



National Energy Board

1997-98
Estimates

A Report on Plans and Priorities
Pilot Document

The Estimates Documents

The Estimates of the Government of Canada are structured in three 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 Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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Approved

Chairman
National Energy Board

Minister
Natural Resources Canada

Foreward

The Improved Reporting to Parliament Project (IRPP) was established within the Treasury Board Secretariat to improve the Expenditure Management information provided to Parliament, and to update the processes used to prepare this information. This is part of a broader initiative to increase the results orientation and increase the transparency of information provided to Parliament known as “Getting Government Right”.

During the period from August 1995 to December 1996, extensive consultations were held with members of Parliament and other key stakeholders to examine options to improve the information provided to Parliament. A clear requirement was identified to improve performance information and to provide planning information that is results oriented, longer term and more strategic in focus, and clearly communicated.

The IRPP has unfolded in three phases. In March, 1996, six departments tabled revised Part III of the Main Estimates documents. These documents responded to requirements to provide a better focus on planning and performance information.

In June 1996, the House of Commons gave its concurrence to expand the pilot project and to test the tabling of separate planning and performance documents. In October, 1996, sixteen departments tabled performance reports as phase two of the IRPP. These performance reports have been evaluated and found to provide relevant and timely information, with broad support for providing separate performance reports on an ongoing basis.

The Report on Plans and Priorities is being tabled by the same sixteen pilot departments as phase three of the IRPP. These documents, and the separation of planning and performance information will be assessed, and if Parliament agrees, all departments and agencies will move to a spring Report on Plans and Priorities, and a fall Performance Report, with the first complete package of separate performance reports beginning in the fall of 1997.

These documents are available electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs-sct.gc.ca/tb/key.html>

Comments or questions about this document, or the Improved Reporting to Parliament Project, can be directed to the TBS Internet site, or to:

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Section I	
Chairman's Main Messages	1
Section II	
Plans And Priorities	2
A. Summary of Key Plans, Priorities and Strategies	2
B. Departmental Overview	3
B.1 NEB Roles and Responsibilities	3
B.2 Organization and Program Composition	3
B.3 Key Factors Influencing the Program	4
B.4 Corporate Goals	6
B.5 Corporate Strategies	7
B.6 Corporate Resources	9
C. Plans and Priorities by Business Line	10
C.1 Applications Business Unit	10
C.2 Operations Business Unit	12
C.3 Commodities Business Unit	13
C.4 Information Management Business Unit	15
C.5 Corporate Services Business Unit	16
Section III	
Supplementary Information	18

Section I

Chairman's Main Messages

The Board's corporate purpose is to make energy regulatory decisions that are fair, objective and respected. In fulfilling this purpose, we aspire to be recognized, nationally and internationally, as a model energy regulatory tribunal.

We will continue to facilitate innovative approaches to decision-taking, such as negotiated settlements between parties. We will aim to make our information and processes more understandable and accessible to the public. And we shall ensure that our regulatory activity is always relevant to the public interest.

At least in the first half of the planning period, we expect to receive applications for regulatory decisions, many for new pipelines, which will be exceptional for their number and scope. Our objective is to deal with them expeditiously yet thoroughly. We shall be challenged in doing so because our limited-Board Member resources will be affected by retirements in 1997-98, considerable technical analysis will be required and related environmental processes required by law (Canadian Environmental Assessment Act) are complex and evolving. We will be organized and staffed to comprehensively support the Board in this area. Performance will be reflected by timely decision-taking which accounts for and balances all of the related factors in the public interest in proceedings which are fair, understandable and user-friendly.

Because energy development frequently involves multiple jurisdictions, the potential exists for competing or duplicate regulatory processes. Our objective is to work cooperatively with other jurisdictions to provide, wherever possible, "single window" processes and to harmonize technical regulations. Success will be assessed in terms of the minimization of duplication and of regulatory discontinuities.

The ageing of the Canadian pipeline system poses potential threats to public safety and the environment. We shall exercise the Board's statutory authority over the system to foster the development and application, by the pipeline industry, of satisfactory risk management programs in order to mitigate these threats to the greatest practicable extent. In addition, we will exercise vigilance through our audit and inspection functions. Ultimately, success will be measured in terms of a progressive reduction in the number of pipeline incidents.

The next three years will be a time of significant change for the Board, both in terms of internal reorganization and transformation, with respect to its regulatory work and in the way it discharges its roles. We are confident that the Board will become an even more dynamic and adaptable organization, better equipped to serve the public interest in the year 2000 and beyond.

Section II Plans And Priorities

A. Summary of Key Plans, Priorities and Strategies

The National Energy Board (NEB or Board) has a budget of approximately \$30 million, 85% of which is recovered from the industry we regulate. The NEB's Operational Plan Framework describes our activity as energy regulation and advice. The body of this report outlines the key responsibilities and operating context in which it operates. Critical issues affecting energy regulation in Canada in the next several years include: deregulation of energy markets, highly active energy resource development, a shortage of pipeline capacity, increasing concern and public interest in environmental and safety matters, and evolving regulatory philosophies and practices.

Our key goals and strategies at the Corporate & Business Unit levels are to:

Maintain and enhance the quality and timeliness of our regulatory services by:

- examining new approaches to regulation and continuing to take a leadership role in extending market-based regulation;
- actively seeking harmonization and process streamlining, particularly with regard to environmental assessments;
- addressing ageing pipeline systems and related concerns about pipeline integrity through strategic and systematic reviews and monitoring; and
- continuously improving our energy analysis.

Increase our cost effectiveness by:

- making strategic use of information technologies, in particular, through the implementation of the Electronic Regulatory Filing (ERF) initiative;
- reorganizing the NEB along results-oriented business lines and clarifying roles, responsibilities and accountabilities; and
- implementing a new performance management framework to support the improved accountabilities, and provide a clearer focus on results.

Improve our ability to attract, develop and retain highly skilled staff by:

- using more effectively all of the flexibility available to us, including our "Separate Employer Status" (SES), to ensure competitive human resource policies and practices at the NEB;
- transforming the organization to achieve a team-based, participative, results-focused organization with improved rewards and recognition for staff performance; and
- obtaining a flexible bargaining mandate for labour negotiations that is responsive to the realities of the Calgary market.

B. Departmental Overview

B.1 NEB Roles and Responsibilities

The National Energy Board was established by Parliament as an independent federal regulatory agency in 1959. The Board regulates the following specific aspects of the energy industry pursuant to its Act (NEB Act):

- the construction and operation of interprovincial and international pipelines for oil, gas and other commodities; pipeline traffic, tolls and tariffs;
- the construction and operation of international and designated interprovincial power lines;
- the export and import of natural gas; and
- the export of oil and electricity.

In addition, the Board provides energy advice to the Minister of Natural Resources where we have expertise derived from our regulatory functions.

In accordance with the *Canada Oil and Gas Operations Act* (COGO Act), the Board also regulates frontier oil and gas activities in Non-Accord areas.

The Board also has responsibilities under the *Canadian Environmental Assessment Act* (CEA Act), the Canada Labour Code, the *Northern Pipeline Act*, and certain provisions of the *Canada Petroleum Resources Act* (CPR Act).

It deals with approximately 750 applications annually. For major applications, the Board holds public hearings where applicants and interested parties participate. These hearings can be either oral or written. Oral hearings are usually held at locations across Canada where there is a particular interest in the application and which will be most affected by the Board's decision.

The NEB is a quasi-judicial body and a court of record. As such, with regard to attendance, the swearing and examination of witnesses, the production and inspection of documents, and the enforcement of its orders, it has all the powers vested in a superior court of record. The Board's regulatory decisions and reasons for decisions are issued as public documents. Certain decisions pertaining to regulation of frontier oil and gas activities and the Northern pipeline are made by designated officers.

B.2 Organization and Program Composition

The NEB Act provides for up to nine Board Members, including a Chairman, who is the NEB's Chief Executive Officer, and a Vice-Chairman. There are currently six members on strength. The Executive Director is the Board's senior staff member and

Chief Operating Officer. The staff complement was 294 as of December 1996 and is entirely located in Calgary.

The Board is engaged in a process of reorganization and transformation aimed at more effectively delivering results crucial to the Board's mandate while maintaining or improving our high standards of regulatory service.

The organization will change from ten professionally focused branches (eg. Engineering and Economics) to five results-focused Business Units reflecting our five main business lines: Applications, Operations, Commodities, Information Management and Corporate Services. Each of the Business Units is a team headed by a Business Leader. The Executive Director and the Business Leaders comprise the Executive Team. The new organization will be operational by 1 April 1997.

In order to maintain and enhance technical and professional competencies, critical to the role of regulation, we have created four professional leader positions in engineering, economics, environment and energy resources.

B.3 Key Factors Influencing the Program

The Board's corporate purpose is to make energy regulatory decisions that are fair, objective and respected. In fulfilling this purpose, we aspire to be recognized, nationally and internationally, as a model energy regulatory tribunal. We recover about 85% of our costs from the industry we regulate and have operated as an SES agency since December 1992.

We see the following factors as influencing our program:

Increased Industry Activity

1996 was the most active year ever for upstream oil and gas activity in Canada. With current strong producer-prices, this level of activity, which has an indirect effect on the demand for the Board's regulatory services, can be expected to continue. This high level of industry activity has an indirect effect on the demand for the Board's regulatory services.

1997 will therefore be one of our busiest years as companies seek to construct new pipelines, expand existing ones and, in some cases, make associated applications for long term gas export licences.

In addition, we expect an increase in energy developments in areas of Canada unaccustomed to such activities, specifically the Northwest Territories, and the East Coast. This will result in slower than usual cycle times for related regulatory

applications due to participation by interested parties generally unfamiliar with our regulatory processes. It will also require more proactive and innovative approaches to ensure our information and processes are understandable and accessible to interested publics.

The net result of this increase in industry activities will be a significantly greater workload for the NEB, at least over the next few years.

Changing Context for Regulations

In the last two years, the NEB has led a dramatic change in economics regulation, moving away from traditional cost-of-service regulation to negotiated, incentive settlements and term-linked tolls.

The emphasis on the traditional rate regulation is declining. On the other hand, pipelines seek innovative toll methodologies to facilitate the construction of new capacity while shippers seek to reduce the risks which they have to undertake by contracting for such capacity on a long-term basis. The divergent interests of shippers and pipeline companies, and the differing interests among shipper groups, requires the continued involvement of an independent agency, such as the Board, to resolve disputes and facilitate the implementation of innovative, but fair, new tolling practices.

Deregulation of energy markets for energy commodities has changed the environment. But energy markets operate in the presence of certain monopolies, including pipelines, with dominant market positions. As well, multiple jurisdictions are involved in energy resource development and trade, and the philosophies of regulation are evolving at the national and international level. There is an expectation that government will use its powers only where relevant, and will use them efficiently and on a least-cost basis.

The CEA Act will affect our program by increasing the regulatory process requirements. In addition, other proposed legislative changes, such as the *Canadian Environmental Protection Act* and the *Canada Endangered Species Act*, may also require increased resources for processing of affected applications.

The impacts of deregulation in the United States with respect to electricity transmission are being felt in Canada and we may see a change in the nature of electricity exports as more companies seek international market opportunities.

New Board Members

Currently the NEB has six members, two of which are scheduled for retirement during the 1997-98 fiscal year and a third in the following year. The replacement of these members could affect productivity as new members become familiar with Board issues and processes.

Pipeline Integrity

There is a growing concern that the integrity of pipeline systems should be carefully examined. This perspective has been influenced by a number of recent spectacular pipeline failures which attracted significant media attention and local concern. In order to meet this evolving challenge, we will need to continue to exercise our stewardship over these systems and work with the pipeline industry to mitigate any threats in a cost effective manner.

Alberta Labour Market

The Alberta economy, particularly the energy sector, is very strong and is expected to continue to outperform most other regions in the next few years. This has caused employer-competition in Calgary for a number of the skill sets we need to fulfil our mandate, for example, geologists, geophysicists and engineers. We are a knowledge-based organization and an expert tribunal. In order to maintain the high level of service and public confidence we must attract and retain highly skilled staff.

Staff Morale

We have not fully met our employees' expectations in the past and this has harmed morale and resulted in the loss of some key people. Calgary is a dynamic work environment and we must have competitive human resource policies and practices.

B.4 Corporate Goals

In the face of our ongoing responsibilities and these key factors, our corporate goals are:

- to **maintain and enhance** the quality and timeliness of our regulatory services;
- to **increase our cost effectiveness**; and
- to **improve our ability** to attract, develop and retain highly skilled staff.

B.5 Corporate Strategies

We will use the following strategies to achieve these goals:

Electronic Regulatory Filing (ERF)

ERF, which is currently in its testing phase, is a joint venture with the Ontario Energy Board and twenty key players in the regulatory arena. The ERF initiative will result in a fully functional electronic system for the creation, exchange, use and reuse of regulatory information. The initiative encompasses the following key components:

- i) the **exchange** of electronic documents;
- ii) creation of a **Public Electronic Document Repository**; and
- iii) changes to **NEB information systems and processes**.

The estimated cost to the NEB for the project is \$4.8M. We are funding it internally and it is scheduled to be operational by early 1998. Its primary contribution is to cost effectiveness, reduction of cycle times, and improved quality and accessibility of information. Its secondary contribution is that the staff development and training required to support installation and operation will facilitate increased use of the electronic medium for better communication and improved decision making.

Exploring the Limits of Separate Employer Status

We are committed to exploring to its limits the flexibility and opportunities available to us through our SES in order to attract and retain staff by streamlining the remuneration and staffing processes. We need to be creative in terms of rewards for performance, proactive in terms of what matters to people and willing to act appropriately to make NEB a dynamic and attractive workplace of choice.

Furthermore, our second round of collective bargaining, involving compensation for the first time in our SES history, has just commenced. Obtaining a flexible bargaining mandate that is responsive to the realities of the Calgary labour market will be critical to the success of our human resource strategies.

Transformation

The decision to transform the organization was driven by the need to remove structural barriers typical of a function-based organizational design. Poor structures get in the way of good people. The transformation will create an organization to support the Board in which there will be:

- clarity of roles, responsibilities and accountability;
- a clearer focus on results;

- an emphasis on team work and mutual support;
- better coordination of multidisciplinary teams;
- a more participative relationship between leaders and team members at all levels;
- a more responsive organizational structure;
- improved focus on rewards and recognition for staff performance; and
- emphasis on staff development.

We expect that the transformation will enable us to respond effectively to current and future changes in the regulatory environment while significantly improve the morale of staff.

The transformation and reorganization is not about downsizing; our legislation is unchanged, and the same types of services will continue to be provided, perhaps in response to an even greater demand for them.

Improved Performance Management

The focus of our transformed organization will be a Performance Management framework for units, teams and individuals which clearly identifies responsibilities and goals in results terms and measures and feeds back results.

A project team deriving its authority and resources directly from the Executive Team, will develop and install measures of results with ongoing responsibility for operation of the monitoring systems residing in Corporate Services. The Executive and Business teams and their leaders will be responsible for the use of monitoring data for performance management purposes. We are also considering a project team approach to the design and installation of unit and individual performance management systems.

Effective immediately, at the Executive Team level, performance of individuals will be based on both their individual contribution and the team's overall results. This will be monitored and assessed using such tools as measurement of corporate performance indicators, peer reviews and upward feedback appraisals and measurement of business unit performance, etc.

New ways of doing business

In order to respond to changes in the regulatory role without increasing our resources, we will be continually challenged to find new ways of doing business. For example, Memoranda of Understanding with other regulatory agencies will allow us to coordinate our activities and processes. Harmonization of regulatory requirements and processes also allow us to reduce overlap and inefficiencies among regulatory jurisdictions. In addition, we will examine new approaches to regulation and continue to take a leadership role in extending market-based regulation.

B.6 Corporate Resources

Table 1 provides a departmental overview of the resource requirements and Table 2 summarizes the gross planned expenditure by Business Unit for the NEB from 1996-97 to 1999-00. The estimated expenditures by Business Unit are preliminary and will be revised as we proceed with the reorganization.

Table 1
Departmental Overview

	(millions of dollars)			
	Planned Expenditures 1996-97	Planned Expenditures 1997-98	Planned Expenditures 1998-99	Planned Expenditures 1999-00
Gross Estimates	30.1	28.0	27.6	27.3
Revenue to the Vote	-	-	-	-
Total Main Estimates	30.1	28.0	27.6	27.3
Revenue credited to the Consolidated Revenue Fund	(24.0)	(23.0)	(23.5)	(23.5)
Estimated Cost of Services by other Departments	3.3	3.2	3.2	3.2
Net Cost of the Department	9.40	8.20	7.30	7.00

Table 2
Gross Planned Expenditures by Business Lines

Business Lines/ Activities	(millions of dollars)			
	Planned Expenditures 1996-97	Planned Expenditures 1997-98	Planned Expenditures 1998-99	Planned Expenditures 1999-00
Applications		4.0	3.9	3.9
Operations		4.0	3.9	3.9
Commodities		4.0	3.9	3.9
Information Management		8.5	84	8.3
Corporate Services		7.5	7.5	7.3
Total	30.1	28.0	27.6	27.3

C. Plans and Priorities by Business Line

C.1 Applications Business Unit

i) Roles and Responsibilities

The Applications Business Unit is responsible for processing all regulatory applications submitted under the NEB Act, except applications for the export of electricity. This unit is also responsible for providing advice to Members with respect to such applications. These fall primarily under Part III, IV and VI of the NEB Act corresponding to facilities, tolls and export applications. Staff from the Applications Unit are also responsible for dealing with financial surveillance and financial audits.

ii) Operating Context and Critical Issues

We expect a high level of Canadian oil and gas resource development activity. As well, natural gas is being increasingly traded as a commodity causing companies to develop creative market strategies. As a result, there will be applications for new and expanded pipelines: to alleviate current shortages of take-away capacity for oil and gas from Western Canada; to provide pipeline

competition; and to bring to market newly developed resources in Atlantic Canada. There will, in some cases, be related licence applications for long term exports. The tolls of most major pipelines will have been determined by long term negotiated settlements, approved by the Board, generally with incentive features. But there may, from time to time, be applications for toll design changes and in respect of pipeline access issues for new and existing systems.

The evolving market-led nature of the regulatory environment will require us to be adaptable in our processing of applications. In addition, safety and environmental concerns and a need for cost reduction, in general, is creating pressure for regulators to standardize and/or harmonize the processing of regulatory applications. Not only would this avoid duplication and overlap, but it would significantly improve the cost effectiveness of our applications program as well.

iii) Expected Results

The expected results of the Applications Business Unit are to:

- maintain the quality of advice and assistance to Board Members in respect of both the content and process;
- maintain the timeliness for application processing under high workload conditions; and
- improve effectiveness and efficiency of application processes ensuring proceedings are fair, understandable and user-friendly.

iv) Strategies

We will respond to the anticipated increasing number of applications with expeditious but thorough processes. We will examine new approaches to regulation, for example, consideration of approval of "advance construction" to deal with anticipated transportation needs. We will continue to take a leadership role in investigating new methods of toll regulation, for example, variable tolls depending on the term of the contractual arrangements underpinning them. We will actively seek opportunities for harmonization and cooperation with other jurisdictions and agencies particularly with regard to environmental assessment. As well, we are prepared to explore the use of less formal procedures.

The reactive nature of applications workload planning will be a continuing challenge for our management. We will endeavour to deal with them by capitalizing on the flexibility inherent in the Board's new structure, which will enable effective allocation of resources to meet short term needs. Fluctuating

workloads may also require the Board to handle, at relatively short notice, major new projects such as the Sable Offshore Energy project. This could require the Board to shift its management focus from cost control to cost effectiveness.

C.2 Operations Business Unit

i) Roles and Responsibilities

The Operations Business Unit is responsible for all safety and environmental matters pertaining to facilities under the NEB Act, COGO Act and the CPR Act. As such, it is responsible for conducting safety audits and surveillance, accident and incident investigations, reviewing emergency response procedures, and technical compliance monitoring and enforcement. The Operations Unit is also responsible for regulating the development of hydrocarbon resources north of the sixtieth parallel pursuant to the COGO Act and the CPR Act.

ii) Operating Context and Critical Issues

As noted in the Departmental Overview, there is concern regarding the integrity of pipeline systems in Canada due to an increased number of highly publicized pipeline failures. Historically, pipelines have been demonstrated to be the safest mode of transportation for hydrocarbons in Canada. However, pipeline failures raise significant safety and environmental concerns amongst the public and, in particular, affected communities.

From the point of view of reducing overlap and fostering more efficient government, there are clear benefits to applying national technical standards equitably to all gas and oil operations in Canada. Additionally, workforce safety is an area in which there appears to be competing and conflicting jurisdictional implications.

iii) Expected Results

The expected results of the Operations Business Unit are to:

- improve the cost effectiveness of regulation related to the construction and operation of pipelines;
- maintain the safety record of facilities under the Board's jurisdiction, seeking a progressive reduction in the number of pipeline incidents, after allowing for the potential effects of ageing;
- improve the public's awareness of the NEB's role in safety; and
- improve communications among industry, other government departments and the public regarding safety and environmental issues.

iv) Strategies

We will address the issue of pipeline integrity by developing a systematic approach to all aspects of operational concerns, and share the results of our efforts with the public. We will monitor implementation of the recommendations resulting from a recent NEB inquiry, addressing stress corrosion cracking pipelines. We will also conduct similar reviews concerning other specific integrity issues as warranted.

Our safety and environmental inspection and audit schedule will be developed on an annual basis, through the use of risk assessment methodologies. This will improve our effectiveness by allowing us to focus our resources on those company operations which require compliance, inspection, or audit, based on past performance. In addition, we will develop a system of penalties for repeat or persistent non-compliance.

We will provide leadership with other jurisdictions to identify gaps and overlaps in existing regulations and work at producing a consistent national approach to the regulation of pipelines and other oil and gas facilities through harmonization. We will review, update and develop regulations and guidelines that are more results- and performance-oriented and less prescriptive in nature, in order to encourage creative solutions to improving levels of safety and environmental protection.

In order to establish and strengthen working relationships with industry, other government departments, other governments, and the public, we will undertake bilateral development and issuance of guidelines, participate in operational issues workshops, investigate further development of the NEB Internet homepage, and circulate information bulletins.

We will also review our processes to ensure that operational issues are resolved in a timely manner. For example, the regulatory burden imposed by operational issues might be streamlined and reduced by broadening and clarifying the powers of inspection officers.

C.3 Commodities Business Unit

i) Roles and Responsibilities

The Commodities Business Unit is responsible for: the development of guidelines and regulations relating to energy exports as mandated by Part VI of the *NEB Act*; commodity market surveillance; statutorily required statistical and other reports; and processing applications relative to electricity exports and international power lines.

ii) Operating Context and Critical Issues

Given the rapid changes as the energy industry evolves towards more competitive markets, we will be faced with a need to develop a new strategy regarding the monitoring of the energy markets. Such a strategy would include the type of analysis undertaken on both short- and long-term energy data, and the means of providing the results to interested parties (internal and external to the Board).

The production by the Unit of certain studies on energy supply and demand and on natural gas markets are currently required by the Board's own procedures. These procedures were established as a result of a mid-1980s reduction of regulatory requirements placed on applicants for the export of natural gas. It is timely in this planning period to further consider the requirements of natural gas regulation, with a view to identifying any additional scope for reducing regulation.

iii) Expected Results

The expected results of the Commodities Business Unit are to:

- meet the needs of the Board and parties external to the Board relative to information and advice regarding long- and short-term supply of energy commodities, and energy industry and marketplace intelligence;
- improve the cost effectiveness of energy market monitoring and information gathering; and
- evolve the most appropriate framework for the regulation of natural gas exports into the next century.

iv) Strategies

Since parties external to the Board are among the key recipients and users of the monitoring and market information produced by the Unit, we will, on an ongoing basis, determine requirements through informal contacts, regular meetings and, where appropriate, workshops. Upon publication of a report, we will, through follow-up surveys, obtain views on the report's usefulness, timeliness, and other aspects of quality.

A distinction must be made between information required by the Board in order to fulfil its regulatory mandate, and information which is useful to the industry and other stakeholders for non-regulatory reasons. We will focus our efforts on the Board's regulatory requirements, and on the production of information which meets certain strategic criteria, such as non-duplication of

material which can be obtained elsewhere. We will also focus on the production of information at an appropriate level of detail.

With respect to information and studies which are directly required by the Board for regulatory purposes, we will investigate the most cost-effective ways of putting the material into the public domain (such as electronic means). With respect to information and studies which are not directly required to fulfil the Board's regulatory mandate, but are nonetheless of interest and value to industry and meet our strategic criteria, we will investigate methods of recovering the costs directly from those parties who use the material.

Finally, we will investigate ways and means of further reducing the regulatory requirements in the natural gas industry, particularly on the export side, and implement any appropriate changes.

C.4 Information Management Business Unit

i) Role and Responsibilities

The Information Management Business Unit is responsible for providing the services of information production, exchange and storage. This includes the development and maintenance of appropriate informatics systems, managing the flow of communications between the Board and its publics, and managing the regulatory information of this Court of Record.

ii) Operating Context and Critical Issues

Public expectations for access to information, the means of providing information retrieval and dissemination, and informatics equipment and software are all undergoing a tremendous rate of change. As a result, the development and maintenance of information management infrastructures has become a strategic concern in linking departments to their publics.

As mentioned in the Departmental Overview, a three year joint venture led by the NEB, and involving the Ontario Energy Board and approximately twenty industry participants, is coming to fruition. The Electronic Regulatory Filing project demands strategic leadership from the Information Management Business Unit, in partnership with Applications, and the development and maintenance of a solid informatics infrastructure.

iii) Expected Results

The expected results of the Information Management Business Unit are to:

- improve public access to NEB decisions, public records, reports and information;
- increase the effectiveness of the Board's use of informatics; and
- increase cost effectiveness of information management.

iv) Strategies

We will implement the ERF project as a means to increase our effectiveness. The Information Management Unit will contribute to the effective roll-out of the project by developing an implementation plan, communicating with internal and external stakeholders in the project, and conducting surveys to measure our performance.

The Information Management Unit will also lead a review of the information systems and the supporting informatics tools (eg. software and equipment) and public links (eg. Internet homepage) to ensure that they meet the tests of reliability, accessibility, and cost effectiveness.

C.5 Corporate Services Business Unit

i) Role and Responsibilities

The Corporate Services Business Unit is responsible for providing those services necessary to assist the Executive Team and Business Units in managing our human and financial resources. This Business Unit is also responsible for the provision of legal services for both regulatory and management purposes.

ii) Operating Context and Critical Issues

Given that the organization is going through a major transformation and reorganization, there is a significant role for the Corporate Services Business Unit in operationalizing the reorganization.

Also, if the energy sector continues to do well, it will be in direct competition with the NEB for expertise required to fulfil our mandate. It is essential that we use more effectively all of the flexibility available to us including our SES to ensure competitive human resource policies and practices are in place. Furthermore, the Corporate Services Business Unit will play a lead role as we enter our second round of collective bargaining, involving compensation for

the first time in our SES history. Its success will be critical to the success of our human resource strategies.

iii) Expected Results

The expected results of the Corporate Services Business Unit are to:

- improve the quality of advice and assistance to the Board's management and staff in human resource and finance areas;
- improve competitiveness in the Calgary labour market; and
- improve internal client satisfaction.

iv) Strategies

Based on management needs, we will design and implement the infrastructure required, such as job evaluation and staffing, to operationalize the reorganization in a timely manner.

We will participate actively in the project team in designing and implementing the performance management framework for the new organization structure with the objective of moving the NEB to a more results oriented focus. Afterwards, we will ensure the ongoing operation of the monitoring systems to provide the Executive and Business teams with useful monitoring data for performance management purposes.

The Corporate Services Business Unit will take a lead role in exploring opportunities presented by the SES in order to attract and retain highly skilled staff by streamlining the remuneration and staffing processes. We will be creative in terms of rewards and recognition for performance. We will further explore and implement performance management tools which support the transformation (eg: peer reviews within teams). We will continue to play a lead role in our collective bargaining with an objective of finding a winning solution for both the unions and the NEB.

In addition, we will collaborate with internal clients to identify opportunities for improved services.

Section III
Supplementary Information

1. Spending Authorities

Authorities for 1997-98 - Part II of the Estimates			
Financial Requirements by Authority			
(millions of dollars)			
Vote		1997-98	1996-97
		Main Estimates	Main Estimates
	National Energy Board		
45	Operating Expenditures	24.7	27.2
(S)	Contributions to employee benefit plans	3.3	2.8
	Total Agency	28.0	30.1

2. Additional Financial Information

2.1 Net Cost of Program by Business Line

(millions of dollars)					
1997-98 Planned Expenditures					
Business Lines/ Activities	FTE	Operating	Gross Total	Statutory Payments *	Total Main Estimates
Applications		3.5	3.5	.5	4.0
Operations		3.5	3.5	.5	4.0
Commodities		3.5	3.5	.5	4.0
Information Management		7.6	7.6	.9	8.5
Corporate Services		6.6	6.6	.9	7.5
	300	24.7	24.7	3.3	28.0
Other Revenues and Expenditures					
Revenue credited to the Consolidated Fund					(23.0)
Estimated cost of services by other departments					3.2
Net Cost of the Department					8.20

*Employee Benefit Plans

2.2 Presentation by Standard Object

(millions of dollars)				
	Planned Expenditures 1996-97	Planned Expenditures 1997-98	Planned Expenditures 1998-99	Planned Expenditures 1999-00
Personnel				
Salaries and wages	19.7	19.4	19.0	18.8
Other personnel costs	.2	.2	.2	.2
Contributions to benefit plans	2.9	3.3	3.2	3.1
	22.8	22.7	22.2	21.9
Goods and services				
Transportation and communications	1.7	1.5	1.6	1.6
Information	.2	.2	.2	.2
Professional and special services	3.6	1.8	1.8	1.8
Rentals	.3	.3	.3	.3
Purchased repair and maintenance	.4	.4	.4	.4
Utilities, materials and supplies	.5	.5	.5	.5
Other subsidies and payments				
	6.7	4.7	4.8	4.8
Capital	.6	.6	.6	.6
Total budgetary expenditures (surplus)	30.1	28.0	27.6	27.3

2.3 Contingent Liabilities

As at 31 December 31 1996 contingent liabilities estimated at \$15.0 million were outstanding against the National Energy Board.

1. Pending litigation relates to the inclusion of relocation costs in the Board's cost recovery billings. In June 1996, Ontario Hydro filed a Notice of Appeal with the Federal Court of Appeal in relation to a decision made in favour of the National Energy Board by the Federal Court, Trial Division. The decision ruled that the relocation costs properly fall within the Cost Recovery Regulations and the Board had properly recovered the costs related to its relocation from Ottawa to Calgary in 1991. Should Ontario Hydro be successful on appeal, the result could be the repayment of all relocation costs of \$15 million, which have been billed and paid by the cost recovery clients of the Board.
2. On occasion, parties affected by decisions of the Board will seek to have them set aside by way of appeal or other judicial review proceedings. If such appeals were to succeed, the Court could order the respondents, including the National Energy Board, to pay the court costs of the successful appellants and applicants. The risk of liability however, given the past practice of the courts and type of litigation involving the Board, is small. At the present time, there are six such proceedings in process, with an estimated total liability of \$15,000.
 - **Hydro-Québec v. The National Energy Board**
Hydro-Québec has filed with the Federal Court Trial Division a Notice of Motion pursuant to the Access to Information Act seeking the release of the Consolidated Edison Co. of New York, Inc. contract.
 - **BC Gas Utility Ltd. v. The National Energy Board**
The Federal Court of Appeal decided in favour of Westcoast's Leave to Appeal in relation to the Board's decision in the GH-5-94 hearing. BC Gas Utility Ltd. has filed an application for leave to appeal to the Supreme Court of Canada in relation to the Federal Court judgement. The Supreme Court of Canada has now granted leave to appeal.
 - **Rocky Mountain Ecosystem Coalition v. National Energy Board et al**
Rocky Mountain Ecosystem Coalition has filed an application for leave to appeal to the Supreme Court of Canada, seeking to overturn the decision rendered by the Board in relation to the Express Pipeline project.

- **Morgan Hydrocarbons Inc. v. National Energy Board et al**
Morgan Hydrocarbons Inc. has filed an application for leave to appeal the Board's 1 August 1996 decision in relation to Manito Pipelines Ltd. Morgan has indicated that they wish to have this item held in abeyance.
- **Canadian Hunter Exploration v. National Energy Board**
The Federal Court of Appeal has granted leave to appeal to Canadian Hunter Exploration in relation to the Tidal Resources decision.
- **British Columbia Wildlife Federation v. National Energy Board**
The British Columbia Wildlife Federation has filed with the Federal Court of Appeal an application for leave to appeal the Board's 13 September 1996 decision granting an export permit to British Columbia Power Exchange Corporation.

3. Statutes Administered by the Portfolio

National Energy Board Act	(R.S.C. 1985, c. N-7), as amended
National Energy Board Cost Recovery Regulations	(SOR/91-7, 1991 <i>Canada Gazette</i> Part II, p.15.)
Canadian Environmental Assessment Act	(S.C. 1992, c. 37), as amended
Canadian Oil and Gas Operations Act	(R.S.C. 1985, c. 0-7), as amended
Canadian Petroleum Resources Act	(R.S.C. 1985, c. 36 (2nd Supp.)), as amended
Canada Labour Code	(R.S.C. 1985, c. L-2), as amended
Northern Pipeline Act	(R.S.C. 1985, c. N-26), as amended

4. References

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