

# Regulatory Framework Plan 2022 to 2025





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# Regulatory Framework Plan 2022 to 2025

## Overview

The Regulatory Framework Plan (the Plan) is a tool produced by the CER that supports planning and communication. The Plan describes which regulations, guidance material and other regulatory documents we intend to amend or develop over a three-year period and sets out expected timelines for each.

The Plan is updated every year through a review process that is informed by:

- strategic priorities that focus how we do our work and prioritize change;
- evaluation of performance data from across the CER's regulatory programs;
- input from stakeholders and Indigenous peoples provided during the CER's engagement activities and participation in regulatory proceedings; and
- learnings from other jurisdictions and regulators within Canada and abroad.

Only those initiatives that are established with formal project plans and clear deliverables for the CER's Regulatory Framework are included in the Plan year to year. We anticipate additional projects will be added in future years, as we advance our work to:

- build the trust and confidence of Canadians;
- transform the way we work with Indigenous peoples;
- enhance Canada's global competitiveness; and
- create a data and digital innovation culture and systems within the CER.

The following Regulatory Framework improvement initiatives are identified on the Regulatory Framework Plan: 2022 to 2025. The Plan is a snapshot in time, accurate as of May 2022; projects listed below may change as the context shifts.

The Plan will be updated at the start of each new fiscal year (April) and throughout the year, as material changes occur.

More information on projects listed below may be obtained by calling toll free 1-800-899-1265 or faxing (403) 292-5503 or contacting the project leads listed below.

For most projects listed below, the approach and timing for engagement will be dependent on the status of COVID-19. Information on public participation opportunities will appear on the CER's <u>Consultation and Engagement Activities</u> webpage.

# Regulations

## Major Regulatory Development Projects

|                           | Onshore Pipeline Regulations   |
|---------------------------|--|
| Background<br>Information | The <u>Onshore Pipeline Regulations</u> (OPR) is the CER's principal regulation<br>for the physical (vs. financial) oversight of oil and gas pipelines that cross a<br>national, provincial or territorial border. The OPR provides for safety,<br>security and environmental protection outcomes and include management<br>system requirements for regulated companies.<br>The OPR are predominantly performance based. This provides regulated<br>companies flexibility to continually improve and innovate to meet the<br>intended outcomes.  |
| Project Details           | The CER is undertaking a review of the OPR. The review includes updates<br>for alignment with the <u>Canadian Energy Regulator Act</u> (CER Act) and<br>represents part of how we will deliver our commitments to enhance<br>Canada's global competitiveness and transform the way the CER and its<br>regulated companies work with Indigenous peoples across the lifecycle of<br>regulated facilities.<br>The review will address all areas of the OPR and related regulatory<br>documents and guidance, as needed (e.g., <i>Guidance Notes for the OPR,</i><br><i>the Filing Manual, Online Event Reporting Guidelines, Remediation Process</i><br><i>Guide, Audit Protocol, Operations and Maintenance Activities on Pipelines –</i><br><i>Requirements</i> and <i>Guidance Notes, and the Decommissioning Streamlining</i><br><i>Order and Guidance Notes</i> ).<br>The new regulation-making authority in the CER Act for human and<br>organizational factors, which is related to safety improvement, will also<br>be addressed. |
| Regulatory<br>Objectives  | In broad terms, our objectives for the OPR Review are to deliver<br>regulations that: <ul> <li>support the highest level of safety, security and environmental protection;</li> <li>advance Reconciliation with Indigenous peoples;</li> <li>address transparency and inclusive participation;</li> <li>provide for predictable and timely oversight; and</li> <li>encourage innovation.</li> </ul> Further details will be provided as regulatory development progresses.   |

| Next Steps                            | Early engagement through a <u>Discussion Paper</u> is ongoing (Winter and Spring 2022). All input submitted, whether through a written submission, or orally at engagement sessions, is under review.   |
|---------------------------------------|---|
| Public<br>Engagement<br>Opportunities | In December 2021, the CER launched the review of the OPR through written notifications and an <u>OPR Review</u> webpage where interested parties were invited to register to <u>'Engage with Us'</u> .  |
|                                       | In January 2022, a Discussion Paper was provided through written<br>notifications and on the CER's OPR Review webpage and the <u>Consulting</u><br><u>with Canadians</u> website to seek input on the themed questions found in the<br>Discussion Paper. Interested parties were invited to register for sessions<br>from February through March to find out more about the OPR Review, and<br>how they can participate. Funding was made available to Indigenous<br>groups to support participation in this early phase of engagement. The<br>timeline for input on the Discussion Paper is 30 June 2022.<br>Engagement on a regulatory proposal with potential updates for the OPR is<br>anticipated to begin in Spring 2023. |
| Timeline                              | First included in the <u>CER Forward Regulatory Plan</u> : January 2020   |
|                                       | Estimated completion (including implementation of related regulatory instruments and guidance): Summer 2025   |
| Lead Contact                          | Fern Hietkamp<br>Technical Specialist, Regulatory Strategy & Coordination<br>Telephone: (403) 919-7411<br>Email: <u>fern.hietkamp@cer-rec.gc.ca</u>   |

|                           | Cost Recovery Regulations  |
|---------------------------|--|
| Background<br>Information | Section 87 of the CER Act provides that regulations may be made for recovering all costs attributable to the CER's mandate.  |
|                           | The <u>Cost Recovery Regulations</u> (CRR) set out the manner in which the CER determines the costs related to carrying out its mandate and the process for recovering all or a portion of those costs from the companies it regulates.              |
| Project Details           | The CER is undertaking a review of the <i>Cost Recovery Regulations</i> .<br>The review includes updates for alignment with the CER Act and represents<br>part of how we will deliver our commitments to enhance Canada's global<br>competitiveness. |

|                                       | 1  |
|---------------------------------------|--|
| Project Details                       | Regulatory development is under way to:  |
|                                       | • review whether and how to include costs related to the CER's oversight of energy development in areas of the Canadian North and Arctic offshore that are under CER jurisdiction;   |
|                                       | • expand cost recovery to include costs for applications that are denied by the Commission or withdrawn by proponents; and   |
|                                       | adjust fixed levies for small and intermediate companies.  |
| Regulatory<br>Objectives              | The proposed cost recovery framework aims to:  |
|                                       | achieve fair and equitable cost allocation;  |
|                                       | • simplify the method of cost recovery and its administration;   |
|                                       | make costs predictable for industry;   |
|                                       | ensure cost recovery mechanisms can respond to change; and   |
|                                       | • provide some flexibility in the application of methodologies.  |
| Next Steps                            | The feedback received in Fall 2021 on the <u>Regulatory Proposal</u> is currently under review.  |
| Public<br>Engagement<br>Opportunities | A project working group (PWG) was formed with members from the CER's standing Cost Recovery Liaison Committee (CRLC). The CRLC is comprised of representatives from CER regulated companies and industry associations representing those regulated companies.  |
|                                       | In Fall 2020, a workshop was conducted by CER staff to gather initial feedback from the PWG of the CRLC on the elements and methodology for the cost recovery framework.   |
|                                       | In November 2021, a <u>Regulatory Proposal</u> was released on the CER and <u>Consulting with Canadians</u> websites to seek feedback on proposed amendments. Pending the analysis of <u>input received</u> , there is a possibility for a second round of regulatory consultation to seek input on an amended regulatory proposal, in late Fall 2022. |
| Timeline                              | First included in the <u>CER Forward Regulatory Plan</u> : April 2019<br>Estimated completion: Spring 2024   |
| Lead Contact                          | Rumu Sen<br>Analyst, Regulatory Strategy & Coordination<br>Telephone: (403) 390-6177<br>Email: <u>rumu.sen@cer-rec.gc.ca</u>   |

|                                       | Rules of Practice and Procedure  |  |
|---------------------------------------|--|--|
| Background<br>Information             | The <u>Rules of Practice and Procedure</u> (the Rules) are made by the Commission. They govern the procedures to be followed during proceedings and set out the mechanisms for complaints, the conduct of public hearings and determine the manner in which applications are to be reviewed. |  |
| Project Details                       | A comprehensive update to the Rules is needed to align with the CER Act, reflect the CER's new governance structure and to formalize the practices, processes and terminology which have evolved in 27 years, since the Rules were first in effect.  |  |
| Regulatory<br>Objectives              | In broad terms, our objective for the Rules review is to deliver regulations that align with the CER Act and reflect modern practices and processes.<br>Further details will be provided as regulatory development progresses.   |  |
| Next Steps                            | Work is estimated to begin in Spring 2022.   |  |
| Public<br>Engagement<br>Opportunities | The Commission intends to engage early with stakeholders and Indigenous peoples – i.e., at the onset of regulatory development. The details of anticipated engagement are not available at this time.  |  |
| Timeline                              | This project is not yet included in the <u>CER Forward Regulatory Plan</u> and it is too early to estimate a completion date at this time.   |  |
| Lead Contact                          | Melissa Mathieson<br>Technical Specialist, Regulatory Strategy & Coordination<br>Telephone: (403) 542-9274<br>Email: <u>melissa.mathieson@cer-rec.gc.ca</u>  |  |

|                           | Designated Companies Cost Recovery Regulations  |  |
|---------------------------|---|--|
| Background<br>Information | Under section 142 (1) of the CER Act, the CER is mandated to make<br>regulations to recover costs, expenses and damages associated with a<br>pipeline release when a company has been "designated" by the Governor in<br>Council (GIC), appointed by Parliament.<br>In the event of a pipeline release, the GIC may, on the recommendation<br>of the Minister of Natural Resources, "designate" the responsible company |  |
|                           | if it does not have or is not likely to have the financial resources necessary<br>to pay the costs, expenses and damages associated with the release; or<br>in instances where it does not comply with a CER Order with respect to<br>the release.  |  |

| Background<br>Information | Upon a company being designated, a number of things can happen:   |
|---------------------------|---|
| mornation                 | <ul> <li>the CER can take over the response to the release (and fund that response);</li> </ul>   |
|                           | • the CER can reimburse costs and expenses of third parties responding to the release; or   |
|                           | • where the GIC establishes a Pipeline Claims Tribunal, the CER pays all Tribunal costs and compensations awarded to third parties, as determined by the Tribunal.  |
|                           | All of these amounts would be paid out of the Consolidated Revenue Fund (CRF), withdrawn by the Receiver General of Canada.   |
| Project Details           | This project entails the development of new regulations.  |
| Regulatory<br>Objectives  | The objective of the Designated Company Cost Recovery Regulations is to recover any amounts withdrawn from the CRF; thereby shifting the burden from the taxpayer to the polluter.  |
|                           | Where a designated company is not capable of repaying the amount, costs<br>would then be recovered from companies that operate pipelines<br>transporting the same (or same class) commodity as the one released;<br>thereby distributing the risk among operators.            |
| Next Steps                | This project is on hold until completion of the Cost Recovery Regulations.  |
| Public<br>Engagement      | A <u>Regulatory Proposal</u> was published for comment in 2018, input received was considered and posted to the CER website.  |
| Opportunities             | Once drafting work resumes and text is approved, draft regulations will appear on the <u>Consulting with Canadians</u> website for pre-publication in the <i>Canada Gazette</i> , Part I.   |
|                           | Public engagement is anticipated to resume in 2024.   |
| Timeline                  | First included in the <u>CER Forward Regulatory Plan</u> : October 2016   |
|                           | Completion date cannot be estimated at this time.   |
|                           | A preliminary draft of Designated Company Cost Recovery Regulations was developed in 2018, after consultations with stakeholders. The proposed regulations were put on hold due to federal elections and due to the tabling of Bill C-69, culminating in the CER Act in 2019. |
| Lead Contact              | Rumu Sen<br>Analyst, Regulatory Strategy & Coordination<br>Telephone: (403) 390-6177<br>Email: <u>rumu.sen@cer-rec.gc.ca</u>  |

## Minor Regulatory Development Projects

|                                       | Export / Import Regulations   |
|---------------------------------------|---|
| Background<br>Information             | Four existing regulations and associated guidance constitute the CER's<br>Export and Import Regulatory Framework. These provide the CER with<br>critical information necessary to assess export and import applications and<br>to understand the functioning of energy markets in Canada. |
|                                       | • The <u>Part VI (Oil and Gas) Regulations</u> list the information that applicants for hydrocarbon orders and licenses must provide to the CER, and the terms and conditions that the CER may impose on orders and licenses.   |
|                                       | • The <u>Electricity Regulations</u> list the information that applicants for international power line permits and electricity export permits must provide to the CER, and the terms and conditions the CER may impose on permits.  |
|                                       | • The <u>Export and Import Reporting Regulations</u> list the information that holders of export or import orders, licenses and permits must regularly report to the CER.   |
|                                       | • The <u>Toll Information Regulations</u> require pipeline companies that charge tolls to submit certain information (e.g., capital, traffic, revenues, and expenses) to the CER on a regular basis.  |
| Project Details                       | These regulations require updates due to legislative changes passed in 2012 and with the CER Act in 2019.   |
|                                       | We are making changes to these regulations in order to align with the names, terms and regulation making authorities in the CER Act.  |
| Regulatory<br>Objectives              | <ul><li>The proposed changes to the Export and Import Regulations aim to:</li><li>enhance clarity;</li></ul>  |
|                                       | ensure coherence of the CER Regulatory Framework; and   |
|                                       | • simplify requirements for businesses involved in the export and import of oil, gas, or electricity.   |
| Next Steps                            | We are currently working with the Department of Justice to draft the regulatory text for the proposed changes to these Regulations.   |
| Public<br>Engagement<br>Opportunities | Once text is approved, draft regulations will appear on the <u>Consulting with</u><br><u>Canadians</u> website for pre-publication in the Canada Gazette, Part I. This is<br>anticipated to occur in Spring 2023.   |

| Timeline     | First included in the CER Forward Regulatory Plan: April 2014  |
|--------------|--|
|              | Estimated completion: Winter 2024  |
|              | Proposed amendments to the Export and Import Regulatory Framework<br>were developed in 2014, after consultation with stakeholders. The<br>proposed amendments were put on-hold due to federal elections and the<br>anticipated legislative changes resulting from the Government of Canada's<br>Environmental and Regulatory Reviews, launched in 2016 culminating in<br>the tabling of Bill C-69 and the CER Act in 2019. |
| Lead Contact | Jenni Low<br>Analyst, Regulatory Strategy & Coordination<br>Telephone: (403) 607-3857<br>Email: j <u>enni.low@cer-rec.gc.ca</u>  |

| Miscellanec               | Miscellaneous Amendments to the Administrative Monetary Penalties and other<br>Regulations   |  |
|---------------------------|--|--|
| Background<br>Information | This amendment package serves to make non-substantive miscellaneous amendments to three regulations:   |  |
|                           | Administrative Monetary Penalties Regulations (AMP Regulations)     Onshore Pipeline Regulations (OPR)   |  |
|                           | International and Interprovincial Power Line Damage Prevention <u>Regulations – Obligations of Holders of Permits and Certificates</u> (IPLDPR-Obligations)  |  |
|                           | The AMP Regulations provide for financial penalties that may be applied by<br>the CER to companies or individuals who fail to comply with the CER Act,<br>regulations, decisions, permits, orders, licenses or certificate conditions<br>intended to promote safety or environmental protection. |  |
|                           | The OPR is the CER's principal regulation for the physical (vs. financial) oversight of oil and gas pipelines that cross a national, provincial, or territorial border.  |  |
|                           | The IPLDPR – Obligations sets out the authorization framework for power<br>line damage prevention, as provided in the CER Act, for those planning to<br>conduct prescribed activities (e.g., construct a facility, cause a ground<br>disturbance, or operate a vehicle) near a power line.       |  |
| Project Details           | The CER Act has replaced the National Energy Board Act (NEB Act);<br>therefore, the terms, names and section numbers used under the NEB Act<br>and the AMP Regulations do not correspond with the terms and names<br>used under the CER Act.   |  |

| Project Details                       | The AMP Regulations require updates due to legislative changes introduced<br>with the CER Act in 2019. The French version of the OPR requires<br>corrections to a grammatical error raised by the Standing Joint Committee<br>on the Scrutiny of Regulations (SJCSR). The IPLDPR – Obligations<br>requires a correction to a typo in the Interpretation section. |
|---------------------------------------|--|
| Regulatory<br>Objectives              | The miscellaneous amendments to these regulations aim to harmonize<br>terms used in the regulations with those in the enabling CER Act and to<br>improve clarity of the regulations.   |
| Next Steps                            | We are currently working with the Department of Justice to draft the regulatory text for the proposed changes to these Regulations.  |
| Public<br>Engagement<br>Opportunities | Public engagement is not anticipated to take place for this project.<br>If approved, the miscellaneous amendments regulations and the<br>accompanying Regulatory Impact Analysis Statement will be published in<br>the <u>Canada Gazette, Part II</u> .  |
| Timeline                              | First included in the <u>CER Forward Regulatory Plan</u> : April 2019<br>Estimated completion: Winter 2023   |
| Lead Contact                          | Elliot McLauchlan<br>Analyst, Regulatory Strategy & Coordination<br>Telephone: (403) 561-7435<br>Email: <u>elliot.mclauchlan@cer-rec.gc.ca</u>   |

# Guidance

|                           | Filing Manuals   |  |  |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|--|--|--|
| Background<br>Information | The Filing Manuals consist of two instruments: the <i>Filing Manual</i> which details filings for Pipelines and the <i>Electricity Filing Manual</i> which details filing for electrical power lines.  |  |  |  |  |  |  |  |  |  |  |
|                           | The Filing Manuals help applicants and interested parties understand what<br>to include in an application to the Commission. Clear and complete filing<br>requirements, continuously improved through broad public and Indigenous<br>engagement, will build trust and confidence of Canadians in the CER by<br>enhancing the transparency and inclusiveness of the regulatory process.<br>Helping companies understand in advance what the Commission requires<br>in an application improves predictability and efficiency of the regulatory<br>process. |  |  |  |  |  |  |  |  |  |  |

| Background<br>Information | <ul> <li>While it is ultimately the responsibility of the applicant to follow applicable legislation and regulations, these manuals have been developed to provide guidance about the information we expect to see addressed in an application to the Commission.</li> <li>The Filing Manuals are arranged into Chapters and Guides which align with different types of applications the Commission considers. We adopt an approach of continual improvement to ensure the quality of content for Filing Manuals. Reviews and updates occur in stages, on a periodic basis and include input received from the Commission, internal Subject Matter Experts (SMEs) and external parties such as regulated companies, Indigenous peoples, landowners, and the public.</li> </ul> |
|---------------------------|--|
| Project Details           | The current Filing Manuals Update Project has three phases:  |
|                           | • Phase I, amendments to align with the names, terms, and new sections in the CER Act was completed in August 2020.  |
|                           | Phase II involves technical updates for many sections of the manuals.     Work is ongoing.   |
|                           | • Phase III involves supporting the development of an integrated electronic means to support regulatory filings. Work is ongoing.  |
| Regulatory<br>Objectives  | In broad terms, the Filing Manuals will be updated in order to:  |
|                           | • improve plain and accessible language for broader audience use;  |
|                           | ensure that we receive data and information that supports application impact assessment and compliance verification; and   |
|                           | • simplify or eliminate filing requirements, as appropriate.   |
| Next Steps                | Substantive technical updates are planned for the following sections of the Filing Manual:   |
|                           | Guide A, Section 2: GHG and Climate Change sections  |
|                           | This section will be updated to reflect the revised <u>Strategic</u><br><u>Assessment of Climate Change</u> and related technical guidance<br>published by Environment and Climate Change Canada.  |
|                           | Guide R: Transfer of Ownership, Lease or Amalgamation  |
|                           | This section will be updated to address ambiguities and to incorporate existing best-practices and tools into the Guide.   |
|                           |  |

| News Oters -                          |  |
|---------------------------------------|--|
| Next Steps                            | Guide A, Section-2: Environmental and Socio-economic Assessment  |
|                                       | This section requires improved alignment with the CER Act and the<br>Impact Assessment Act. The project will evaluate the need for<br>additional guidance around gender-based analysis plus (GBA+);<br>review and seek input on approaches to consider Indigenous<br>knowledge in environmental and socio-economic assessments; and<br>incorporate learnings, court decisions and best practices from other<br>regulators. |
|                                       | Review work (e.g., analysis, internal consultation with SMEs, planning etc.) is anticipated to begin late 2022 for the following sections of the Filing Manual:  |
|                                       | Guide BB: Financial Surveillance Reports   |
|                                       | Guide P: Tolls and Tariffs   |
|                                       | Development work (e.g., review input received, draft and translate text, secure internal approval etc.) is anticipated to conclude with publication in Summer 2022 for the following sections of the Filing Manuals:   |
|                                       | Guide A, Section 3.1: Supply and Section 3.3: Markets  |
|                                       | Guide O: Variance Applications and Project Updates   |
|                                       | Guide N: Applications to Review, Rescind or Rehear   |
|                                       | Sections of both Filing Manuals dealing with Confidentiality   |
| Public<br>Engagement<br>Opportunities | Our intent is to ensure that there are appropriate opportunities for regulated companies, industry proponents, Indigenous peoples, landowners and the public to engage with CER staff on the technical updates proposed.   |
|                                       | Opportunities will be publicly posted on the new <u>Filing Manual Updates</u> webpage on the CER website. In addition, public comments on the Filing Manuals may be provided at any time via that page.  |
| Timeline                              | There is no estimated completion date for this regulatory improvement project since review of the Filing Manuals occurs continually.   |
|                                       | At the beginning of each new fiscal year (April), we will publish those sections of the Filing Manuals that are identified for upcoming revisions.   |
| Lead Contact                          | Erin Tabah<br>Director, Energy Adjudication<br>Telephone: (403) 390-2571<br>Email: <u>erin.tabah@cer-rec.gc.ca</u>   |

# Other Regulatory Framework Initiatives

|                                       | Pipeline Performance Measures Improvement Project   |
|---------------------------------------|---|
| Background<br>Information             | In 2013, the CER directed regulated pipeline companies to report annually<br>on pipeline performance measures (PPMs). The information reported<br>focuses on company management systems and helps give us a picture of<br>the operations of companies we regulate. The measures cover key<br>company activities required by the CER for safety and security<br>management, emergency management, pipeline integrity, environmental<br>protection, and damage prevention.<br>We compile and summarize the data into in a <u>yearly report</u> published on the<br>CER website.<br>When tracked over time, PPMs allow us to observe trends that help us<br>better assess performance and provide benchmarks for industry. We also<br>incorporate findings from the report into the work we do, using them as a<br>guide for how we can better regulate pipeline operations. |
| Project Details                       | <ul> <li>The PPMs Improvement Project is part of our commitment to continual improvement and entails a review of the measures. Nine years have passed since the PPMs were introduced, there is now a need to align the measures with:</li> <li>changes made to the CER Regulatory Framework – such as, <u>Damage Prevention Regulations – Obligations of Pipeline Companies</u> and <u>Authorizations</u>; and</li> <li>company performance and proven business outcomes tied to the evolution of the industry over nearly a decade.</li> </ul>   |
| Regulatory<br>Objectives              | <ul> <li>We propose to review, and possibly remove, update, enhance, or introduce<br/>PPMs in order to:</li> <li>apply current approaches to Key Performance Indicators (KPIs);</li> <li>better align measures with outcomes of our Departmental Results<br/>Framework (DRF) and regulatory objectives; and</li> <li>reduce administrative burden for companies, where possible.</li> </ul>   |
| Next Steps                            | A new set of measures is being proposed and drafted; we continue to identify impacts to the CER Regulatory Framework – such as guidance materials.  |
| Public<br>Engagement<br>Opportunities | Engagement with companies that report on PPMs was delayed due to the Federal Elections but was completed in Winter 2022.  |

| Timeline     | PPMs reporting is ongoing, but the Improvement Project resulting in the publication of new measures and related guidance material, is estimated to be done in Summer 2022.<br>The following calendar year (i.e., January to December 2023), companies will be expected to collect new measures for the first round of reporting by the CER, to be released to the public in Spring 2024. |
|--------------|--|
| Lead Contact | Carson Bannon<br>Engineer, Research and Innovation<br>Telephone: (403) 837-9213<br>Email: <u>carson.bannon@cer-rec.gc.ca</u>   |

|                           | Regulatory Asset Data Project  |  |  |  |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| Background<br>Information | Regulated companies must submit to the CER, information on their physical assets (i.e., pipelines, pumps and compressor stations, meters etc.) which allows us to build an accurate picture of all buried and above-ground energy infrastructure, across the geography of our jurisdiction. At present, this information is submitted in text or detailed map based on formats.  |  |  |  |  |  |  |  |  |  |  |  |
| Project Details           | The Regulatory Asset Data (RAD) project has been established to develop<br>and pilot a solution with regulated companies to acquire digital geospatial<br>and physical asset information in a more systematic and streamlined way.<br>The RAD project is part of our commitment to continual improvement and<br>includes updates to internal systems, processes and eventual Filing Manual<br>updates. The end goal of the RAD project is to improve the quality and<br>business value of asset data and geospatial information reported, collected<br>and leveraged to support key CER activities, such as: |  |  |  |  |  |  |  |  |  |  |  |
|                           | compliance verification;   |  |  |  |  |  |  |  |  |  |  |  |
|                           | general oversight planning and risk modeling;  |  |  |  |  |  |  |  |  |  |  |  |
|                           | emergency management;  |  |  |  |  |  |  |  |  |  |  |  |
|                           | Energy Information and the Pipeline Information Programs, including the CER interactive Pipeline Map; and  |  |  |  |  |  |  |  |  |  |  |  |
|                           | <ul> <li>verification of financial assessments, including abandonment cost estimates.</li> </ul>   |  |  |  |  |  |  |  |  |  |  |  |
|                           | The project entails collaborating with selected regulated companies to define the digital geospatial and regulatory asset data to be collected, as well as testing the integration of that data through internal systems, such as the Operations Regulatory Compliance Application (ORCA).   |  |  |  |  |  |  |  |  |  |  |  |

| Regulatory<br>Objectives              | <ul> <li>In broad terms, our objective for the RAD project is to deliver rigorous management of asset data and geospatial information in order to:</li> <li>support the highest level of safety, security and environmental protection and</li> <li>provide for efficient and timely oversight.</li> </ul> |
|---------------------------------------|--|
| Next Steps                            | A Proof of Concept (POC) has been established and a coordinated approach for collecting the required data from companies is being developed.   |
| Public<br>Engagement<br>Opportunities | We will engage with regulated companies in Summer 2022.  |
| Timeline                              | Estimated completion Winter 2023.  |
| Lead Contact                          | Carson Bannon<br>Engineer, Research and Innovation<br>Telephone: (403) 837-9213<br>Email: <u>carson.bannon@cer-rec.gc.ca</u>   |

|                           | Financial Regulatory Improvement Project   |  |  |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|--|--|--|
| Background<br>Information | Pipeline companies regulated by the CER are divided into two groups for financial regulation purposes: Group 1 companies are generally identified as those with extensive pipeline systems under CER jurisdiction, whereas those with lesser operations are designated as Group 2 companies. |  |  |  |  |  |  |  |  |  |  |
|                           | All companies are required to report to the CER certain financial and commercial information. The frequency and type of reporting vary depending on the company (Group), and includes information such as:   |  |  |  |  |  |  |  |  |  |  |
|                           | daily volumes of substance flow through a pipeline;  |  |  |  |  |  |  |  |  |  |  |
|                           | <ul> <li>company spending on pipeline integrity programs; and/or</li> </ul>  |  |  |  |  |  |  |  |  |  |  |
|                           | audited financial statements.  |  |  |  |  |  |  |  |  |  |  |
|                           | Financial reporting requirements are found in Guide-BB and Guide-P of the Filing Manual.   |  |  |  |  |  |  |  |  |  |  |

| Project Details                       | The Financial Regulatory Improvement Project (FRIP) is established to<br>improve the overall framework for CER oversight of financial requirements,<br>in terms of – one, internal operations (e.g., work processes, records<br>management, systems etc.) and – two, the Regulatory Framework<br>instruments where those requirements and guidance for financial filings are<br>found, currently in the Filing Manual and regulatory documents. |
|---------------------------------------|---|
| Regulatory<br>Objectives              | <ul> <li>We propose to update relevant sections of the Filing Manual and, as the project advances, to develop or amend regulatory documents as required, in order to:</li> <li>ensure financial filing requirements are fair (i.e., align with potential harm and capacity by company type);</li> </ul>   |
|                                       | <ul> <li>ensure guidance materials on financial requirements is clear, integrated and appropriate for both Group 1 and 2 companies;</li> <li>reduce gaps in the information being gathered; and</li> </ul>  |
|                                       | eliminate requirements resulting in duplicate reports.  |
| Next Steps                            | We are resuming internal review with an analysis of comments received to date and updating workplans for further early engagement.  |
| Public<br>Engagement<br>Opportunities | Public engagement is anticipated to occur in Fall 2022 or Winter 2023.  |
| Timeline                              | Estimated completion Winter 2024.   |
| Lead Contact                          | Cassandra Wilde<br>Technical Leader, Tolls and Tariffs Adjudication<br>Telephone: (403) 973-2342<br>Email: <u>cassandra.wilde@cer-rec.gc.ca</u>   |

# **Project Timelines**

|   | 2022-2023   |         |         |         | 2023-2024 |         |         |         | 2024-2025 |        |         |         |
|---|---|---------|---------|---------|-----------|---------|---------|---------|-----------|--------|---------|---------|
| CER Regulatory Framework Plan<br>2022 to 2025   |   | Summer  | Fall    | Winter  | Spring    | Summer  | Fall    | Winter  | Spring    | Summer | Fall    | Winter  |
| <b>Regulations</b><br>Known as subordinate legislation, because they support an act of Parliament; regulations outline what is meant by<br>certain words in an act or detail how certain sections of an act must be carried out. They also include additional<br>requirements that must be followed or standards that must be met in order to comply with an act. |   |         |         |         |           |         |         |         |           |        |         |         |
| <b>Onshore Pipeline Regulations</b><br>Principal regulations for the physical<br>(vs. financial) oversight of oil and gas<br>pipelines that cross a national,<br>provincial or territorial border;<br>providing for safety, security and<br>environmental protection outcomes<br>and management system rules for<br>companies.                                    | Engage  | Develop | Develop | Develop | Engage    | Develop | Develop | Develop | Develop   | Engage | Develop | Develop |
| <b>Cost Recovery Regulations</b><br>The framework that sets how the<br>CER determines the costs related to<br>carrying out its mandate and the<br>process for recovering those costs<br>from the companies it regulates.  | Develop   | Develop | Develop | Develop | Develop   | Engage  | Develop | Develop | Publish   |        |         |         |
| Rules of Practice and Procedure<br>Regulations made by the<br>Commission; they govern the<br>practices and procedures to be<br>followed for application reviews and<br>proceedings before the Commission.   | Analyse   | Analyse | Engage  | Develop | Develop   | Engage  | Develop | Develop | Develop   | Engage | Develop | Publish |
| Designated Companies Cost<br>Recovery Regulations   | Project is on-hold until the Cost Recovery Regulations are updated. |         |         |         |           |         |         |         |           |        |         |         |
| <b>Export and Import Regulations</b><br>The framework that provides the<br>CER with critical information<br>necessary to assess export and<br>import applications and to<br>understand the functioning of energy<br>markets in Canada.  | Develop   | Develop | Develop | Develop | Engage    | Develop | Develop | Publish |           |        |         |         |
| <ul> <li>Miscellaneous amendments to:</li> <li>Administrative Monetary Penalties<br/>Regulations</li> <li>Onshore Pipeline Regulations</li> <li>International and Interprovincial<br/>Power Line Damage Prevention<br/>Regulations – Obligations of<br/>Holders of Permits and Certificates</li> </ul>  | Develop   | Develop | Develop | Publish |           |         |         |         |           |        |         |         |

Analyse = internal review Engage = public consultation Develop = instrument is being drafted/prepared Publish = work complete and posted to CER website

|   |   | 2022-   | 2023               |         |         | 2023    | -2024  |        | 2024-2025 |         |         |        |
|---|---|---------|--------------------|---------|---------|---------|--------|--------|-----------|---------|---------|--------|
| CER Regulatory Framework Plan<br>2022 to 2025   |   | Summer  | Fall               | Winter  | Spring  | Summer  | Fall   | Winter | Spring    | Summer  | Fall    | Winter |
| Guidance - Filing Manuals         A collection of topical guides to help applicants and interested parties understand what to include in an application to the CER. Filing Manuals detail what information must be filed but also provide guidance for scaling of effort, best-practices and what applicants and interested parties may expect from the CER review of the application.         Guide A2: Filing guidance for greenhouse gas (GHG) assessments |   |         |                    |         |         |         |        |        |           |         |         |        |
|   | Guid  | e A2: I | Filing g           | guidan  | ce for  | green   | house  | gas (C | GHG) a    | issess  | ments   | ;      |
|   | Analyse   | Engage  | Develop            | Publish |         |         |        |        |           |         |         |        |
|   | Guide R: Transfer of Ownership, Lease or Amalgamation |         |                    |         |         |         |        |        |           |         |         |        |
| Filing Manual*  |   |         | Analyse            | Engage  | Develop | Publish |        |        |           |         |         |        |
| Applies to pipelines regulated by the CER.  | Guid  | de A2:  | Envirc             | onmen   | t and S | Socio-I | Econo  | mic As | sessi     | nents   |         |        |
|   |   |         | Analyse            | Develop | Engage  | Engage  | Engage | Engage | Develop   | Develop | Publish |        |
|   |   |         | Financ<br>olls and |         |         | nce Re  | ports  |        |           |         |         |        |
|   |   |         | Analyse            | Analyse |         |         |        |        |           |         |         |        |

| <b>Filing Manuals</b> *<br>Applies to pipelines regulated by the | Guide A3.1: Facilities - Economics / Financing, Supply<br>Guide A3.3: Facilities – Economics / Financing, Markets<br>Guide O: Variance Applications and Project Updates<br>Guide N: Applications to Review, Rescind or Rehear<br>Confidentiality. Note - Applies to sections of both Filing Manuals |         |  |  |  |  |  |  |  |  |  |  |
|--|---|---------|--|--|--|--|--|--|--|--|--|--|
| CER.   | Develop   | Publish |  |  |  |  |  |  |  |  |  |  |

\*The Filing Manuals are examined on a continual basis; review and development work will be published in the RF Plan on a year-to-year basis

|   | 2022-2023 |         |         |         |         | 2023-   | 2024    |         | 2024-2025 |         |         |        |
|---|-----------|---------|---------|---------|---------|---------|---------|---------|-----------|---------|---------|--------|
| CER Regulatory Framework Plan<br>2022 to 2025   | Spring    | Summer  | Fall    | Winter  | Spring  | Summer  | Fall    | Winter  | Spring    | Summer  | Fall    | Winter |
| Guidance - Various Instruments<br>Materials produced to promote compliance and help regulated companies, interested parties and the general public to<br>understand our requirements.   |           |         |         |         |         |         |         |         |           |         |         |        |
| Materials that support the<br>Onshore Pipeline Regulations<br>(OPR), being amended in 2025.<br>We anticipate a number of<br>instruments will need updating. Each<br>will result in a Project to appear in<br>future iterations of the Plan. For<br>now, we are simply identifying the<br>anticipated effort and timeline on the<br>horizon, in broad terms. | Analyse   | Analyse | Analyse | Analyse | Analyse | Analyse | Analyse | Develop | Develop   | Develop | Develop | Engage |

|   | 2022-2023 |         |         |         | 2023-2024 |         |        |         | 2024-2025 |        |      |        |
|---|-----------|---------|---------|---------|-----------|---------|--------|---------|-----------|--------|------|--------|
| CER Regulatory Framework Plan<br>2022 to 2025   | Spring    | Summer  | Fall    | Winter  | Spring    | Summer  | Fall   | Winter  | Spring    | Summer | Fall | Winter |
| Other Regulatory Framework Initiatives<br>Projects to improve aspects of the CER Regulatory Framework that do not fall strictly into the category of regulatory<br>instrument review or development, but entail broader project scope – such as, internal processes or systems review.                          |           |         |         |         |           |         |        |         |           |        |      |        |
| Pipeline Performance Measures<br>(PPMs) Improvement Project<br>Regulated pipeline companies must<br>report PPMs on safety management,<br>security, emergency management,<br>integrity management, environmental<br>protection, and damage prevention.<br>The CER publishes the data into in a<br>yearly report. | Develop   | Publish |         |         |           |         |        |         |           |        |      |        |
| Regulatory Asset Data (RAD)<br>Project<br>Regulated companies must submit<br>geospatial pipeline information on<br>their physical assets. This<br>information allows the CER to build<br>an accurate picture of all buried<br>energy infrastructure, across the<br>span of our jurisdiction.                    | Analyse   | Engage  | Develop | Publish |           |         |        |         |           |        |      |        |
| Financial Regulatory Improvement<br>Project (FRIP)<br>Regulated companies must report<br>certain financial and commercial<br>information, such as: daily volumes<br>of substance flow through a pipeline,<br>spending on pipeline integrity<br>programs and audited financial<br>statements.                    | Analyse   | Analyse | Engage  | Engage  | Develop   | Develop | Engage | Publish |           |        |      |        |