



File OF-Surv-Gen 11
12 April 2017

To: All Companies that Hold a Regulatory Authorization to Construct and Operate a Pipeline,
Including Processing Plants under the Jurisdiction of the Board / Interested Parties

**Notice of Intention to Order Pipeline Companies and Processing Plant Companies
to Report to the Board on Pipe or Components having Material Properties not
Meeting Specifications**

The National Energy Board (NEB or Board) is proposing to issue a General Order to companies that hold a regulatory authorization to construct and operate a pipeline including processing plants (Pipeline)¹ under the jurisdiction of the Board (Company or Companies). A draft of the proposed General Order is enclosed. The General Order will require reporting of the existence of Pipeline pipe and components² that do not meet Company specifications and/or material property requirements identified in standards including those of the Canadian Standards Association (CSA). Comments on the Draft General Order can be submitted to the Board, as set out below, by **12 June 2017**.

Background

In 2015, the NEB became aware of certain instances of pipe and components not meeting material specifications on pipelines under NEB or other regulatory bodies' jurisdictions. In the cases examined, documentation from the manufacturers indicated that the materials met the required specifications when received by Companies. Subsequent testing indicated that some of the pipe and fittings³ did not meet all of the required material specifications. As a result, the Board issued Safety Advisory SA 2016-01 on 5 February 2016 to identify cases where pipe and pipeline fittings may not meet Company material specifications. In addition, the Board issued Order MO-001-2016 on 5 February 2016 to require reporting within 60 days on the use of two manufacturers' fittings and a demonstration of the safety of any of these fittings if they were installed on pipelines.

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¹ "Pipeline" means "pipeline" as defined in section 2 of the *National Energy Board Act*, R.S.C., 1985, c. N-7, which includes processing plants.

² Component(s) are pressure-retaining member(s) of the pipeline, other than pipe.

³ Fittings are manufactured components such as elbows, reducers, and tees that connect sections of pipeline.

Amended Safety Advisory

The Board is issuing this Notice of Intention to Order in conjunction with amended Safety Advisory SA-2016-01A. The amended Safety Advisory identifies additional fitting cases where material properties did not meet Company specifications, while the General Order will enable the NEB and Companies to identify any such fittings on existing Pipelines, so that fitness for service can be assessed and appropriate mitigation measures can be implemented if required.

How to Comment on the Draft General Order

Comments on the Draft General Order may be submitted by Companies or any interested party. As noted above, comments must be submitted by **12 June 2017**. Comments must include a reference to this Notice of Intention to Order; your name, mailing address, phone number and email address, the name of your organization (if you represent one), and your comments on the Draft General Order. Your comments can be filed electronically with the Board by using the “Submit Applications and Regulatory Documents” featured on the NEB website, or by mail, fax or courier to:

Secretary of the Board
National Energy Board
Suite 210, 517 Tenth Avenue SW
Calgary, AB T2R 0A8

Facsimile: 403-292-5503
Toll free facsimile: 1-877-288-8803

If you have any questions regarding this advisory please contact Natasha Scott, Director, Research and Innovation at 403-604-8988 or toll free at 1-800-899-1265 or via email at Natasha.Scott@neb-one.gc.ca.

Yours truly,

Original signed by L. George for

Sheri Young
Secretary of the Board

Attachment



DRAFT ORDER MO-XXX-XXXX

IN THE MATTER OF the *National Energy Board Act* (NEB Act) and the regulations made thereunder; and

IN THE MATTER OF the safety and security of pipelines under the National Energy Board's jurisdiction; File OF-Surv-Gen 11.

BEFORE the National Energy Board (Board) on xx month 2017.

WHEREAS the Board may order a company to take measures that the Board considers necessary for the safety and security of pipelines;

AND WHEREAS the Board is aware of instances of pipe and fittings having material properties that do not meet Canadian Standards Association or other standards associations' requirements that have been purchased or installed on pipelines under National Energy Board or other regulatory bodies' jurisdictions;

AND WHEREAS the Board has identified that in cases where pipe and fittings failed to meet required material specifications, documentation from manufacturers indicated that the materials provided were manufactured in compliance with the appropriate manufacturing standards;

AND WHEREAS the Board requires a company's Integrity Management Program to anticipate, prevent, manage and mitigate conditions that could adversely affect safety or the environment during among other things, the construction, operation and maintenance of pipelines and processing plants;

AND WHEREAS on 5 February 2016, the Board issued Order MO-001-2016, which required companies to, among other things, report on any pipe or fittings the company identified as having material properties not meeting its specifications;

AND WHEREAS on 12 April 2017, the Board issued Amended Safety Advisory SA 2016-01A identifying cases where pipe and fittings failed to meet required material specifications;

AND WHEREAS the Board has the authority to verify the appropriateness of mitigation plans for pipelines;

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AND WHEREAS the Board holds its regulated companies accountable for meeting regulatory requirements to prevent incidents and provide for the safety of Canadians and the protection of the environment;

IT IS ORDERED THAT pursuant to paragraph 12(1)(b) and subsection 48(1.1) of the NEB Act:

1. any company that holds a regulatory authorization to construct and operate a pipeline, including processing plants (Pipeline)¹ under the jurisdiction of the Board must, unless the Board otherwise directs:
 - a. within 15 days of verifying that a Pipeline pipe or component², such as a valve, flange or fitting³ has material properties not meeting required specifications, notify the Board in writing of the manufacturer, type, grade, year of manufacture, location, product transported, and maximum operating pressure (MOP) for that pipe or component;
 - b. within 60 days of filing a written notification with the Board under paragraph 1(a) of this Order, file a report with the Board detailing:
 - i. the mitigation measures planned and implemented;
 - ii. a timeline to conduct an engineering assessment (EA) in accordance with the requirements of CSA Z662, which demonstrates the safety of Pipeline pipe or component(s) identified under paragraph 1(a); and
 - iii. a timeline to revise the company's quality assurance program, as required under section 15 of the *National Energy Board Onshore Pipeline Regulations*, which is aimed at preventing the installation of Pipeline pipe and components with material properties not meeting the required specifications;
 - c. within 30 days of completing the EA required in paragraph 1(b)(ii) of this Order, file a written confirmation signed by the company's Accountable Officer certifying that:
 - i. the engineering assessment referred to in paragraph 1(b)(ii) of this Order has been completed; and

¹ For clarity, "Pipeline", as referred to in this Order has the same meaning as "pipeline" in section 2 of the *National Energy Board Act*, R.S.C., 1985, c. N-7, which includes processing plants.

² For the purposes of this Order, "component(s)" means pressure-retaining member(s) of the pipeline, other than pipe.

³ For the purposes of this Order, "fittings" means manufactured components such as elbows, reducers, and tees that connect sections of pipeline.

- ii. the quality assurance program has been revised, as required by paragraph 1(b)(iii) of this Order; and
- d. submit a copy of the EA referred to in paragraph 1(b)(ii) of this Order to the Board when required to do so.

Issued at Calgary, Alberta, on XX month 2017.

NATIONAL ENERGY BOARD

Sheri Young
Secretary of the Board

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