



across

# THE BOARD

January/February 2006

## Compliance Assurance—Enforcement Directive now in effect

*Directive 019 comes on stream following stakeholder feedback, industry information sessions*

### Rolling the Dice: The Politics of the Power Industry

#### Independent Power Producers Society of Alberta 12th Annual IPPSA Conference

March 12-14, 2006  
The Fairmont Banff Springs  
Banff, Alberta

Whether regulated or deregulated, the electricity industry is full of high stakes plays. For some, electricity is a commodity. For others, it is a public good. Within that spectrum is a conflict of expectations between consumers, investors, and policy makers. This year's theme acknowledges the role politics plays in the power industry from market design, to environmental goals, to transmission expansion.

### About the EUB

Our mission is to ensure that the discovery, development, and delivery of Alberta's energy resources and utilities services take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, oil sands, coal, and electric energy, pipelines, and transmission line development.

On the utilities side, we regulate investor-owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through two core functions: adjudication and regulation, information and knowledge.

**O**n January 1, 2006, the EUB's *Directive 019: Compliance Assurance – Enforcement (Directive 019)* came into effect. *Directive 019* includes a series of new processes designed to protect public safety, minimize environmental impacts, preserve equity, and ensure conservation of resources.

The directive was released on July 27, 2005, and rolled out to stakeholders throughout the fall of 2005. Five information sessions were held on November 1, 7, and 22; four in Calgary and one in Edmonton. A second session in Edmonton, scheduled for November 22, was cancelled due to low registration. A total of 256 registrants attended the sessions.

The directive was also presented at the Environmental Law Conference, held in Calgary on October 25 and 26, 2005, and to the Canadian Bar Association on January 5, 2006. Several other EUB groups have held individual sessions with licensees and associations.

*Directive 019* replaces *Informational Letter 99-4: EUB Enforcement Process, Generic Enforcement Letter and Field Surveillance Enforcement Ladder* and all enforcement ladders found in other EUB directives and guides. It sets out the rules for enforcement when a licensee does not comply with EUB requirements. In March 2005, the EUB released a draft directive for input from stakeholders within the public, industry and government, and updates to *Directive 019* were based on the feedback received.

One of the most important messages in the directive is the EUB has developed a comprehensive compliance assurance plan that builds on the strengths of our present

compliance strategy. The updated strategy includes prevention, education, and information before noncompliance occurs and, should a noncompliance event occur, responsive, appropriate enforcement. The new enforcement policy achieves these goals through

- basing enforcement actions on predetermined risk assessment of EUB requirements,
- escalation of enforcement actions for persistent noncompliance,
- removal of automatic escalation,
- clarification of the voluntary self-disclosure policy,
- clarification of the EUB's appeal process, and
- improved access to compliance information.

The EUB has published the classification of requirements as low or high risk and persistent noncompliance criteria by compliance category for low and high risk on the EUB external Web site as of December 1, 2005. Persistence criteria for high risk include a "low" and a "monitor" status, at which the EUB may and/or will conduct early intervention to prevent licensees from being designated as "persistent".

For more information on *Directive 019* or to schedule a presentation on EUB Enforcement, please contact the Corporate Compliance Group at (403) 297-3710 or by e-mail at <EUB.ComplianceCoordination@gov.ab.ca>.

**See page 3 for frequently asked questions on EUB Compliance Assurance.** ■

## Recent EUB publications

### News Releases

**January 24:** News Release (NR 2006-02) EUB seeks comment on sealed Compton Pipeline Decision

**January 4:** News Release (NR2006-01) EUB closes Compton critical sour gas well applications

**December 22:** News Release (NR 2005-39) EUB approves rate adjustments for EPCOR Electric Customers

**December 21:** News Release (NR 2005-38) EUB Denies Compton Request for Extension to its Emergency Response Plan Deadline

**December 17:** News Release (NR2005-37) Acclaim Energy Oil Well Kick Ends

**December 14:** News Release (NR 2005-36) EUB Approves Interim Rates for ATCO Electric

**December 12:** News Release (NR 2005-35) Acclaim Energy Trust oil well kick under control

### Bulletins

**January 24:** Bulletin 2006-03 2006 Orphan Levy

**January 10:** Bulletin 2006-01 Regulated Service Provider (RSP) Service Quality and Reliability

Performance, Monitoring, and Reporting Plan—Revisions to Billing Performance Standards

**January 10:** Bulletin 2006-02 Interim Report on EUB Monitoring of Industry Recommended Practices for Sour Gas Development Planning and Proliferation Assessment

**December 22:** Bulletin 2005-34 Directive 012: The Alberta Tariff Billing Code - Release of Version 1.3

**December 9:** Bulletin 2005-33 Shallow Fracturing Operations: New Requirements, Restricted Operations, and Technical Review Committee

### Decisions

**January 27:** Decision 2006-004 ATCO Gas 2005-2007 General Rate Application Phase I

**January 24:** Decision 2006-005 Decision to Issue a Declaration Naming Patrick Robert Laybourne Pursuant to Section 106 of the Oil and Gas Conservation Act

**January 13:** Decision 2006-001 ENMAX Energy Corporation 2005 Regulated Rate Tariff Non-Energy

**January 13:** Decision 2006-002 ENMAX Power Corporation 2005 – 2006 Distribution Tariff

**January 6:** Decision 2006-003 Canadian Natural Resources Limited, Applications for Well, Pipeline, and Facility Licences, Lindbergh Field

**January 4:** Decision 2005-137 Canadian Natural Resources Limited Application for a Pipeline Licence Templeton Field

**December 30:** Decision 2005-150 Milner Power Inc. Complaint Against the Proposed AESO Line Loss Rule

**December 23:** Decision 2005-149 City of Red Deer 2006-2008 Transmission Facility Owner Tariff

**December 23:** Decision 2005-148 City of Lethbridge Electric Utility 2006-2008 Transmission Facility Owner Tariff

**December 21:** Decision 2005-145 EPCOR Energy Inc. & EPCOR Energy Alberta Inc. 2005-2006 Regulated Rate Tariff Energy Charge

**December 21:** Decision 2005-122 Addendum Phase 3 Final Proceeding Under Bitumen Conservation Requirements in the Athabasca Wabiskaw-McMurray

## EUB General Counsel honoured with Queen's Counsel appointment

**E**UB General Counsel and Law Branch Executive Manager Doug Larder has been honoured with appointment as Queen's Counsel for outstanding contributions to the legal profession and public life in Alberta. Larder was one of 102 members of the Alberta bar appointed Queen's Council by Lieutenant Governor in Council on December 31, 2005. Queen's Counsel appointments are announced every second year on the last day of the year.

"I was delighted to receive the QC appointment," said Larder. "It's personally gratifying and it also largely reflects the important public work of the EUB."

A practicing civil litigator and criminal lawyer since 1977, Larder first joined the EUB in 1997. At the EUB, his duties include managing 16 lawyers, one Freedom of Information and Privacy coordinator, and four legal assistants. He has acted on behalf of the EUB in matters touching on all aspects of the Board's operations, including representation in the

Court of Queen's Bench, the Court of Appeal, and the Supreme Court of Canada. His work on behalf of the EUB has included major public hearings related to

energy facilities (oil sands, power plants, transmission lines, sour gas wells), resource disputes (gas over bitumen), and utility rate matters. ■



*The EUB's Doug Larder was recently honoured with appointment as Queen's Counsel.*

# Frequently Asked Compliance Assurance Initiative Questions

**Directive 019: EUB Compliance Assurance – Enforcement replaces Informational Letter (IL) 99-4: EUB Enforcement Process, Generic Enforcement Ladder and Field Surveillance Enforcement Ladder effective January 1, 2006.**

## Why are you changing the enforcement process?

Under *IL 99-4*, we saw high rates of compliance and improved consistency but stakeholders told us that we could improve the enforcement ladders by making the process simpler. With our commitment to continual process improvements, staff from across the EUB have updated the current enforcement process.

## If enforcement actions began under *IL99-4*, what effect will the implementation of *Directive 019* have?

If compliance has not been achieved by December 31, 2005, enforcement actions will continue under *Directive 019*, with the determination of compliance assessed in accordance with the new directive.

## Is there a schedule for noncompliance fees in different work groups?

Noncompliance fees are shown in EUB acts and regulations, such as Part 17: Schedule in Fees of the *Oil and Gas Conservation Regulations*. Fees are most commonly applied by the Information, Collection, and Dissemination Group.

## What company-specific data are published on the EUB Web site?

The EUB currently publishes Closure, Abandonment, and Miscellaneous Orders on our Web site in the EUB Index of Board Orders (IBO). Licensees can also access their EUB Field Surveillance event-specific and summary compliance information via the Digital Data Submission (DDS) system.

## What is “summary licensee compliance category information”?

The summary licensee compliance category information contains

- the company name,
- a designated time period for the report,
- a company’s compliance statistics (low, high, and satisfactory inspections/audits) by compliance categories, and
- industry average compliance statistics (low, high, and satisfactory inspections/audits) by compliance categories.

## Why does the enforcement directive not consistently impose time limits on companies to respond to noncompliance events?

The EUB Compliance Assurance–Enforcement

directive is an overall governance document that applies across the organization. As a result, it is the responsibility of the EUB group to identify an appropriate timeline for correcting a noncompliance.

## If my noncompliance did not cause any harm or damage, why is enforcement applied?

The EUB has requirements prescribed to protect the environment and public safety, maximize hydrocarbon recovery, and ensure stakeholder confidence. When requirements are not followed, there is an increased risk of an adverse impact.

Any noncompliance event, whether actual damage occurred or not, is a threat to one or more of the following:

- public confidence in the regulatory system,
- a fair, level playing field for all of industry, and
- the EUB’s ability to fulfill its mandates (orderly and efficient development, data collection and dissemination, etc).

## Could grouping the terms “licensee” and “operator” cause confusion or controversy when enforcement action is imposed if the wells, facilities, or pipelines are licensed to one company but operated by another company?

For the purpose of the directive, the term “licensee” is used to designate the responsible duty holder, whether that be the licensee, operator, company, applicant, approval holder, or permit holder. In cases where enforcement will occur, legislation directs the EUB to apply enforcement to the appropriate responsible party.

## How do stakeholders and the public get involved to provide input?

Anyone may provide comments to the EUB at any time on our processes and policies. If you have comments specific to compliance and enforcement, send an e-mail to <EUB.ComplianceCoordination@gov.ab.ca>.

## Why does the directive tell stakeholders to contact the licensee for compliance information and its release under FOIP? Why doesn’t the EUB provide this information on behalf of the licensee?

The EUB tells stakeholders to contact the licensees to encourage dialogue between the public and industry and to provide industry an opportunity to give an explanation about the compliance information.

## How will the EUB ensure compliance with measurement and reporting rules?

*Directive 019* provides the overall governance framework for enforcement to ensure

compliance with requirements. Monitoring compliance with measurement and reporting rules will be achieved through the implementation of various processes by the EUB groups involved with audit and surveillance.

## How do I find out what EUB group is responsible for a specific compliance category?

There is a list of compliance categories with contacts and phone numbers on the EUB Web site.

## How was the risk assessment matrix developed?

The risk assessment matrix was developed by the EUB based on a risk assessment methodology used throughout North America. Industry stakeholders assisted the EUB during the development the testing phases.

## Why is equity not included in the risk matrix?

Although equity is not mentioned in the directive, it is included in stakeholder confidence in Table 1: Qualitative Measures of Consequences.

## Will the amount of media coverage have an effect on the risk assessment?

Each noncompliance is risk assessed. The risk process, doesn’t risk actual events; rather a “typical” event is considered and a risk rating assigned to the requirement. The final step is converting the risk rating into an enforcement category of high or low risk.

To clarify, we would not apply enforcement action on the basis of media reports. This would not happen because we do not put events into the risk matrix. Rather, requirements are risked before an event ever takes place.

## How can stakeholders participate in the risking process?

The list of risk-assessed noncompliances will be updated regularly during the implementation of *Directive 019*. Any questions or suggestions regarding a noncompliance event and its risk level should be directed to the EUB contact for that compliance category. ■

**For more information on EUB Compliance Assurance, please contact the Corporate Compliance Group at (403) 297-3710, by e-mail at <EUB.ComplianceCoordination@gov.ab.ca> or go to <<http://www.eub.gov.ab.ca/BBS/enforcement/>>.**

## Upcoming Public Hearings

Application No.	Applicant	Hearing Purpose
1392129	1392133 Imperial Oil Resources	Application for Well Licences
1392135	1392138	
1392145	1392147	
1392149	1392156	
1392157	1392160	
1392167	1392175	
1392180	1392183	
1392185	1392189	
1392190	1392192	
1392193	1392195	
1392204	1392206	
1392207	1392208	
1392209	1392210	
1392211	1392214	

Start date: February 22, Brooks Heritage Inn and Convention Centre, 1303 - 2 Avenue East, Brooks, AB

1400981	Canadian Natural Resources Limited	Application for a Pipeline Licence -Fort Kent Field
1431069		

Start date: February 22, Bonnyville Neighborhood Inn, 5011 66th Street, Bonnyville, AB

1415532	PrimeWest Gas Corp.	Application for Common Carrier and Common Processor - Clear Hills Field
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Start date: February 28, EUB Calgary Offices, 640- 5th Avenue SW, Calgary, AB

1422382	ENMAX Power Corporation	2006 Transmission Tariff
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Start date: March 6, EUB Office, Govier Hall, 640 - 5th Avenue SW, Calgary AB

1393397	1393399 EnCana Corporation	Applications for 15 vertical wells, a licence to amend an existing compressor station and 46 pipelines - Wimborne & Twining Fields
1393401	1393404	
1393405	1393406	
1393407	1393410	
1393412	1393414	
1393415	1393419	
1393442	1394241	
1394246	1431492	
1412764		

Start date: March 7, Torrington Community Center, 202 -2nd Avenue South, Torrington, AB

1417483	1417825 EOG Resources Canada Inc.	Application for six licences to drill six gas wells targeting the Milk River Formation and the Medicine Hat Sandstone and for one licence to construct and operate a plastic pipeline
1417489	1417830	
1417849	1417843	
1422663		

Start date: March 14, Royal Canadian Legion #63, 235 - 3 Street West, Brooks, AB

1412090	1413263 Baytex Energy Ltd.	Application for licences to drill one vertical gas well (Mannville Group) and construct and operate a steel pipeline
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Start date: March 21, The Coast Terrace Inn - Edmonton South, 4440 Gateway Boulevard, Edmonton, AB

## Pending Decisions

Application No.	Applicant	Hearing Purpose
1378400	Avenir Diversified Income Trust	Application for a Common Carrier - Taber Field
1379164	Prospex Resources Ltd.	Application for Well Licence - Garrington Field
1396409	Nova Gas Transmission Ltd.	2005 General Rate Application - Phase II
1415327	ATCO Pipelines North and South	Other Pipeline Receipt (OPR) Rate Changes
1419543	FortisAlberta Inc.	2004 AESO Charges Deferral Account Application
1399997	ATCO Electric Ltd.	2005-2006 General Tariff Application
1389884	EPCOR Transmission Inc.	2005/2006 Transmission Facility Owner Tariff
1389885	EPCOR Distribution Inc.	2005-2006 Phase I Distribution Tariff
1397602	EPCOR Distribution Inc.	2005/2006 Phase II Distribution Tariff
1389878	EPCOR Energy Inc.	2005-2006 Regulated Rate Tariff Non-Energy Application
1389879	EPCOR Energy Alberta Inc.	

This list is subject to change at any time, so please check the complete list of upcoming public hearings on the EUB Web site at <[www.eub.gov.ab.ca/bbs/applications/hearings/hearings.pdf](http://www.eub.gov.ab.ca/bbs/applications/hearings/hearings.pdf)>. If you do not have Internet access, contact EUB Information Services at (403) 297-8190.

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E-mail: <[eub.inquiries@gov.ab.ca](mailto:eub.inquiries@gov.ab.ca)>

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### For Alberta Geological Survey (AGS) documents on geological research, contact

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### Questions, complaints, problems?

**Utilities:** For information or to file a consumer utility complaint, contact us at

EUB Utilities Branch, 10th floor, 10055-106 Street, Edmonton, Alberta T5J 2Y2

Fax: (780) 427-6970

Complaints: (780) 427-4903\*

E-mail: <[utilities.concerns@eub.gov.ab.ca](mailto:utilities.concerns@eub.gov.ab.ca)>

**Oil and gas:** For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company does not respond appropriately, you may contact the nearest EUB Field Centre.

### EUB Field Centres (24-hour service)

Bonnyville (780) 826-5352\*

Drayton Valley (780) 542-5182\*

Grande Prairie (780) 538-5138\*

Fort McMurray (780) 743-7214\*

Medicine Hat (403) 527-3385\*

Midnapore (403) 297-8303\*

Red Deer (403) 340-5454\*

St. Albert (780) 460-3800\*

Wainwright (780) 842-7570\*

\* To call toll free from anywhere in Alberta, dial 310-0000 and enter the phone number, including area code, or press zero for a RITE operator.

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