

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

THIS PROTOCOL CLARIFIES THE REQUIREMENTS FOR SUBMISSION OF PIPELINE LICENCE AMENDMENT APPLICATIONS (IDENTIFIED BY ERCB FIELD INSPECTORS OR LICENSEES AS HAVING LICENSING NONCOMPLIANCES)

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 or licensees conducting internal reviews of their pipeline inventories. In addition, local authorities, “added value retailers,” and tax assessors may identify inconsistencies in their use of these 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 processes in order to manage these and any *Directive 056* (June 2008) Schedule 3 application required as a result.

This protocol is limited to the pipeline licensing application scenarios noted below. Licensees **must not** use this protocol 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

Scenario 3) Self-Disclosure Applications for Licensing Pipeline Amendments

This protocol for pipeline licensing amendments will be reviewed in December 2008 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 - **ONLY** when 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 Non-Routine path - **ONLY** when any applicable Participant Involvement and/or Schedule 3 technical requirement(s) 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 judgmental audit selection. Upon request, the licensee must then 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 and/or Schedule 3 technical requirements resulting from an audit review will be subject to appropriate enforcement action (see *Directive 056*, Table 4.1).

Scenario 2: Records Correction

The ERCB no longer accepts routine Records Correction applications. *Directive 056*, Section 6.6 requires applicants to file records correction applications via the **Scenario 3** self-disclosure path. *Directive 056* Section 3.9 outlines the application requirements for filing a pipeline voluntary self-disclosure application.

1. Licensees identifying **individual** records corrections may file 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) to Facilities Applications Audit Section as per **Scenario 3**;
 2. Licensees identifying a **large number** (in bulk) of pipeline records corrections (e.g., as part of an ongoing project review) may submit in addition to a cover letter, a tabular format to Facilities Applications Audit Section (**Attention: Gavin McClenaghan**) that details the specific items to be corrected. Priority to update ERCB records will be given to Category C and D pipelines. Refer to *Directive 056, Table 6.1* for the current pipeline categories.
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Scenario 3: Self-Disclosure Applications for Licensing Pipeline Amendments

Directive 056 Section 3.9 (12 & 13) specifies the requirements for filing a pipeline self disclosure application.

When a licensee/applicant identifies any licensing inconsistency requiring a self-disclosure application, the licensee/applicant must contact the ERCB Facilities Applications Audit Section by submitting a self-disclosure application to the Audit Section for review and subsequent processing. In addition, the licensee/applicant is strongly encouraged to also contact the appropriate ERCB Field Centre advising them that a noncompliance has been identified and will be corrected accordingly. Likewise, if a licensee reports any licensing inconsistency to an ERCB Field Centre, the field inspector will direct the licensee to file a self-disclosure application with the Audit Section. 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/applicant (see *Directive 056*, Section 4.4.1).

If the Audit Section, in conjunction with ERCB Pipeline and/or Field Surveillance staff, determine that a licensing inconsistency may directly impact the environment and/or public safety, the licensee/applicant may be required to suspend operations of the line(s) concerned until the appropriate pipeline licensing amendments (with supporting documentation) have been filed, reviewed, and approved under Scenario 3.

The ERCB requires a licensee/applicant to submit a Scenario 3 self-disclosure application in one of two formats, depending on the number of licensing inconsistencies identified by a licensee/applicant.

1. If a licensee/applicant 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 specifically detailing the non-compliance, a Schedule 3.1 and any applicable base plan maps) must be submitted to the Facilities Applications – Audit Section (**Attention: Gavin McClenaghan**). In addition, a commitment letter must be attached with the application detailing a preventive action plan that must include the following:
 - a) a discussion identifying and examining the root cause of the noncompliance, and
 - b) what the licensee/applicant proposes to implement within its company to ensure that similar pipeline licensing noncompliances are prevented in the future.

All applicable Participant Involvement and Schedule 3 technical requirements of *Directive 056* must be met prior to submitting an individual Scenario 3 application. Upon request, the licensee/applicant must be able to provide all applicable audit documentation to verify compliance (see *Directive 056, Table 6.4*). 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/applicant 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. The Audit Section may refer the application to the ERCB Operations Branch-Pipeline Section, for a further review.

The Audit Section **will not** accept individual self-declaration applications if the single application is identified as being part of larger, ongoing project review by the licensee/applicant. Specifically, if the application is part of an ongoing review for a given area or field within a licensee/applicant’s pipeline inventory, the ERCB expects the licensee/applicant to follow the protocol below and submit its amendments in “bulk.”

2. If a **large number** (bulk) of self-disclosure pipeline licence amendments require processing, the licensee/applicant must contact the Audit Section to determine the correct course of action. A meeting will then be arranged between the licensee/applicant and staff from the ERCB Audit, Pipeline, and Field Surveillance sections. The licensee/applicant must be prepared to discuss and provide written details as to the scope of its noncompliance(s). Details must include, at a minimum, the following
 - a) background information detailing the root cause of the noncompliance(s);
 - b) a discussion of the licensee’s/applicant’s internal application/audit processes and necessary changes that will be implemented to ensure that similar licensing noncompliances do not recur;
 - c) a date or specific time frame in which the licensee/applicant expects to complete its internal review and submit the required amendments to the Audit Section;
 - d) a detailed description of the licensee’s/applicant’s action plan in order to complete and prioritize the project and provide assurance that all noncompliances will be addressed;
 - e) a written estimate of the number of pipeline self-disclosures involved;
 - f) the general location of the pipelines (e.g., twp 50-55, range 3-5, W5M);

Depending on the size of the project review, the ERCB will require the licensee/applicant to provide ongoing updates as to the status and progress for completing the amendment submissions.

[Link to tabular format \(Excel spreadsheet\)](#) that must be submitted when filing self-disclosures in “bulk” to the Audit Section.

Licensees are reminded that the processing of “bulk” records corrections by ERCB staff is on a “best efforts basis” and will be completed in due time.

All Participant Involvement and Schedule 3 technical requirements of *Directive 056* must be met and be clearly documented within the proposed tabular format prior to submitting “bulk” Scenario 3 applications. The Audit Section may request the licensee/applicant to provide any applicable audit documentation to verify compliance.

If a requirement of Schedule 3 cannot be met, the licensee/applicant must clearly identify this in the “Comments” section of the table and attach the required supporting audit documentation detailing why the requirement cannot be met (see *Directive 056, Table 6.4*). If necessary, the Audit Section may refer the application to the ERCB Operations Branch, Pipeline Section, for a further review.

Licensees/applicants must address “bulk” submissions or direct questions about the submission of bulk applications to:

Gavin McClenaghan
Facilities Applications
Energy Resources Conservation Board
640 – 5 Avenue SW
Calgary AB
T2P 3G4
Phone (403) 297-6847

Questions regarding this protocol may be directed to:

Joe Amoruso (403) 297-5239
Tito Panei (403) 297-8159
Or by e-mail to: FacilitiesApps.Audit@ercb.ca