Affairs Canada (INAC)	Enable energy resource development and conservation in specific areas pursuant to the COGO Act and the CPR Act.	Provide technical services as required with respect to the regulation of oil and gas exploration, development and pipelines.	The NEB provided technical assistance related to three regulatory instruments pertaining to frontier oil and gas development.
5. Services Agreement with Yukon Territory Department of Economic Development (DED)	Enable energy resource development and conservation pursuant to the <i>Canada Yukon Oil and Gas Accord</i> .	Provide technical services as required with respect to oil and gas exploration, development and pipelines.	The NEB provided technical assistance with respect to three resource development projects, as requested by DED.

6. Northern Pipeline Agency (NPA)	Ensure that respective responsibilities with respect to the <i>Northern Pipeline Act</i> are discharged.	Provide advice and technical assistance to the NPA as required.	The NEB provided technical advice and assistance as requested.
7. <i>Canadian Environmental Assessment Agency</i> (CEAA)	Cooperate to ensure that respective mandates with respect to environmental protection are achieved and reduce any duplication of regulatory processes.	Participate in implementing any legislated changes to the CEA Act resulting from the 5-year Review over the planning period.	The NEB participated at both the senior management level and regional level with CEAA staff on several environmental assessment issues, including Bill C-19 and proposed related regulation amendments.
8. British Columbia Ministry of Energy and Mines (BCMÉM), Common Reserves Data Base	Commitment to maintain the reserves data base and pursue other areas of cooperation.	Reduce duplication of effort and provide consistency of information to Canadians with respect to energy resources and reserves.	NEB and BCMÉM agreed to undertake a joint study of natural gas resources in the B.C. area of the Western Canada Sedimentary Basin (WCSB), for completion after 2004.
9. Alberta Energy and Utilities Board (EUB), Common Reserves Data Base	Commitment to maintain the reserves data base and pursue other areas of cooperation.	Reduce duplication of effort and provide consistency of information to Canadians with respect to energy resources and reserves.	NEB and EUB agreed to undertake a joint study of natural gas resources in the Alberta area of the WCSB, for completion in 2003-2004.
10. Canadian Association of Members of Public Utility Tribunals (CAMPUT)	Promote understanding of regulatory issues in Canada.	Organize, attend and speak at CAMPUT events. Promote learning among CAMPUT members.	NEB provided Board Member and staff support to CAMPUT events and coordination of CAMPUT's <i>National Overview of Regulatory Issues</i> .
11. National Association of Regulatory Utility Commissioners (NARUC), U.S.	Promote understanding of regulatory issues in North America.	Organize, attend and speak at NARUC events. Promote learning among NARUC members.	NEB provided Board Member support by presentations at two NARUC-sponsored regulatory education programs.

12. Cooperation with Mexican regulatory body (CRE)	Enhance information exchange and regulatory expertise in the North American context.	Cooperate in sharing regulatory expertise and experience. Annual bilateral meetings on natural gas and electricity regulatory matters.	CRE participated in an NEB workshop on the energy supply and demand outlook. CRE and NEB staff worked jointly on two papers for the North American Energy Working Group on the regulation of international power lines and electricity exports (also with the U.S. FERC, below).
13. Cooperation with other countries	Promote, through informal means, understanding of regulatory issues throughout the world.	Cooperate in sharing regulatory expertise and experience.	The NEB and EUB received a letter of interest from the regulator Gosgortekhnadzor of Russia to cooperate on sharing regulatory expertise and experience, and a possible agreement is currently under discussion.
14. MOU with the Canadian Transportation Safety Board (TSB)	Roles and responsibilities of each body are stipulated regarding investigations of pipeline incidents.	Undertake collaborative investigations and provide mutual assistance. Utilize resources efficiently.	The NEB held discussions with the TSB on possible regulatory amendments to harmonize requirements relating to incidents and spills.
15. MOU with the EUB on Pipeline Incident Response	Mutual assistance in relation to incidents within Alberta.	Faster and more effective response.	There were no incidents in Alberta that required the MOU to be implemented.
16. Common approach to oil and gas regulations on frontier lands. NEB, Canada-Newfoundland Offshore Petroleum Board (C-NOPB), Canada-Nova Scotia Offshore Petroleum Board (CNSOPB), NRCan	Identification of issues and commitment to work cooperatively on matters of mutual interest.	Common position on release of seismic data. Parallel processing and adaptation of frontier regulations. Move toward goal-oriented regulation for frontier lands.	NEB staff participated in discussions related to the release of seismic data. NEB staff provided technical assistance in the development of three parallel regulations for the Accord area.

17. Pipeline Technical Regulatory Authorities Council of Canada (PTRACC)	Enhanced cooperation with provincial oil and gas regulators toward common treatment of pipeline safety and environmental matters of mutual interest.	Identify issues. Discuss approaches. Draft documents toward common solutions.	The NEB coordinated five meetings in three different cities across Canada. At each meeting, key issues were shared and harmonization of technical requirements was discussed.
18. Canadian Coalbed Methane Forum. NEB, BCMEM, Canadian Geological Survey of Canada, AGS, various industry and service companies	Cooperation between industry and governments for the safe and efficient development of CBM in Canada.	Better understanding of technical and regulatory impediments to the development of this potentially large gas resource.	Through presentations by industry to NEB and others, improved understanding of CBM prospects was gained.
19. MOU with Human Resources Development Canada (HRDC) Respecting Application and Enforcement of the <i>Canada Labour Code</i>	Achieve efficiencies and economies in the effective inspection and audit of federally-regulated pipeline companies' health and safety programs, and strengthen the technical capacity of both agencies relating to health and safety matters.	Cooperate in sharing health and safety information and enforcement data. Develop effective regulations and regulatory requirements. Undertake comprehensive inspections and audits.	NEB staff attended senior management level and regional level interdepartmental meetings, as well as provided quarterly enforcement data. The NEB provided technical assistance in the development of appropriate regulations for the offshore regime. NEB staff appointed as Health and Safety Officers conducted over 100 inspections.
20. U.S. Federal Energy Regulatory Commission (FERC)	Exchange information and regulatory expertise from the perspective of a national regulator in the North American context.	Bi-lateral and bi-annual meetings on natural gas and electricity regulatory matters.	Shared information on several natural gas and electricity regulatory matters. Worked jointly on two papers for the North American Energy Working Group, pertaining to the regulation of international power lines and electricity exports (also with CRE above). Compared and assessed agency performance information.
21. Office of Critical Infrastructure Protection and Emergency Preparedness (OCIPEP)	Contribute to national security by helping to identify critical facilities.	Work with EUB and OCIPEP to identify critical pipeline and other energy facilities infrastructure.	Worked with EUB and OCIPEP to identify critical pipeline and other energy facilities infrastructure.

Appendix F: Agency Organization

Structure and Personnel

The Board is structured into five business units, reflecting major areas of activity: Applications; Commodities; Operations; Corporate Services and Information Management. These units are the equivalent of service lines in Treasury Board terminology. Three teams, Legal Services, Professional Leadership, and the Secretary of the Board, provide specialized services to the five business units.

Business Unit Descriptions

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 and IV of the NEB Act, corresponding to facilities, tolls and tariffs. Applications is also responsible for the financial surveillance and audits of NEB-regulated pipelines. The Business Leader of Applications is accountable for this Unit.

Commodities

The Commodities Business Unit is responsible for assisting the Board in fulfilling its mandate through energy industry and marketplace surveillance, including the outlook for the demand and supply of energy commodities in Canada, the updating of guidelines, and regulations relating to energy exports as prescribed by Part VI of the NEB Act. It is also responsible for the disposition of applications for exports of gas, oil and natural gas liquids, imports of natural gas and the disposition of applications concerning electricity exports and international power lines. The Business Leader of Commodities is accountable for this Unit.

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, investigates accidents, 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. The Business Leader of Operations is accountable for this Unit.

Corporate Services

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

Information Management

The Information Management Business Unit is responsible for developing and implementing an information management strategy for the Board and disseminates the information required by external stakeholders. The Business Leader of Information Management is accountable for this Unit.

Legal Services

The Legal Services Team provides legal advice for both regulatory and management purposes. General Counsel is accountable for this Team.

Professional Leadership

The Professional Leadership Team has the responsibility for maintaining and enhancing technical expertise within the Board in the economic, environment and engineering fields. Each of the three leaders is accountable for his or her respective professional field.

Regulatory Services

The Regulatory Services Team provides high-level administrative and regulatory support. The Secretary of the Board is accountable for this Team.

NEB Organizational Structure



Appendix G: Other Reports

Annual Report 2001, National Energy Board at www.neb-one.gc.ca for additional information on program results and initiatives.

Appendix H: Contacts for Further Information

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Judith Snider	Vice-Chairman
Gaétan Caron	Chief Operating Officer
Sandy Harrison	Business Leader, Applications
Terrance Rochefort	Business Leader, Commodities
John McCarthy	Business Leader, Operations
Valerie Katarey	Business Leader, Corporate Services
Byron Goodall	Business Leader, Information Management
Judith Hanebury	General Counsel
Michel Mantha	Secretary of the Board
Peter Schnell	Team Leader, Planning and Reporting