



National Energy Board

Performance Report

For the period ending
March 31, 2000

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis the *Part III of the Estimates* document for each department or agency into two separate documents: a *Report on Plans and Priorities* tabled in the spring and a *Departmental Performance Report* tabled in the fall.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

The Fall Performance Package is comprised of 83 Departmental Performance Reports and the President's annual report, *Managing for Results 2000*.

This *Departmental Performance Report*, covering the period ending March 31, 2000 provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Report on Plans and Priorities* for 1999-00 tabled in Parliament in the spring of 1999.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government.

The government continues to refine its management systems and performance framework. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site: <http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

Comments or questions can be directed to the TBS Internet site or to:

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National Energy
Board

Office national
de l'énergie

Performance Report

**For the
Period Ending
March 31, 2000**

Kenneth W. Vollman
Chairman
National Energy Board

Ralph Goodale
Minister
Natural Resources Canada

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Section I: Chairman's Message

The National Energy Board's corporate purpose is to promote pipeline safety, environmental protection and economic efficiency in the Canadian public interest while respecting individuals' rights and within the mandate set by Parliament in the regulation of pipelines, energy development and trade. In fulfilling this purpose, we aspire to be recognized as a leader in safety, environmental protection and economic efficiency.

To achieve results that make a difference to Canadians, the Board set four overriding goals:

NEB-regulated facilities are safe and perceived to be safe.

NEB-regulated facilities are built and operated in a manner that protects the environment and respects individuals' rights.

Canadians derive the benefits of economic efficiency.

The NEB meets the evolving needs of the public to engage in NEB matters.

Federally-regulated pipelines operate safely, as demonstrated by the constantly declining number of safety incidents, and the very low number of ruptures. Public expectations for increasing safety mean that the job is never finished and the Board continues to promote safe construction, operation and abandonment of the facilities it regulates. Also, Canadians' perception of safety is not as high as the record warrants and the Board must continue to invest in communicating actual safety performance.

It is more difficult to measure environmental excellence than pipeline safety. I believe that the environmental record of the facilities we regulate is overall very good. However, the Board has yet to report on specific measures of environmental success. Having recently endorsed specific environmental performance indicators, we will report on them in our next Performance Report.

Canadian energy consumers have benefitted from economic efficiency in several ways. As a result of the Board's market-oriented decisions, the price and range of pipeline transportation services in Canada are meeting the needs of the marketplace. Several comprehensive settlements regarding pricing and services between major pipeline companies and their shippers were negotiated and received Board approval in the mid-1990s and are still in place today. Some of them have been renewed, while others are being renegotiated. Also, competition among pipelines has increased in 1999-2000 with the construction of new facilities approved by the Board.

While competition in the industry has increased, there is still market power in the hands of some companies. In these circumstances, a level playing field of information is very important to the efficient operation of the market. As an independent neutral source of energy market information, the Board in 1999-2000 has provided information and analysis to market participants through a major Supply and Demand report and an Energy Market Assessment. On the basis of these reports and our ongoing monitoring of the marketplace, we do not believe that there was abuse of market power in 1999-2000.

Another contribution to economic efficiency has been the reduction in the time taken by the Board to process non-hearing applications, and therefore the cost of regulation to pipeline companies and their shippers. It now takes less time to process an application for facilities that do not entail complex issues. Further reductions will be achieved in 2000-2001 and beyond while the Board maintains its commitment to safety and the environment. We have also shortened the time to complete Comprehensive Study Reports, an essential component of the environmental review process used when major facilities are considered by the Board.

Citizen engagement in the Board's business has continued to progress in 1999-2000. We have measured our success in this area through a number of formal and informal surveys. Canadians who use the Board's services feel they are getting adequate assistance to participate in our processes, most of which are public hearings. People who use the information that we publish on energy markets are satisfied with our services. Landowners whose land is crossed by a pipeline project are generally satisfied with the pipeline company's restoration and clean-up, and for the most part believe that the Board's processes resulted in their rights having been respected. We also recognize that we have gaps to fill as we continue to seek a more effective engagement of Canadians. For instance, we need to better connect with individual landowners, landowner groups and environmental stakeholders, through more effective publications, through informal contacts, and through more active presence at pipeline locations and at public events such as conferences and workshops. We also need to communicate more effectively in plain language so that Canadians have clear answers when issues arise on energy matters. These efforts will result in increased credibility of the Board in genuine and meaningful public engagement and improved access to useful energy information for Canadians.

I trust this Report on Performance demonstrates that in 1999-2000 the Board continued to rise to the challenges it faced in providing results to Canadians and contributed in a significant way to our nation's well being.

Kenneth W. Vollman
Chairman

Section II: Agency Performance

National Energy Board	
Planned Spending	\$29,100,000
Total Authorities	\$31,900,000
1999-2000 Actual	\$31,500,000

A. Societal Context

Objective

To regulate, in the public interest, those areas of the oil, gas and electricity industries relating to:

- i) the construction and operation of pipelines;
- ii) the construction and operation of international and designated interprovincial power lines;
- iii) traffic, tolls and tariffs of pipelines;
- iv) exports of oil, gas and electricity and imports of gas and oil; and
- v) regulatory control of oil and gas activities on frontier lands, not otherwise controlled by joint boards and to advise the Minister of Natural Resources Canada on the development and use of energy resources.

Strategic Priorities

The four goals in the Board's 1999-2000 Plans and Priorities were:

1. NEB-regulated facilities are safe and perceived to be safe;
2. NEB-regulated facilities are built and operated in a manner which protects the environment and respects individuals' rights;
3. Canadians derive the benefits of economic efficiency; and
4. NEB meets the evolving needs of the public to engage in NEB matters.

Key Co-delivery Partners

The Board's key strategic partners include the Canadian Environmental Assessment Agency, the Northern Pipeline Agency and the Transportation Safety Board. The Board's links with these and other departments are discussed in Section IV of this report.

Social and Economic Factors

During 1999-2000, the NEB was faced with a number of key external and internal challenges that greatly influenced its operations. These challenges include:

Construction of Pipeline Infrastructure

As a result of pipeline approvals issued in previous years, construction on several new pipelines took place in 1999-2000. Some of this construction took place in areas of Canada where citizens had no previous experience with the pipeline industry. The Maritimes and Northeast Pipeline Management Limited (M&NP) system commenced service in December 1999 to carry natural gas from offshore Nova Scotia to markets in Nova Scotia, New Brunswick and New England. The first year of construction on Alliance Pipeline Ltd. (Alliance) included over 1 000 kilometre of pipeline constructed in the three western provinces in 1999-2000. In each project, many landowners along pipeline right-of-ways were concerned about the impact the pipeline might have on their land and safety.

The Board's staff monitored the construction by inspecting for compliance with safety and environmental regulations and ensured all safety and environmental concerns were addressed by companies.

Increased Landowner Interest

Landowners continued to show a high level of interest in the Board's role in regulating pipeline activities in 1999-2000. This high level of interest is related to increased pipeline construction as well as a general increased awareness and interest in pipelines. The Board held 13 detailed route hearings in 1999-2000 as a result of concerns by landowners over pipeline routing. Another indicator of public interest is that over one-third of the approximately 400 calls for information on the Board's toll-free phone line came from landowners.

Natural Gas Transportation

Expansions of the TransCanada and Foothills pipelines in 1998 removed constraints on the ability of western producers to transport gas to eastern and export markets. In previous years, Canadian exporters had to discount their gas because of capacity constraints. The new business environment has resulted in non-renewal of some long-term transportation contracts and an increase in gas pipeline rates. Although not yet in operation, the Alliance, Vector Pipeline Limited Partnership and the BC Gas Utility Ltd.'s Southern Crossing pipelines are for the first time introducing some real competition into the gas transmission business and are creating fundamental changes in the business and regulatory environment.

These fundamental changes in the gas transportation industry have been accompanied by widely fluctuating energy prices. In early 1999, low prices resulted in reduced activity in

the exploration and production sector. These prices increased during 1999 and, in early 2000, rose to levels which have caused consumers great concern. Price volatility and changes in the business environment for natural gas require the Board to explore new and more flexible regulatory approaches while also enabling markets to reach their natural equilibrium.

Energy Markets

In 1999-2000, energy market developments featured volatile oil and natural gas prices. Concerns were raised about a number of issues, including near-term natural gas productive capacity and restructuring of the electricity industry. These developments challenged the Board to assess its monitoring needs and address stakeholder concerns through publishing objective and reliable information on energy issues.

Onshore Pipeline Regulations

In August 1999 the revised *Onshore Pipeline Regulations, 1999* came into effect. These regulations increase the emphasis on ensuring the ongoing integrity of pipelines and moving towards goal-oriented regulation, where the intent of the regulations is clearly stated and companies must demonstrate that they have addressed the issue. Extensive consultation was conducted on the new regulations and the accompanying guidance notes. As a result the Board revised its audit approach to enforcement of the regulations.

B. Performance Expectations

The four corporate goals and strategic priorities identified in the NEB’s *1999-2000 Report on Plans and Priorities* provided the focus for NEB activities during this reporting period. Key accomplishments relating to the Board’s four goals are detailed below.

C. Chart of Key Results Commitments

National Energy Board		
To provide Canadians with:	To be demonstrated by:	Achievements reported in:
Social and economic benefits through regulation of the Canadian energy industry (oil, gas and electricity).	i) Safety and environmental record of facilities under the Board’s jurisdiction;	Section II pages 7-10
	ii) Clarity, consistency and fairness in the legal and scientific framework for environmental assessment;	Section II pages 10-12
	iii) Canadians deriving the benefits of economic efficiency through market-based solutions, efficient regulatory processes, and information available to the public and industry on energy markets; and	Section II pages 12-15
	iv) Ability of the public to engage in NEB matters and to access information.	Section II pages 15-17

D. Performance Accomplishments¹

Goal 1: NEB-regulated facilities are safe and perceived to be safe

The primary responsibility for safety rests with the operators of NEB-regulated facilities. To ensure safe operation of pipelines and the protection of the environment, the Board has a comprehensive regulatory program. This program includes the development of regulations to promote safety, and monitoring safety through environmental inspections and audits to determine if the NEB's goals are being met. In the event of a pipeline failure, the Board investigates whether the operator is in compliance with the regulations, whether the regulations need to be modified and whether regulatory action is required to ensure safety.

When it established Goal 1, the NEB set a number of objectives which it hoped to meet over three years. These objectives were:

- Increased safety of pipelines and upstream operations through the development and promotion of effective safety programs for companies under federal jurisdiction.
- Increased recognition by Canadians of the Board's safety programs.
- Increased effectiveness of Canadian pipeline and upstream safety regulatory programs through the better use of information, partnerships with other regulatory agencies, government departments and industry, and increased skills of staff.

The NEB's success in achieving Goal 1 will ultimately be measured by maintaining or improving key safety indicators and public confidence indicators. Current pipeline safety levels are a result of current maintenance and interventions as well as decisions and actions taken in the past during design and construction. Effective safety programs will control and mitigate current safety issues as well as work to prevent future safety issues. The results of these safety programs will show, both now and in the future, that pipelines are safe and that the public has confidence that they are safe.

Safety Programs and Regulation

A key activity in ensuring safety and environmental protection is the creation and maintenance of regulations. The revised *Onshore Pipeline Regulations, Hydrocarbon Processing Plant Regulations, Diving Regulations* and *Canada Oil and Gas Production and Conservation Regulations*, reflect a move away from relying only on prescriptive regulations towards goal oriented regulations and increased emphasis on maintenance and risk management. The *Onshore Pipeline Regulations, 1999* were promulgated on 23 June 1999 and came into force on 1 August 1999. The NEB also issued *Guidance Notes for the*

¹ The Board's accounting systems are currently not designed to report by Planned Results. However, work is in progress to modify these systems and all future reports will include resources allocated to each Planned Result.

Onshore Pipeline Regulations, 1999 (Guidance Notes) on 7 September 1999 and worked collaboratively with industry to ensure the Guidance Notes were well understood and practical. Other regulations have been revised and are at various stages of review by Justice Canada.

In addition to requiring new company management systems to ensure safety, the Board completed a review of its current pipeline safety monitoring and compliance practices and the Board's philosophy and approach towards its compliance and audit program. The Board approved an Environmental and Safety Compliance Policy on 10 January 2000. This policy complements an Environmental Policy developed and approved in 1999. The Board is currently reviewing enforcement tools that might be used to ensure compliance with its regulations. The result of these initiatives is a clear and consistent approach to enforcement and improved understanding of expectations.

Advances were also made in foundation work, the results of which will not be seen until these tools are implemented. Key initiatives include:

- Establish safety performance baseline data
Status: The NEB developed a number of Safety Performance Indicators and will use these indicators in fiscal year 2000-2001.
- Implement risk-based inspection and audit program to focus NEB resources on key areas
Status: The risk-based inspection methodology was implemented. The risk-based audit program will be implemented with the Onshore Pipeline Regulations, 1999.
- Initiate an environment and safety information management system needs assessment and design
Status: The environment and safety information management system needs assessment was completed in June 1999 and the first phase design was to be completed in May 2000.
- Establish data collection systems to support risk-based inspection and audit program and safety performance data
Status: A risk prioritization methodology was completed in April 1999 and a preliminary risk-based listing of facilities was completed by 30 September 1999.
- Advance the certificate condition tracking system and compliance reporting
Status: Regular reports to assessment and inspection officers ensured follow-up, issues management, and incorporation of field results into environmental assessments on later projects.

- Address deficiencies identified by the Auditor General
Status: Several recommendations were made by the Auditor General in his November 1998 report. The NEB accepted all the recommendations and is working on their implementation.

Safety Performance Indicators

Table 1 lists some of the safety performance indicators for pipelines and other facilities and activities under NEB jurisdiction. The Board currently regulates over 43 000 kilometres of pipelines. On many criteria, the industry performed better than the previous year even though the total length of pipeline increased by over 2 000 kilometres. The number of incidents is trending downwards despite increasing pipeline length. The increase in Assurances of Voluntary Compliance (AVC)² received is indicative of increased levels of construction activity from previous years.

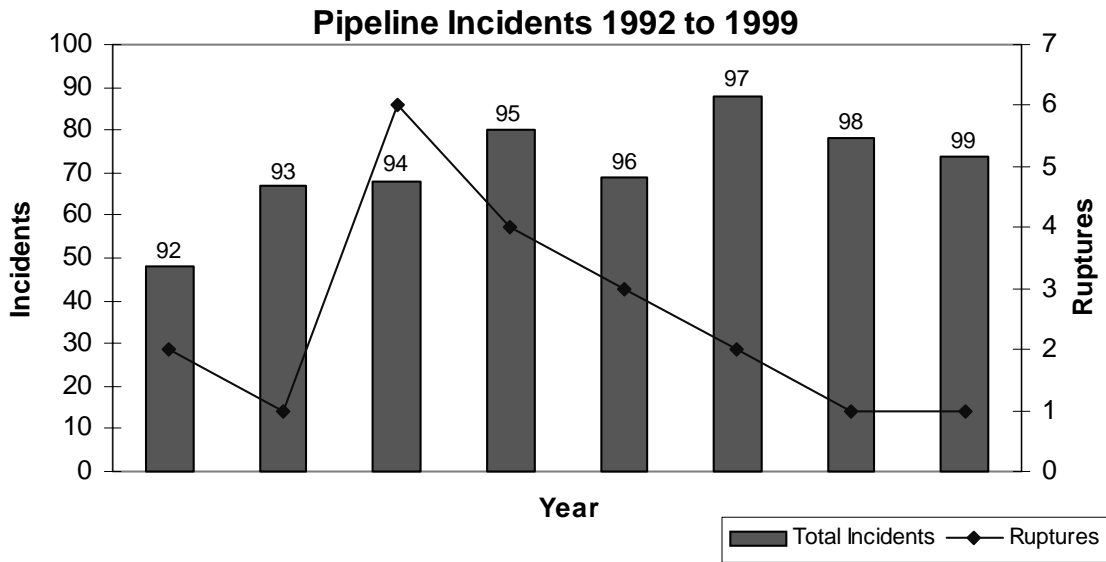
Table 1: Safety Performance of Pipelines and Gas Plants

	1997	1998	1999
Pipeline Incidents	88	78	74
Pipeline Ruptures	2	1	1
Assurances of Voluntary Compliance (AVC) Received	147	170	225
Occupational Health and Safety (OSH) Incidents per 100 000 hrs worked on Frontier Lands	1.2	0.9	1.1

Most of the pipeline incidents reported to the NEB were minor and did not pose a hazard to the public or the environment. Of the 74 incidents reported in 1999, 15 resulted in injuries to workers undertaking maintenance and construction activities. Over two-thirds of the incidents occurred in controlled areas such as pump stations and gas plants, which do not impact landowners and the public.

² An AVC is a written assurance from the company that it will address an issue identified during an audit or inspection

Table 2: Annual Total Incidents and Ruptures



Public Confidence Indicators

The Board’s goal regarding safety includes not only that the facilities are safe, but that they are perceived to be safe. Public confidence is difficult to measure quantitatively. The NEB has noted that there continues to be indications during public hearings of low public confidence in the safety of pipelines. This concern is most often raised in communities that are faced with new pipelines. Media reports in 1999 have tended to portray the NEB and pipelines in a positive light with respect to safety issues. The NEB believes that the improving safety and low number of ruptures has contributed to this outcome.

Goal 2: *NEB-regulated facilities are built and operated in a manner that protects the environment and respects individuals’ rights.*

As with safety, the primary responsibility for environmental protection rests with the operators of NEB-regulated facilities. A similar comprehensive regulatory program outlined under Goal 1 is also geared toward ensuring environmental protection. In striving to achieve Goal 2, however, objectives unique to the challenges of environmental protection and individuals’ rights were set out in the Board’s *1999-2000 Report on Plans and Priorities*. These objectives were:

- Increased field knowledge of the effectiveness of conditions and pipeline practices in mitigating environmental effects of construction and operation of energy projects
- Clear, consistent environmental standards and practices, incorporating the cumulative knowledge of demonstrated field results
- Consistently high respect for landowners' rights and interests in the development of energy projects within NEB jurisdiction

- Pipeline companies take responsibility for self-managing environmental protection programs and landowner consultations

Over the three years set out in the Board's *1999-2000 Report on Plans and Priorities*, the NEB's success in achieving Goal 2 through meeting these objectives will be measured by maintaining or improving key indicators. A fundamental starting point was to establish a more systematic approach to managing and measuring the NEB's regulatory program as it relates to environmental protection. Results of that foundation work are outlined below in discussion of the Environmental Management Program.

The EMP will rely on the same information management system outlined under Goal 1 and lead to results in the first two objectives. Results achieved in advancing pipeline company responsibilities and associated company management programs are also outlined under Goal 1, specifically with regard to the promulgation and implementation of new goal-oriented regulations. Similarly, the Board's improved condition tracking system highlighted opportunities for improvement resulting in tighter more specific conditions on new projects. Results unique to Goal 2 in 1999-2000 are captured in the following three initiatives.

Environmental Management Program

The Board is in the process of applying an environmental management system approach to current regulatory responsibilities. The management system, called the Environmental Management Program (EMP), is based on the principles of ISO 14000, an international standard for management systems, as illustrated in Figure 1. The results of implementing the EMP will be to consolidate, integrate, and prioritize the Board's environmental efforts as well as to clarify its role, expectations, and responsibilities regarding environmental protection for all interested parties.

The first step of the EMP was to establish a Board-approved and supported environmental policy. The policy is a guidance document that describes the Board's values, its environmental aspirations and principles. It sets the overall direction and aligns the Board's management and staff with common principles of operation. The NEB Environmental Policy has been approved and will be released to the public during September 2000. The second step of the EMP, the planning phase, is nearing completion while the implementation phase has just begun.

Figure 1: Environmental Management System Model



In planning this systematic management approach, during 1999-2000 all aspects of NEB work related to the environment were itemized and prioritized based on impact. Six key environmental objectives including, targets and performance indicators, were developed and will guide environmental work during the coming fiscal year. Positive results to date include improved clarity of expectations for non-hearing applications, reduced non-hearing cycle times and improved tracking and use of conditions.

Comprehensive Study Reports

Clarity and consistency of environmental assessment processes continues to be a focal point for the NEB. During 1999-2000, two hearings were held that included Comprehensive Study Reports (CSR) that had been drafted or completed by the proponent in advance of the hearing. Previously, CSRs had been prepared by the NEB following gathering and evaluating evidence through the hearing process. This new approach resulted in shorter hearing times and faster post-hearing decision releases. In comparison to a recent hearing that did not use this process, the Saint John Lateral hearing took three days as opposed to 19 and the decision was released in one-third of the time. As a result of this new approach, process cycle times in advance of the hearing were longer than comparable proceedings in the past. Continued efforts to improve overall results include enhanced clarity of expectations by responsible authorities and CSR management by the proponent in conjunction with routine project management.

Landowners' rights

The NEB's desire to ensure the protection of individuals' rights on an ongoing basis was expressed as one of the objectives in the Board's 1999-2000 Strategic Plan. The objectives set out by the project were to ensure the maintenance or enhancement of high

respect for landowners' rights, to facilitate participation in Board processes, and to ensure that pipeline companies take increasing responsibility for landowner consultation.

In meeting these objectives, gaining clarity and a shared understanding of what landowners' rights mean to the NEB and defines expected outcomes for the future were recognized as being important preliminary steps. A critical review of existing processes, including a comparison with similar processes in other jurisdictions, was also identified as a necessary step. During 1999-2000, approximately 75 percent of NEB processes were reviewed and options for improvements were developed. Completion of the review, prioritization of issues, and renewal of processes are planned for the coming fiscal year.

An outline of key principles led to a separation between factors of a technical nature (e.g. actual results in the field such as success of reclamation of land) and those pertaining to engagement (e.g. provision of clear and timely information and fair processes to involve landowners in decisions that affect them). Three landowner surveys were conducted in 1999-2000. Standardized surveys in coming years will enhance reporting against benchmarks.

The survey results showed that landowners were generally satisfied with the assistance they received to participate in the Board's processes and with the restoration and clean-up of their property after construction. The NEB lacks credibility with landowners that affected the survey results. Two primary areas for improvement in landowner engagement were identified through the surveys. First, many landowners did not understand the material sent out by the Board and found it confusing. Second, landowners felt that Board staff should be more involved and accessible, especially early in a project's planning phase.

In response to the survey results, a project was initiated to review the Board's landowner-focused information publications to address the first concern. The development in the coming fiscal year of a Public Engagement Policy will include principles for landowner engagement that will further respond to these issues. In the meantime, enhanced services such as easier access to legal counsel and pre-hearing information sessions have improved engagement.

Goal 3: Canadians derive the benefits of economic efficiency.

In the context of the NEB's operations, economic efficiency means reaping the benefits of competitive market solutions. Market solutions are preferable to regulatory solutions, if they provide low cost and broad consumer choice, which are competitive market outcomes. Where market solutions are not possible, regulatory solutions should strive to provide the same competitive market outcomes to stakeholders. Economic efficiency embodies regulatory efficiency (e.g. eliminating regulatory barriers and striving to minimize costs incurred by parties). Finally, competitive market solutions require that information be readily available to help market participants make business decisions and be informed about energy market developments.

To achieve its third goal - Canadians derive the benefits of economic efficiency - the Board set three objectives, which were:

- The NEB does not intervene in the marketplace unless essential due to legislative requirements or market failure.
- Where regulation is essential, NEB regulatory solutions emulate competitive market solutions to the greatest extent possible.
- Information is readily available to meet the NEB's own regulatory needs, to meet the needs of regulated market participants and to contribute to market-like regulatory outcomes.

Canadian Energy Supply and Demand to 2025

As part of its role to ensure that relevant information is available to market participants, the NEB published *Canadian Energy Supply and Demand to 2025* in June 1999. This report is a major review of energy in Canada. An important feature of the project was the broad consultation held with over 100 parties across the country. Energy producers (including electric utilities), transporters and distributors, consumers, provincial governments, and public interest groups all provided input to the report. Over 3 000 copies of the *Canadian Energy Supply and Demand to 2025* report were distributed across Canada and it is widely quoted in the media.

The desired results were:

- To provide a comprehensive energy market analysis and outlook to serve as a standard reference for all those interested in Canadian energy issues and trends
- To provide a framework for public discussion on emerging issues of national importance
- To monitor the long-term prospects for the supply, demand and price of natural gas in Canada pursuant to the Market-Based Procedure for natural gas exports

An informal survey conducted after publication suggested there was a high degree of satisfaction with this report.

Review of Incentive Regulation

This project reviewed the success of incentive settlements between pipelines and shippers and where necessary revised methodologies to ensure the success of the Board's approach to discharging its Part IV requirements. The objectives were:

- To develop a shared understanding of the Board's Part IV goals, priorities and methods for achieving the goals

- To clearly understand the environment within which toll negotiations take place and the Board's role in shaping that environment
- To prepare the NEB staff and Board Members for any toll and tariff matters that may come to the Board for arbitration

The NEB undertook a comprehensive assessment of the success of incentive settlements. The conclusion was that the settlements have largely met their objectives and have been an improvement over cost-of-service regulation. Board staff presented the results of the findings in public speeches in Calgary and Toronto. Given the results indicating success of the current incentive regulation framework, no immediate revision to methodologies was initiated. The Board did increase its understanding of the toll negotiating environment and has enhanced its ability to deal with any toll regulation matters that come before it.

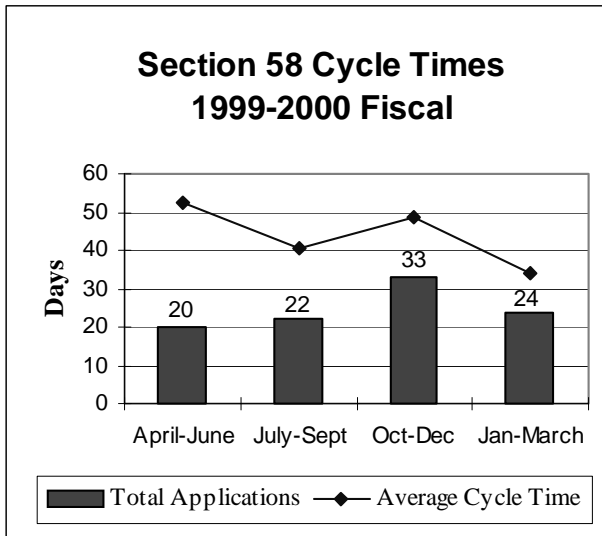
Review the NEB's Approaches to Discharging its Major Regulatory Responsibilities

A third party program evaluation was conducted to assess the effectiveness of the NEB's program delivery. The program evaluation made a number of recommendations about how the NEB might measure and improve its performance. The evaluation stated the Board has been effective in delivering sound and generally accepted economic regulation. However, the report suggested that the Board should strengthen its regulatory and analytical capabilities to understand the implications of its decisions in an increasingly complex market place. The evaluation also made recommendations with respect to performance indicators.

The Board found that many of the recommendations were being addressed through the choice of strategic direction set out in its *1999-2000 Report on Plans and Priorities* and projects which were underway. Other recommendations fell outside the Board's mandate, being within the purview of the policy arm of government.

Regulatory Efficiency

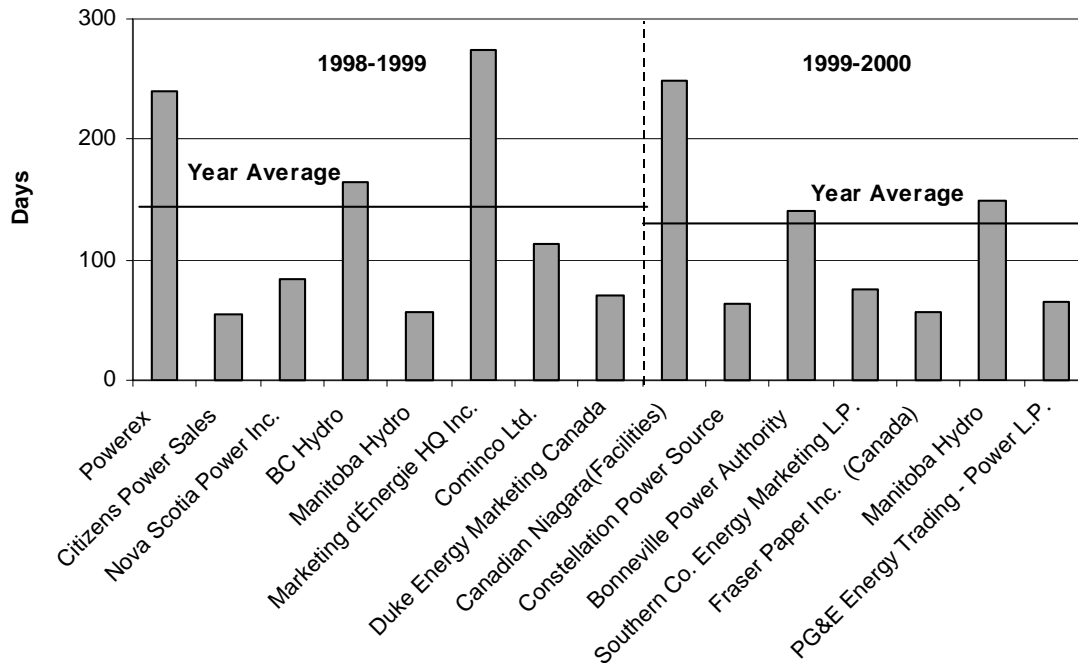
During the year, the Board made progress in increasing regulatory efficiency in processing Section 58 applications and export approvals. Section 58 applications are made for smaller pipeline projects dealt with through non-hearing processes but accounting for significant NEB resources. Export approvals are also often handled through non-hearing processes.



Internal process reviews, for both Section 58 applications and export approvals, identified areas where changes would result in streamlined processes. In both processes a significant decrease in the average processing time has been achieved.

Through the reviews, other concepts for process simplification were identified and will be developed in the coming fiscal year. These concepts include the development of guidelines for staff and client companies, and the issuance of broader multi-year or multi-project orders.

Cycle Times for Processing Electricity Applications



Assess Information and Monitoring Needs

In line with furthering the provision of information and monitoring of energy the Board planned and initiated work on a number of Energy Market Assessments (EMAs) that will be released in 2000-2001. The Board published a near-term outlook and assessment entitled *Short-Term Natural Gas Deliverability in the Western Canada Sedimentary Basin, 1998-2001*, which addressed near-term natural gas productive capacity. A report was also produced on the natural gas resources of northeastern British Columbia.

A project was initiated to assess internal and external information and monitoring needs. A number of initiatives were identified, including standardization of statutorily-required monitoring reports and methods for surveying stakeholders as to their needs and availability of information. This project is being pursued during the next fiscal year.

Early in the year, external soundings indicated parties were satisfied with Board-produced information on natural gas and oil but dissatisfied with information on electricity. The Board increased its efforts to liaise with the electric power industry. This interaction resulted in a better understanding by the Board of the business and regulatory implications of electricity restructuring, and a better appreciation by the electricity industry of the Board's role in authorizing exports and international power lines. Later in the year, the Board received indications that satisfaction was growing with the electricity information it produces.

Goal 4: The NEB meets the evolving needs of the public to engage in NEB matters

An important aspect of the Board's operating context is the increased accountability that Canadians expect from all government institutions. Citizens expect the Board's processes to be easily understandable and accessible. They expect their participation in Board proceedings to make a difference in the outcomes. The Board has a number of initiatives addressing the various processes and regulations within its mandate to streamline or simplify these processes to allow for better citizen engagement. In addition, much work was undertaken last year to enhance the speed of information services.

Three objectives were set out in the Board's *1999-2000 Report on Plans and Priorities* to achieve this goal:

- Increase public access and use of the Board's decisions, public records and information.
- Progress towards improving electronic document production and dissemination in an efficient and effective manner.
- Increased public understanding of, and confidence in, the Board's processes.

The activities listed below were the first steps in a three-year plan to maintain or improve the level of public awareness of, and satisfaction with, the Board's information services and the assistance available for participants in the Board's regulatory proceedings.

Electronic Regulatory Filing (ERF)

The NEB is continuing development of full ERF capabilities in concert with the Ontario Energy Board (OEB) and the regulated energy industry. The ERF initiative will develop a system to create, exchange, use and re-use regulatory information in electronic form. This will reduce costs, increase regulatory efficiency and increase access to regulatory

information. It will also greatly enable the public to participate in regulatory proceedings regardless of their location.

As part of the ERF initiative, the NEB has successfully introduced a temporary repository that allows Web site access to Reasons for Decision from 1985 onwards and hearing transcripts from 1991 onwards. This is a significant advancement in providing both industry and the general public with greater access to a large number of important regulatory documents.

Several companies participated in filing electronic versions of documents with the Board. These filings constituted our first stage in pilot learning.

Changes to the NEB Rules of Practice and Procedure that will support a move to electronic filing and processing applications electronically have been approved by the Board and are being forwarded to Justice Canada.

Alternative Dispute Resolution (ADR)

Following the Trans Québec and Maritimes Pipeline Inc. (TQM) and M&NP detailed route hearings in the summer of 1998, the Board considered the use of alternative dispute resolution for landowner objections pursuant to section 34 of the *National Energy Board Act*. The desired results in using alternative dispute resolution include enhanced dialogue, reduced confrontation, and improved and more timely outcomes. In order to test the viability of ADR within the NEB context, a pilot project was attempted in 1999-2000. The Board entered into a contract with a consultant for the development of a documented dispute resolution program, an evaluation plan and training for Board staff. A five-day training session was held with 20 Board staff participating from various teams.

Board mediation services were subsequently offered to three landowners who objected to portions of the route of M&NP Halifax and Saint John lateral pipelines. Each case had unique circumstances and Board involvement in mediation was ultimately not used. In addition, although not strictly within the terms of the pilot project, a multi-party mediation was conducted by Board staff within the Millennium pipeline project proceeding to establish a hearing date and a schedule for consideration of the various issues before the Board. Access to mediation offers a landowner an additional avenue to resolution of disputes with the pipeline company.

The pilot project was not completed because landowners reached agreements before mediation started. A number of important learning points were taken from the exercise. First, the project demonstrated that there is interest in mediation both from landowners and companies. At the intake stage, all landowners or their representatives were positive about the use of mediation. Secondly, establishing a date for mediation on its own creates an impetus for agreement. By setting down a date for mediation, the parties are given a focus point to work towards resolution. Even in the case where the objection was resolved on the day of the mediation, the presence of a Board mediator provided the parties with a fallback position if they failed to reach agreement on their own.

The pilot project has established an infrastructure and provided valuable experience upon which to base the implementation of a permanent mediation program. With this basic infrastructure in place, the experience gained and the overall success of the project, the Board will now decide on further implementation of ADR in the coming fiscal year.

Other Public Information Services

The Board surveyed internal and external audiences and evaluated their comments on what information was currently available from the Board. The survey found that in general, the NEB's information services are appreciated and highly valued, although there were opportunities for improvement. The evaluation showed that print materials in particular, needed a stronger visual identity using the NEB's logo. At the same time, some materials need to be more clearly identified by their purpose and subject.

As a result of the survey the Board is updating all its Information Bulletins to make them timely and more reader-friendly.

The Board also has changed its toll-free telephone number and is publishing the number in major-area telephone books across the country. This is especially relevant in areas where there are oil and gas pipelines.

Board safety and environment inspectors have participated in many community events such as local fairs resulting in improved two-way communication and accessibility.

The Board also sponsored a major Canada/U.S. Public Awareness conference in Niagara Falls to share public awareness best practices, thereby increasing overall public safety.

In addition, the Board has continued improving its public engagement process as opportunities have presented themselves. Community meetings were held in areas where pipeline construction projects are planned. These meetings were designed to inform the public about NEB and *Canadian Environment Assessment Act* processes and, in some cases, get input from the community involved about changes they would like to have in the whole procedure.

Since April 1999 the Board's hearing transcripts have been available on the NEB Web site for viewing, downloading and printing.

The quality of the Board's French language services is an important issue. A survey was conducted this fiscal year with generally favorable and improved results since the previous 1994 survey. The Board continues to strive to provide an equal quality of all services in both official languages. The NEB will use the results of the survey to make improvements and will continue to monitor the provision of French language services.

Section III: Consolidated Reporting

A. Quarterly Regulatory Reports

Tables 1-4 summarize quarterly NEB Public Hearings:

Table 1 : 1 April to 30 June 1999

Oral Hearings	Results	Outcomes
I. Imperial Oil Resources Ltd. and Boston Gas Company - GH-1-99	Decision issued on 23 June 1999 Hearing held in Halifax, Nova Scotia on 4-5 May 1999 (2 days).	Licence to export 1.2 million cubic metres (42.5 million cubic feet) of natural gas per day.
II. Alliance Pipeline Ltd. - Detailed Route Hearings - MH-1-99 and MH-2-99	Decisions issued dated 5, 18, 28 May 1999. Hearings held in Regina, Saskatchewan (12-15 April 1999) and Edmonton, Alberta (27-30 April 1999) (8 days).	Six oppositions to the proposed detailed route were denied.
Written Hearings	Results	Outcomes
I. Enron Capital & Trade Resources Corp. - GHW-1-99	Decision issued on 13 May 1999.	Licence to export 566 600 cubic metres (20.0 million cubic feet) of natural gas per day.

The Board completed the following applications and other matters which did not require a public hearing:

Completed Applications without Public Hearings	
Pipeline Matters	4
Frontier Matters	7
Traffic, Tolls and Tariff Matters	5
Natural Gas Matters	5
Electricity Matters	2
Oil Export Orders	3
Natural Gas Liquids (NGL) Export Orders	0
Natural Gas Export Orders	30
Other Matters	1

Table 2: 1 July to 30 September 1999

Oral Hearings	Results	Outcomes
I. Alliance Pipeline Ltd. - Detailed Route Hearings - MH-1-99 and MH-2-99	Decisions issued dated July 20 and 30, 1999. Hearing held in Grande Prairie, Alberta from 31 May to 2 June 1999 (3 days).	Five oppositions to the proposed detailed route were denied.
Written Hearings	Results	Outcomes
I. ProGas Limited - GHW-2-99	Decision issued on 19 August 1999.	Two licences to export natural gas.

The Board completed the following applications and other matters which did not require a public hearing:

Completed Applications without Public Hearings	
Pipeline Matters	7
Frontier Matters	7
Traffic, Tolls and Tariff Matters	6
Natural Gas Matters	3
Electricity Matters	3
Oil Export Orders	1
Natural Gas Liquids (NGL) Export Orders	0
Natural Gas Export Orders	23
Other Matters	1

Table 3: 1 October to 31 December 1999

Oral Hearings	Results	Outcomes
I. Maritimes and Northeast Pipeline Management Ltd. - Halifax Lateral - GH-2-99	Decision issued on 7 October 1999. Hearing held in Halifax, Nova Scotia from May 10 to 17 (6 days).	Construct 124 kilometres (77 miles) of pipeline to transport natural gas. Estimated cost: \$77.8 million.
II. Maritimes and Northeast Pipeline Management Ltd. - Saint John Lateral - GH-4-99	Decisions issued on 22 November 1999. Hearing held in St. Andrews, New Brunswick from October 12 to 14 (3 days).	Construct 102 kilometres (63 miles) of pipeline to transport natural gas. Estimated cost: \$92.7 million.

The Board completed the following applications and other matters which did not require public hearings:

Completed Applications without Public Hearings	
Pipeline Matters	10
Frontier Matters	13
Traffic, Tolls and Tariff Matters	11
Natural Gas Matters	2
Electricity Matters	6
Oil Export Orders	109
Natural Gas Liquids (NGL) Export Orders	116
Natural Gas Export Orders	35
Other Matters	6

Table 4: 1 January to 31 March 2000

Written Hearings	Results	Outcomes
I. Western & Pacific Pipelines Inc. on behalf of Pipestone Pipelines Ltd. - OHW-1-99	Decision issued on 10 February 2000.	To operate a 70 kilometre (43.5 mile) crude oil pipeline.

The Board completed the following applications and other matters which did not require public hearings:

Completed Applications without Public Hearings	
Pipeline Matters	6
Frontier Matters	18
Traffic, Tolls and Tariff Matters	4
Natural Gas Matters	4
Electricity Matters	4
Oil Export Orders	6
Natural Gas Liquids (NGL) Export Orders	4
Natural Gas Export Orders	16
Other Matters	7

Section IV: Financial Performance

A. Overview

The Board continually strives to improve the efficiency and effectiveness of its operations and to rationalize costs related to agency performance. The Board's operating budget is directly affected by the activity levels in the Canadian energy sector, with hearing-related activities accounting for 60 percent of the Board's operating expenses. In addition to the Board's planned expenditures of \$29.1 million, the Board received supplementary funding in the amount of \$2.8 million for a total of \$31.9 million in appropriations.

The supplementary funding of \$2.8 million was required to cover \$1.5 million for additional operating resources, \$0.7 million for compensation for collective bargaining, and \$0.6 million to cover adjustments to the Employee Benefit Plan (EBP).

The list and Financial Tables that follow present an overview of the NEB's 1999-2000 financial performance.

Table 1:	Summary of Voted Appropriations
Table 2:	Comparison of Total Planned Spending to Actual Spending
Table 3:	Historical Comparison of Total Planned Spending to Actual Spending
Table 4:	Non-respendable Revenues
Table 5:	Contingent Liabilities

B. Financial Tables

Table 1: Summary of Voted Appropriations

Financial Requirements by Authority				
(\$millions)				
Vote	National Energy Board	1999-2000		
		Planned Spending	Total Authorities	Actual
25	Operating Expenditures	25.1	27.3	26.9
(S)	Employee Benefit Plan (EBP)	4	4.6	4.6
	Total NEB	29.1	31.9⁽¹⁾	31.5

⁽¹⁾ The difference between planned spending and total authorities is attributable to: \$1.5 million for additional operating resources; \$0.7 million for compensation for collective bargaining; and \$0.6 million for EBP adjustments.

Table 2: Comparison of Total Planned Spending to Actual Spending

Agency Planned versus Actual Spending (\$millions)			
	1999-2000		
	Planned	Total Authorities	Actual
National Energy Board			
FTEs	286.0	286.0	286.6
Operating	29.1	31.9	31.5
Capital	-	-	-
Voted Grants & Contributions	-	-	-
Total Gross Expenditures	29.1	31.9	31.5
Less:			
Respendable Revenues ⁽¹⁾	-	-	-
Total Net Expenditures	29.1	31.9	31.5
Other Revenues & Expenditures			
Non-respendable Revenues ⁽²⁾	(27.2)	(27.2)	(28.2)
Cost of Services Provided by	5.2	5.2	4.7
Net Cost of Program	7.1	9.9	8.0

(1) These revenues were formerly called "Revenues Credited to the Vote".

(2) These revenues were formerly called "Revenues Credited to the General Government Revenues (GGR)".

Table 3: Historical Comparison of Total Planned Spending to Actual Spending

Agency Planned versus Actual Spending by Business Line (\$millions)					
	Actual 1997-98	Actual 1998-99	1999-2000		
			Planned Spending	Total Authorities	Actual
National Energy Board	28.0	53.1 ⁽¹⁾	29.1	31.9	31.5
Total	28.0	53.1	29.1	31.9	31.5

(1) In 1998 the NEB made payments of \$22.2 million attributable to settlements with the energy industry relating to relocation costs of the NEB on the move from Ottawa to Calgary. Of the payments made, \$21.7 million was for out-of-court settlements and \$0.5 million was court awarded.

Table 4: Non-respondable Revenues

Non-respondable Revenues (\$millions)					
	Actual 1997-98	Actual 1998-99	1999-2000		
			Planned Revenues	Total Authorities	Actual
National Energy Board	24.8	25.8	27.2	27.2	28.2
Total Non-respondable Revenues ⁽¹⁾	24.8	25.8	27.2	27.2	28.2

⁽¹⁾ These revenues were formerly called "Revenues Credited to the General Government Revenues (GGR)".

Table 5: Contingent Liabilities

Contingent Liabilities (\$millions)			
List of Contingent Liabilities	Amount of Contingent Liability		
	March 31, 1998	March 31, 1999	Current as of March 31, 2000
Claims, Pending and Threatened Litigation			
Litigations	0.1	0.1	-
Non-litigations ⁽¹⁾	21.7	-	-
Total	21.8	0.1	-

⁽¹⁾ Resulting from the 1997 Federal Court of Appeal decision, the Board in 1998-1999 reimbursed costs previously recovered from regulated companies, which related to the Board's relocation from Ottawa to Calgary in 1991. The total costs of \$21.7 million includes pre-judgement and post-judgement interest.

Section V: Agency Overview

The National Energy Board came into being by proclamation of the *National Energy Board Act* (NEB Act) on November 2, 1959. The Board is designated as a department within the meaning and purpose of the *Financial Administration Act*, and reports to Parliament through the Minister of Natural Resources Canada (NRCan).

A. Mandate and Mission

The main functions of the Board are set forth in the NEB Act. The Board has all the powers vested in a superior court of record³ with regard to attendance at hearings, the swearing in and examination of witnesses, the production and inspection of documents and the enforcement of its orders. The NEB Act provides for up to nine Board Members. Most oral hearings are conducted by three Members, who constitute a quorum of the Board, with one acting as Presiding Member. The Board's regulatory decisions and the reasons for them are issued as public documents.

The Board has regulatory powers under the NEB Act, the *Canada Oil and Gas Operations Act* (COGO Act) and certain provisions of the *Canada Petroleum Resources Act* (CPR Act) for oil and gas exploration and activities on Frontier Lands not otherwise regulated under joint federal/provincial accords. The Board's mandate includes the provision of expert technical advice to the Canada-Newfoundland Offshore Petroleum Board, Canada-Nova Scotia Offshore Petroleum Board, NRCan and the Department of Indian Affairs and Northern Development.

Furthermore, the Board has specific responsibilities under the *Northern Pipeline Act* (NP Act) and the *Energy Administration Act* (EA Act). In addition, Board inspectors are appointed safety inspection officers by the Minister of Human Resources Development Canada to administer Part II of the *Canada Labour Code* as it applies to facilities regulated by the Board.

The Board also has an important advisory function and may, on its own initiative, hold inquiries and conduct studies on specific energy matters as well as prepare reports for the information of Parliament, the federal government and general public. The NEB Act requires that the Board keep under review matters relating to all aspects of energy supply, production, development and trade which fall within the jurisdiction of the federal government. In addition, the Board carries out studies and reports at the request of the Minister of NRCan.

As a matter of key public interest, the Board has long been responsible for conducting environmental assessments of energy projects within its jurisdiction. Additionally, since 1995, the Board has specific responsibilities under the *Canadian Environment Assessment Act* (CEA Act). Pursuant to the NEB Act and the COGO Act, the Board's

3 This means, for example, that evidence before the Board is given under oath, subpoenas can be issued for the attendance of witnesses and the orders of the Board can be enforced.

environmental responsibilities span three distinct phases: evaluating potential environmental effects of proposed projects; monitoring and enforcement of terms and conditions during and after construction; and, monitoring of ongoing pipeline operations.

Purpose

We promote safety, environmental protection and economic efficiency in the Canadian public interest while respecting individuals' rights and within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

Vision

The Board's vision is to be a respected leader in safety, environmental and economic regulation.

Objectives

1. To regulate, in the public interest, those areas of the oil, gas, commodities and electricity industries relating to:
 - i) the construction and operation of international and inter-provincial oil, gas and commodity pipelines;
 - ii) the construction and operation of international and designated interprovincial power lines;⁴
 - iii) traffic, tolls and tariffs of oil, gas and commodity pipelines;
 - iv) exports of oil, gas and electricity and imports of gas and oil; and,
 - v) oil and gas activities on Frontier Lands not subject to a federal provincial accord.
2. To provide advice to the Minister of Natural Resources Canada on the development and use of energy resources.

Business Line

The National Energy Board's business is the provision of energy regulation and advice. As a small agency, its corporate accountability to Parliament and central agencies is reported under the one business line which clients can readily identify and understand in terms of products and services.

⁴ (National Energy Board Act, R.S., c.N-6,s.1. Section 58.4 and Section 58.16.)

B. Agency Organization

Business Line Description

Energy Regulation and Advice

The companies that are regulated by the Board create wealth for Canadians through the transport of oil, natural gas and natural gas liquids, and through the export of hydrocarbons and electricity. As a regulatory agency, the Board's role is to help create a framework which allows these economic activities to occur when they are in the public interest.

Business Line and Unit Accountability

The Board is structured into five business units, reflecting the major areas of activity, namely: Applications, Commodities, Operations, Corporate Services and Information Management. These units are the equivalent of service lines in Treasury Board terminology. The roles and responsibilities of the units are described below to explain further the Board's services and accountability in achieving the objectives mentioned above. The Business Leaders of these five business units are accountable for the Business Line delivery. Three other units, Legal Services, Professional Leadership, and Regulatory Services, provide specialized services to the five business units.

Business Unit Descriptions

Applications

The Applications Business Unit is responsible for the processing and assessment of regulatory applications submitted under the NEB Act. These fall primarily under Parts III and IV of the Act corresponding to facilities, tolls and tariffs. The Applications Unit is also responsible for the financial surveillance and audits of NEB-regulated pipelines. The Business Leader of Applications is accountable for this Unit.

Commodities

The Commodities Business Unit is responsible for assisting the Board in fulfilling its mandate through energy industry and marketplace surveillance, the updating of guidelines, and regulations relating to energy exports as prescribed by Part VI of the NEB Act. In the context of evolving market conditions, it is also responsible for the disposition of applications for exports of gas, oil and NGLs, imports of natural gas and the disposition of applications concerning electricity exports and international power lines. The Business Leader of Commodities is accountable for this Unit.

Operations

The Operations Business Unit is responsible for safety and environmental matters pertaining to facilities under the NEB Act, the COGO Act, and the CPR Act. It conducts safety and environmental inspections and audits, accident investigations, monitors emergency response procedures, regulates the development of hydrocarbon resources in non-accord Frontier Lands, and develops regulations and guidelines with respect to the above. The Business Leader of Operations is accountable for this Unit.

Corporate Services

The Corporate Services Business Unit is responsible for providing those services necessary to assist the Board in its management of human, materiel, and financial resources. The Business Leader of Corporate Services is accountable for this Unit.

Information Management

The Information Management Business Unit is responsible for developing and implementing an information management strategy for the Board and for disseminating the information required by external stakeholders. The Business Leader of Information Management is accountable for this Unit.

Legal Services

The Legal Services Team provides legal advice for both regulatory and management purposes. The general Counsel is accountable for this Team.

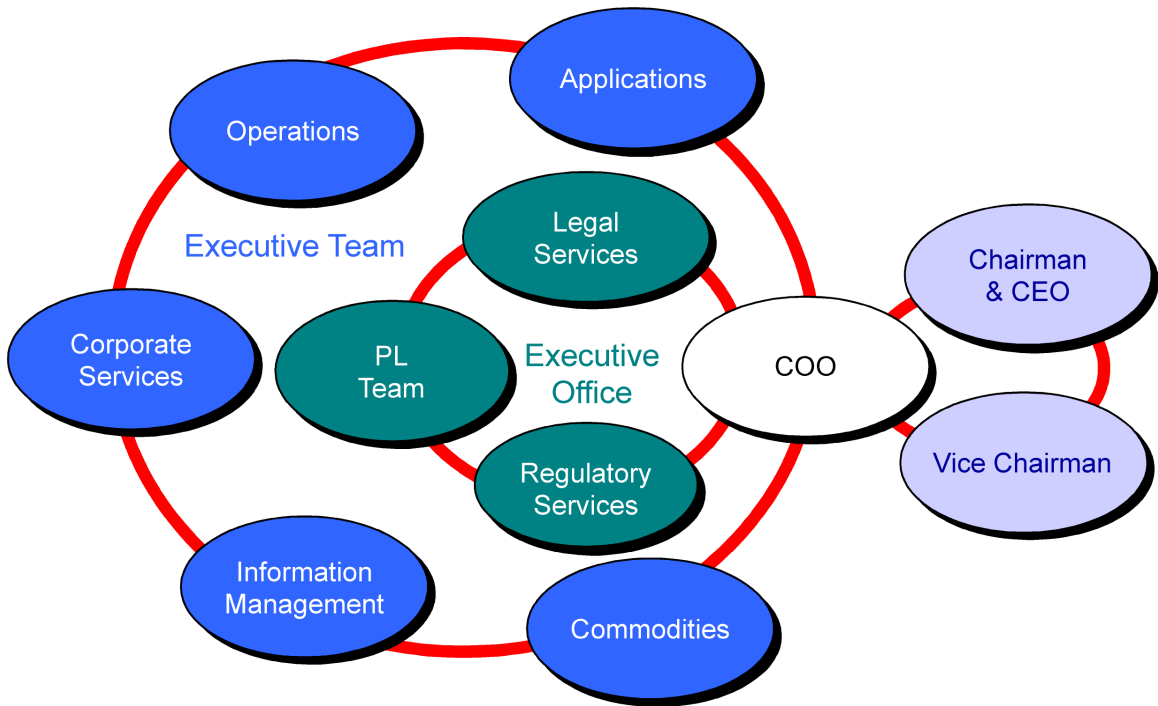
Professional Leadership

The Professional Leadership Team has the responsibility for maintaining and enhancing technical expertise within the Board in the economic, environment, and engineering fields. Each of the three leaders is accountable for their respective professional field.

Regulatory Operations

The Regulatory Operations Team provides high-level administrative and regulatory support. The Secretary of the Board is accountable for this Team.

Organization Chart



Section VI: Other Information

A. Contacts for Further Information

National Energy Board
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Calgary, Alberta
T2P 0X8

Telephone: (403) 292-4800
Facsimile: (403) 292-5503
Internet: www.neb.gc.ca

Kenneth W. Vollman	Chairman
Judith Snider	Vice-Chairman
Gaétan Caron	Chief Operating Officer
Brenda Kenny	Business Leader, Applications
Terrance Rochefort	Business Leader, Commodities
John McCarthy	Business Leader, Operations
Valerie Katarey	Business Leader, Corporate Services
Byron Goodall	Business Leader, Information Management
Judith Hanebury	General Counsel
Michel Mantha	Secretary of the Board
Peter Schnell	Team Leader, Planning and Reporting

B. Legislation Administered and Associated Regulations

Below is a listing of Acts, Regulations, Rules and Guidelines under which the Board operates or has responsibilities.

Acts

<i>National Energy Board Act</i>	RS 1985, c. N-7
<i>Canada Oil and Gas Operations Act</i>	SC 1992, c. 35
<i>Canada Petroleum Resources Act</i>	RS 1985, c. 36 (2nd Supp.)
<i>Canadian Environmental Assessment Act</i>	SC 1992, c. 37
<i>Canada Labour Code</i>	RS 1985, c.L-2
<i>Energy Administration Act</i>	RS 1985, c. E-6
<i>Mackenzie Valley Resource Management Act</i>	SC 1998, c. 25
<i>Northern Pipeline Act</i>	RS 1985, c. N-26

Regulations Pursuant to the National Energy Board Act

<i>National Energy Board Cost Recovery Regulations</i>	SOR/91-7
<i>National Energy Board Export and Import Reporting Regulations</i>	SOR/95-563
<i>Gas Pipeline Uniform Accounting Regulations</i>	SOR/83-190
<i>Oil Pipeline Uniform Accounting Regulations</i>	CRC, Vol. XI, c.1058
<i>Oil Product Designation Regulations</i>	SOR/88-216
<i>Onshore Pipeline Regulations, 1999</i>	SOR/99-294
<i>National Energy Board Part VI (Oil and Gas) Regulations</i>	SOR/96-244
<i>National Energy Board , Electricity Regulations</i>	SOR/97-130
<i>National Energy Board Pipeline Crossing Regulations, Part I</i>	SOR/88-528
<i>National Energy Board Pipeline Crossing Regulations, Part II</i>	SOR/88-529
<i>Power Line Crossing Regulations</i>	SOR/95-500
<i>National Energy Board Substituted Service Regulations</i>	SOR/83-191
<i>Toll Information Regulations</i>	SOR/79-319
<i>National Energy Board Order No. MO-62-69</i>	CRC, Vol. XI, c.1055
<i>National Energy Board Rules of Practice and Procedure, 1995</i>	SOR/95-208
<i>Pipeline Arbitration Committee Procedures</i>	SOR/86-787

Regulations Pursuant to the Canada Oil and Gas Operations Act

<i>Canada Oil and Gas Certificate of Fitness Regulations</i>	SOR/96-114
<i>Canada Oil and Gas Diving Regulations</i>	SOR/88-600
<i>Canada Oil and Gas Drilling Regulations</i>	SOR/79-82
<i>Canada Oil and Gas Installations Regulations</i>	SOR/96-118
<i>Canada Oil and Gas Geophysical Operations Regulations</i>	SOR/96-117
<i>Canada Oil and Gas Production and Conservation Regulations</i>	SOR/90-791

<i>Canada Oil and Gas Operations Regulations</i>	SOR/83-149
<i>Oil and Gas Spills and Debris Liability Regulations</i>	SOR/87-331

Regulations Pursuant to the Canadian Environmental Assessment Act

<i>Law List Regulations</i>	SOR/94-636
<i>Inclusion List Regulations</i>	SOR/94-637
<i>Comprehensive Study List Regulations</i>	SOR/94-638
<i>Exclusion List Regulations</i>	SOR/94-639
<i>Federal Authorities Regulations</i>	SOR/96-280
<i>Regulations Respecting the Coordination by Federal Authorities of Environmental Assessment Procedures and Requirements</i>	SOR/97-181
<i>Projects Outside Canada Environmental Assessment Regulations</i>	SOR/96-491

Regulations Pursuant to the Mackenzie Valley Resource Management Act

<i>Preliminary Screening Requirement Regulations</i>	SOR/99-12
<i>Exemption List Regulations</i>	SOR/99-13
<i>Mackenzie Valley Land Use Regulations</i>	SOR/98-429

Regulations Pursuant to the Canada Labour Code Part II

<i>Canada Occupational Safety and Health Regulations</i>	SOR/86-304
<i>Oil and Gas Occupational Safety and Health Regulations</i>	SOR/87-612
<i>Safety and Health Committees and Representatives Regulations</i>	SOR/86-305

C. Cooperation with Other Government and Regulatory Departments and Agencies

The Board cooperates with other agencies, to reduce regulatory overlap and provide more efficient regulatory services. In addition, the Board provides assistance to other countries who seek to benefit from the Board's long experience and success as a leading regulatory agency.

Natural Resources Canada (NRCan)

In 1996, the Board signed a Memorandum of Understanding (MOU) with NRCan to reduce duplication and increase cooperation between the agencies. This MOU covers items such as data collection, the enhancement of energy models and special studies. The MOU was renewed in January 2000.

Canadian Environmental Assessment Agency (CEAA)

The Board has been working with the CEAA over the past year to develop a new process to reduce regulatory uncertainty for projects requiring a Comprehensive Study Report. Two pilot projects were undertaken using the new process, and further public consultation is expected in the coming year.

Northern Pipeline Agency (NPA)

The Board provides technical and administrative assistance to the NPA, which, pursuant to the Northern Pipeline Act, has primary responsibility for overseeing the planning and construction of the Canadian portion of the proposed Alaska Natural Gas Transportation System by Foothills Pipe Lines Ltd. Kenneth W. Vollman, serves as Administrator and Designated Officer of the NPA.

Transportation Safety Board of Canada (TSB)

While the Board has exclusive responsibility for regulating the safety of oil and gas pipelines under federal jurisdiction, it shares the responsibility for investigating pipeline incidents with the TSB. The roles and responsibilities of each body with regard to pipeline accident investigations are outlined in a MOU between the two Boards.

Department of Indian and Northern Affairs (DIAND)

The NEB participates on a task force, coordinated through DIAND, which is working to ensure that all accountable federal departments and agencies are prepared for renewed energy development in the North.

Yukon Territory Department of Economic Development (DED)

In the fall of 1998, the Yukon Territory assumed responsibility for the development of its oil and natural gas resources. The NEB provides technical and environmental expertise in assessing applications and inspection services to the DED.

Alberta Energy and Utilities Board (AEUB)

The Board has a MOU with the AEUB on Pipeline Incident Response. The agreement provides for mutual assistance and a faster and more effective response by both boards to pipeline incidents in Alberta.

The Board and the AEUB maintained their commitment to using the common reserves database for oil and gas reserves in Alberta. Both Boards are committed to developing more efficient methods for maintaining estimates of reserves and to exploring other opportunities for cooperation.

Alberta Federal Council (AFC)

The Board continues to contribute significantly to the work of the AFC. The Board's broad national perspective makes an important contribution to the sharing of information on horizontal files among federal officials in Alberta.

Canada-Newfoundland Offshore Petroleum Board (C-NOPB) and Canada-Nova Scotia Offshore Petroleum Board (CNSOPB)

The Chairs of the NEB, the C-NOPB, and the CNSOPB together with executives from Newfoundland and Nova Scotia Departments of Energy and NRCan, form the Oil and Gas Administrators Advisory Council (OGAAC). The OGAAC membership discuss and decide on horizontal issues affecting their respective organizations to ensure harmonization and a common approach on oil and gas exploration and production issues across Canada. The NEB, C-NOPB, and CNSOPB staff also work together to review, update and amend regulations and guidelines affecting oil and gas activities on Accord Lands.

The NEB's staff also provides technical expertise to NRCan, C-NOPB, and CNSOPB on technical matters of mutual interest, such as reservoir assessment, occupational safety and health, diving, drilling and production activities. Two CNSOPB staff also served as NEB Inspection Officers during the construction of the offshore portion of the Sable Offshore Energy Project pipeline from the Thebaud platform to the Goldboro gas plant.

Human Resources Development Canada (HRDC)

The Board has a MOU with HRDC to administer the Canada Labour Code (CLC) for NEB regulated facilities and activities and to coordinate these safety responsibilities under the COGO Act and the NEB Act. Several NEB staff members are also CLC safety officers.

Ontario Energy Board (OEB)

The Board is continuing joint development of its ERF initiative with the OEB and key participants from the regulatory community. This joint development will ensure that regulatory participants who deal with both Boards will see a consistent approach in the electronic filing and retrieval of regulatory documents.

Saskatchewan Department of Energy and Mines (SEM)

The Board and the SEM have worked together on resource assessment issues.

Nova Scotia and Newfoundland

The Board has a MOU with NRCan by which the Board provides advice and assistance to NRCan and the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of regulations which pertain to the off-shore areas under joint resource management accords.

British Columbia Ministry of Energy and Mines (MEM)

The Board and MEM maintained their commitment to using a common reserves database for oil and gas reserves in British Columbia. Both organizations are committed to developing more efficient methods for maintaining estimates of reserves and to exploring other opportunities for cooperation.

Canadian Association of Members of Public Utility Tribunals (CAMPUT)

During 1999, Board members and staff played a leading role in organizing and speaking at CAMPUT conferences, including the May 2000 International Forum on Energy Regulation. Members and staff also sat on the executive committee of the Association, promoting the education and training of members and staff of public utility tribunals.

National Association of Regulatory Utility Commissioners (NARUC)

Board members regularly participate in meetings of the U.S. NARUC, particularly with respect to developments in U.S. gas markets that may affect cross-border trade in natural gas.

Cooperation with Other Countries

During 1999, the Board cooperated with several foreign countries by providing information on the Board's regulatory role and other energy-related matters. Consultations were held with the U.S. Federal Energy Regulatory Commission and the Comisión Reguladora de Energía of Mexico, as well as with visiting officials from Australia, China, Columbia, England, Japan, Peru and Russia.

The Board also participated in a World Bank seminar on regulation and on the Energy Regulators Forum within the Asia Pacific Economic Cooperation initiative, comprised of 18 member countries on the Pacific Rim dedicated to improving economic ties.

The Board participated in a project with the Canadian Institute of Resources Law which worked on the revision of oil and natural gas reserves definitions in the Federation of Russia. There is a desire within Russia to more closely align the Russian definitions and methodologies with the common practices of the west, Canada and the United States in particular. This work continues.

D. Other Agency Reports

NEB 1999 Annual Report and Appendices (Web site: <http://www.neb.gc.ca>)

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