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29 January 2014

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Dear Ms. Bradley

Re: Draft Safety Culture Framework

On behalf of the Canadian Energy Pipeline Association (CEPA) we respectfully submit this letter of comment regarding the Draft Safety Culture Framework (Framework). The members of CEPA are the companies that operate 115,000 kilometres of transmission pipeline in Canada. Our members transport 97 per cent of Canada's daily natural gas and onshore crude oil production from producing regions to markets throughout Canada and the US in a manner that emphasizes safety, pipeline integrity, and social and environmental stewardship.

These companies are focused, first and foremost, on pipeline safety, while constructing and operating a network of pipelines that serves the public interest including support of Canada's economy. Our member companies constantly work diligently to ensure their pipeline systems are safe and reliable. Through the sharing of best practices and technological improvements among members, Canadian transmission pipelines are safe and continue to become safer.

CEPA Comments on Draft Safety Culture Framework

CEPA reviewed the Framework from the perspective that developing a shared understanding between operators and the National Energy Board (NEB) on desirable cultural attributes would support the evolution of a stronger corporate safety culture within the pipeline industry as a whole. As we complete our review, CEPA concludes the Framework is a good representation of the evolving science of safety culture as presented by research since the early 1990's. The Framework is in alignment with the general consensus of what the pipeline industry regards as the common dimensions and attributes of safety culture.

CEPA understands that the Framework is intended to be a discussion paper to promote learning and a shared understanding of safety culture. CEPA also notes the NEB's comment that the Framework is "intended to express the NEB's expectations of its regulated companies to build and sustain a positive Safety Culture." CEPA views the Framework as essential background information. However, as there is no specific wording against which to measure the NEB's expectations or guidance regarding how the NEB intends to use the Framework, CEPA's comments are general in nature. In the event that the NEB's expectations regarding safety culture will be incorporated into regulatory requirements at a future date, CEPA recommends a comprehensive stakeholder review process be established. That would be vital to ensure that regulated companies have a consistent and unambiguous understanding of NEB compliance expectations, and that operational experience and expertise is taken into account to minimize the possibility of unintended adverse effects of new regulations and ensure best safety outcomes.

CEPA Members' Commitments to Safety Culture

The alignment regarding the attributes of safety culture is evident through CEPA and its members' paths towards strengthened safety culture with both individual and collective initiatives, some of which are already well-rooted and others which are works in progress, but all are advancing towards a goal of zero incidents. To this end, CEPA members are committed to the development and adoption of CEPA Integrity First. That industry-driven management system initiative provides CEPA members the opportunity to strengthen the pipeline industry's performance, communication and engagement by jointly developing and individually applying common practices and messages. The initial components of CEPA Integrity First, focused on Emergency Management and Pipeline Integrity, are due to be released publically in 2014. Recently, to further leverage the industry's expansive knowledge and capabilities in responding to emergencies, CEPA members signed its first Mutual Emergency Assistance Agreement, which came into effect as of January 1, 2014.

CEPA Recommendations for Enhancing Safety Culture

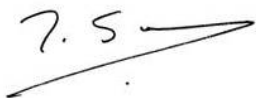
CEPA believes the NEB is in a unique position to provide leadership and to support industry initiatives towards enhanced safety culture. Many of the attributes of an effective safety culture described in the Framework are already expected elements of safety management systems (for example management of change and corrective and preventative actions). As such, the Framework could evolve to be a guide with respect to the relationships between the tangible aspects of processes and systems, and the less tangible concepts of behaviors and attitudes that define a company's safety culture. CEPA also urges the NEB to consider the cultural and potentially structural changes the regulator may need to make to foster the proactive and open development of an industry wide safety culture. To that end CEPA recommends that the NEB consider taking the following steps:

- 1) **Stretch Goals** – Many of our member companies set stretch, or aspirational, goals as they strive for operational excellence. CEPA encourages the NEB to support and encourage those stretch goals. Part of this involves removing any regulatory disincentives that may exist, such as finding companies to be in non-compliance when they are on the path towards, but have not yet achieved, their stated aspirational goals.
- 2) **Effective Metrics** – In an effort to achieve consistency and predictability, it is essential that the NEB collaborate with other pipeline safety regulators, including its provincial and American counterparts, to produce consistent and meaningful metrics for tracking performance. For the many companies that operate in multiple jurisdictions, conflicting requirements are a detriment to a healthy safety culture. Furthermore, regulators and industry alike should respect the public's interest in simple, clear and comparable performance information.
- 3) **Consensus Based Standards** – CEPA supports the NEB's continued path towards goal-oriented regulation. With respect to enhancing safety culture, CEPA encourages the NEB to support the development of consensus-based industry standards and recommended practices as the foundation for ensuring continuous improvement.
- 4) **Verification** – Performance goals that are clear, transparent and consistent across jurisdictions are very important. Once in place, CEPA would support a move to explore verification alternatives and best practices.
- 5) **Collaboration** – CEPA believes that optimum safety results can only be achieved through collaboration. As such, CEPA recommends that the NEB work in partnership with regulated companies, other regulators, and experts in safety culture. Strengthening of this collaborative approach is reflected in the recommendations of the 2013 Senate Report, *Moving Energy Safely: A Study of the Safe Transport of Hydrocarbons by Pipelines, Tankers and Railcars in Canada*. Canada is positioned as a leader in pipeline safety; that journey will continue best if active shared learning is embraced.

CEPA and its member companies request the opportunity to fully partner with the NEB, provincial regulators and other stakeholders during the development of the Framework.

Thank you again for this opportunity to comment on this initial Draft Safety Culture Framework. We appreciate your continued efforts to involve industry stakeholders and look forward to the opportunity to more fully engage in the evolution of the Framework. A clear description of the NEB's planned next steps in this regard is required.

Sincerely,



Ziad Saad, P.Eng
VP, Safety & Sustainability

Cc: Ken Paulson, COO, OGC
Kirk Bailey, Executive Vice President, AER