



National Energy
Board

Office national
de l'énergie

National Energy Board

Departmental Performance Report

**For the period ending
March 31, 2006**

Kenneth W. Vollman
Chairman
National Energy Board

The Honourable Gary Lunn, P.C., M.P.
Minister
Natural Resources

Canada

Table of Contents

SECTION I: OVERVIEW	1
1.1 CHAIRMAN’S MESSAGE	1
1.2 SUMMARY INFORMATION	4
1.2.1 Purpose	4
1.2.2 Mandate and Regulatory Context	4
1.2.3 Operating Context	6
1.2.4 NEB’s Strategic Outcome and Financial Information	8
1.2.5 Departmental Priorities	8
SECTION II: ANALYSIS OF PROGRAM ACTIVITIES	13
2.1 GOAL 1	13
2.2 GOAL 2	19
2.3 GOAL 3	22
2.4 GOAL 4	28
2.5 GOAL 5	32
SECTION III: SUPPLEMENTARY INFORMATION	37
3.1 PERFORMANCE MEASURES SUMMARY	37
3.2 FINANCIAL INFORMATION	38
3.3 USER FEE/EXTERNAL FEES AND SERVICE STANDARDS	40
3.4 REGULATORY INITIATIVES	45
3.5 FINANCIAL STATEMENTS	46
3.6 REGULATORY REPORTING	58
3.7 PARLIAMENTARY COMMITTEE RECOMMENDATIONS	59
3.8 EVALUATIONS AND REVIEWS	59
3.9 PROCUREMENT AND CONTRACTING	60
3.10 SERVICE IMPROVEMENT	60
3.11 TRAVEL POLICIES	61
3.12 ORGANIZATIONAL INFORMATION	61
SECTION IV: OTHER ITEMS OF INTEREST	63
4.1 LEGISLATION UNDER WHICH THE NEB HAS NAMED RESPONSIBILITY	63
4.2 COOPERATION WITH OTHER ORGANIZATIONS	66
4.3 CONTACT INFORMATION	70

List of Figures

Figure 1: Pipeline Ruptures and Incidents, 2000–2006.....	14
Figure 2: Achievement of Desired End Results for Environmental Conditions	20
Figure 3: Comparison of Export and Domestic Natural Gas Prices.....	23
Figure 4: Comparison of Export and Domestic Oil Prices.....	23
Figure 5: Alberta Basis versus Transportation and Fuel Cost.....	24
Figure 6: Oil Pipeline Capacity Utilization	25
Figure 7: Overall Satisfaction with Process, Information and Interaction	30
Figure 8: Employee Satisfaction	33
Figure 9: Per Capita Cost of Regulation for Selected Regulators (2005)	34
Figure 10: NEB Organizational Structure	62

List of Tables

Table 1: NEB Responsibilities	5
Table 2: Resource Allocation and Status Summary.....	8
Table 3: Safety Performance Indicators for Companies Regulated under COGO Act. 15	
Table 4: Major Releases to the Environment During Operation.....	21
Table 5: Cycle Times and Service Standards.....	26
Table 6: Comparison of Planned Spending and Full Time Equivalents	38
Table 7: Voted and Statutory Items	38
Table 8: Net Cost of Department	39
Table 9: Sources of Non-Responsible Revenue	39

Section I : Overview

1.1 Chairman's Message

It is my pleasure to present the National Energy Board's (NEB or Board) *Departmental Performance Report* for the period ending March 31, 2006.

The NEB is a cost-recovered, independent federal agency whose purpose is to promote safety and security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development and trade. The Board's main responsibilities are the regulation of interprovincial and international gas, oil and commodity pipelines, international electric power lines and energy exports. In addition, we monitor and report to the government, business and the public on the functioning of energy markets. We also regulate the safety, environmental and conservation aspects of energy exploration and development on federal lands in the North and offshore areas where there are no specific accords or agreements with a province or territory.

To set the context, approximately \$120 billion of natural gas, natural gas liquids, crude oil and petroleum products were transported by pipeline to Canadian energy users and markets outside of Canada in 2005. The cost of providing transportation services for these commodities was estimated to be around \$4.5 billion in 2005, not including fuel costs paid by shippers on natural gas pipelines. This remarkable feat was accomplished by infrastructure that is mostly invisible to consumers and that operates with an extremely low rate of failure and minimal environmental impact.

As a regulatory agency, the Board's role is to help create a framework that allows these economic activities to proceed in an efficient manner when they are in the public interest. Through its corporate goals, the NEB strives to ensure public safety, maximize economic benefits, protect the environment and respect the rights of those affected by energy facilities and activities under the Board's jurisdiction. This report provides a review of results achieved on commitments on our priorities and goals as outlined in the NEB's *Report on Plans and Priorities 2005–2006*.

The NEB uses a goal oriented approach to achieve results relating to safety and security of regulated facilities, and protecting the environment in the building and operation of these facilities. This involves implementing a regulatory framework that encourages companies to maintain or improve their performance and that meets public expectations. For the fourth year in a row, the Board's target of zero ruptures per year on NEB-regulated pipelines was met. The number of incidents remains within the same range as the previous four years; hazardous occurrences in frontier areas decreased to half the number from the previous year; and the number of disabling injuries also decreased. The achievement of desired end results for environmental conditions increased to 99 percent of the time, and there was only one major release of liquid hydrocarbon during the fiscal year.

As part of its mandate, the NEB strives to ensure that Canadians derive the benefits of economic efficiency. Economic efficiency in the market requires that energy and transportation markets are working well. Our market monitoring showed that Canadian energy markets have been working well and Canadians had access to Canadian-produced natural gas, natural gas liquids, oil and electricity on terms and conditions at least as favourable as those available to export buyers. The Board also monitors transportation markets for the utilization and adequacy of pipeline capacity. A shipper survey conducted in February 2006 indicated that shippers are very satisfied with the reliability of the system and, overall, pipelines are providing services that meet the needs of shippers at reasonable prices. The survey also indicated that pipeline shippers were satisfied with the Board's processes. The Board continued to inform the public and policy makers about energy market trends on an ongoing basis and produced six energy market assessments in 2005–2006.

To further support the Board's efforts toward efficiency and effectiveness, the Board continued to work cooperatively with other agencies to coordinate and streamline regulatory processes, develop guidelines for processing times and reach out to public interest groups.

We continue to improve our public outreach by promoting flexible opportunities for engagement and providing timely, relevant information. The NEB held open houses and information sessions in areas across the country where there were proposals to build energy infrastructure, providing communities with information about the NEB's mandate and hearing process.

Finally, the NEB is committed to managing a high performance knowledge organization capable of delivering on its mandate. Important work was done this year on renewing our values and vision, a critical step for an organization facing an increasing attrition rate due to labour market conditions. Attracting and retaining qualified and experienced people in an extremely competitive market is a significant challenge for the NEB. Board staff worked to implement the new *Public Service Employment Act* and maximize related benefits.

While the next planning period presents significant challenges to the Board, I am confident, if we are successful in resolving issues of capacity, that we will deliver efficient and effective regulation that will enable Canadians to continue to benefit from our tremendous endowment of energy resources.

Kenneth W. Vollman

Management Representation Statement

I submit, for tabling in Parliament, the 2005-2006 *Departmental Performance Report* for the:

NATIONAL ENERGY BOARD

This document has been prepared based on the reporting principles contained in the Treasury Board of Canada Secretariat's *Guide for the Preparation of 2005-2006 Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance.
- It is based on the department's approved Program Activity Architecture as reflected in the Management Resources and Results Structure.
- It presents consistent, comprehensive, balanced and reliable information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Name: _____
Kenneth W. Vollman

Title: Chairman _____

Date: _____

1.2 Summary Information

1.2.1 Purpose

The National Energy Board's purpose is to promote safety and security, environmental protection and economic efficiency in the Canadian public interest¹ within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

1.2.2 Mandate and Regulatory Context

The NEB is an independent federal agency that regulates several aspects of Canada's energy industry. The NEB's purpose is to promote safety and security, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development and trade (NEB responsibilities summarized in Table 1). The main functions of the NEB include regulating the construction and operation of pipelines that cross international or provincial borders, as well as tolls and tariffs. Another key role is to regulate international power lines and designated interprovincial power lines. The NEB also regulates natural gas imports and exports, oil, natural gas liquids and electricity exports, and some oil and gas exploration on frontier lands, particularly in Canada's North and certain offshore areas. The NEB also provides energy information and advice, by collecting and analyzing information about Canadian energy markets through regulatory processes and monitoring.

The main functions of the NEB are established in the *National Energy Board Act* (NEB Act). The Board has additional regulatory responsibilities under the *Canada Oil and Gas Operations Act* (COGO Act) and under 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 also has specific responsibilities under the *Northern Pipeline Act*. Facilities and activities under the COGO Act include Imperial Oil's Norman Wells production facilities, recent production facilities in the Fort Liard area of the Northwest Territories and exploration activities in the Mackenzie Delta Region. In addition, Board inspectors are appointed Health and Safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code* (CLC) as it applies to facilities regulated by the Board.

The NEB is an independent regulatory tribunal established in 1959. The NEB reports to Parliament through the Minister of Natural Resources. The Board is a court of record and has certain powers of a superior court of record including those with regard to compelling attendance at hearings, the examination of witnesses under oath, the production and

1 The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social interests that changes as society's values and preferences evolve over time. As a regulator, the NEB must estimate the overall public good a project may create and its potential negative aspects, weigh its various impacts and make a decision.

inspection of documents and the enforcement of its orders. The Board's regulatory decisions and the reasons for them are issued as public documents.

The NEB's regulatory responsibilities for public safety, security and protection of the environment are set out in the NEB Act and the COGO Act. The NEB is also required to meet the requirements of the *Canadian Environmental Assessment Act* (CEA Act) and the *Mackenzie Valley Resource Management Act* where the Board's environmental responsibilities span three distinct phases: evaluating potential environmental effects of proposed projects; monitoring and enforcing terms and conditions during and after construction; and monitoring and regulating ongoing operations, including decommissioning.

The sections of the *Public Safety Act, 2002* (Bill C-7) amending the NEB Act came into force on 20 April 2005 (through an Order of the Governor General in Council). The amendments provide the NEB with clear legislative authority for the security of pipelines and international power lines. The NEB has amended its corporate purpose statement to include the word *security* to reflect the amendments made to the NEB Act.

The Board's mandate also includes the provision of expert technical advice to the Canada-Newfoundland Offshore Petroleum Board (C-NOPB), the Canada-Nova Scotia Offshore Petroleum Board (C-NSOPB), Natural Resources Canada (NRCan), and Indian and Northern Affairs Canada (INAC). The Board may, on its own initiative, hold inquiries and conduct studies on specific energy matters as well as prepare reports for Parliament, the federal government and the general public. The NEB Act requires that the Board keep under review matters relating to all aspects of energy supply, production, development and trade that fall within the jurisdiction of the federal government. In addition, the Board provides advice carries out studies and prepares reports at the request of the Minister of Natural Resources.

Table 1: NEB Responsibilities

Regulatory	Advisory
<p>To regulate, in the public interest, those areas of the oil, gas and electricity industries relating to:</p> <ul style="list-style-type: none"> • construction and operation of pipelines; • construction and operation of international and designated interprovincial power lines; • transportation, tolls and tariffs of pipelines; • exports of oil, gas and electricity and imports of oil and gas; and • oil and gas activities on frontier lands not subject to a federal/provincial accord. 	<p>To provide advice to the Minister of Natural Resources on the development and use of energy resources by:</p> <ul style="list-style-type: none"> • monitoring the energy sector; • providing advice to the federal government; and • issuing public reports.

Additional information on the NEB's background and operations may be found on the NEB website (www.neb-one.gc.ca).

1.2.3 Operating Context

Energy overview

World energy prices rose to unprecedented high levels during 2005 with oil prices reaching US\$71 per barrel and averaging well above US\$50. Natural gas prices more than doubled in most North American markets, driven by rising crude oil prices, hurricane-related supply disruptions and increased gas-fired electricity demand. Energy prices are expected to continue at historically high levels.

The effect of high and volatile energy prices has been an accelerated search for new sources of energy supplies including unconventional sources of natural gas such as northern gas and coal-bed methane, liquefied natural gas, oil sands production and wind-generated electricity projects. While electricity generating capacity remains adequate in most provinces, ongoing demand growth and the Ontario government's initiative to replace coal-fired power plants with cleaner burning fuels will require new generation and additional transmission infrastructure.

As these various energy projects are brought on stream, the transmission systems must be modified to integrate them into the existing infrastructure, or build new pipelines and facilities. Through 2005–2006, much of the Board's work involved addressing these requirements or monitoring, preparing for and responding to the energy infrastructure development that is underway.

Implications for the National Energy Board

The market requirement for new energy supplies and infrastructure is placing rising demands on the NEB to provide efficient and effective regulation. It also provides the context for key challenges for the Board.

Effective and efficient regulatory processes

Although agencies have been working together to create effective and efficient processes, fragmentation of decision-making responsibility among federal and regional authorities continues to make real integration and lasting regulatory efficiency difficult to attain. The NEB continually explores new opportunities to optimize the existing regulatory framework. For example, the Board pursued and made progress on the option of substitution under the CEA Act in 2005–2006, which allows the NEB to substitute for the CEA Act joint panel review process. Substitution will allow administration requirements to be reduced, will largely eliminate duplication of government effort and will significantly reduce the duration of assessments. However, although project-specific solutions within the existing legal and regulatory framework have been found, the solutions tend to take a long time to develop and are often complex.

In addition to jurisdictional fragmentation, a number of other factors affect the ability to deliver effective and efficient regulatory processes. For example, with the current environmental assessment framework, the environmental process needs to be negotiated for each application. The Board has been working with federal and provincial agencies

to coordinate and harmonize environmental assessments, often before a submission is received, to ensure that a single process will meet the needs of all agencies. Another factor impacting the delivery of an effective regulatory process is lack of a participant funding program—without this, the NEB’s ability to gather information and views relevant to project applications is diminished.

Recent court decisions have highlighted the Crown’s obligations to engage and consult Aboriginal peoples potentially affected by infrastructure projects. There is legal uncertainty as to how the Crown’s obligations should be delivered when a quasi-judicial body, such as the NEB, is a key decision-maker. Clear roles and accountability for the Crown, regulators and applicants are required.

The market’s effort to develop new energy supplies also reinforces the need to streamline the Board’s own processes. This involves furthering the use of goal oriented regulation wherein the regulations identify the outcomes or results that must be attained and allow the companies the flexibility to select the best methods to achieve those outcomes. It also involves integrated decision making, cost efficiencies, continuing development and implementation of service standards and ongoing emphasis on improvements to the flexibility and responsiveness of the Board’s processes. Engaging in dialogue with stakeholders with respect to implementing new approaches is fundamental to effective regulatory innovation.

Maintaining NEB’s regulatory capacity

Maintaining the NEB’s regulatory capacity is one of the Board’s highest priorities emerging from fiscal 2005–2006. To deliver on its expected results, the Board needs to recruit, develop and retain the technical and analytical expertise required. This is a significant challenge given the high demand for expertise throughout the energy sector. The ability to retain expert personnel is being affected by the strong Canadian energy sector which utilizes hiring flexibility options which the NEB cannot match as a Public Service employer. This staffing challenge is exacerbated by an aging demographic and a lack of experts within the job market. The NEB has worked to implement the new *Public Service Employment Act* and maximize related benefits; however, other approaches to ensure staff retention in the current market are required.

Provision of energy information

Given the current high price energy environment and the need to develop new energy supply sources, Canadians in both the public and private sectors are required to make choices about energy sources for the future. There is a need to ensure that Canadians understand our volatile energy environment and that policy makers have access to independent, timely and objective energy information and advice.

The initiatives that derive from these challenges are in line with the principles put forward by the External Advisory Committee on Smart Regulation in the 2004 report, including more responsive regulation and supporting interjurisdictional cooperation.

1.2.4 NEB's Strategic Outcome and Financial Information

The National Energy Board's strategic outcome is to provide Canadians with social and economic benefits through the regulation of specific parts of the Canadian energy industry (oil, gas and electricity).

Program Activity Name: Energy Regulation and Advice

The NEB's main business is energy regulation and the provision of energy market information. 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 that allows these economic activities to occur when they are in the public interest.

Financial Resources (\$ million)

Planned Spending	Total Authorities	Actual Spending
\$38.3	\$40.5	\$39.8

Human Resources (full time equivalents)

Planned	Actual	Difference
305.6	300	5.6

1.2.5 Departmental Priorities

For 2005–2006, the NEB identified six priority areas that required specific focus and development. Following is a summary of progress made on these priorities. An overview summary of status and resource allocation provided in Table 2.

Table 2: Resource Allocation and Status Summary

2005–2006 Priorities	Type	Planned Spending (\$ millions)	Actual Spending (\$ millions)	Status
Goal oriented regulation	Previously committed to	\$1.5	\$1.5	Successfully met
Energy market information	On-going	\$1.0	\$1.0	Successfully met
Public participation	On-going	\$0.5	\$0.5	Successfully met
Awareness and understanding of NEB mandate	New	\$0.3	\$0.2	Successfully met
Cooperation and partnerships	Previously committed to	\$0.5	\$0.7	Exceeded expectations
Enhanced performance	Previously committed to	\$3.4	\$4.1	Successfully met

Goal oriented regulation

Goal oriented regulation is a key element of the NEB's delivery under the government smart regulation initiative. Smart regulation is interest-based and enabling. In this context, the NEB operates on the principle that effective regulation is based on clear and concise direction while allowing regulated companies the flexibility to adapt to changing conditions and new technologies. Goal oriented regulation is one of the strategies that the Board uses to achieve this outcome. Under this strategy, the NEB, as it continues with its regulation review program, works to express regulation as desired outcomes, with performance-based objectives, balanced with prescriptive regulation as required. The NEB uses this approach to effect clear and predictable regulatory processes, effective cooperation and partnerships, and to provide industry with flexibility to develop optimal solutions.

The NEB made considerable progress on a comprehensive regulatory framework to provide a basis for regulations to become goal oriented. Results included definition of the elements of the regulatory framework and identification of the kinds of processes required to appropriately change it over time.

The NEB identified elements required to establish an integrated lifecycle approach to pipeline regulation and reviewed possible solutions. The NEB continues to review implications of a lifecycle approach, including the construction, operation, maintenance and abandonment of NEB-regulated facilities, in order to begin work with the partners required to develop and implement the project.

Energy market information

In 2005–2006, the NEB enhanced and clarified its energy market information program to keep Canadians informed in a timely manner about energy market developments. Responding to the high energy price environment, the NEB produced energy analyses that provided Canadians with information about short term market outlooks. In addition, the NEB's Energy Market Assessment (EMA) program included three short term outlooks (natural gas and natural gas liquids, oil, and natural gas deliverability). To help promote understanding of energy alternatives, the NEB produced an EMA on the status and potential for alternative technologies for power generation.

The NEB enhanced its communications efforts on energy market information in 2005–2006 through news releases, press briefings and by promoting opportunities for discussion. Also, the Board continues to provide information and expert technical advice on a wide range of regulatory and energy matters in response to regular requests from agencies and other stakeholders.

Public participation

The NEB has found that there is an increased demand for public participation in NEB regulatory matters, consistent with the trend of increased public participation in government decision making at all levels. The NEB's public engagement approach is based on providing relevant information and more flexible opportunities for engagement. For example, in a number of areas across the country that may be affected by potential facility applications, the Board held open houses to share information about the NEB's mandate and hearing process. The Board continued to hold information sessions in communities along the Mackenzie Valley and in other communities in the Northwest Territories and northern Alberta regarding the Mackenzie Gas Project application.

Public engagement is further supported through improvements to the NEB's Landowner Complaint Resolution Program, which now includes documented procedures, published service standards and continued complaints tracking. Outcomes included meeting all service standards for complaint resolution and implementing a process for obtaining landowner feedback.

Awareness and understanding of NEB mandate

Some stakeholders have indicated they are unclear about the scope of the NEB's role and mandate, particularly with regard to understanding the Board's responsibilities for regulating the full lifecycle of pipelines and facilities. To address these concerns, the NEB worked to broaden its public reporting on its mandate. Incorporating stakeholder feedback, the NEB enhanced its annual safety performance indicators report to include pipeline integrity and environmental performance indicators (*Focus on Safety and Environment – A Comparative Analysis of Pipeline Performance*). The NEB also worked to clarify its role with respect to the regulation of the hydrocarbon transportation system by producing the *Canadian Hydrocarbon Transportation System* report, which provides industry, government and the public with information to assess and address issues in transportation markets.

The NEB continued to seek new venues for communicating and sharing information regarding environmental and safety management and performance. Through the NEB Workshop 2005, entitled "Collaborating for Regulatory Improvement"², the NEB was able to share information and engage stakeholders on regulatory improvement initiatives for environmental protection and the management of safety and integrity. At the workshop, attended by a broad spectrum of industry, public sector, consulting and Aboriginal representatives, participants provided valuable guidance for the Board's continued efforts toward sharing information, key learnings and best practices with stakeholders.

2 NEB Workshop summary available at:
www.neb-one.gc.ca/Publications/NEBWorkshops/2005NEBWorkshopProceedings_e.pdf.

Cooperation and partnerships

The NEB continued to pursue inter-agency cooperation as a means to improve application assessment and compliance verification processes. The NEB worked cooperatively with other federal agencies to coordinate federal environmental assessment (EA) processes as soon as basic information about projects was available, generally well in advance of a formal application to the Board. This has helped to streamline federal EA coordination later in the assessment process. A renewed partnership with the Canadian Environmental Assessment (CEA) Agency has made it possible to identify opportunities for a streamlined environmental assessment approach through substitution (where an NEB review panel process substitutes for the CEA Act joint panel review process, where there is an NEB-led application). The Board furthered its efforts with the Northern Gas Project Secretariat to network with northern regulators to share information on NEB processes and to coordinate activities related to the Mackenzie Gas Project. The NEB continued to plan and implement coordinated multi-jurisdictional field inspections in the Northwest Territories, helping to optimize staff availability and travel costs.

In the area of energy information, the NEB continues to collaborate with provincial authorities, working with the BC government to produce an EMA on the ultimate potential for conventional natural gas production in BC (following a similar partnership with Alberta the previous year).

The NEB participates on industry bodies dedicated to sharing best environmental practices, including the Canadian Energy Pipeline Association (CEPA) Environment Committee and the Alberta Pipeline Environmental Steering Committee. The efforts with CEPA helped to produce the third edition of the best practices guide *Pipeline Associated Watercourse Crossings* in October 2005.

Enhanced performance

The NEB is committed to a performance-based culture of excellence. In 2005–2006, the NEB worked to enhance performance by coordinating processes across lines of business through the development of a Quality Management System, using the “ISO 9001–2000 Quality Management Systems – Requirements” as a guide. The Board’s management system is designed to incorporate setting objectives, measuring and reporting results, and reviewing effectiveness and continual improvement of processes. Other initiatives to support improved performance include the publication of service standards, a new multi-rater performance assessment system and the establishment of a Project Management Office to support excellence in project management.

The NEB continues to place emphasis on sharing knowledge and information across business units. The Communities of Practice program evolved further in 2005; many NEB employees are members of discipline-focused networks and communities of practice. These groups meet regularly to debate issues relevant to their discipline, discuss

best and emerging practices and regulatory direction and collaboratively develop innovative solutions to challenges.

Section II : Analysis of Program Activities

In support of its strategic outcome, the NEB has developed five strategic goals. In this section, the outcomes and performance results from planned actions, as described in the 2005–2006 *Report on Plans and Priorities* (RPP), are discussed.

2.1 Goal 1

**NEB-regulated facilities and activities are safe and secure
and are perceived to be so.**

Context

The NEB ensures the regulated energy industry operates in a manner that protects employee, contractor and public safety. The NEB's mandate now also includes oversight of the security of pipelines and international power lines, reflecting amendments made to the NEB Act that came into effect in April 2005. The NEB's commitment to safety and security encompasses the full lifecycle of energy projects within its jurisdiction.

The safety risks associated with facilities and activities regulated by the NEB are managed through competent design, construction, operation, maintenance and abandonment practices. The NEB plays a significant role in safety and security by ensuring a goal oriented regulatory framework is in place that encourages companies to maintain or improve their safety and security performance. The Board ensures that companies identify and manage the safety and security risks associated with the lifecycle of regulated facilities. The Board achieves this by:

- developing goal oriented regulations and guidelines;
- assessing facility applications from an engineering and safety perspective;
- ensuring that appropriate mitigation measures and approval conditions are in place before granting project approval;
- reviewing construction progress reports, inspecting facilities and auditing management systems to confirm regulatory requirements are met and will continue to be met;
- assessing safety practices and procedures under the NEB's mandate as well as through the CLC through a Memorandum of Understanding between Human Resources and Social Development (HRSD) and the Board;
- investigating incidents with the intent of preventing future similar occurrences;
- meeting with regulated companies to review and assess the adequacy of their integrity management programs;
- responding to emergencies to monitor and contribute to the effectiveness of company responses;

- issuing safety advisories and reports on safety; and
- conducting inquiries or formal investigations into safety and security issues.

The combined efforts of the NEB, industry and other stakeholders, within this regulatory framework, have resulted in heightened safety awareness, no pipeline ruptures since 2002 and no fatalities since 1997.

Performance Measures

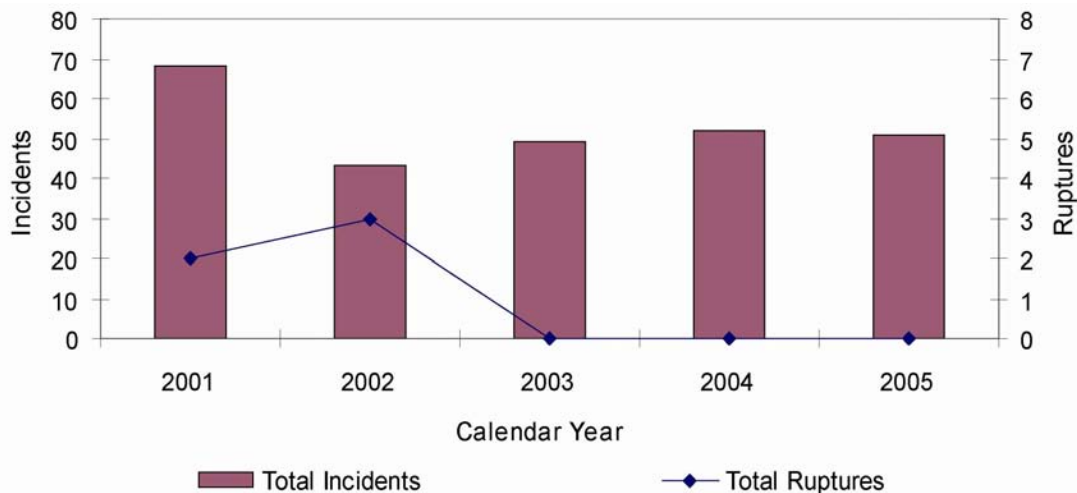
For Goal 1, the NEB has four performance measures to evaluate the safety and security of NEB-regulated facilities. They are:

- Number of fatalities per year.
- Number of pipeline ruptures and incidents per year.
- Public perception of pipeline safety.
- Number and significance of security infractions.

Number of fatalities, pipeline ruptures and incidents per year

In 2005, the number of incidents reported under the NEB Act pursuant to section 52 of the Onshore Pipeline Regulations, 1999 (OPR-99) and section 46 of the Processing Plant Regulations (PPR) remained within the same range as the previous years (Figure 1 shows incidents by calendar year). No ruptures occurred during 2005. The last rupture on an NEB-regulated pipeline occurred in 2002. One of the key findings of the NEB’s March 2006 *Focus on Safety and the Environment* report was that “The ongoing commitment to integrity management appears to be paying dividends.” This is reflected in the low number of ruptures in recent years.

Figure 1: Pipeline Ruptures and Incidents, 2000–2006



A medical emergency that occurred on a pipeline right-of-way in fiscal 2005–2006 did result in a death, but was determined to be unrelated to activities performed on the right-of-way. For activity covered by the NEB Act and its regulations, no fatalities have occurred since 1997. However, preventable injuries continue to occur. NEB staff and regulated companies maintain a strong focus on improving contractor safety (which continues to be statistically poorer than company employee safety).

In fiscal 2005–2006, total hazardous occurrences in frontier areas, as defined under section 16.4 of the Oil and Gas Occupational Safety and Health Regulations decreased from 48 in 2004–2005 to 24 in 2005–2006 (Table 3). This decrease was reflected by reportable spills which decreased from 39 to 19 over the same time period. There were four disabling injuries in fiscal 2005–2006, a decrease from five in fiscal 2004–2005. Combined with a slight decrease in activity, this translates into a decrease in frequency from 2.4 disabling injuries per million hours worked in fiscal 2004–2005 to 2.0 in fiscal 2005–2006. Disabling injuries continue to occur during the busy winter field season. For activities covered under the COGO Act and the CLC and related regulations, no fatalities occurred during 2005–2006. However, one hazardous occurrence that resulted in the brief unconsciousness of two workers (due to asphyxiation by nitrogen in a confined space) could have resulted in fatalities under slightly different circumstances. This indicates the need for a plan for raising safety awareness in the northern oil and gas sector.

Table 3: Safety Performance Indicators for Companies Regulated under COGO Act

Indicators	2004–2005	2005–2006
COGO Act Worker disabling injury rate (Lost Time Injury/10 ⁶ hours worked)	2.4	2.0
COGO Act Hazardous Occurrences	48	24
Fatalities	0	0

Public perception of pipeline safety

No new data was collected in 2005–2006 with respect to public perception of pipeline safety. A survey conducted in the previous fiscal year indicated that landowners generally felt safe having a pipeline on their property and felt safer in 2004 than in 2001.

Number and significance of security infractions

Regulated companies voluntarily reported two minor security infractions in 2005–2006. Ongoing initiatives focus on ensuring continued security of regulated facilities, improving security focus and building working relationships with other government bodies and industry stakeholders.

Program and Results for Objectives of 2005–2006

The NEB identified three objectives for Goal 1 in its 2005–2006 RPP. The objectives and results achieved are discussed below.

1. NEB regulations are goal oriented.

In fiscal 2005–2006, the Board continued to pursue the goal oriented approach as it reviewed its regulations and processes to identify opportunities to improve effectiveness, efficiency and transparency.

One of the Board's major actions toward goal oriented regulation in fiscal 2005–2006 was to develop a plan for the development and maintenance of all existing and planned regulations under the NEB Act and the COGO Act. The plan for development and maintenance of regulations under the NEB Act is being completed as part of the NEB's development of a regulatory framework. Inputs into the plan include stakeholder contributions at the NEB Workshop 2005, the Offshore/Frontier Regulatory Renewal Initiative, which contains a proposed schedule for updating all regulations under the COGO Act and the offshore Accord acts, and a consultant review of the NEB's regulatory framework elements.

The Board also pursued a goal oriented approach as it followed through on identified opportunities for improvement. Progress has continued toward enactment of four targeted regulations in goal oriented format (*Damage Prevention, Drilling and Production, Diving and Submerged Pipelines Regulations*), and related programs. For example, to support revisions to the *Damage Prevention Regulations*, process improvements have been applied to all aspects of the NEB Crossings program (addressing unauthorized right-of-way activities).

Using a goal oriented approach, and following the example set by the 2004 *NEB Filing Manual*, the NEB summarized information requirements for electricity facility applications in a draft *Electricity Filing Manual* to provide clear and transparent information for the development of international power line applications and to enhance the effectiveness of the Board's electricity facility application process. The draft *Electricity Filing Manual* was released for stakeholder review in October 2005 and is being refined in response to comments received.

An additional opportunity for improvement was identified with respect to regulatory requirements for operations and maintenance (O&M) activities on pipelines (including processing plants) regulated under the NEB Act. In July 2005, the Board clarified that applications were not required for O&M activities and added notification requirements to facilitate ongoing regulation of O&M activities through the Board's inspection and audit programs. The development of new requirements and guidance notes for O&M activities supports the federal government's smart regulation initiative which promotes the use of appropriate regulatory instruments while streamlining processes and removing unnecessary steps and information requirements. Informal feedback to date from regulated companies and Board staff indicates that the O&M initiative is reducing regulatory burden and the number of applications and CEA Act screenings for minor projects, while effective regulatory oversight of O&M activities is being maintained through inspection and audit mechanisms.

2. The NEB, as an expert safety, integrity and environmental organization, tracks and regularly reports on best practices.

The NEB promotes the complementary goals of safety and environmental protection by analyzing and sharing safety and environmental performance data and practical lessons and best practices learned in the course of its responsibilities in the lifecycle of projects within its jurisdiction. In 2005–2006, the Board worked to improve and broaden its tracking and reporting on performance data and best practices, both internally and externally.

One of the Board’s major actions toward tracking and reporting on best practices in 2005–2006 was to expand public reporting to include integrity and environmental performance indicators. During the fiscal year, numerous improvements were made to the format and content of the Board’s annual report, *Focus on Safety and Environment - A Comparative Analysis of Pipeline Performance*. The report, released in March 2006, presents safety, environmental and integrity performance indicator data from 2000 through 2004 and incorporates improvements based on consultant recommendations validated through a survey of NEB-regulated pipeline companies.

The NEB continues to monitor and share best practices and influence the use of new technology through meetings, partnerships, consultation and communication with industry and other stakeholders. In 2005–2006, this was accomplished through:

- hosting technical sessions at the NEB’s “Collaborating for Regulatory Improvement Workshop”;
- ongoing involvement in events such as the International Pipeline Conference;
- ongoing committee work such as that supporting the CSA Z662 Standard on Oil and Gas Pipelines; and
- advice to, and cooperation and coordination with, other government agencies (for example, between the NEB and NRCAN, C-NSOPB, Alberta Energy and Utilities Board, Transport Canada and the Canadian Forces with respect to security matters).

3. Integrated, risk-based compliance tools and resources are in place.

The NEB is committed to having tools and resources in place that optimize the efficiency and effectiveness of regulatory oversight through the lifecycle of regulated facilities. The NEB has undertaken an Integrated Compliance (IC) initiative to improve the use of the NEB’s compliance data, trends and knowledge of safety and environmental issues affecting NEB-regulated facilities, commodities and facility types. This system ensures that lessons learned are incorporated into future assessments, audits and inspections and enables integration of these processes. Integrated Compliance also supports risk-based decisions regarding application assessment and compliance work planning. The IC initiative was developed in conjunction with, and will support, the NEB’s ISO-based quality management system. Tools developed in 2005–2006 include a supporting Geographical Information System, a record system and risk assessment methodologies. Continuing into fiscal 2006–2007, Board staff are developing the data management

system required to support the IC program as well as further developing the risk management component of the program. Specific applications include addressing compliance issues related to emergency management, security management and unauthorized right-of-way activities.

The improvements to the *NEB Filing Manual* and development of other tools such as the Environmental Screening Template and *Species at Risk Act* Assessment Procedure were part of the NEB’s efforts to improve efficiency and effectiveness and have now been in use for about two years. Adaptive improvement of these tools was begun in fiscal 2005–2006, based on user feedback from internal reviews and external engagement opportunities such as the NEB Workshop 2005. Improvements ranged from editorial updates to adjustments and enhancements of documented procedures and guidance notes. Experience gained from initial use of the *NEB Filing Manual* was used to draft the *Electricity Filing Manual for Facilities Applications*, currently being revised in response to initial feedback from industry.

4. Emergency Management

The NEB developed an Emergency Management (EM) program and procedures for implementation in fiscal 2006–2007. The EM program was forwarded to NRCan to fulfill the commitment to the Auditor General and the Standing Committee and Public Accounts to table the 11 Civil Emergency Plans under NRCan’s responsibility.

5. Security Management

The development of the NEB’s program for the oversight of regulated companies’ security management programs (following amendments made to the NEB Act related to security in 2005) continued in 2005–2006. A draft NEB Security Management program was completed to communicate how the NEB will provide the appropriate regulatory oversight of security management programs of regulated companies. The draft is expected to be finalized in fiscal 2006–2007. The NEB also issued a Notice of Proposed Regulatory Change to communicate the Board’s intent to include security management within the OPR-99 and PPR and to provide interim expectations in regard to company security management programs. The NEB continues to develop working relationships with provincial and federal partners and industry to ensure that security is managed in a responsible and prudent manner in the interest of the Canadian public.

Planned Spending (\$ millions)	2005–2006 Actual (\$ millions)
\$6.2	\$6.1

2.2 Goal 2

NEB-regulated facilities are built and operated in a manner that protects the environment and respects the rights of those affected.

Context

The NEB is committed to protecting the environment and respecting the rights of those affected throughout the lifecycle of the facilities it regulates. This commitment starts with the environmental and socio-economic assessment of proposed projects at the application stage and follows with inspection and monitoring of approved projects during construction and operation, auditing environmental protection programs, investigating spills and releases, and ensuring that the abandonment of facilities is carried out appropriately to protect the environment. Throughout these phases, the Board strives to ensure that regulated companies engage those people whose interests are potentially affected by their projects and activities.

Over the past year, Board efforts to fulfill the Goal 2 mandate focused on some key areas. Considerable investment was dedicated to pre-application environmental assessment coordination for several major facility proposals, including the Rabaska LNG Terminal, the Express Pipeline, the Terasen TMX Anchor Loop and the Brunswick Pipeline.

Implementation of the NEB's Operations and Maintenance initiative in July 2005 led to a reduction in the number of small applications and environmental screenings, which provided an opportunity for the NEB to focus more effort on complex screenings and the increased hearing load encountered late in the year.

The Board continued to work closely with federal and provincial agencies to coordinate and harmonize environmental assessments of NEB-regulated facility proposals. Key activities included early communication and negotiations, often before an application had been filed, to ensure that a single process could meet the needs of all the agencies involved. The Brunswick Pipeline project proposed by Maritimes & Northeast Pipeline Management Ltd. was identified by the CEA Agency as a suitable pilot test of substitution, where, upon the authorization of the Minister of Environment, an NEB review panel can substitute for the CEA Act joint panel review process. This substitution initiative supports the federal government's smart regulation commitments to consolidate and streamline the federal environmental assessment framework, as it allows a simplified, significantly shorter and more predictable environmental assessment and hearing process for large facility projects. The Brunswick Pipeline pilot is the first application of the substitution provisions of the CEA Act since it was proclaimed in 1995.

Performance Measures

The NEB continues to use two performance measures to ensure that NEB-regulated facilities are built and operated in a manner that protects the environment. They are:

- Percent of environmental conditions that achieve their desired end results (DER).
- Number of major liquid hydrocarbon releases into the environment per year.

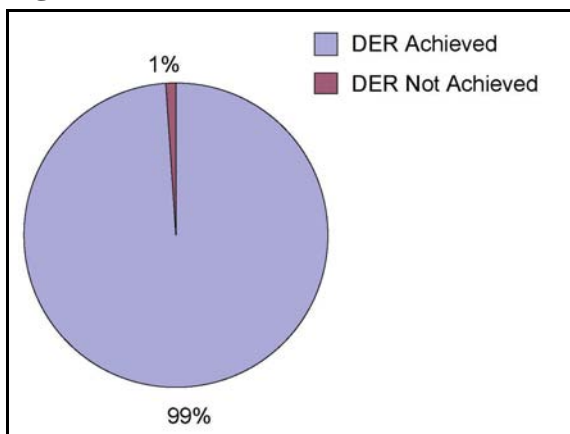
Percent of environmental conditions that achieve their desired end results (DER)

Environmental conditions are attached to project approvals to address specific environmental issues associated with a project. Each condition attached to an Order or Certificate has a defined DER. Once condition compliance is confirmed, the NEB assesses the effectiveness of environmental conditions by evaluating achievement of the DER. Achievement of the DER is confirmed through NEB inspections and project monitoring. Measuring the DER effectiveness of environmental conditions allows the Board to improve the clarity and effectiveness of the conditions it places on facility approvals.

Nearly 99 percent of environmental conditions evaluated for achievement of DERs were confirmed to be effective in achieving their desired outcomes over the past year (Figure 2). This is an improvement over the historical trend of between about 90 to 95 percent. Where possible, conditions that are not effective and do not resolve outstanding issues with the company are identified. Ineffective conditions are flagged so they can be clarified before being used in future applications.

These results indicate that companies are largely complying with environmental conditions and that the majority of conditions are effective in obtaining the DER. The results are also reflective of the NEB's internal initiatives to track the reasons as to why past conditions could not be confirmed to be effective and to develop relevant standardized conditions and meaningful guidance for writing effective non-standard conditions.

Figure 2: Achievement of Desired End Results for Environmental Conditions



Number of major liquid hydrocarbon releases into the environment per year

Major releases are defined as unintended or uncontained releases exceeding 100 m³ of liquid hydrocarbon. The number of major releases of liquid hydrocarbon to the environment is a key indicator of the success of operating facilities regulated by the Board. The desired target is that NEB-regulated facilities operating under approved conditions and permits should have no major releases to air, land or water. There was one major release by NEB-regulated companies during the 2005–2006 reporting period, occurring later in the same calendar year (2005) as another major release that occurred during the previous reporting period (Table 4). This release of crude oil resulted in the pipeline company mounting a large-scale spill response and remediation effort, with regulatory oversight provided by the NEB, the Transportation Safety Board, and other environmental and health regulators.

Table 4: Major Releases to the Environment During Operation

Calendar Year	Major Release
1998	0
1999	3
2000	0
2001	1
2002	1
2003	0
2004	0
2005	2
2006 (to 31 March)	0

Program and Results for Objectives of 2005–2006

The objectives for Goal 1, which focuses on safety and security, apply to Goal 2, which focuses on environment. The results achieved toward Goal 2 under these objectives are discussed under Goal 1.

Planned Spending (\$ millions)	2005–2006 Actual (\$ millions)
\$5.2	\$4.8

2.3 Goal 3

Canadians derive the benefits of economic efficiency.

Context

The Board influences economic efficiency through its regulatory decisions related to pipeline and electrical transmission facilities, pipeline tolls and tariffs and energy imports and exports by providing energy market information and improving the efficiency of its regulatory processes.

The most significant means by which the Board can affect economic efficiency is through the regulatory process and the decisions it renders. However, the other ways in which the Board influences the attainment of this goal are also important. The Board is responsible for approving natural gas, natural gas liquids, oil and electricity exports. The basis of the Board's approach for the authorization of exports is to ensure that Canadians have access to Canadian-produced natural gas, natural gas liquids, oil and electricity on terms and conditions at least as favourable as those available to export buyers. To achieve this outcome, the NEB undertakes extensive monitoring and reporting of market conditions. The Board promotes properly functioning markets and seeks to verify that markets are responding to market signals consistent with the fundamentals of supply and demand. Additionally, the Board monitors transportation markets for the utilization and adequacy of pipeline capacity. The Board also informs the public about energy market trends on an ongoing basis. Providing and interpreting energy market information contributes to the efficient operation of energy markets.

Finally, in the context of the NEB's operations, economic efficiency embodies regulatory efficiency. This includes reducing regulatory barriers, streamlining regulatory processes and effectively coordinating these processes with other agencies, when appropriate, and striving to minimize costs incurred by parties.

Performance Measures

To gauge results under Goal 3, the NEB used three performance measures:

- Evidence that Canadian energy and transportation markets are working well.
- Evidence that advice and information products benefit Canadians.
- Evidence that the Board's regulatory processes are efficient and effective.

Evidence that Canadian energy and transportation markets are working well

A key indicator that energy and energy transportation markets are working well is that Canadians can obtain energy commodities on similar terms and conditions, including price, as export buyers. In the context of the North American market, this means that

prices paid for gas or oil in the domestic market should be essentially the same as that sold into the export market. Price trends over the past several years indicate that domestic and export prices have been tracking closely over the past seven years (Figure 3 and Figure 4).

Figure 3: Comparison of Export and Domestic Natural Gas Prices

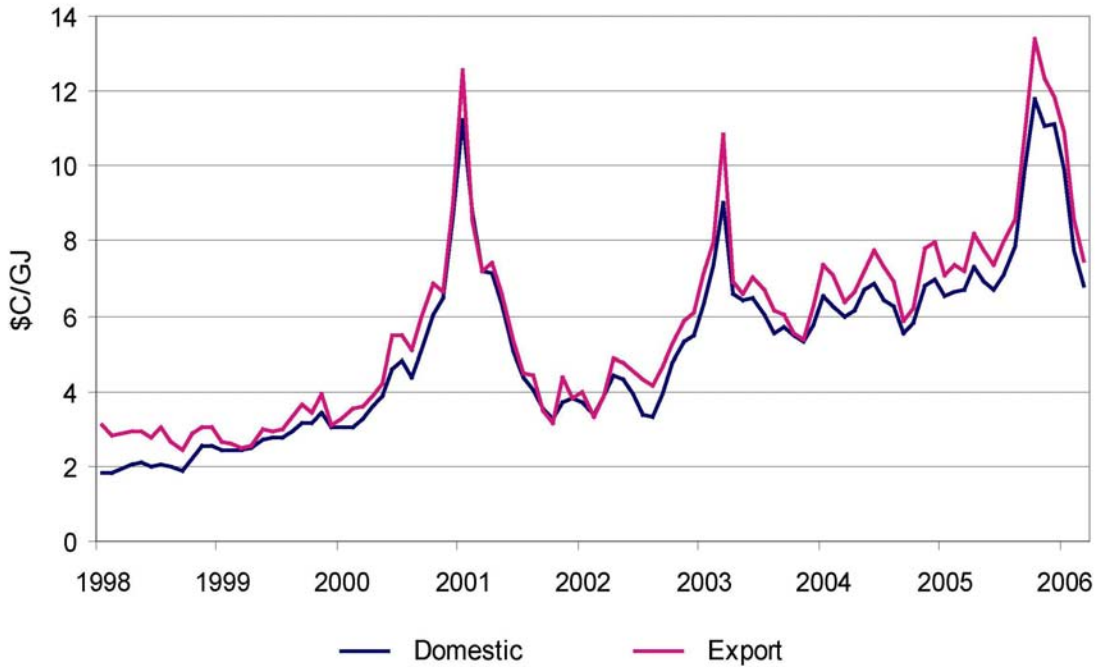
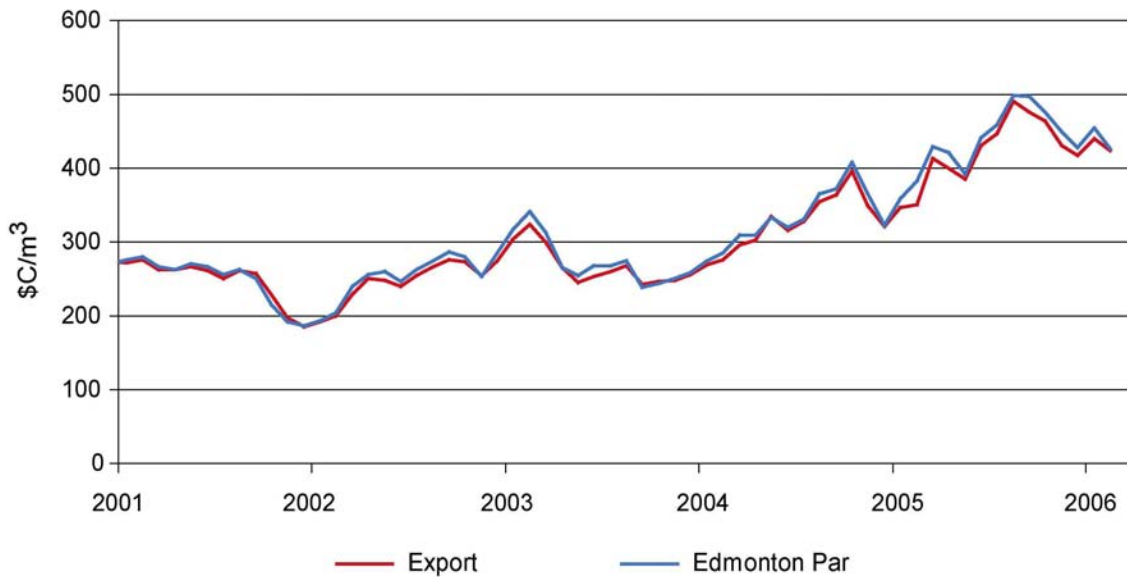


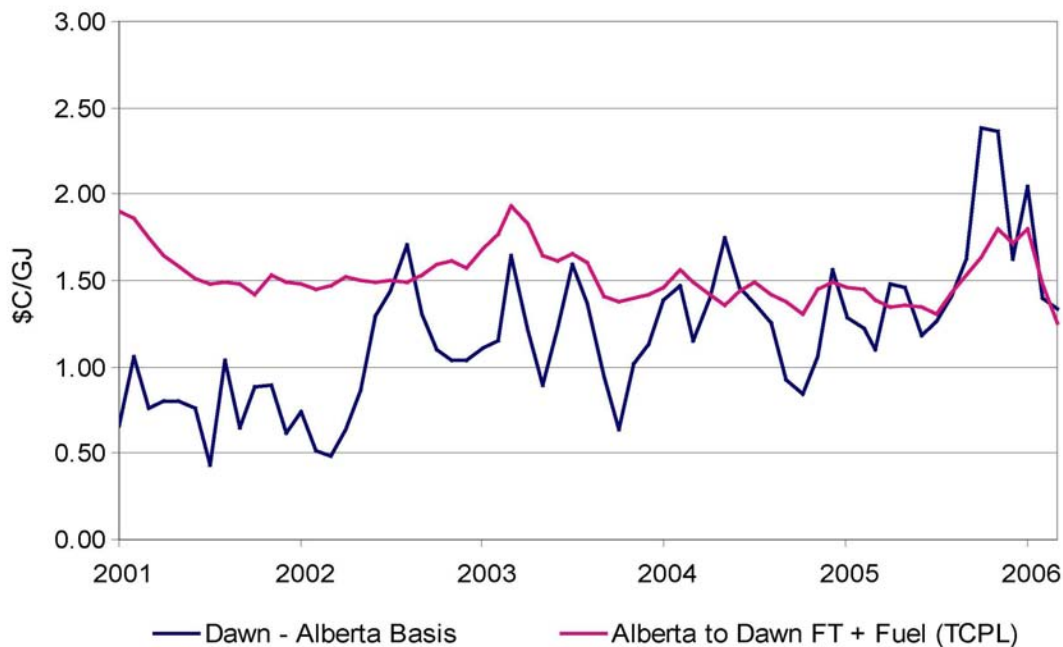
Figure 4: Comparison of Export and Domestic Oil Prices



For the pipeline transportation system to work well, the following three factors must be present: 1) there is adequate pipeline capacity in place to move products to consumers who need them; 2) pipelines are providing services that meet the needs of shippers at reasonable prices; and, 3) pipelines have adequate financial strength to attract capital on terms that allow them to build infrastructure and maintain their systems at a reasonable cost to customers.

With respect to the adequacy of pipeline capacity, one measurement is based on the principle that if adequate capacity exists, the price differential between two points on a pipeline should be similar or less than the cost of transportation. Prolonged periods of a higher differential could indicate the need for additional capacity on a pipeline. In Figure 5, the gas price difference between Dawn, Ontario and Alberta was generally less than the cost of transportation (firm transport plus fuel) via TransCanada Pipelines connecting these two markets. This provides an indication that pipeline capacity in general is adequate and well utilized between Alberta and Ontario. The price differential did exceed the cost of transportation in the fall of 2005 as hurricanes drove prices up in the eastern part of the continent. Since January, the differential has returned to more typical levels. Using similar analyses, the Board is satisfied that adequate capacity existed on all major gas pipeline corridors over the last year.

Figure 5: Alberta Basis versus Transportation and Fuel Cost



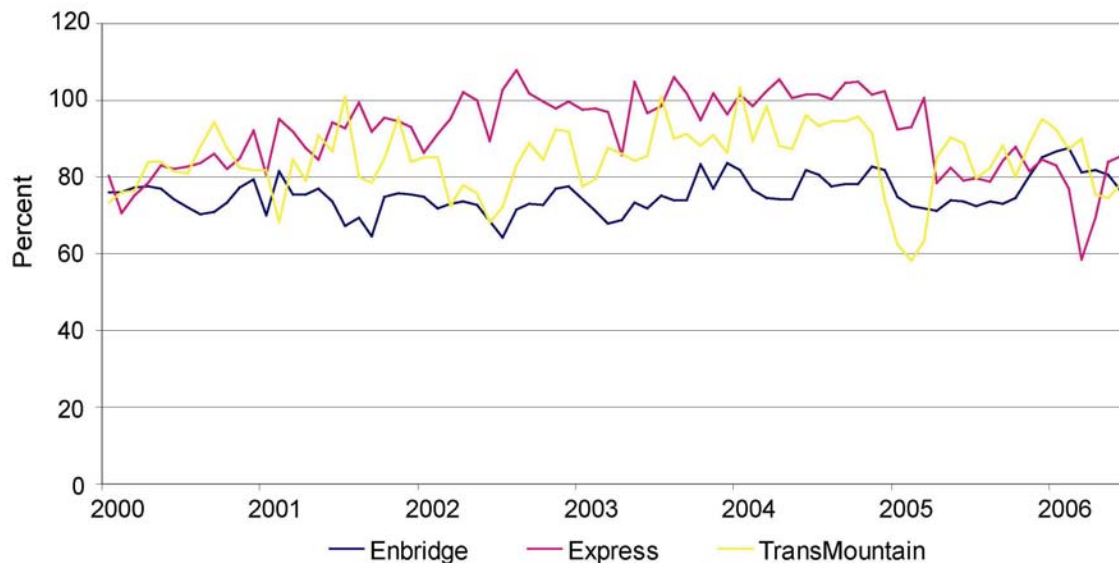
The NEB also directly monitors pipeline throughput relative to capacity to gauge whether an adequate level of transportation is available. This analysis also indicated that natural gas pipeline capacity was adequate but showed some constraints on oil pipeline capacity in 2005–2006. For example, the Terasen (Trans Mountain) Pipeline (TPTM) system was unable to flow all volumes offered to it on a number of occasions as an increase in transportation of heavier crude volumes decreased available capacity. Certain lines on the

Enbridge system that contain heavy oil have also been operating at or close to full capacity and have been unable to flow all volumes offered.

The Express Pipeline completed an expansion in April 2005 and other oil pipeline expansions have been applied for or proposed. In another example, the Board approved an application from Enbridge Pipelines Inc. for an extension of service on the Spearhead Pipeline, which included the ability to recover US\$10 million per year for five years on the Canadian portion of the pipeline through tolls and to reverse the flow of the pipeline to provide service to new markets south of Chicago. This decision helped lower the heavy and light price differential, enabling new access to markets in a timely manner to accommodate growth in oil sands supply and supporting efficient use of existing infrastructure.

Oil pipeline capacity utilization is illustrated in Figure 6.

Figure 6: Oil Pipeline Capacity Utilization



As part of the measures to determine whether pipelines are providing services that meet the needs of shippers at reasonable prices, the NEB conducted a survey of shippers of the major pipeline companies in February 2006 similar to the survey carried out a year earlier. In May 2006, the Board published a summary of the aggregate results, which included a summary of major themes. Overall, the survey found that the shippers are reasonably satisfied with the services they are receiving. The greatest area of concern identified by shippers was the competitiveness of pipeline tolls and the highest rating was for pipeline reliability of service.

Informal discussions with the investment community between March and May 2006 indicate that pipelines have adequate financial strength to attract capital on terms that allow them to build infrastructure and maintain their systems at a reasonable cost to customers.

Evidence that advice and information products benefit Canadians

The Board provides advice and information to inform policy discussion and decision-making in Canada in the form of energy market assessments, statistical reporting, consultation with other organizations, and as part of the Board's advisory function under the NEB Act. In 2005–2006 the Board issued six reports covering electricity markets, crude oil and natural gas.

Feedback from stakeholders representing energy interests across Canada has shown that the Board provides considerable value to Canadian decision makers through the integrity, independence and objectivity of the information and analysis it provides.

Evidence that the Board's regulatory processes are efficient and effective

The NEB continues to monitor the efficiency and effectiveness of the Board's regulatory processes. The NEB has reviewed a number of its processes with the goal of establishing standards for service delivery so that clients know what they may expect from the Board. Service standards were published and posted on the NEB's website in 2005–2006. Performance results on service standards are discussed in relevant sections of this document and summarized in Section 3.

For applications, the Board compiles data on cycle times (the time between receiving an application and rendering a Board decision) to track the number, type and processing time of applications it receives. This provides evidence that the Board's regulatory processes are efficient and effective and helps pinpoint areas requiring attention. The NEB has established service standards for these cycle times. Table 5 shows the service standards for the various types of applications and permits and the performance relative to the service standard for the 2005–2006 year.

Table 5: Cycle Times and Service Standards

Type and Number	Processing Time		
Section 58 Applications	Average	Standard	Result
Category A : 13	35 days	80% in 40 days	77% in 40 days
Category B: 34	56 days	80% in 90 days	86% in 90 days
Category C: 2	108 days	80% in 120 days	100% in 120 days
Electricity Import/Export Authorizations	Average	Standard	Result
Routine: 9	74 days	80% in 75 days	56% in 75 days
Non-routine: 2	154 days	Not applicable	Not applicable

The Board met all of its service standards except two. The Board's targets of having the decisions in 80% of Category A applications released within 40 calendar days and 80% of electricity export permits completed in 75 days were not achieved due to resource constraints and the need to train new staff. The Board did, however, maintain an average cycle time of 35 days for Category A applications.

The Board also solicits feedback on the efficiency and effectiveness of its regulatory processes through several questions in the pipeline services survey and through informal discussions with stakeholders. The predictability, stability and transparency of the Board's regulatory processes were seen as a positive, as was the Board's ongoing dialogue with stakeholders. Parties urged the Board to continue to encourage processes such as negotiated settlements and multiyear arrangements which avoid arduous and expensive hearing processes.

Program and Results on Objectives of 2005–2006

The NEB identified four objectives under Goal 3 in its 2005–2006 RPP. These objectives and results achieved are discussed as follows.

1. Canadians are informed about the outlook for energy supplies and markets, including the issues associated with energy choices.

The Board periodically produces specific in-depth energy market assessments, as part of its regulatory mandate to monitor the supply and demand of energy in Canada. The Reports discuss issues associated with electricity, natural gas, oil and transportation markets. In 2005–2006, the Board issued six reports:

- *Outlook for Electricity Markets 2005–2006*
- *Short-term Outlook for Canadian Crude Oil to 2006*
- *Short-term Canadian Natural Gas Deliverability 2005–2007*
- *Short-term Outlook for Natural Gas and Natural Gas Liquids to 2006*
- *Northeast British Columbia's Ultimate Potential for Conventional Natural Gas* (joint study with the British Columbia Ministry of Energy, Mines and Petroleum Resources)
- *Emerging Technologies in Electricity Generation*

The *Northeast British Columbia's Ultimate Potential for Conventional Natural Gas* report was a collaborative effort between the NEB and the British Columbia Ministry of Energy, Mines and Petroleum Resources. All energy market assessments can be found on the NEB's website at www.neb-one.gc.ca under Publications/Energy Reports.

The NEB has a legislative responsibility to compile data for several statistical reports related to its regulatory role in the oil, gas and electricity industries. Subject areas include natural gas exports, imports, volumes and prices; exports of propane and butane; crude oil and petroleum products exports; light and heavy crude oil export prices; crude oil supply and disposition; and imports and exports of electricity. These reports can also be found on the Board's website.

As noted previously, feedback from stakeholders representing energy interests across Canada has shown that through the EMAs and its other initiatives the Board provides considerable value to Canadian decision makers through the integrity, independence and objectivity of the information and analysis it provides.

2. Pipeline tolls and tariffs are established on a timely basis.

This objective was set in response to concerns that interim tolls create uncertainty for industry participants so that it would be preferable to have tolls in place at the start of the year. During consultations, stakeholders expressed the view that while earlier setting of final tolls improved certainty, the existing arrangements were preferred because they allowed for more complete information at the time that tolls were finalized and therefore resulted in less volatile, more stable tolls. Further, parties had largely found ways to deal with the issue of uncertainty.

3. Policy makers are advised of regulatory and related energy issues that need to be addressed.

The NEB’s mandate includes providing expert technical advice to Parliament and other government department and agencies about energy matters. As well, in a variety of forums the Board provides many different agencies with information and expert technical advice on a wide range of regulatory and energy matters. Continuing feedback supports the value of the Board’s initiatives in this regard.

4. Regulatory approaches exist to deal with key infrastructure life cycle issues

This has been undertaken as a cooperative initiative between the Board and industry. Collaboration with industry organizations is ongoing.

Planned Spending (\$ millions)	2005–2006 Actual (\$ millions)
\$11.5	\$9.6

2.4 Goal 4

The NEB fulfills its mandate with the benefit of effective public engagement.

Context

For the NEB to fulfill its mandate and meet its vision, effective public engagement is essential. Public participation enhances the Board’s ability to make decisions for the benefit of all Canadians and improves the quality of the decisions rendered.

Throughout its history, the Board has provided opportunities for the public to participate in the regulatory decision-making process. In the past year, the scope of these opportunities has grown to include broad consultation on new processes, an increased number of meetings and hearings in affected communities, and a wider range of tools designed to meet the public’s growing demand for access to information about the NEB’s operations.

Certain stakeholders are often at a disadvantage when dealing with the demands of a hearing. The judicial nature of NEB hearings can be overwhelming for those not accustomed to tribunal processes. Initiatives such as the Hearing Tool Kit, pre-hearing public outreach activities and more flexibility during the hearing process have been implemented to make hearings more accessible for a range of participants.

The NEB continues to build internal capacity in the area of public engagement including: training staff in public engagement techniques, building expertise in Aboriginal engagement, regional visits to speak with interested stakeholders, the development of an Appropriate Dispute Resolution program, and continued improvements in Board communication vehicles. The Board will continue to broaden its range of options for participating in NEB processes so that its deliberations and decisions may benefit from a range of perspectives and ideas gained through effective public engagement.

Performance Measures

To gauge the success of Goal 4 objectives, the NEB used two performance measures:

- Stakeholders are involved effectively in the Board’s public processes.
- Number of successful appeals based on inadequate public consultation.

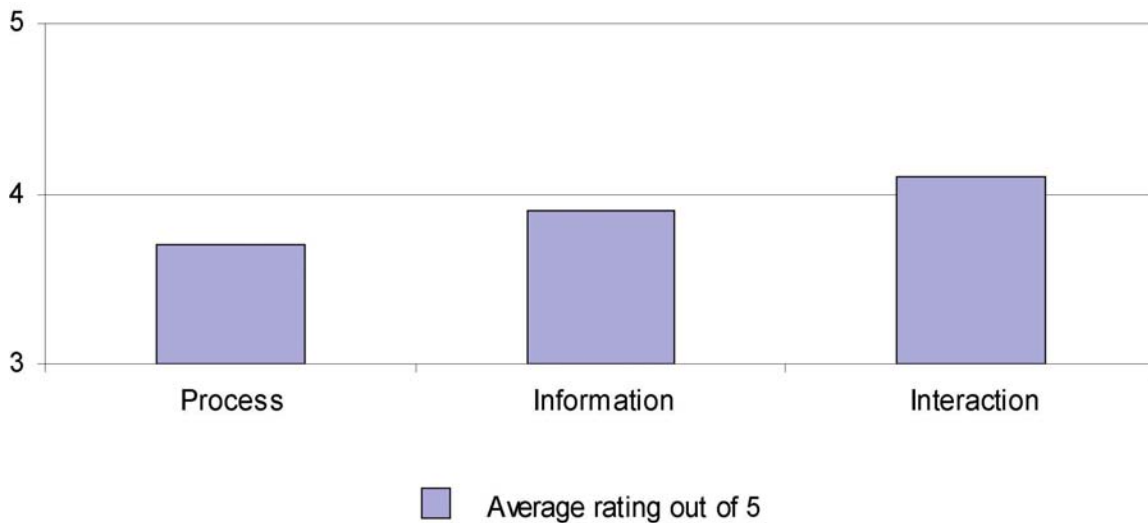
Stakeholders are involved effectively in the Board’s public processes

Effective stakeholder involvement in 2005–2006 was measured by surveys administered throughout the year and after events such as workshops and hearings and through comment cards inserted into all NEB publications. Respondents are asked to rank a number of factors representing their satisfaction with NEB processes, information and interaction. A five-point scale is used with five points representing “very satisfied” and one point “very dissatisfied”. Figure 7 represents these findings.

Website Survey

In response to concerns surrounding the usability of the Board’s website and its compliance with Government Online and Common Look and Feel standards, the NEB launched a survey in April 2005 to gather feedback for a proposed redesign of its website. The results, when combined with information gathered through internal focus groups, telephone surveys and a workshop, showed a need to reorganize the site so that it better meets stakeholders’ informational and navigational needs.

Figure 7: Overall Satisfaction with Process, Information and Interaction



The key survey findings were:

- The main reason web users visit the site was to access energy statistics and regulatory documents.
- Most of the respondents felt the website had the information they needed and that this information was reliable.
- Three in ten web users had difficulty finding the information they were looking for.

Number of successful appeals based on inadequate public consultation³

There were no successful appeals based on inadequate public consultation in 2005–2006.

Program and Results on Objectives of 2005–2006

The NEB identified two objectives for Goal 4 in the 2005–2006 RPP. These objectives and results achieved are discussed as follows.

1. Enhance stakeholder confidence in Board processes and outcomes by providing improved information and more flexible opportunities for engagement.

Our stakeholders are thirsty for knowledge about energy regulation and the role it plays in their everyday lives. The NEB has worked to improve communication that informs Canadians about who we are and what we do. Through surveys, workshops, ongoing dialogue and other public engagement efforts, the NEB has isolated key strategies and tactics that will improve the message we deliver and the media we use to speak to our stakeholders.

3 Inadequate public consultation for the purpose of this measure is understood to mean denial of procedural fairness.

A new suite of tools and information tailored to the needs of NEB partners and the public has been developed. These tools include fact sheets, question and answer documents and speaking notes that are available online and are used to better inform the media and promote NEB products, such as EMAs and other reports. Another media related initiative has been an effort to build the knowledge base of reporters covering Board decisions. In March 2006, a review of all NEB publications was undertaken to ensure that not only were these pieces up-to-date and accurate, but also relevant to the needs of their intended audience.

Home to thousands of regulatory documents, industry reports and a source of energy information for the more than 52,000 individual monthly visitors, the NEB website is one of the Board's key communication tools. In 2005–2006, the NEB obtained stakeholder input for website revitalization that will allow it to be a portal for the Board's future in e-business and is tailored to stakeholder needs.

The NEB has also provided opportunities for more flexible engagement. The Board is seeing more applications for pipelines and facilities in communities that have not previously been involved in an NEB hearing. The full participation of these stakeholders may be limited by a lack of knowledge of the Board's procedures and opportunities for public participation. In response to stakeholder requests, the Board has held open houses in a number of communities to provide information on the NEB mandate and hearing process. As an example of flexibility in engagement, when hearings into the Mackenzie Gas Project opened in January 2005, normal hearing approaches were adapted to local culture. The Panel dressed informally to adapt to local norms, and the hearing room was set up in a circle. Also, the deadline for filing oral statements was removed in order to encourage the full involvement of Aboriginal communities.

The NEB is developing a framework that will clarify and confirm public engagement principles, identify desired outcomes and include tools for conducting public engagement sessions. The review of options for participant funding to ensure all interested parties, regardless of their financial means, are able to fully participate in the hearing room, has been made an objective for the next fiscal year.

2. Increased multi-stakeholder dialogue and contributions on key issues to improve outcomes.

The Board recognizes that it needs to increase stakeholder dialogue on key issues of concern.

Further to increasing stakeholder dialogue, in December 2005, Board Members traveled to the Maritimes to meet with more than a dozen parties representing a range of interests. The Board spent five days in informal dialogue with Aboriginal groups, regulated companies, special interest groups and government bodies. Discussion topics ranged from effective engagement, opportunities for regulatory cooperation between federal and provincial bodies and the Board's roles and responsibilities and how it carries those out.

The NEB also has a responsibility to ensure that landowners living along a right-of-way are consulted appropriately by regulated companies. To increase our understanding of current issues affecting lands and landowner engagement, the Board led a landowner

engagement session at the NEB Workshop in June 2005 where the need for increased clarity and transparency by the Board on the status of complaints and the need to encourage and support open communication with all parties was discussed.

In May 2005, the NEB reviewed an option to develop an external advisory committee in order to increase understanding among participants. However, Board Members chose to pursue other options including an engagement strategy that optimizes existing tools such as Members’ regional outreach activities and issue-based round tables.

Planned Spending (\$ millions)	2005–2006 Actual (\$ millions)
\$2.5	\$2.5

2.5 Goal 5

The NEB fulfills its mandate with the benefit of effective leadership and quality management of affected processes.

Context

The purpose of Goal 5 is to emphasize the importance of leadership accountabilities in order to support the development and sustainability of a high performance knowledge organization capable of delivering on its mandate. The continued focus in implementing an ISO-based management framework strengthens the NEB’s capacity to deliver consistent quality processes throughout its business operations.

In order to sustain its reputation as an effective regulatory agency, and to better serve its stakeholders, the NEB undertook an organizational review in 2004–2005, and a new corporate structure was established 1 April 2005. This has led to the merging of the former Corporate Services and Information Management business units into a unified Integrated Solutions business unit, as well as the creation of a new business unit– Planning, Policy and Coordination.

The NEB developed several key strategy documents to help plan and implement strategic changes with a three year outlook, including information technology and human resources strategies. These plans have been integrated with business plans to enable the NEB to better meet future organizational needs.

Performance Measures

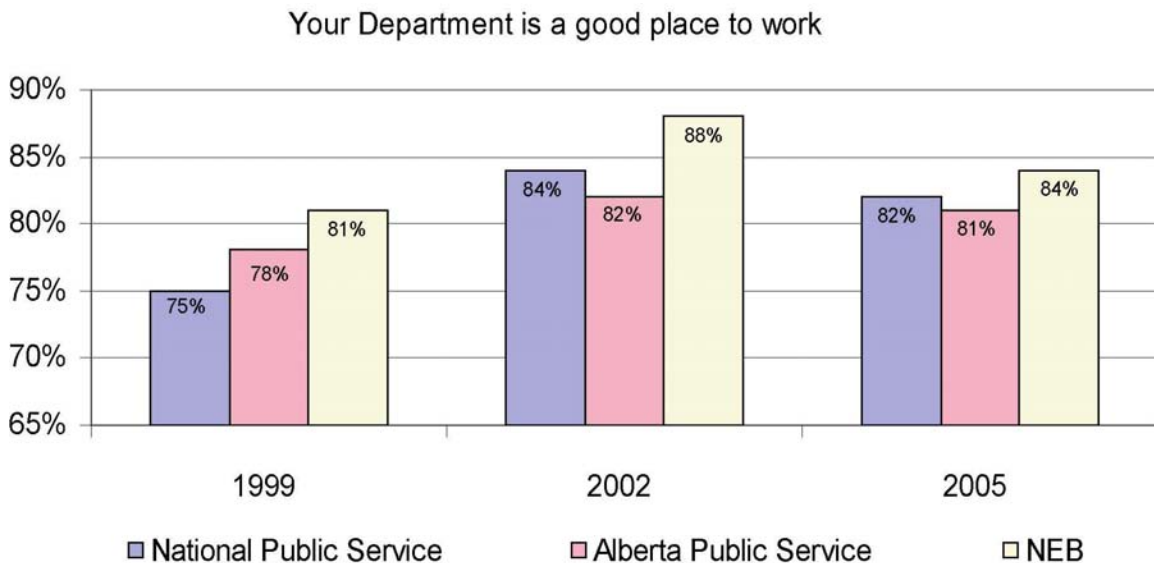
In order to evaluate the success of objectives to meet Goal 5, the NEB used three performance measures:

- Employee satisfaction.
- Per capita cost of regulation.
- Percentage of major corporate improvement actions achieved.

Employee satisfaction

In 2005, the NEB participated in an Employee Opinion Survey. Results indicated an 84 percent rate of employee satisfaction at the NEB (Figure 8). The Employee Opinion Survey is one of the many tools used by the NEB to establish context in the working environment. The Chief Operating Officer communicates directly with staff through various means, including a question and answer forum on the internal website, an internal newsletter and regular face-to-face information exchanges with a cross-section of NEB employees.

Figure 8: Employee Satisfaction



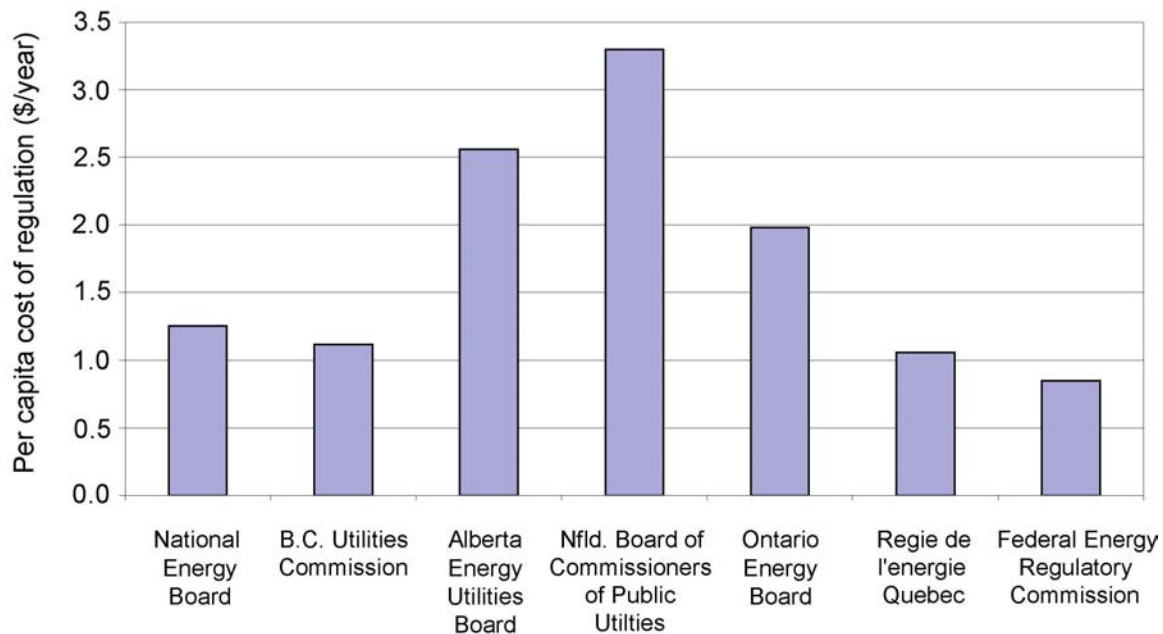
Per capita cost of regulation

The per capita cost of regulation measure continues to compare the annual operating cost of seven different regulators (five provincial and two federal) on a per capita of population served (Figure 9). The comparison provides a relative measure of overall efficiency for the regulators and provides the Board with information to evaluate its own performance relative to similar regulatory organizations. Costs not related to provincial utility regulation, such as for auto insurance regulation, have been excluded for this comparison.

Percentage of major corporate improvement actions achieved

The NEB tracks progress of major corporate improvement actions (financial, human, information technology, information management) that impact the whole organization, because these affect the organization's effectiveness, efficiency and productivity. Of the 15 major corporate actions identified for 2005–2006, 10 were completed (66 percent), four are in progress (27 percent), and one has been delayed (7 percent). Ongoing monitoring and evaluation efforts such as tracking best practices and conducting regulator review and learn exchanges, support overall improvement in organizational performance.

Figure 9: Per Capita Cost of Regulation for Selected Regulators (2005)



Program and Results on Objectives of 2005–2006

The NEB identified four objectives for Goal 5 in its 2005–2006 RPP. These objectives and results achieved are discussed as follows.

1. Demonstrate a results-based culture of excellence.

The NEB continues to evolve and refine its performance management program. In 2005–2006, a system was developed to provide leaders with cross-functional team member performance feedback and a common set of criteria and rating for all performance reviews.

The NEB put into place integrated program delivery with a goal of effective management of human and financial resources, information technology, information management, learning and performance management. To support this approach, the NEB updated its management practices to incorporate the legislative changes to both the *Financial Administration Act* (FAA) and the new *Public Service Employment Act* (PSEA). NEB managers have received training, and delegated managers are now exercising their sub-delegated authorities. The NEB is on target to complete its PSEA/FAA implementation by December 2006. Building on this success, the NEB's *People Strategy*, outlining the organization's human resources requirements and plans, was updated. This strategy is used by the Public Service Commission as a best practice and a model for other organizations to follow.

The NEB also invested in coordinating processes and promoting continuity in knowledge and information sharing across business units. In 2005, the NEB implemented a number of knowledge initiatives to help foster and develop knowledge throughout the organization. Several cross-functional knowledge networks were developed around key

business functions including project management, sustainable development and business support. A consistent review and learn process was implemented to ensure organizational learnings are captured and built on.

The NEB continues to develop service standards and adapt its planning process to ensure key organizational commitments are being delivered. The NEB has documented key business processes, and process owners track service standards for which they are accountable. To assist in delivering value on corporate projects, a project management office was created with the aim of ensuring efficient professional delivery of organizational projects. Through NEB's ISO-based quality management system, the process for continual improvement, including setting objectives, measuring and reporting on results and reviewing effectiveness, has been incorporated into business operations.

2. Ensure the NEB has the capacity to fulfill its mandate.

In 2005, the NEB took a two-pronged approach to ensure capacity to deliver on its mandate, focusing on effective human resource and business management systems that deliver consistent results for stakeholders. The NEB continued with its 2004 commitment and investment in a leadership training program to ensure that its leaders have the skills and knowledge to help move the organization forward. Continued participation of NEB leaders in the development program has led to a number of positive outcomes; for example, leaders have developed programs to help revitalize the workplace and make positive change.

With the strong Alberta economy and the tight labour market for skilled staff within the energy industry, the NEB experienced a high degree of employee turnover (14.5 percent in 2005–2006). Maintaining the NEB's regulatory capacity is one of the highest of priorities in the 2006–2007 *Report on Plans and Priorities* and has the full support of our principal stakeholders. As a first step in improving recruitment and retention, a consultant was engaged to conduct a market-based analysis of total compensation packages in the energy sector and government agencies. A strategy to address the issues raised is being worked on with Treasury Board.

Renewed values have also been developed that better articulate organizational priorities and will be used as part of selection criteria for new hires. Increased flexibility within the new modernized PSEA, as well as identification of employee potential through the performance management process, will allow the NEB to ensure that people have challenging opportunities and are provided the right skills in a timely manner, as well as ensure that the right people are in the right place at the right time.

Bilingual capacity is also an important component of the NEB's human resources plan and has been incorporated as part of the succession plan. Despite considerable levels of attrition in 2005–2006, modest gains in bilingualism capacity were achieved.

To help the NEB manage its information and ensure consistent delivery of results, two key management systems projects continued through 2005. The Records Renewal project developed the required organizational policies and procedures, as well as an overall file plan. Three pilot projects were successfully completed, and 2006 will see most of the

NEB moving to the new records environment. The NEB's quality management system will help guide better use of performance measures, risk-based approaches and quality improvement in all business operations.

3. Engage other agencies to rationalize processes and more effectively use resources to achieve collective mandates.

In order to streamline logistics for the large Mackenzie Gas Project, the NEB collaborated with the Northern Gas Project Secretariat to share operational and logistical information and coordination. This has led to smoother hearing logistics for both organizations and a better understanding of northern business operations.

The NEB streamlined its Section 58 process to ensure that its expectations were clear and to minimize the management of low-risk applications while still maintaining regulatory oversight of higher risk projects. This initiative received support from industry and has resulted in a more efficient application process.

The NEB continues to work with partners and other agencies on government-wide initiatives. The NEB has completed an inventory of all Memorandums of Understandings with its key partners and ensured that staff are aware of them. The NEB also continues to participate in the federal government's smart regulation initiative. Discussions have led to building stronger relationships with other government departments and agencies.

4. Implement a fully operational quality management system.

The framework for the NEB's quality management system was completed, core business processes have been documented, and in some cases, improved, and processes have been organized into an integrated model. Key business processes have been identified to be submitted for external ISO 9000 registration. A quality manager was appointed and assigned the role of coordinating the implementation of the quality management system and delivering regular management reporting. A process ownership accountability structure for the quality management system was put in place to ensure effective ongoing stewardship. There has been a significant improvement in employee understanding, acceptance and competency development with respect to the quality management system.

A corporate risk profile was developed in the fall of 2004, and this will be further refined in 2006 with the addition of a business continuity coordinator/risk manager. This position will update and revisit the business continuity plan, as well as coordinate and develop risk management activities.

Planned Spending (\$ millions)	2005–2006 Actual (\$ millions)
\$12.9	\$16.8

Section III : Supplementary Information

3.1 Performance Measures Summary

Strategic Outcome	Goals	Associated Resources (\$ millions)	Measures	Further information
Provide Canadians with social and economic benefits through the regulation of specific parts of the Canadian energy industry (oil, gas and electricity).	Goal 1 – NEB-regulated facilities and activities are safe and secure and are perceived to be so.	6.1	Number of pipeline ruptures per year: 0 Number of pipeline incidents per year: 46 Number of fatalities: 0 Public perception of safety: no new data Number and significance of security infractions: 2 minor infractions reported	Section 2.1
	Goal 2 – NEB-regulated facilities are built and operated in a manner that protects the environment and respects the rights of those affected.	4.8	Percent of environmental conditions that achieved their desired end results: 99% (conditions evaluated Jan–Dec 2005) Number of major liquid hydrocarbon releases into the environment: 1 major release in fiscal 2005–2006 (2 in 2005 calendar year)	Section 2.2
	Goal 3 – Canadians derive the benefits of economic efficiency.	9.6	Evidence that Canadian energy and transportation markets are working well Evidence that the Board's regulatory processes are efficient and effective: average cycle time for non-hearing facilities applications: 35 days (down from 38 in previous year)	Section 2.3
	Goal 4 – The NEB fulfills its mandate with the benefit of effective public engagement.	2.5	Stakeholders are involved in the Board's public processes: stakeholder satisfaction approximately 80% Number of successful appeals based on inadequate public consultation: 0	Section 2.4
	Goal 5 – The NEB fulfils its mandate with the benefit of effective leadership and quality management of affected processes.	16.8	Employee satisfaction: 84% Per capita cost of regulation: \$1.25 for calendar year 2005	Section 2.5

3.2 Financial Information

Table 6: Comparison of Planned Spending and Full Time Equivalents

Departmental Planned versus Actual Spending (\$ millions)						
	2003–04 Actual	2004–05 Actual	2005–2006			
			Main Estimates	Planned Spending	Total Authorities	Actual Spending
Energy Regulation and Advice	35.2	38.1	38.3	39.6	40.5	39.8
Total	35.2	38.1	38.3	39.6	40.5	39.8
Less: Non-responsible revenue	(39.6)	(42.8)	(40.5)	(40.5)	(40.5)	(38.6)
Plus: Cost of services received without charge	5.5	5.6	5.6	5.6	5.6	5.6
Net cost of Department	1.1	0.9	3.4	4.7	5.6	6.8

Full Time Equivalents	295.8	299.6	305.6	300
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Table 7: Voted and Statutory Items

Financial Requirements by Authority (\$ millions)					
Vote or Statutory Item	Truncated Vote or Statutory Wording	2005–2006			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
30	Program expenditures	33.3	34.5	35.5	35.1
(S)	Contributions to employee benefit plans	5.0	5.1	5.0	4.7
	Total	38.2	39.6	40.5	39.8

Table 8: Net Cost of Department

Net Cost of Department 2005–2006		(\$ millions)
Total Actual Spending		39.8
<i>Plus: Services Received without Charge</i>		
Accommodation provided by Public Works and Government Services Canada (PWGSC)		3.7
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)		1.8
Worker's compensation coverage, cost recovery audit costs and miscellaneous costs provided by other departments		0.1
Sub-total		45.4
<i>Less: Non-responsible Revenue</i>		38.6
2005–2006 Net Cost of Department		6.8

Table 9: Sources of Non-Responsible Revenue

Non-Responsible Revenue (\$ millions)						
	Actual 2003-04	Actual 2004-05	2005–2006			
			Main Estimates	Planned Revenue	Total Authorities	Actual
Energy Regulation and Advice	39.6	42.8	40.5	40.5	40.5	38.6
Total Non-responsible Revenue	39.6	42.8	40.5	40.5	40.5	38.6

The NEB is an independent regulatory agency, established in 1959 under the NEB Act. The NEB Act authorizes the Board to charge those companies it regulates costs attributable to the NEB's operations in carrying out its related responsibilities.

3.3 User Fee/External Fees and Service Standards

NEB Service Standards can be found on the NEB website at www.neb-one.gc.ca under Publications.

A.1 Energy Regulation and Advice – *National Energy Board Act*

Fee Activity	Description	Amount
Energy Regulation and Advice	The NEB regulates in the public interest those areas of the oil, gas, non-hydrocarbon and electricity industries relating to: <ul style="list-style-type: none"> • construction and operation of pipelines; • construction and operation of international and designated interprovincial power lines; • transportation, tolls and tariffs of pipelines; • exports of oil, gas and electricity and imports of oil and gas; and • oil and gas activities on frontier lands not subject to a federal/provincial accord. 	
Fee Type	Regulatory (R)	
Fee Setting Authority	The NEB External Charging is in accordance with sub-section 24.1 (1) of the NEB Act. As of 1 January 1991 under the NEB <i>Cost Recovery Regulations</i> , the Board recovers the cost of its operations from the majority of the companies that it regulates. The Board has the delegated authority to determine what costs will be excluded from program expenditures for cost recovery purposes.	
Date Last Modified	NEB <i>Cost Recovery Regulations</i> last amended on 6 November 2002	
2005-2006 Forecast Revenue (\$ millions)	Regulatory	\$40,500,000 (from RPP 2005-2006)
2005–2006 Actual Revenue (\$ millions)	Regulatory	\$38,615,608 (from Public Accounts)
Estimated Full Cost (\$ millions)	Regulatory a) NEB costs = \$35,900,000 b) Other Departments' costs = \$ 5,100,000	\$41,000,000
Forecast Revenue	Sub-total (2006–2007) Sub-total (2007–2008) Sub-total (2008–2009) Total	\$ 39,400,000 \$ 39,900,000 \$ 39,900,000 \$119,200,000 (from RPP 2006–2007)
Estimated Full Cost	Sub-total (2006–2007) Sub-total (2007–2008) Sub–total (2008–2009) Total	\$ 39,400,000 \$ 39,400,000 \$ 39,400,000 \$118,200,000

A.2 Service Standard Report

Service Standards (NEB service standards identify targets for key aspects of service delivery)	Service Standard Results 2005–2006
Reasons for Decision <ul style="list-style-type: none"> 80% of Reasons for Decision completed within 12 weeks following a public hearing 	Reasons for Decision Five hearings: 100% completed in 12 weeks
Export/import authorizations <ul style="list-style-type: none"> Short term export orders for oil, gas and natural gas liquids: 2 working days Natural gas import and export orders 2 working days Electricity export permits: 80% in 75 days 	Export/import authorizations Short term export orders: 208 received; all completed in 48 hours Natural gas import/export order: 144 received; all completed in 48 hours Electricity export permits: 9 received; 56% in 75 days ⁴
Landowner Complaints <ul style="list-style-type: none"> Respond with initial course of action: 100% within 10 calendar days Resolve the complaint: 80% within 60 calendar days 	Landowner Complaints Respond with initial course of action: 19 files; 100% response within 10 calendar days Resolve the complaint: 90% of files were closed within 60 calendar days
Onshore pipeline regulation (OPR) audits <ul style="list-style-type: none"> 80% of draft OPR reports sent to the audited company within 8 weeks of completing field work 	Onshore pipeline regulation audits One received; field work not completed until 4 May 2006; service standard reporting will appear in 2006–2007 DPR
Financial audits <ul style="list-style-type: none"> 80% of draft financial reports sent to the audited company within 8 weeks of completing field work 80% of final financial audit reports sent to company within 3 weeks of receiving the audited company's comments on draft financial report 	Financial audits One audit conducted; both service standards met
Non-hearing Section 58 application cycle times <ul style="list-style-type: none"> Category A (complexity of issues considered minor): 80% of decisions released in 40 calendar days Category B (complexity of issues considered moderate): 80% of decisions released in 90 calendar days Category C (complexity of issues considered major): 80% of decisions released in 120 calendar days 	Non-hearing Section 58 application cycle times Category A: 13 received: 77% in 40 days ⁴ Category B: 34 received: 86% in 90 days Category C: 2 received: 100% in 120 days

⁴ The Board met all of its service standards except two. The Board's targets of having the decisions in 80% of Category A applications released within 40 calendar days and 80% of electricity export permits completed in 75 days were not achieved due to resource constraints and the need to train new staff. The Board did, however, maintain an average cycle time of 35 days for Category A applications.

Consultation

When the NEB Cost Recovery Liaison Committee (CRLC) was established in July 1990, the composition of the committee ensured that there was representation from each of the industry's major associations and companies. The CRLC was established for ongoing consultation and communication regarding cost recovery methodology, regulations and new initiatives affecting cost recovery processes. In addition, the NEB tables and discusses its financial statements and anticipated expenditures with the CRLC. The NEB's performance results are presented to the CRLC at regularly scheduled meetings.

Dispute Management

The NEB has a Dispute Management Process in accordance with Treasury Board External Charging Policy, to ensure that disputes and issues raised by stakeholders related to external charging are addressed and resolved fairly and efficiently. This process is described on the NEB Website at www.neb-one.gc.ca/aboutus/externalchargingpolicydisputemanagementprocess_e.htm. In this process, there are three hierarchical levels to resolve a dispute. The first level of resolution rests with the Chair of the CRLC. If the dispute is unresolved at the first level, the issue will be passed on to the second level where a committee is formed. Where the first level and the second level fail to result in a resolution, the matter will be referred to the Chairman of the Board. Each level is given 90 days from the date of receipt of notification or escalation to resolve the dispute.

The disputes and issues may include but will not be limited to:

- failure to meet the agreed standard of services or products;
- negotiated charges perceived to be unreasonable;
- issues regarding specifications and descriptions of the required services or products;
- cancellation of the negotiated services or products; or
- failure to meet deadlines.

In addition, the NEB has developed its own External Charging Policy for external charges of a non-regulatory nature. This policy can be found on the NEB website at www.neb-one.gc.ca/AboutUs/ExternalChargingPolicyNonRegulatory_e.htm.

B.1 Energy Regulation and Advice – *Canada Oil and Gas Operations Act*

Fee Activity	Description	Amount
Energy Regulation and Advice – <i>Canada Oil and Gas Operations Act</i>		
Under the COGO Act, the NEB regulates oil and gas activities on frontier lands not subject to a federal/provincial accord.		
Fee Type	Regulatory (R)	
Fee Setting Authority	<i>Canada Oil and Gas Operations Act</i>	
Date Last Modified	1992	
2005–2006 Forecast Revenue	Regulatory	\$900
2005–2006 Actual Revenue	Regulatory	\$675
Estimated Full Cost	Regulatory a) Board cost = \$3,900,000 b) Other Departments' costs = \$ 500,000	\$4,400,000
Forecast Revenue	Sub-total (2006–2007) Sub-total (2007–2008) Sub-total (2008–2009) Total	\$900 \$900 \$900
Estimated Full Cost	Sub-total (2006–2007) Sub-total (2007–2008) Sub-total (2008–2009) Total	\$4,300,000 \$4,300,000 \$4,300,000 \$12,900,000

B.2 Service Standard Report

Service Standards (NEB service standards identify targets for key aspects of service delivery)	Service Standard Results 2005–2006
COGOA applications Well drilling applications <ul style="list-style-type: none"> 80% of decisions rendered within 21 calendar days of receiving a complete application Geological and geophysical applications <ul style="list-style-type: none"> 80% of decisions rendered within 30 calendar days of receiving a complete application 	COGOA applications Well drilling applications 13 ACDs (Alter Condition of Well); 10 ADWs (Authority to Drill Well)–service standard met Geological and geophysical applications 19 received–service standard met
CPRA applications <ul style="list-style-type: none"> Decisions for Significant Discovery and Commercial Discovery Applications on Frontier lands rendered within 90 calendar days from the day that all information is available to begin the evaluation process 	CPRA applications Two applications received: One application processed in 107 days (complications with data provided caused delay) For second application, service standard did not apply because proponent requested hearing

Consultation

The NEB's COGOA and CPRA service standards are reviewed with stakeholders on an opportunity basis at meetings with companies, organizations (such as the Canadian Association of Petroleum Producers), and at other venues (such as the Annual Oil and Gas Forum).

C. Service Standard for *Access to Information Act*

Fee Activity	Description	Amount
Access to Information Act		
Fees charged for the processing of access requests filed under the <i>Access to Information Act</i> (ATIA)		
Fee Type	Other products and services (O)	
Fee Setting Authority	<i>Access to Information Act</i>	
Date Last Modified	1992	
2005–2006 Forecast Revenue	Other products and services	\$100
2005–2006 Actual Revenue	Other products and services	\$85
Estimated Full Cost	Other products and services a) Board costs = \$19,939 b) Other Departments' costs = \$0	\$19,939
Forecast Revenue	Sub-total (2006–2007)	\$100
	Sub-total (2007–2008)	\$100
	Sub-total (2008–2009)	\$100
	Total	
Estimated Full Cost	Sub-total (2006–2007)	\$20,000
	Sub-total (2007–2008)	\$20,000
	Sub-total (2008–2009)	\$20,000
	Total	\$60,000

Service Standards	Service Standard Results
<p>Responding to Access to Information requests</p> <ul style="list-style-type: none"> Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days after receipt of request. 	<p>Responding to Access to Information requests</p> <ul style="list-style-type: none"> 100% of requests completed in 30 days or notice of extension sent within 30 days

3.4 Regulatory Initiatives

Regulatory Instrument	Expected Results and Progress
<i>National Energy Board Damage Prevention Regulations</i>	Less prescriptive, more goal-oriented regulations for NEB-regulated facilities to more effectively address safety in the proximity of pipelines. Will replace the <i>National Energy Board Pipeline Crossings Regulations, Parts I and II</i> . These regulations were being reviewed by the Department of Justice during this fiscal year.
<i>National Energy Board Onshore Pipeline Regulations (OPR-99) and National Energy Board Processing Plant Regulations</i>	Revise regulations to include concept of decommissioning. Department of Justice completed its review of these amendments, readying them for publication in the Canada Gazette.
<i>National Energy Board Cost Recovery Regulations</i>	Amend regulations to: (a) respond to a request from the electricity industry; and (b) to align billing with the NEB's fiscal year. During this fiscal year, a draft concept for the revision was created and affected companies were consulted.
<i>National Energy Board Submerged Pipeline Regulations</i>	New goal oriented regulations to govern the design, construction and operation of pipelines that are submerged below a water body. Work on the conceptual draft of these regulations took place during this year.
<i>Canada Oil and Gas Diving Regulations; Newfoundland Offshore Area Petroleum Diving Regulations; and Nova Scotia Offshore Area Petroleum Diving Regulations</i>	Less prescriptive, more goal oriented regulations for activities under the <i>Canada Oil and Gas Operations Act</i> and under the Accord implementation acts ⁵ . Updated and harmonized regulations for diving activities in support of oil and gas programs in frontier lands. These regulations were being reviewed by Department of Justice during this fiscal year.
<i>Canada Oil and Gas Drilling and Production Regulations; Newfoundland Offshore Area Oil and Gas Drilling and Production Regulations; and Nova Scotia Offshore Area Oil and Gas Drilling and Production Regulations</i>	Less prescriptive, more goal oriented regulations for drilling and production activities on frontier lands and the areas covered by the Accord implementation acts. Amalgamation of <i>Production and Conservation Regulations</i> and <i>Drilling Regulations</i> for each jurisdiction. Considerable progress was made this year in the drafting of these new regulations.
<i>Oil and Gas Occupational Health and Safety Regulations</i>	Updated regulations to conform with the <i>Canada Occupational Safety and Health Regulations</i> under the <i>Canada Labour Code</i> . These regulations were being reviewed by the Department of Justice during this fiscal year.
Regulations made under the <i>Canada Oil and Gas Operations Act</i> : <ul style="list-style-type: none"> • <i>Production and Conservation Regulations</i> • <i>Certificate of Fitness Regulations</i> • <i>Geophysical Operations Regulations</i> • <i>Installations Regulations</i> 	Incorporation of recommendations made by the Standing Joint Committee for the Scrutiny of Regulations.

5 Accord implementation acts refers to the *Canada-Newfoundland Atlantic Accord Implementation Act* and the *Canada-Nova Scotia Offshore Petroleum Accord Implementation Act*.

Regulatory Instrument	Expected Results and Progress
<p>Regulations made under the Accord implementation acts:</p> <ul style="list-style-type: none"> • <i>Newfoundland Offshore Area Petroleum Production and Conservation Regulations</i> • <i>Newfoundland Offshore Area Petroleum Drilling Regulations</i> • <i>Newfoundland Offshore Area Petroleum Installations Regulations</i> • <i>Nova Scotia Offshore Area Petroleum Geophysical Operations Regulations</i> • <i>Nova Scotia Offshore Area Petroleum Production and Conservation Regulations</i> • <i>Nova Scotia Offshore Petroleum Installations Regulations</i> • <i>Nova Scotia Offshore Petroleum Diving Regulations</i> • <i>Nova Scotia Offshore Petroleum Drilling Regulations</i> 	<p>Incorporation of recommendations made by the Standing Joint Committee for the Scrutiny of Regulations.</p>

3.5 Financial Statements

3.5.1 Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2006 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial

statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

The financial statements of the department have not been audited for the March 31, 2006 fiscal year. However, the National Energy Board also produces financial statements on a calendar year basis that are audited by the Office of the Auditor General.

National Energy Board Statement of Operations (Unaudited) For the Year Ended March 31 (in thousands of dollars)		
	2006	2005
REVENUES		
Regulatory fees	38,617	42,758
Miscellaneous revenue	4	14
	38,621	42,772
EXPENSES		
Salaries and employee benefits	32,363	30,230
Accommodations	4,538	4,127
Professional and special services	4,462	4,220
Travel	2,341	2,373
Amortization	634	363
Supplies	448	525
Repairs and maintenance	219	563
Other	216	472
Communications	203	190
Total operating expenses	45,424	43,063
Net cost of operations	(6,803)	(291)
The accompanying notes form an integral part of these financial statements.		

National Energy Board Statement of Financial Position (Unaudited) At March 31 (in thousands of dollars)		
	2006	2005
ASSETS		
Financial assets		
Accounts receivable and advances (Note 4)	8,634	10,987
Total financial assets	8,634	10,987
Non-financial assets		
Prepaid expenses	353	346
Tangible capital assets (Note 5)	2,509	1,972
Total non-financial assets	2,862	2,318
TOTAL	11,496	13,305
LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities	2,560	3,706
Vacation pay and compensatory leave	1,390	1,344
Employee severance benefits (Note 6)	5,191	5,045
Total liabilities	9,141	10,095
Equity of Canada	2,355	3,210
TOTAL	11,496	13,305
Contingent liabilities (Note 7)		
Contractual obligations (Note 8)		
The accompanying notes form an integral part of these financial statements.		

National Energy Board Statement of Equity of Canada (Unaudited) For the Year Ended March 31 (in thousands of dollars)		
	2006	2005
Equity of Canada, beginning of year	3,210	2,193
Net cost of operations	(6,803)	(291)
Current year appropriations used (Note 3)	39,785	38,084
Revenue not available for spending	(38,621)	(42,772)
Change in net position in the Consolidated Revenue Fund (Note 3)	(1,185)	531
Services received without charge from other government departments (Note 9)	5,969	5,465
Equity of Canada, end of year	2,355	3,210
The accompanying notes form an integral part of these financial statements.		

National Energy Board Statement of Cash Flow (Unaudited) For the Year Ended March 31 (in thousands of dollars)		
	2006	2005
Operating activities		
Cash received from:		
Regulatory and other fees	41,011	42,793
Cash paid for:		
Salaries and employee benefits	(30,370)	(28,128)
Professional services	(4,714)	(4,220)
Travel	(2,491)	(2,374)
Machinery & equipment	-	(577)
Rentals	(615)	(573)
Supplies	(448)	(525)
Other	(425)	(430)
Repairs & maintenance	(405)	(563)
Communications	(353)	(189)
Cash provided by operating activities	1,190	5,214
Capital investment activities		
Acquisitions of tangible capital assets	(1,170)	(1,057)
Financing activities		
Net cash provided by Government of Canada	20	4,157
The accompanying notes form an integral part of these financial statements.		

3.5.2 Notes to the Financial Statements (Unaudited)

1. Authority and Objectives

The National Energy Board (NEB) is an independent regulatory agency, established in 1959 under the *National Energy Board Act* and is designated as a department and named under Schedule I.1 of the *Financial Administration Act*, reporting to Parliament through the Minister of Natural Resources.

The NEB regulates the following specific aspects of the energy industry:

- a) the construction and operation of international and interprovincial pipelines;
- b) the construction and operation of international and designated interprovincial power lines;

- c) traffic, tolls and tariffs of international and interprovincial pipelines;
- d) exports of oil, gas and electricity and imports of gas and oil; and
- e) oil and gas activities on frontier lands not subject to a federal/provincial accord.

Other responsibilities of the NEB include providing advice to the Minister of Natural Resources Canada on the development and use of energy resources.

NEB's corporate purpose is to promote safety, environmental protection and economic efficiency in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines, energy development and trade. This principle guides the NEB in carrying out and interpreting its regulatory responsibilities. 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.

The NEB operates in a manner similar to a civil court. For major applications and inquiries, the Board holds public hearings at which applicants and interested parties have full rights of participation.

The NEB has the authority to charge those companies it regulates, in accordance with sub-section 24.1(1) of the *National Energy Board Act*, the total costs attributable to the NEB's operations in carrying out its related responsibilities.

Under the *National Energy Board Cost Recovery Regulations* (the *Regulations*) approved by the Treasury Board, the National Energy Board recovers from the companies it regulates the cost of its operations effective 1 January 1991. It has the delegated authority to determine what costs will be excluded from program expenditures for cost recovery purposes.

The NEB operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the NEB is deposited to the CRF and all cash disbursements made by the NEB are paid from the CRF.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

- (a) Parliamentary appropriations – the Department is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow

requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

- (b) Net Cash Provided by Government – The department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by the department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.
- (c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.
- (d) Revenues:
 - Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
 - Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- (e) Expenses – Expenses are recorded on the accrual basis:
 - Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
 - Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.
- (f) Employee future benefits
 - i) Pension benefits – Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.
 - ii) Severance benefits – Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of

the actuarially determined liability for employee severance benefits for the Government as a whole.

- (g) Accounts receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.
- (h) Contingent liabilities – Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.
- (i) Foreign currency transactions – Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect on 31 March.
- (j) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. The department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Machinery and equipment (Furniture)	10 years
Machinery and equipment (Audio visual equipment)	5 years
Informatics hardware (PCs and accessories)	3 years
Informatics hardware (Computer servers & accessories)	5 years
Informatics software (Commercial software)	2 years
Informatics software (In-house developed software)	5 years
Vehicles	5 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Assets under construction/development	Once in service, in accordance with asset type
Leased tangible capital assets	In accordance with asset type if ownership is likely to transfer to the department; otherwise, over the lease term

- (k) Measurement uncertainty —The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of

assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The Department receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used:		
(in thousands of dollars)	2006	2005
Net cost of operations	6,803	291
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services provided without charge	(5,969)	(5,465)
Amortization of tangible capital assets	(634)	(363)
Revenue not available for spending	38,621	42,772
(Loss) gain on disposal and write-down of tangible capital assets	-	(7)
Vacation pay and compensatory leave	(45)	(104)
Employee Severance Benefits	(146)	(232)
Other	29	(181)
	38,659	36,711
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less): Acquisitions of tangible capital assets	387	983
Prepaid expenses	739	390
Current year appropriations used	39,785	38,084

(b) Appropriations provided and used		
(in thousands of dollars)	2006	2005
Vote 30 – Operating expenditures	33,341	30,528
Vote 30a – Operating expenditures	-	3,273
Transfer from TB Vote 15	-	940
Governor General's special warrants	2,242	-
Statutory amounts	4,639	4,252
Less:		
Lapsed appropriations: Operating	(437)	(909)
Current year appropriations used	39,785	38,084

c) Reconciliation of net cash provided by Government to current year appropriations used		
(in thousands of dollars)	2006	2005
Net cash provided by Government	(20)	(4,157)
Revenue not available for spending	38,621	42,772
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	2,353	(1,231)
Variation in accounts payable and accrued liabilities	(955)	1,050
Other adjustments	(213)	(350)
Subtotal	1,185	(531)
Current year appropriations used	39,785	38,084

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2006	2005
Receivables from other Federal Government departments and agencies	371	859
Receivables from external parties	11,144	13,027
Employee advances	35	17
	11,550	13,903
Less: allowance for doubtful accounts on external receivables	(2,916)	(2,916)
Total	8,634	10,987

5. Tangible Capital Assets

(in thousands of dollars)										
Capital asset class	Cost				Accumulated amortization				2006 Net book value	2005 Net book value
	Opening balance	Acquis.	Disposals and write-offs	Closing balance	Opening balance	Amort.	Disposals and write-offs	Closing balance		
Informatics (Hardware)	1,869	188	(107)	1,950	1,360	196	(107)	1,449	501	509
Software	978	997		1,975	409	301		710	1,265	569
Other equip, incl. furniture	68	46		114	22	9		31	83	46
Machinery and equipment	132			132	115	8		123	9	17
Vehicles	25			25	10	5		15	10	15
Leasehold improvements	190	323		513	35	115		150	363	154
Assets under construction/development	662			278					278	662
Total	3,924	1,554	(491)	4,987	1,952	634	(107)	2,478	2,509	1,972

Amortization expense for the year ended March 31, 2006 is \$633,932 (2005 - \$363,114).

6. Employee Benefits

- (a) Pension benefits: The department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2005-06 expense amounts to \$3,432,879 (\$3,111,440 in 2004-05), which represents approximately 2.6 times the contributions by employees.

The department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

- (b) Severance benefits: The department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2006	2005
Accrued benefit obligation, beginning of year	5,045	4,813
Expense for the year	1,299	530
Benefits paid during the year	(1,153)	(298)
Accrued benefit obligation, end of year	5,191	5,045

7. Contingent liabilities

Claims and litigation

Claims have been made against the department in the normal course of operations. Legal proceedings for claims totalling approximately \$35,000 (\$45,000 in 2005) were still pending at March 31, 2006. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. The likelihood of these claims being realized cannot be determined so no amount has been accrued in the financial statements.

8. Contractual Obligations

The nature of the department's activities can result in some large multi-year contracts and obligations whereby the department will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2007	2008	2009	2010 and thereafter	Total
Vendor contracts	614	279	160	9	1,062
Operating leases	3,864	2,629	107	-	6,600
Total	4,478	2,908	267	9	7,662

9. Related party transactions

The department is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the department received services which were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge:

During the year the department received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

(in thousands of dollars)	2006	2005
Accommodation	3,924	3,554
Employer's contribution to the health / dental insurance plans	2,045	1,911
Total	5,969	5,465

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General, are not included as an expense in the department's Statement of Operations.

(b) Payables and receivables outstanding at year-end with related parties:

(in thousands of dollars)	2006	2005
Accounts receivable with other government departments and agencies	371	859
Accounts payable to other government departments and agencies	43	258

(c) Administration of programs on behalf of other government departments

The National Energy Board administers the Northern Gas Project Secretariat (NGPS) and Environmental Studies Research Funds (ESRF). NGPS expenses are part of the NEB's appropriation whereas ESRF expenses are not.

The concept of the Northern Gas Project Secretariat was first unveiled in the Cooperation Plan, a document produced by the Northern Pipeline Environmental Impact Assessment and Regulatory Chairs' Committee in June 2002.

This Plan describes the framework that the authorities with environmental impact assessment and regulatory mandates, called the Agencies, will follow to implement coordinated environmental impact assessment and regulatory processes for a proposed major northern gas pipeline project and associated developments. It outlines methods of cooperation between the Agencies that will avoid duplication of effort and provides clarity and certainty of process for the public, companies and other stakeholders.

The environmental review process commenced with the filing of the *Preliminary Information Package* in June 2003. The regulatory processes commenced with the filing of the five applications for the construction and operation of the Mackenzie Gas Project in October 2004.

The Northern Gas Project Secretariat office was officially opened in December 2003. With offices in Yellowknife and Inuvik, staff at the Project Secretariat will help northerners and interested public effectively participate in the environmental review and regulatory processes.

According to the Treasury Board submission approved on 1 December 2003, the operating costs of NGPS incurred by NEB are recoverable under the *National Energy Board Act* since the Secretariat functions are classified as part of the application process of the Act.

The NEB administers the Environmental Studies Research Funds. These funds are provided by DIAND and NRCAN. None of the NEB's appropriation is included in these funds. Any unused balances in the ESRF accounts are transferred to the partner departments at year end. ESRF expenses are reflected in the financial statements of DIAND and NRCAN.

10. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

3.6 Regulatory Reporting

The following two tables present a summary of NEB Public Hearings and Non-Hearing Applications from 1 April 2005 to 31 March 2006.

Oral Hearings	Results	Outcomes
Enbridge Pipelines Inc. (Enbridge) (RH-1-2005)	Hearing held between 7 and 12 April 2005 in Calgary, Alberta. Decision issued on 28 April 2005. Reasons for decision issued on 9 June 2005.	Approved the recovery through its Canadian pipelines tolls of US\$20 million per year for five years for the extension of service on the Spearhead Pipeline and an initiative by Mobil Pipe Line Company to reverse the flow of its pipeline.
Canadian Association of Petroleum Producers (CAPP) (RH-R-1-2005)	Review application filed on 12 November 2004. Hearing held in Calgary, Alberta on 18 May 2005.	Review of the Board's RH-2-2004 Phase 1 Reasons for Decision with respect to TCPL's 2004 Mainline Tolls.
NB Power (MH-1-2005)	Hearing held in St. Stephen, New Brunswick on 9 May 2005. Reasons for decision issued on 23 June 2005.	Heard two objections to the proposed route of NB Power Transmission Corporations' (NB Power) International Power Line. Both objections were denied.
Chevron Canada Limited (Chevron) (MH-2-2005)	Hearing held in Calgary, Alberta on 24 May 2005. Withdrawal of applications on 20 March 2006.	Motion on priority destination applications.
Chevron Canada Limited (Chevron) (MH2-2-2005) Volume 2	Hearing held in Calgary, Alberta on 14 September 2005. Withdrawal of applications on 20 March 2006.	Motion on priority destination applications.
Mackenzie Gas Pipeline (MGP) GH-1-2004	Pre-hearings held in December 2005: <ul style="list-style-type: none"> ▪ Inuvik on 5 December; ▪ Yellowknife on 7 December; ▪ Fort Good Hope on 12 December; ▪ Fort Simpson on 13 December. Process is ongoing.	Planning conference about the Mackenzie Gas Project.
Coral Energy Canada Inc. (Coral) (RHW-2-2005)	Oral arguments heard in Calgary on 16 January 2005. Reasons for decision issued on 10 February 2006	Modifications proposed by Coral to the FT-RAM Pilot were approved for the period between 1 April 2006 and 31 October 2006.
Chevron Canada Limited (Chevron) (MH2-2-2005) Volume 3	Hearing held in Calgary, Alberta on 6 March 2006. Withdrawal of applications on 20 March 2006.	Motion on priority destination applications.

Oral Hearings	Results	Outcomes
Mackenzie Gas Pipeline (MGP) GH-1-2004	Oral hearing held in Inuvik between 25 January and 2 February 2006. Process is ongoing.	Proceedings to review the development plans for the Mackenzie Gas Project.
Centra Transmission Holdings Inc. (RHW-3-2005)	Hearing held in Calgary on 26 January 2006.	Application for tolls effective 1 August 2005.
Mackenzie Gas Pipeline (MGP) GH-1-2004	Oral hearing held in Inuvik on 14 February 2006. Process is ongoing.	Joint Review Panel hearing opening statements on the Mackenzie Gas Project.
Mackenzie Gas Pipeline (MGP) GH-1-2004	Oral hearing held in Inuvik on 15 and 16 February 2006. Process is ongoing.	Joint Review Panel reviewing project description for the Mackenzie Gas Project.
Mackenzie Gas Pipeline (MGP) GH-1-2004	Oral hearing held in Tsiigehtchic on 20 February 2006. Process is ongoing.	Joint Review Panel holding a community hearing on the Mackenzie Gas Project.
Mackenzie Gas Pipeline (MGP) GH-1-2004	Oral hearing held in Inuvik on 21 and 22 February 2006. Process is ongoing.	Joint Review Panel holding a general hearing on the Mackenzie Gas Project.
Mackenzie Gas Pipeline (MGP) GH-1-2004	Oral hearing held in Inuvik between 14 and 17 March 2006. Process is ongoing.	Joint Review Panel holding a technical hearing on the Mackenzie Gas Project.

Non-Hearing Applications and Other Matters	Number of Decisions
Electricity Matters	26
Frontier Matters	31
Natural Gas Matters	132
Natural Gas Liquids Matters	59
Oil Matters	102
Pipeline Matters	90
Traffic, Tolls and Tariff Matters	39

3.7 Parliamentary Committee Recommendations

There were no parliamentary committee reports issued concerning the NEB during the reporting period.

3.8 Evaluations and Reviews

The following evaluations and reviews conducted under the auspices of the NEB Audit and Evaluation Committee were completed in 2005–2006:

- Testing of Time Information Management (TIME) System for 2003–2004 – November 2005
- Independent Evaluation of the Frontier Exploration and Production Function – June 2005

The final reports can be found at www.neb-one.gc.ca under Publications, Internal Audit Reports.

3.9 Procurement and Contracting

The procurement and contracting functions are the responsibility of the Supply Management Team within the Integrated Solutions Business Unit. In 2005–2006, there were some 373 procurement instruments issued for a total contract value of \$3.7 million. Of these, 26 contracts/local purchase orders were issued under the auspices of the Procurement Strategy on Aboriginal Business program for a total value of \$288,747.

3.10 Service Improvement

In line with the Government of Canada’s commitment to improve services from a client-centred perspective, the NEB continues to improve processes and respond to stakeholder feedback, resulting in improved services. To support improvements in relevant measurement criteria and to allow clients to know what they may expect from the NEB, service standards were put in place, with regular monitoring and reporting on performance. The NEB’s service standards were published as a document and posted on the NEB website in 2005. The NEB’s service standards identify specific delivery targets or timelines for key aspects of service. NEB processes are continually reviewed to ensure that service standards stay relevant and meet a citizen–focused service approach.

The Board regularly solicits feedback on its processes, measures and outcomes. At the NEB Workshop 2005, attended by approximately 360 individuals representing more than 108 organizations, the NEB held workshops to present information and obtain direct client feedback on the Board’s regulatory initiatives, external website, environmental performance indicators, safety and integrity management, emergency and security management and landowner engagement. The NEB is working to incorporate this feedback into its regulations, documentation and programs. The NEB also obtains feedback on the efficiency and effectiveness of its regulatory processes (e.g. the 2006 Pipeline Services Survey) and in informal discussions with stakeholders.

The NEB also examined the way in which it manages its surveys in 2005–2006. Previously, the Board employed a web–based survey tool called Zoomerang for all internal and external surveys. This tool, while effective, no longer met the changing needs of the NEB. As such, a range of available survey tools were analyzed and a program called Inquisite was chosen to replace Zoomerang. This new system, scheduled for full implementation in June 2006, will allow the NEB to own the data it collects and provides for improved flexibility in conducting the Board’s surveys.

3.11 Travel Policies

The NEB became a separate employer under the *Public Service Staff Relations Act*, effective 31 December 1992 under Order in Council (OIC) (P.C. 1992–2595). Through the OIC, personnel management, as defined by the *Financial Administration Act*, was delegated to the Chairman of the NEB. For unionized employees, the NEB has agreed to adopt the policies of the National Joint Council, as amended from time to time, as part of the conditions of employment.

3.12 Organizational Information

The Board is structured into five business units, reflecting major areas of responsibility: Applications, Operations, Commodities, Planning, Policy and Coordination and Integrated Solutions. In addition, the Executive Office includes the specialized services of Legal Services and Regulatory Services.

Applications

The Applications Business Unit is responsible for processing and assessing most regulatory applications submitted under the NEB Act, including facilities and tolls and tariffs applications and construction and operation of international and interprovincial electric power lines. The Applications Business Unit is also responsible for other matters such as the financial surveillance and financial audits of companies under the Board's jurisdiction and for addressing landowner concerns.

Operations

The Operations Business Unit is accountable 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; investigates incidents; monitors emergency response procedures; regulates the exploration, development and production of hydrocarbon resources in non–accord frontier lands; and develops related safety and environment regulations and guidelines.

Commodities

The Commodities Business Unit is responsible for energy industry and marketplace surveillance, including the outlook for the demand and supply of energy commodities in Canada, updating guidelines and developing regulations relating to energy exports as prescribed by Part VI of the NEB Act. It is also responsible for assessing and processing applications for oil, natural gas and electricity exports.

Planning, Policy and Coordination

The Planning, Policy and Coordination Business Unit is responsible for developing the NEB's long–term regulatory framework and regulatory tools and for organization–wide planning and coordination. This includes providing communication, engagement,

appropriate dispute resolution and technical excellence (through its professional leader and knowledge network services) services to the Board.

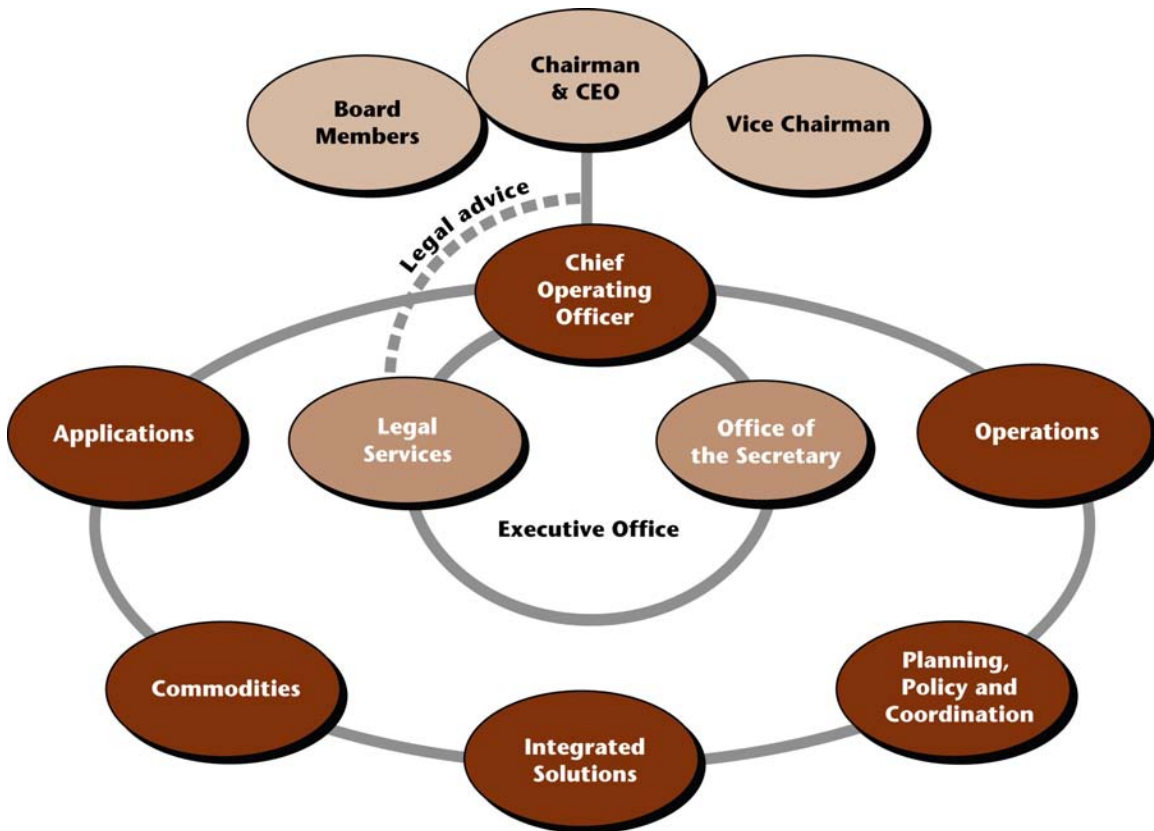
Integrated Solutions

Integrated Solutions is responsible for developing, implementing and supporting strategies and solutions to enhance business outcomes. This includes Board-wide computer systems and services, materiel and facilities management, contracting, library services, corporate records management, financial management, human resource management, translation and document design and production.

Executive Office

The Executive Office is responsible for the Board’s overall capability and readiness to meet strategic and operational requirements, including providing legal advice for regulatory and management purposes,⁶ administering hearings and providing regulatory support.

Figure 10: NEB Organizational Structure



6 Legal Services is accountable to the Chairman and Board Members for the provision of legal advice. It is accountable to the Chief Operating Officer for its operations and administrative matters.

Section IV : Other Items of Interest

4.1 Legislation under which the NEB has named responsibility

Acts

National Energy Board Act
Canada Labour Code, Part II
Canada Oil and Gas Operations Act
Canada Petroleum Resources Act
Canadian Environmental Assessment Act
Energy Administration Act
Mackenzie Valley Resource Management Act
Northern Pipeline Act
Species at Risk Act

Regulations and Orders pursuant to the *National Energy Board Act*

National Energy Board Act Part VI (Oil and Gas) Regulations
National Energy Board Cost Recovery Regulations
National Energy Board Electricity Regulations
National Energy Board Export and Import Reporting Regulations
Gas Pipeline Uniform Accounting Regulations
Oil Pipeline Uniform Accounting Regulations
Oil Product Designation Regulations
Onshore Pipeline Regulations, 1999
National Energy Board Order No. M0-62-69 (dated 30 October 1969)
National Energy Board Pipeline Crossing Regulations, Part I
National Energy Board Pipeline Crossing Regulations, Part II
 General Order No. 1 Order Respecting Crossing of Utilities by Pipelines
 General Order No. 2 Respecting Standard Conditions for Crossings of Pipelines
Power Line Crossing Regulations
National Energy Board Processing Plant Regulations
National Energy Board Rules of Practice and Procedure, 1995
National Energy Board Substituted Service Regulations
Pipeline Arbitration Committee Procedure Rules, 1986
Section 58 Streamlining Order XG/XO-100-2005
Toll Information Regulations

Guidelines and Memoranda of Guidance pursuant to the *National Energy Board Act*

Appropriate Dispute Resolution Guidelines (18 July 2003)
Implications of Supreme Court of Canada Decision on the National Energy Board Consultation
 with Aboriginal People (3 August 2005)
Consultation with Aboriginal People – Generic Information Request (3 April 2002)
Filers Guidelines to Electronic Submissions (1 December 2004)
Filing Manual (2004)
Filing of Supply Information in Compliance with the Board's Part VI (Oil and Gas) Regulations
 (16 May 1997)

Financial Regulatory Audit Policy of the National Energy Board (23 February 1999)

Guidance Notes for the *Onshore Pipeline Regulations, 1999* (7 September 1999)
 Amendment I (20 January 2003)

Guidance Notes for Pressure Equipment under National Energy Board Jurisdiction
 (8 August 2003)

Guidance Notes for the Design, Construction, Operation and Abandonment of Pressure Vessels
 (3 July 2003)

Guidance Notes for the Design, Construction, Operation and Abandonment of Pressure Vessels
 and Pressure Piping (3 July 2003)

Guidance Notes for the *Processing Plant Regulations* (28 July 2003) including: Appendix I –
 Guidance Notes for the Design, Construction, Operation and Abandonment of Pressure
 Vessels and Pressure Piping (3 July 2003) and Appendix II – Security and Emergency
 Preparedness and Response Programs (24 April 2002)

Guidelines for Negotiated Settlement of Traffic, Tolls and Tariffs (12 June 2002)

Guidelines Respecting the Environmental Information to be Filed by Applicants for
 Authorization to Construct and Operate Gas Processing and Straddle Plants, Liquid Natural
 Gas (LNG) Plants and Terminals, Natural Gas Liquids (NGL), Liquid Propane Gas (LPG)
 and Butane Plants and Terminals, under Part III of the *National Energy Board Act*
 (26 June 1986)

Information to be Furnished by Applicants to Import LNG – Letter and Guidance Document (20
 September 2005)

Model Conditions for International Power Line Certificates of Public Convenience and Necessity
 (23 December 2004)

Memorandum of Guidance – Electronic Filing, National Energy Board Rules of Practice and
 Procedure, 1995 (21 March 2002)

Memorandum of Guidance – Concerning Full Implementation of the September 1988
 Canadian Electricity Policy (Revised 23 January 2003)

Memorandum of Guidance – Fair Market Access Procedure for the Licensing of Long-term
 Exports of Crude Oil and Equivalent (17 December 1997)

Memorandum of Guidance – Regulation of Group 2 Companies (6 December 1995)

Memorandum of Guidance – Retention of Accounting Records by Group 1 Companies Pursuant
 to Gas/Oil Pipeline Uniform Accounting Regulations (30 November 1994)

National Energy Board Pre-Application Meetings Guidance Notes (26 February 2004)

Notice of Proposed Regulatory Change 2005-01 – Pipeline Security Management Programs
 (14 September 2005)

Operations and Maintenance Activities on Pipelines Regulated under the *National Energy Board
 Act*: Requirements and Guidance Notes (7 July 2005)

Regulations pursuant to the Canada Oil and Gas Operations Act

Canada Oil and Gas Certificate of Fitness Regulations
Canada Oil and Gas Diving Regulations
Canada Oil and Gas Drilling Regulations
Canada Oil and Gas Geophysical Operations Regulations
Canada Oil and Gas Installations Regulations
Canada Oil and Gas Operations Regulations
Canada Oil and Gas Production and Conservation Regulations
Oil and Gas Spills and Debris Liability Regulations

Guidelines and Guidance Notes pursuant to the *Canada Oil and Gas Operations Act*

Guidance Notes for the *Canada Oil and Gas Drilling Regulations*
Guidelines Respecting Physical Environmental Programs during Petroleum Drilling and
Production Activities on Frontier Lands
Notice of Revised Offshore Waste Treatment Guidelines (21 August 2002)

Regulations pursuant to the *Canada Petroleum Resources Act*

Environmental Studies Research Fund Regions Regulations
Frontier Lands Petroleum Royalty Regulations
Frontier Lands Registration Regulations
Lancaster Sound Designated Area Regulations
Order Prohibiting the Issuance of Interests at Lapierre House Historic Site in the Yukon Territory
Order Prohibiting the Issuance of Interests at Rampart House in the Yukon Territory

Guidelines and Guidance Notes pursuant to the *Canada Petroleum Resources Act*

Northwest Territories – Nunavut – Guidance Notes for Applicant – Applications for
Declaration of Significant Discovery and Commercial Discovery (January 1997)
Applications for Declaration of Significant Discovery and Commercial Discovery –
Directly Affected Persons (17 November 2003)

Regulations pursuant to the *Canadian Environmental Assessment Act*

Comprehensive Study List Regulations
Exclusion List Regulations
Federal Authorities Regulations
Inclusion List Regulations
Law List Regulations
Projects outside Canada Environmental Assessment Regulations
*Regulations Respecting the Co-ordination by Federal Authorities of Environmental Assessment
Procedures and Requirements*
Canada Port Authority Environmental Assessment Regulations

Regulations pursuant to the *Canada Labour Code, Part II*

Canada Occupational Health and Safety Regulations
Oil and Gas Occupational Safety and Health Regulations
Safety and Health Committees and Representatives Regulations

Regulations pursuant to the *Mackenzie Valley Resource Management Act*

Exemption List Regulations
Mackenzie Valley Land Use Regulations
Preliminary Screening Requirement Regulations

Regulations pursuant to the *Northern Pipeline Act*

Northern Pipeline Notice of Objection Regulations
Northern Pipeline Socio-Economic and Environmental Terms and Conditions for Northern
British Columbia

Northern Pipeline Socio–Economic and Environmental Terms and Conditions for the Province of Alberta
Northern Pipeline Socio–Economic and Environmental Terms and Conditions for the Province of Saskatchewan
Northern Pipeline Socio–Economic and Environmental Terms and Conditions for Southern British Columbia
Northern Pipeline Socio–Economic and Environmental Terms and Conditions for the Swift River Portion of the Pipeline in the Province of British Columbia
Order Designating the Minister of Natural Resources as Minister for Purposes of the Act
Transfer of Duties, in Relation to the Pipeline, of Certain Ministers under Certain Acts to the Member of the Queen's Privy Council for Canada Designated as Minister for Purposes of the Act
Transfer of Duties, in Relation to the Pipeline, of the National Energy Board under Parts I, II and III of the *Gas Pipeline Regulations* to the Designated Minister for Purposes of the Act
Transfer of Powers, Duties and Functions (Kluane National Park Reserve Lands) Order
Transfer of Powers, Duties and Functions (Territorial Lands) Order

4.2 Cooperation with Other Organizations

The NEB co–operates with other agencies to reduce regulatory overlap and provide more efficient regulatory services.

Alberta Energy and Utilities Board (AEUB)

The NEB 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 two Boards share information and coordinate activities regarding security of energy facilities within their respective jurisdictions.

The NEB 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. In 2005, the Boards released the results of their assessment of Alberta's conventional natural gas resources (Energy Market Assessment: *Alberta's Ultimate Potential for Conventional Natural Gas*, March 2005. Available on–line and at NEB Library).

Atlantic Memorandum of Understanding on concurrent offshore Environmental Assessment

On 18 February 2005, the Government of Canada (represented by various federal departments), the Government of Nova Scotia, the NEB, and the C–NSOPB signed a MOU to create a more coordinated and integrated EA and regulatory process for Nova Scotia offshore petroleum development. The work of the NEB and the other signatories to the agreement was coordinated through the Atlantic Energy Roundtable. The full name of the agreement is “Memorandum of Understanding on Effective, Coordinated and Concurrent Environmental Assessment and Regulatory Processes for Offshore Petroleum Development Projects in the Nova Scotia Offshore Area”.

British Columbia Ministry of Energy, Mines and Petroleum Resources (MEMPR)

The NEB and British Columbia MEMPR maintained their commitment to using a common reserves database for oil and gas reserves in British Columbia. Both Boards are committed to developing more efficient methods for maintaining estimates of reserves and to exploring other opportunities for cooperation. A joint Energy Market Assessment was released in 2006. (*Northeast British Columbia's Ultimate Potential for Conventional Natural Gas*, March 2006. Available on-line and at NEB Library).

Canada–Newfoundland Offshore Petroleum Board (C–NOPB) and Canada–Nova Scotia Offshore Petroleum Board (C–NSOPB)

The Chairs of the NEB, the C–NOPB and the C–NSOPB, together with executives from the Newfoundland, Labrador 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 convergence and collaboration on oil and gas exploration and production issues across Canada. The NEB, C–NOPB and C–NSOPB staff also work together to review, update and amend regulations and guidelines affecting oil and gas activities on accord lands.

NEB staff also provide technical expertise to NRCan, C–NOPB and C–NSOPB on technical matters of mutual interest, such as reservoir assessment, occupational safety and health, diving, drilling and production activities.

In 2002, the NEB and C–NSOPB signed a MOU to coordinate the regulatory review of the EnCana Deep Panuke Offshore Gas Development project.

Canadian Association of Members of Public Utility Tribunals (CAMPUT)

CAMPUT is a non-profit organization of federal, provincial and territorial boards and commissions responsible for regulating electric, water, gas and pipeline utilities in Canada. Members sit on the executive committee of the association and promote education and training of members and staff of public utility tribunals. The NEB also provides information to CAMPUT and staff support for conference organization. The Board participates in the CAMPUT annual meetings.

Canadian Environmental Assessment Agency (CEA Agency)

NEB staff are actively engaged with CEA Agency matters, participating in the CEA Agency's Senior Management Committee and acting as an observer on the Regulatory Advisory Committee. This involvement ensures effective coordination of regulatory responsibilities relating to environmental assessments.

Cooperation on the Environmental Impact Assessment and Regulatory Review of a Northern Gas Pipeline Project through the Northwest Territories

In 2002, the NEB, in collaboration with the boards and agencies responsible for environmental impact assessment and regulatory review of a major natural gas pipeline

through the Northwest Territories, issued a Cooperation Plan. The Plan describes how the agencies propose to coordinate their activities to ensure an efficient, flexible and timely process that reduces duplication and enhances public and northern participation in the review of a major pipeline application. The NEB's partners in the plan include the Mackenzie Valley Land and Water Board, the Sahtu and Gwich'in Land and Water Boards, the Northwest Territories Water Board, the Mackenzie Valley Environmental Impact Review Board, the Environmental Impact Screening Committee and the Environmental Impact Review Board for the Inuvialuit Settlement Region, the Inuvialuit Game Council, the Inuvialuit Land Administration, CEAA, INAC, and observers from the Deh Cho First Nation, the Government of the Northwest Territories, and the Government of Yukon.

There is an Agreement for Coordination of the Regulatory Review of the Mackenzie Gas Project between the NEB, Inuvialuit Land Administration and Inuvialuit Land Administration Commission, Northwest Territories Water Board, Mackenzie Valley Land and Water Board, Gwich'in Land and Water Board, Sahtu Land and Water Board, Department of Fisheries and Oceans, Department of Indian Affairs and Northern Development, Environment Canada, Government of the Northwest Territories and Transport Canada to coordinate regulation and enhance public participation in the Project review.

Human Resources and Skills Development Canada (HRSCD)

The NEB has a MOU with HRSDC to administer Part II of the *Canada Labour Code* for NEB-regulated facilities and activities and to coordinate these safety responsibilities under the COGO Act and the NEB Act.

Indian Affairs and Northern Canada (INAC)

The NEB has an MOU with INAC concerning the provision of advice on rights management and the exchange of information with respect to oil and gas activities on northern frontier lands.

Mackenzie Valley Environmental Impact Review Board (MVEIRB)

On 23 September 2005 in Calgary, the Chairs of the NEB and the MVEIRB renewed a MOU on cooperative Environmental Assessment of NEB-regulated energy projects in the Mackenzie Valley of the Northwest Territories.

Natural Resources Canada (NRCan)

In 1996, the NEB signed an MOU with NRCan to reduce duplication and increase cooperation between the agencies. This MOU covers activities such as data collection, the enhancement of energy models and special studies. The MOU was renewed in January 2000, but has since expired and a renewal is being drafted. The 1992 MOU with NRCan transfers responsibilities for administering aspects of the COGO Act and CPR Act to the NEB.

Northern Pipeline Agency (NPA)

The NEB provides technical assistance to the NPA, which, under the *Northern Pipeline Act*, has primary responsibility for overseeing the planning and construction of the Canadian portion of the Alaska Natural Gas Transportation System by Foothills Pipe Lines Ltd.

Pipeline Technical Regulatory Authorities of Canada Council (PTRACC)

The NEB chairs a staff committee of federal and provincial technical regulators. The PTRACC meets regularly throughout the year to discuss pipeline safety and environmental initiatives.

Transportation Safety Board of Canada (TSB)

While the NEB 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. A MOU is in place outlining the roles and responsibilities of the Boards.

U.S Federal Energy Regulatory Commission (FERC)

The NEB and FERC recognize that the conduct of their responsibilities may require them to examine, regulate, or otherwise oversee interconnecting facilities or activities. In this regard both regulatory agencies recognize that appropriate coordination of efforts could promote the public interest through increased efficiency, expedited and coordinated action on energy infrastructure projects and cost savings to both the public and regulated entities. When either agency becomes aware of a proceeding before it that may involve the other, it will notify the agency accordingly.

U.S. Federal Energy Regulatory Commission and Comisión Reguladora de Energía of Mexico

The NEB, FERC and the Comisión Reguladora de Energía of Mexico (CRE) have a tri-lateral agreement to share information on regulatory approaches and current events and seek to provide compatible regulatory approaches while respecting each country's legislative mandates to act in the best interest of their respective nation.

It is the intent of the three regulatory agencies to meet three times a year to promote regular exchanges of information and management approaches to enable best practices in each countries respective regulatory and internal management approaches.

United States 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.

Yukon Territory Department of Economic Development (YTDED)

The NEB continues to work with Yukon officials to transfer oil and gas regulatory responsibilities per the Yukon Accord Implementation Agreement. The Board provides expert technical advice to the YTDED. The NEB and the Government of Yukon signed a services agreement 6 April 2004.

4.3 Contact Information

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Key Contacts as of 31 March 2006

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Gaétan Caron	Vice-Chairman
Jim Donihee	Chief Operating Officer
Sandy Lapointe	Business Leader, Applications
John McCarthy	Business Leader, Commodities
Gregory Lever	Business Leader, Operations
Glenn Booth	Business Leader, Planning, Policy and Coordination
Denis Roy	Business Leader, Integrated Solutions
Kathleen Beall	General Counsel
Michel Mantha	Secretary of the Board
Dan Philips	Team Leader, Finance