

PROCESS CLARIFICATION FOR LICENSING PIPELINE AMENDMENTS (FIELD INSPECTIONS, RECORDS CORRECTIONS, SELF-DISCLOSURES)

THIS PROCESS CLARIFIES THE REQUIREMENTS FOR SUBMISSION OF PIPELINE LICENCE AMENDMENT APPLICATIONS IN RESPONSE TO LICENSING NONCOMPLIANCES (IDENTIFIED BY ERCB FIELD INSPECTORS OR LICENSEES)

The Energy Resources Conservation Board (ERCB) Facilities Applications Branch is receiving a significant number of pipeline licence amendment applications from licensees requesting updates of ERCB licensing records. This is due in part to ERCB field inspectors identifying licensing inconsistencies and licensees conducting internal reviews of their pipeline inventories. In addition, local authorities, “added value retailers,” and tax assessors may also identify inconsistencies through their use of pipeline data. Through discussions with individual licensees, the ERCB has determined that the variety of pipeline licence amendments and/or self-disclosures warrants clarifying the licensing process in order to more efficiently manage these and any *Directive 056* (June 2008) Schedule 3 application required as a result.

This process is limited to the pipeline licensing application scenarios noted below. Licensees **must not** use this process to capture planned licence amendments to existing pipelines. Planned licence amendments, in accordance with *Directive 056*, must be filed under a separate application and submitted to the ERCB via the routine or nonroutine path, as applicable.

The process for filing applicable pipeline licence amendments described here is to be followed according to one of the following scenarios:

[Scenario 1\) Submission of Licence Amendment Resulting from ERCB Field Inspection](#)

[Scenario 2\) Records Correction Updates](#)

[Scenario 3\) Submission of Self-Disclosure Applications for Licensing Pipeline Amendments](#)

This process for pipeline licensing amendments will be reviewed in December 2010 or as required and may be revised if necessary.

Scenario 1: Submission of Licence Amendment Resulting from ERCB Field Inspection

If an ERCB field inspector identifies a pipeline licensing noncompliance during an inspection or investigation, the inspector will apply appropriate enforcement, as described in *Directive 066: Requirements and Procedures for Pipelines*. The inspector will then instruct the licensee to file a licence amendment application with ERCB Facilities Applications to remedy the noncompliance.

When filing its application, the licensee **must** include a copy of the Field Inspection Report that identifies the licensing inconsistency, in conjunction with its complete and compliant *Directive 056* Schedule 1 and Schedule 3 application (which includes Schedule 3.1 and applicable base plan maps). The licensee must file the appropriate licence amendment application with the ERCB Facilities Applications Branch via

- 1) the routine path if all applicable participant involvement and Schedule 3 technical requirements are met prior to filing the application (see *Directive 056*, Section 3.8.1), or
- 2) the nonroutine path if any applicable participant involvement or Schedule 3 technical requirements cannot be met prior to filing the application (see *Directive 056*, Section 3.8.2).

Licence amendment applications filed with the ERCB may be subject to random or judgemental audit selection. Upon request, the licensee must be able to provide the ERCB with all applicable supporting

audit documentation to verify compliance (see [Directive 056](#), Section 4.3). A licensee's failure to meet applicable participant involvement or Schedule 3 technical requirements, identified during an audit review, will be subject to appropriate enforcement action (see [Directive 056](#), Table 4.1).

Scenario 2: Records Correction Updates

The ERCB **no longer** accepts routine records correction applications under Category B000. [Directive 056](#), Section 6.6, requires applicants to file records correction applications via the self-disclosure path. [Directive 056](#), Section 3.9, sets out the application requirements for filing a pipeline voluntary self-disclosure application.

Licenses identifying **individual** records corrections may file a complete and compliant [Directive 056](#) Schedule 1 and Schedule 3 and 3.1 applications (which must include a cover letter and any applicable base plan maps) to Facilities Applications Group as per [Scenario 3](#). The application and/or cover letter must specify the type of amendment being requested. Applicants must ensure that the self-disclosure box is checked off on Schedule 1.

NOTE: As of June 25, 2010, the ERCB Facilities Applications Group **will no longer** be accepting bulk correction submissions in the tabular format from licensees that identify **large numbers** of pipeline records corrections. Licensees must submit complete Schedule 1, 3, and 3.1 applications (including cover letter and base plan maps, where applicable) for each licence requiring segment corrections. Self-disclosure cover letters must specifically detail the type of amendment being applied for, as described below. Generic letters will not be accepted

Scenario 3: Submission of Self-Disclosure Applications for Licensing Pipeline Amendments

NOTE: As of June 25, 2010, the process for receiving, registering, and processing self-disclosure applications for licensing pipeline amendments has been revised. The Facilities Applications Audit Group **will no longer** be receiving, registering, and processing pipeline self-disclosure applications. Licensees wishing to submit pipeline self-disclosure applications can do so by filing a routine or nonroutine application depending on the amendment type being applied for. Each self-disclosure application will be registered in the ERCB's Integrated Application Registry (IAR) database and processed accordingly. Applicants must ensure that the self-disclosure box is checked off on Schedule 1.

[Directive 056](#), Section 3.9 (12 and 13), specifies the requirements for filing a pipeline self-disclosure application.

When a licensee identifies any pipeline licensing inconsistency, the licensee must bring the matter into compliance by submitting a complete and compliant pipeline self-disclosure application to the Facilities Applications Group. In addition, the licensee is strongly encouraged to contact the appropriate ERCB Field Centre, advising them that a noncompliance has been identified and will be corrected accordingly. (see [Bulletin 2009-43: Introduction of Voluntary Self-Disclosure Form for ERCB Field Operations Group and Emergency Planning and Assessment Section in Support of Directive 019: Compliance Assurance—Enforcement](#)). The ERCB field inspector will then direct the licensee to file a self-disclosure application. If a noncompliance meets the criteria for a voluntary self-disclosure application under Scenario 3, there will be no enforcement action taken upon the licensee (see [Directive 056](#), Section 4.4.1).

If Facilities Applications, in conjunction with ERCB Pipeline Operations and/or Field Surveillance and Operations Branch (FSOB) staff, determine that a licensing inconsistency may directly impact the

environment and/or public safety, the licensee may be required to suspend operations of the line concerned until the appropriate pipeline licensing amendments (with supporting documentation) have been filed, reviewed, and approved as set out in Scenario 3.

A Scenario 3 self-disclosure application is to be completed and submitted as described below.

If a licensee identifies an **individual** licensing inconsistency requiring an amendment, a complete and compliant *Directive 056* Schedule 1 and Schedule 3 application (which includes a cover letter, a Schedule 3.1, and any applicable base plan maps) must be submitted to Facilities Applications and will be registered in IAR. The cover letter must detail the history of the noncompliance and contain a commitment to developing a preventive action plan that includes the following:

- a) a discussion identifying and examining the root cause of the noncompliance, and
- b) what the licensee proposes to implement to ensure that similar pipeline licensing noncompliances are prevented in the future.

For any routine or nonroutine pipeline self-disclosure application, the licensee must commit to meeting all applicable *Directive 056*, participant involvement, and Schedule 3 technical requirements prior to submitting each individual Scenario 3 application. Upon request, the licensee must be able to provide all applicable supporting documentation to verify compliance (see *Directive 056, Table 6.5*). Refer to *Directive 056, Section 3.9.1*, regarding self-disclosure applications and participant involvement requirements.

If a requirement of Schedule 3 cannot be met, the licensee must check off the appropriate bold box and attach the required supporting audit documentation (see *Directive 056, Table 6.4*) detailing why the requirement cannot be met. Facilities Applications may refer the application to the FSOB, Pipeline Section, for further review.

The Facilities Applications Group **will no longer** be accepting bulk self-disclosure submissions in the tabular format from licensees. Licensees must submit complete Schedule 1, 3, and 3.1 applications (including cover letter and base plan maps, where applicable) for each licence requiring an amendment.

Licensees are strongly encouraged to contact the Facilities Applications Audit Section (Gavin McClenaghan) to discuss the self-disclosure process in general or, if a large-scale internal review of pipelines for a given area is planned, to seek direction and/or input on the correct course of action before submitting an application. A meeting can be arranged between the licensee and staff from the Facilities Applications, Pipeline Operations, and/or Field Surveillance Sections. The licensee must be prepared to discuss and provide written details as to the scope of its noncompliances. Details must include, at a minimum, the following:

- a) background information detailing the root cause of the noncompliances;
- b) a discussion of the licensee's internal application/audit processes and necessary changes that will be implemented to ensure that similar licensing noncompliances do not occur;
- c) a date or specific timeframe in which the licensee expects to complete its internal review and submit the required amendments to the Audit Section;
- d) a detailed description of the licensee's action plan in order to complete and prioritize this internal review;
- e) assurance that all noncompliances will be addressed;
- f) a written estimate of the number of pipeline self-disclosures involved; and

g) the general location of the pipelines (e.g., Townships 50 to 55, Ranges 3 to 5, West of the 5th Meridian).

Depending on the size of the review area, the ERCB may require the licensee to provide ongoing updates as to the status and progress for completing the amendment submissions.

Licensees can direct questions regarding pipeline self-disclosure applications to the Facilities Applications Help Line at 403-297-4369 (Option 2) or by e-mail to Directive56.Help@ercb.ca

Licensees can direct questions regarding the self-disclosure process to Gavin McClenaghan (Facilities Applications, Audit Section Leader) at 403-297-6847.

Submissions of pipeline self-disclosure applications can be made directly to the Facilities Applications Group.