Defining Regulatory Excellence

The NEB’s first step towards defining regulatory excellence started in 2015. We turned to renowned thought leaders and their research. We joined the Alberta Energy Regulator to discuss their work in this regard, commissioned to the University of Pennsylvania’s (UPenn) Regulatory Program. We also wanted to validate these findings by comparing them to other bodies of research and testing them through our expert networks.

We joined the Organization for Economic Cooperation and Development’s Network of Economic Regulators in late 2015, and we also partnered with other energy regulators through the Public Policy Forum to convene three expert summits on regulatory excellence in early 2016. These channels offered an invaluable wealth of best practices formed by a cross section of agencies from Canada and around the world. We listened to their approaches, shared our own, and tested our real world experience against the research.

www.neb-one.gc.ca
1-800-899-1265
What we found is that regulatory excellence is not a single action or a series of individual inputs. Rather, it is the sum of multiple, connected attributes that inspire and influence our staff and Board Members every day, at every level, in a systematic way. The three attributes commonly found in excellent regulators as defined by UPenn are: **utmost integrity, empathic engagement and stellar competence**. We are confident that these three attributes, consistent with the public service values we have already internalized, can help the NEB build trust with Canadians, especially in times of change.

**A Framework for Implementing Regulatory Excellence**

The NEB’s framework for implementing Regulatory Excellence takes a systemic approach to embedding utmost integrity, stellar competency and empathic engagement into our work. The attributes are integrated into our core responsibilities and our progress in pursuit of regulatory excellence is measured in the outcomes listed in our Departmental Results Framework.

The NEB’s Management System [add link] provides the necessary business planning, risk and data management and governance to enable the organization to deliver the outcomes described in our Departmental Results Framework [add link]. Relentless focus on organizational improvement is imbedded throughout our Management System by continually enforcing the “Plan, Do, Check and Adjust” cycle.

![Plan Do Adjust Check Diagram](image)

Our Departmental Results Framework sets a clear direction for the NEB. It illustrates exactly what we do and what we aim to achieve through our four core responsibilities: **Energy Adjudication, Safety and Environment Oversight, Energy Information and Engagement**. These four core responsibilities deliver tangible and meaningful outcomes for Canadians. With help from our Management System, we will continually monitor our progress on delivering these outcomes through the development and use of performance indicators. These performance indicators are focused on the external environment; they track our performance and how effective we are at influencing and improving industry performance. These performance indicators keep us on the right path and help us continually improve our internal actions and decisions so we can deliver results for Canadians.

In order to be meaningful for Canadians, these performance indicators need to reflect the information stakeholders want to see. We reached out to stakeholders across Canada to understand what information they would like to see about our performance and developed performance indicators that reflect the interests we serve.

Each and every day, our dedicated staff and Board Members contribute to achieving these outcomes and thus, Regulatory Excellence. Our staff delivers energy adjudication processes that are fair, timely, transparent and accessible; prevent harm to people or the environment throughout the lifecycle of energy-related activities; provide Canadians energy information for knowledge, research or decision-making; and engage meaningfully with stakeholders and Indigenous Peoples to hear their perspectives and provide feedback regarding the NEB and our role.
Regulatory Excellence in Action

Our Energy Adjudication responsibility requires that we deliver processes that are fair, timely, transparent, and accessible. The NEB has seen an unprecedented number of participants in its hearings recently who come with varying levels of resources to navigate the NEB’s regulatory process. We believe that all participants, regardless of resources, should be able to meaningfully participate. NEB staff should engage professionally throughout all of our interactions with stakeholders. Even if a stakeholder does not agree with a decision or recommendation, they should feel as though they were able to meaningfully participate in our review process and their concerns were listened to and respectfully considered.

If a project is approved, our job is just beginning and we need to assure Canadians that we are holding companies accountable throughout the entire lifecycle. This means clearly demonstrating the actions and decisions we take every day to prevent harm to people, the environment and property. When carrying out our Safety and Environment Oversight over the life of an energy infrastructure project, we perform ongoing assessments of company performance, including their management systems and emergency preparedness and perform careful analysis of trends, emerging technologies and the root-cause of non-compliances and incidents. This internal work must be shared with Canadians. We must demonstrate the greatest diligence and transparency with gathering all condition compliances, inspection reports, enforcement actions and incident data. This information is critical in assuring Canadians that we are protecting what matters to them and holding companies accountable.

Determining compliance through tools such as inspections and audits is an essential part of what the NEB does and it does not stop there. Going beyond compliance and looking at improvements in company management systems is essential in preventing future non-compliances and incidents. This is done through a variety of regulatory tools such as further audits, investigations and/or safety orders. We also push beyond company level performance in order to influence at an industry level. This is moving the bar on prevention through improved safety and environment performance from minimum standards to best practice and examining our data and trending to focus from company specific activities to sector-wide outcomes and safety culture.

We strive to provide accurate, neutral and trustworthy Energy Information to Canadians. We want our energy information to play an active role in helping Canadians knowledgeably participate in discussions on energy systems and pipeline safety. To this end, we are also doing more to report on topics like emerging technologies and renewable energy as well as new ways to convey information in simpler, more intuitive ways. In response to what the NEB heard in a variety of engagement settings, the NEB is committed to enhancing its pipeline information on safety and environmental matters to enable it to be accessed by regions and communities.

We believe Canadians should have the opportunity to remain engaged throughout the lifecycle so that both our regulatory processes and the regulatory framework are informed by, and improved as a result of, engagement with landowners, regions, communities and Indigenous Peoples. Through our Engagement responsibility, the NEB is committed to engaging meaningfully with a regional and community approach. Our regional offices in Vancouver, Montréal and Yellowknife will help us proactively engage at the regional level and use a sustained, cooperative approach to addressing communities’ concerns and interests.

Our regulatory framework – the requirements we set out in regulations and other regulatory tools - evolves as we incorporate lessons learned through all of our core responsibility work. We also learn from other expert regulators within the oil and gas industry and other high hazard industries, and the ongoing technical training we prioritize for our expert staff. The NEB has a program to systematically and strategically review, update and develop its regulations over time. We provide information on our website on planned regulatory improvement initiatives that we expect to bring forward over the next two years.

The NEB’s Framework for Safety Culture, Safety Culture Indicators, and future safety culture initiatives facilitate the advancement of a robust safety culture across the regulated industry.

As we seek to positively influence industry’s safety culture, we must also consider how our own deeply-held organizational values affect decision-making and behaviors in the regulatory system. For this reason, the NEB has begun efforts to understand and evaluate our own internal culture. We are developing a regulator safety (oversight) culture assessment tool to begin to measure and improve as a Regulator.
Moving Forward

Regulatory Excellence is not a one-time exercise. The NEB will have to continually assess itself through use of our Management System and Departmental Results Framework in order to seize unrecognized opportunities and take proactive action against potential weaknesses and risks.

Lastly, Regulatory Excellence is not about perfection nor does it happen by chance - it is a perpetual pursuit. We will never “complete” our goal of being excellent but will continue to set higher performance targets for ourselves over time. We have the humility required to take an honest assessment of where we can improve and we welcome Canadians to help us in driving this pursuit.

Regulatory Excellence is not only reputational, or about saying we are excellent. Performance indicators that provide Canadians with meaningful proxies for utmost integrity, stellar competence and empathic engagement are necessary to give evidence to our claim. The NEB deliberately selected the term “Regulatory Excellence”, as opposed to “best-in-class” or “world-class”. For us, excellence is not merely a position among peers.