



National Energy
Board

Office national
de l'énergie

National Energy Board

2016–17

Departmental Results Report

The original version was signed by

C. Peter Watson, P.Eng. FCAE
Chair and CEO
National Energy Board

The original version was signed by

The Honourable Jim Carr, P.C., M.P.
Minister
Natural Resources

Canada

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Message from the Chair and CEO

I am pleased to present the National Energy Board (NEB) Departmental Results Report for 2016-17.

The NEB's role in Canada's energy landscape is to act as the steward of our federal energy infrastructure, and to regulate it in a way that prevents harm to people and the environment. This straight-forward mandate holds within it a great deal of complexity. Over the past several years, the NEB has been at the centre of increasingly polarized and complicated energy policy debates, which have given rise to the question of whether the organization is still a relevant and effective regulator. The answer is "Yes, and..."



From the time of its establishment in 1959, the NEB has been focused on identifying and regulating against harm, over the entire lifecycle of energy infrastructure. Canada's energy industry has changed in that time. The Canadian public's views on what constitutes harm, and our understanding of how to regulate against that, has evolved. The core objective of preventing harm has remained the same.

We recognize that in our current context, revisions and improvements to the legislation framework surrounding the NEB's adjudication processes, and other issues of material importance, will help to deliver better outcomes for all Canadians. To that end, we have provided full support to the Government of Canada's review to modernize the NEB's role, structure, and mandate, and we are committed to helping the Government achieve its objectives. Modernization will strengthen our role as the steward of pipeline safety.

Supporting modernization is not the only initiative undertaken by the NEB in the past year. The NEB was one of only a few other government departments to opt into the "first wave" of implementing the new Treasury Board Secretariat Policy on Results. This was a significant undertaking, and we have made tremendous progress in implementing the Policy's requirements, becoming a leader in this important area of government accountability. We believe that our Departmental Results Framework, which clearly states our Core Responsibilities and the measures we will use to demonstrate beneficial outcomes to Canadians, is the key to continuing our leadership in stewarding Canada's federal energy infrastructure, and building the public's trust.

Over the past year, we have laid the foundation for that implementation. The NEB has established a strong Management System and governance structure. We have built data management and data visualization structures that will support better data analysis, drive better decision-making, and facilitate transparent information-sharing with Canadians. We have taken a lead role in inter-jurisdictional regulatory cooperation, pulling focus towards the principles of Safety Culture and driving systemic change in industry safety practices. We have devoted more time and effort to establish and grow meaningful relationships with Indigenous Peoples, landowners, and regional stakeholders across the country. These initiatives will support strong safety and environmental outcomes in the coming years.

More work lies ahead, and the NEB continues to strive for regulatory excellence. Our focus on transparency, accountability, and performance will help us to become a more trusted regulator. And ongoing policy discussions will lead to shifts that will ultimately create a stronger regulatory system – one that is robust and well-functioning, supporting an energy system that provides what Canadians need, reliably and without causing any harm to people or the environment.

The NEB and its staff of expert, dedicated professionals from all backgrounds, continue to strive toward that goal. We will work hard and with pride to earn public confidence in our role as the steward of Canada’s federal energy infrastructure.

C. Peter Watson, P.Eng. FCAE
Chair and CEO
National Energy Board

Results at a glance

For more information on the department's plans, priorities and results achieved, see the "[Results: what we achieved](#)" section of this report.



Funds used: 84,616,818



Number of staff: 474

Departmental Results Framework: The NEB is an early adopter of the Government of Canada's updated Policy on Results. Our new Departmental Results Framework (DRF) outlines the NEB's four core responsibilities (Energy Adjudication, Safety and Environment Oversight, Energy Information, and Engagement), and illustrates exactly what we do, what we aim to achieve, and how we will report our outcomes to Canadians. The DRF is supported by our Management System, which establishes our strategies for regulatory excellence, and defines the management principles, governance and expectations that guide the NEB in carrying out its Core Responsibilities, with an emphasis on improved performance.

Demonstrating Safety Oversight: As a lifecycle regulator the NEB acts as a steward of Canada's federal energy infrastructure, to prevent harm to people and the environment. This year, the NEB improved data collection and analysis systems to learn from past incidents and regulate against future incidents. We have incorporated new electronic tools and technologies that enable better data management and sharing. Canadians can now access enhanced information about pipeline locations and operations, incidents, company compliance with pipeline approval conditions, emergency procedure manuals, and related NEB regulatory activities. The NEB has also taken a lead role, with the International Regulators Forum and North American Regulators Working Group, to progress Safety Culture indicators and Regulator Safety Culture.

Energy Information Visualizations: To make neutral, factual energy information more accessible and understandable to Canadians, we have introduced: a new interactive pipeline safety map that provides Canadians with a detailed view of where NEB-regulated pipelines are located; a performance dashboard that offers an interactive view of all pipeline incidents reported on NEB-regulated infrastructure; and an interactive visualization tool allowing Canadians to explore long-term energy production and consumption trends.

Enhanced Engagement: The NEB is committed to establishing meaningful relationships with Canadians and Indigenous Peoples through its ongoing engagement activities. With the formation of a dedicated Engagement Team in 2016, we have taken a deliberate, focused approach to formalizing engagement protocols and clarifying roles and responsibilities for engagement activities across the organization. This enables the NEB to purposefully interact with those impacted by or concerned about our work, and discuss their input and ideas.

Enhanced engagement allows for a broader base of input, informed decision-making and better regulatory outcomes for all Canadians.

Raison d'être, mandate and role: who we are and what we do

Raison d'être

The National Energy Board is an independent federal regulator of several parts of Canada's energy industry. It regulates pipelines, energy development and trade in the public interest with safety as its primary concern. The Minister of Natural Resources is responsible for this organization.

Mandate and role

The NEB regulates under the [National Energy Board \(NEB\) Act](#)ⁱ, among other things, the construction, operation and abandonment of pipelines that cross provincial or international borders, international power lines and designated interprovincial power lines, imports of natural gas and exports of crude oil, natural gas liquids, natural gas, refined petroleum products, and electricity. The NEB is also charged with providing timely, accurate and objective information and advice on energy matters.

Additionally, in specified areas ¹ the Board has regulatory responsibilities for oil and gas exploration and production activities under the NEB Act, [Canada Oil and Gas Operations Act \(COGOA\)](#)ⁱⁱ, the [Canada Petroleum Resources Act \(CPRA\)](#)ⁱⁱⁱ, and the [Northwest Territories' Oil and Gas Operations Act \(OGOA\)](#)^{iv} and [Petroleum Resources Act \(PRA\)](#)^v.

The NEB conducts thorough, science-based environmental assessments during its review of all applications for projects under its jurisdiction. For certain projects, the Board also conducts environmental assessments as required by federal legislation, such as the [Canadian Environmental Assessment Act, 2012 \(CEAA 2012\)](#)^{vi}, the [Mackenzie Valley Resource Management Act](#)^{vii}, and the [Inuvialuit Final Agreement](#)^{viii} or the [Nunavut Land Claims Agreement](#)^{ix}. Certain Board inspectors are appointed Health and Safety Officers by the Minister of Labour to administer Part II of the [Canada Labour Code](#)^x as it applies to NEB-regulated facilities and activities.

The NEB also monitors aspects of energy supply, demand, production, development and trade.

The NEB reports to Parliament through the Minister of Natural Resources.

¹ Areas to which such responsibilities relate include Nunavut; Sable Island; the Inuvialuit Settlement Region onshore; that part of the onshore that is under the administration of a federal minister (including Normal Wells Proven area and other miscellaneous parcels); that part of the internal waters of Canada or the territorial sea of Canada that is not situated in a province other than the Northwest Territories, or in that part of the onshore that is not under the administration of a federal minister; and the continental shelf of Canada, but does not include the adjoining area as defined in section 2 of the Yukon Act.

NEB Modernization

The Minister of Natural Resources has been mandated by the Prime Minister to modernize the NEB and to ensure its composition reflects regional views and has sufficient expertise in such fields as environmental science, community development, and Indigenous traditional knowledge.

Natural Resources Canada conducted a review of the NEB’s structure, role, and mandate in order to strengthen the regulatory process and ensure that Canada continues to have a modern, efficient and effective regulator. To accomplish this review, the Government established an Expert Panel to engage Indigenous Peoples, interested stakeholders, provinces and territories, as well as the public. As part of the comprehensive review of environmental and regulatory processes, federal environmental assessment processes were also examined. NEB staff and management worked closely with other departments to support this review and the renewal of environmental assessment processes.

For more general information about the National Energy Board, see the “Supplementary information” section of this report. For more information on Natural Resources Canada’s organizational mandate letter commitments, see the [Minister’s mandate letter](#).^{xi}

Operating context and key risks

Operating context

The NEB's mandate places us squarely in the midst of some of the most important public policy debates of our time, from pipeline safety and climate change to the relationship Canada has with Indigenous Peoples. The Ministerial mandate letter signalled a shift in the policy environment and the subsequent [Review of Environmental and Regulatory Processes^{xiii}](#) highlighted an evolving commitment to develop modern regulatory systems and safeguards that protect the environment, support reconciliation with Indigenous Peoples, and ensure good projects go ahead and resources get to market sustainably.

The National Energy Board regulates over 75,000 kilometers of pipeline and transmission lines transporting approximately \$100 billion worth of crude oil and petroleum products, natural gas liquids and natural gas to Canadians and export customers. It is the NEB's job to make sure companies are doing what it takes to keep their systems safe and the environment protected. The promulgation of [Pipeline Safety Act^{xiii}](#) in 2016 strengthened the NEB's legislation, increasing the Board's jurisdiction over pipelines post-abandonment and creating company absolute liability and financial resource requirements in the case of pipeline spills, among other changes.

In early 2016, the Commissioner of the Environment and Sustainable Development (CESD) released an [audit report^{xiv}](#) which included a number of recommendations and findings that focused on improving the NEB's documentation and data management systems, consolidating our risk assessment activities and pursuing new ways to meet staffing challenges. The input from the Commissioner's audit provided an opportunity to build on our reputation as a fact-based source for Canadian energy information, enhance our website, and develop regulatory information sharing programs.

Internally, the NEB focused on a realignment of its business structures, regulatory philosophy and approach in fulfilling our mandate. This realignment positioned the NEB to be an early adopter of the Government of Canada's updated Policy on Results and to develop a comprehensive [Departmental Results Framework^{xv}](#) (DRF) that outlines our core responsibilities, our intended outcomes and the resulting benefits to Canadians. The NEB developed a complementary Management System and Board Member Operating Model, establishing strong governance management principles and emphasizing our focus on regulatory excellence. For ease of reference, this report is framed through both our approved Program Activity Architecture of 2016-17, and our new DRF for 2017-18, and includes references to our new Core Responsibilities.

The Canadian public continues to demonstrate a keen interest in the energy industry and the safety of pipelines, as well as the environmental, and social impacts of energy development, particularly as they affect Indigenous Peoples and local resources. The need for meaningful, transparent and responsive communication and engagement with Canadians in every region of

our country has never been greater. The NEB has recognized this need and has, over the past year, began to evaluate every aspect of its business to support new ways to engage over the entire lifecycle of energy regulation.

Key risks for 2016-17

Risks	Mitigating strategy and effectiveness	Link to the department's Programs	Link to mandate letter commitments or to government-wide and departmental priorities
<p>Incident at a regulated company resulting in serious injury, fatality or significant environmental damage</p>	<ul style="list-style-type: none"> All activities in Compliance Verification Plan (including inspections and audits) completed. Implemented new tools enabling standardized, efficient field data collection, and facilitating faster compliance analysis and action Safety Culture Framework completed and published by NEB and through industry's "Safety First" initiative; plan for collection of baseline Safety Culture indicators developed for 2017-18. <p><i>Risk identified in the 2016-17 Report on Plans and Priorities (RPP)</i> <i>Strategies reduced risk exposure</i></p>	<p>Energy Regulation Program <i>(Core Responsibility: Safety and Environmental Oversight)</i></p>	<p>Linked to Government-wide commitment to protect the environment and keep all Canadians safe.</p>
<p>Inaccurate or incomplete public portrayal of NEB</p>	<ul style="list-style-type: none"> Established an Engagement team to lead the development of a framework for lifecycle engagement with key stakeholder groups, including Indigenous Peoples and landowners. Three regional offices are fully staffed and have developed regional engagement plans Implemented new social media activities and tools to provide Canadians with accurate, timely and relevant energy information <p><i>Risk identified in the 2016-17 RPP</i> <i>Strategies reduced risk exposure</i></p>	<p>Energy Regulation Program Energy Information Program <i>(Core Responsibilities: Energy Information and Engagement)</i></p>	<p>Linked to the Minister of Natural Resources Mandate letter to provide ways for Canadians and Indigenous Peoples to express their views and participate meaningfully in oversight of resource development projects.</p>
<p>Alignment of Information Technology/ Information Management (IT/IM) plans and business strategies</p>	<ul style="list-style-type: none"> Piloted an Information Management and Architecture portfolio management process, focused on capacity planning and annual budget plans. Established a Data Management Committee of executives and Chief Information Officer to provide oversight and guidance on data management. <p><i>Risk identified in the 2016-17 RPP</i> <i>Strategies reduced risk exposure</i></p>	<p>Energy Regulation Program Internal Services</p>	<p>Linked to the Treasury Board Secretariat (TBS) Management Accountability Framework and the TBS Directive on Open Government</p>

Results: what we achieved

Programs

Energy Regulation

Description

This program provides the regulatory framework under which the NEB carries out its mandate and achieves part of its strategic outcome. Specifically, it enables Canadian federally regulated energy infrastructure to be developed and supervised throughout its lifecycle. The regulatory framework includes components such as setting expectations for industry and others, monitoring and enforcing compliance with requirements, measuring performance of the NEB's regulatory framework and focusing on continual improvement. The authority for this program is derived from the National Energy Board Act, the Canada Oil and Gas Operations Act, the Canada Petroleum Resources Act, the Canada Labour Code and other associated regulations and guidelines. Energy regulation provides Canadians with safe, reliable and efficient energy supply.

Results

NEB conducted 31 hearings in 2016-17, 15 of which were still active at the end of the fiscal year. Our [Participant Funding Program](#)^{xvi} (PFP) was used extensively over the year, and the NEB administered a funding envelope of more than \$15M, enabling 281 groups or individuals to participate in our adjudication processes who otherwise may not have done so.

Significant recommendation and decision reports released in 2016-17 included:

- Enbridge Trans Mountain Expansion
- Enbridge Line 3 Replacement
- NGTL 2017 System Expansion
- NGTL Towerbirch Expansion
- ITC Lake Erie Connector

In 2016-17, the PFP doubled the funding envelope for Energy East from \$5M to \$10M and announced \$1.2M for 5 new funding opportunities. The PFP also reimbursed \$794 thousand to 41 recipients (37% Indigenous, 7% individuals, 56% non-for-profit) for eligible expenses, such as legal/expert consultants and travel, to participate in the Line 10, Towerbirch, Vaughn and Energy East hearings. Improvements were made to the program based on feedback from the 5 year evaluation and funding applicants.

We made significant process improvements to our Indigenous public participation activities and adjudication processes to provide culturally appropriate opportunities for Indigenous Peoples to provide input into the hearing process including Oral Traditional Evidence, and better reflect the issues of concern to First Nations communities in our project reviews:

- In the Enbridge Line 10 assessment, the NEB piloted an idea called “pre-decided standing”, offering Indigenous Peoples, landowners and municipalities automatic approval to participate in the hearing, in the way that best suited them.

- For the Vaughn Mainline Expansion Project, we piloted on-the-record Community Meetings: an informal way for the Panel, who would eventually make the final ruling on the project, to hear those who wanted to share their views and knowledge. Participants were not required to submit their comments in writing, and could speak their concerns and ask questions directly to the Panel.

[RegDocs](#)^{xvii}, our public external website for regulatory documents, was revamped in December 2016, making the records easier for the public to search for and access. We received more than 200 comments on the new structure from the public, and are using that feedback to plan for further user-driven improvements.

The NEB also made significant progress in supporting the co-development of the Terms of Reference for the Indigenous Advisory and Monitoring Committees (IAMC) which is being led by the Major Projects Management Office – West (MPMO-W). The IAMC is a result of a commitment made by the Prime Minister in November 2016 following the approval of the TMX and Line 3 projects. IAMC working groups for both projects have been established. Workshops were held in February throughout BC and Alberta with Indigenous groups along the routes for each project to seek input on the Terms of Reference, with a total of more than 150 Indigenous participants contributing to the finalized Terms.

The NEB completed a total of 402 compliance activities over the course of the 2016-17 fiscal year, including 172 Field Inspections and 6 focused management system audits. In addition to surpassing our planned compliance activity targets, the NEB has steadily increased its capacity for regulatory program data tracking and analysis.

Tracking Project Conditions

We continue to make strides towards being more transparent and open with the launch of an online Condition Compliance Table that lets Canadians track how well companies are doing with pipeline approval conditions. Information on more than 3,200 detailed approval conditions is now available to Canadians in a simplified, searchable format.

The NEB has implemented new electronic tools enabling more standardized, efficient field data collection, and facilitating faster compliance analysis and action. This focuses our activities where they will be most effective in identifying and preventing harms, and prepares a foundation for more transparent and responsive reporting to Canadians under our Department Results Framework.

The NEB is using these learnings to formulate indicators and tools to collect baseline information on safety culture across industry, and identify specific dimensions, attributes and measures that allow us to evaluate an internal culture of safety and environmental protection.

NEB's leadership of the North American Regulatory Working Group resulted in three accepted recommendations to advance safety culture:

- safety culture assessment for regulators
- pilot indicators in compliance verification activities
- safety culture competency and training

In doing this, the NEB has developed a framework through which prevention of harms is the lens through which our regulated companies – and we as a regulator – assess our on-going activities. Ultimately, this results in better safety and environmental protection for Canadians.

Collaboration for Safety Culture

The NEB is a part of the North American Working Group on Safety Culture, a collaborative group of regulators from across Canada and the United States that works together to advance safety culture.

The NEB is also leading a multi-phased safety culture indicators project on behalf of the International Regulators Forum.

NEB and ASEA (the Ministry of the Environment and Natural Resources of the United Mexican States) made a joint proposal to the Organization for Economic Cooperation and development to progress Safety Culture related research.

Expected results	Performance indicators	Target	Date to achieve target	2016–17 Actual results	2015–16 Actual results	2014–15 Actual results
Regulated activities are conducted in accordance with regulatory requirements	Number of inspections conducted per fiscal year	150	Annually	172	177	192
	Number of audits conducted per fiscal year	6	Annually	6	5	6

Budgetary financial resources (dollars)

2016–17 Main Estimates	2016–17 Planned spending	2016–17 Total authorities available for use	2016–17 Actual spending (authorities used)	2016–17 Difference (actual minus planned)
58,584,596	61,322,894	61,255,420	40,961,325	(20,361,569)

Human resources (full-time equivalents)

2016–17 Planned	2016–17 Actual	2016–17 Difference (actual minus planned)
294.2	276.7	(17.5)

Information on the National Energy Board’s lower-level programs is available on the [departmental website](#)^{xviii} and in the [TBS InfoBase](#).^{xix}

Energy Information

Description

Under this program, the supply, demand, production, development, transmission and trade of energy are analyzed to ensure the requirements of Canadians are appropriately met. Advice is provided on energy issues of interest. The Board uses energy information to inform its regulatory decisions and to produce publicly available assessments of energy trends, events and issues that may affect Canadian energy markets and the supply and demand for energy.

Results

The NEB provides accurate and neutral Energy System Information and Pipeline Information on our website. Canadians accessed that energy information on our website information close to 570,000 times in 2016-17 – an increase of 23 percent over the total of just under 550,000 the previous year. The NEB released several prominent

Key Energy System Publications of 2016-17:

- Propane Market Review: 2016 Update
- Canada's Energy Future 2016: Province and Territory Outlooks
- Short-term Canadian Natural Gas Deliverability
- Canada's Pipeline Transportation System Report
- Canada's Renewable Power Landscape
- Canada's Energy Future 2016

[Energy System Information](#)

[products](#)^{xx} over the year, including content covering broader issues such as greenhouse gas emissions and renewable energy. Many of these products featured streamlined content and innovative formats, including maps and provincial or territorial information, giving Canadians more insight into where and how energy moves throughout our country.

Additional innovations undertaken in 2016 include the launch of interactive data visualizations designed to make complex information more accessible and useful to Canadians. These focused on long-term energy production and consumption trends and provided an additional 168,000 website visits beyond those already mentioned. We also increased our use of social media platforms to share energy system and pipeline information, including Twitter and LinkedIn. The NEB's Twitter engagement with stakeholders grew by 711 percent, from less than 700 in 2015-16 to 4,958 in 2016-17.

Ongoing publication of short, informative Market Snapshots also ensured that a consistent and timely online presence was maintained. In doing so, NEB energy information generated 352 public queries, an increase of 28 percent over our target, indicating that our energy products are working to stimulate informed discussion and interaction with Canadians.

The NEB continued to expand the amount of information it provides to Canadians on pipeline safety and environmental issues. During the fiscal year, the NEB enhanced its [pipeline incident map](#)^{xxi} by adding incident cause data under the Processing Plant Regulations. [Interactive profiles of NEB-regulated pipelines](#)^{xxii}, including locations, company names, products transported, and status of operation were also added to the map. In addition, the NEB enhanced its [Safety and Environmental Performance Dashboard](#)^{xxiii} by adding new interactive features. Canadians can now access a comprehensive overview of pipeline performance, regulatory actions and operation status, all in one place.

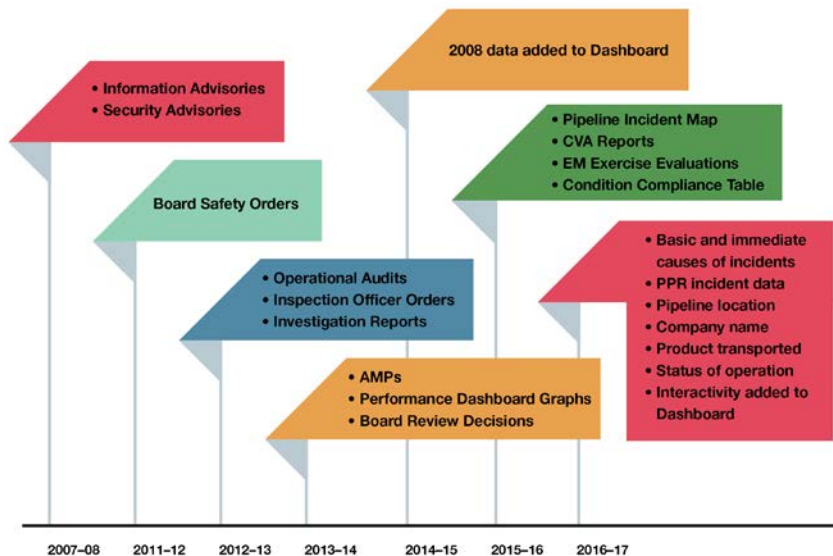


Fig. 1: Timeline of NEB Pipeline Information released online

Expected results	Performance indicators	Target	Date to achieve target	2016–17 Actual results	2015–16 Actual results	2014–15 Actual results
Energy supply and market information supports regulatory decision-making	Percentage of level of satisfaction of Board Members with energy supply and market information and analysis in the context of regulatory processes	100%	Annually	100%	n/a	n/a
Canadians access energy related analysis and information	Number of visits to the Energy Information webpage or material per fiscal year	≥ 500,000	Annually	569,102	544,244	558,073

Budgetary financial resources (dollars)

2016–17 Main Estimates	2016–17 Planned spending	2016–17 Total authorities available for use	2016–17 Actual spending (authorities used)	2016–17 Difference (actual minus planned)
7,307,066	7,648,605	7,542,996	6,125,216	(1,523,389)

Human resources (full-time equivalents)

2016–17 Planned	2016–17 Actual	2016–17 Difference (actual minus planned)
42.4	37.3	(5.1)

Internal Services

Description

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Results

The NEB invested significantly in its Management and Oversight Program over 2016-17, in support of our transition a new DRF, which was approved in December 2016. To establish the necessary governance and accountability structures to successfully implement a results-oriented culture and drive continual improvements in the outcomes of our Core Responsibilities, the NEB developed a Board Member Operating Model, a Management System Manual, and a detailed accountability matrix for all programs.

In addition, the NEB undertook a significant reorganization, to ensure that our programs were correctly aligned to efficiently support our Core Responsibilities, and to reflect the Policy on Results' defined structures Internal Services.

During the past year the NEB has prioritized an “Enterprise-First, Architecture-Principled and Data-Driven Approach” in our Information Technology and Information Management (IM/IT) services, piloting an Information Management and Architecture portfolio management process

focused on capacity planning and budget strategies. The new portfolio management process has increased NEB planning efficiency by identifying common business requirements and consolidating efforts. It also ensures that all IT/ IM investments support the Departmental Results Framework and are aligned with the Enterprise Architecture Framework.

In conjunction with this, the NEB’s IM/IT services have also been reviewed and adapted to incorporate Shared Services Canada’s evolving mandate, as well as to support the [Canada’s Action Plan on Open Government^{xxiv}](#). Working with the Treasury Board Secretariat on the Canada.ca Web Renewal Initiative, the NEB’s web team launched Web Experience Toolkit 4.0, which was an important milestone towards readying our site for full content migration to the Canada.ca site.

Steady progress has been made on aligning the NEB’s resource planning, financial management and procurement systems with Government of Canada-wide standards; MyGCHR and the Phoenix pay systems have been onboarded.

Budgetary financial resources (dollars)

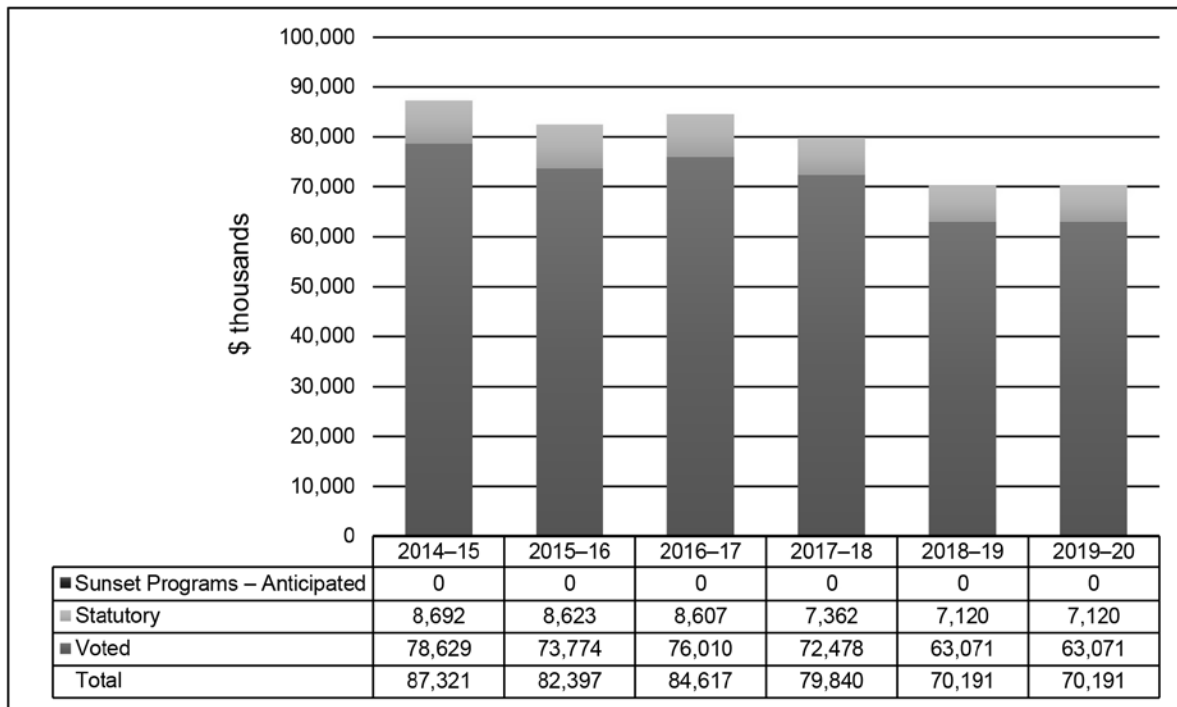
2016–17 Main Estimates	2016–17 Planned spending	2016–17 Total authorities available for use	2016–17 Actual spending (authorities used)	2016–17 Difference (actual minus planned)
23,533,785	24,633,776	24,358,500	37,530,277	12,896,501

Human resources (full-time equivalents)

2016–17 Planned	2016–17 Actual	2016–17 Difference (actual minus planned)
158.8	160.5	1.7

Analysis of trends in spending and human resources

Actual expenditure



Fiscal years 2014-15 to 2016-17 reflect the department's actual expenditures as reported in the Public Accounts. Fiscal years 2017-18 to 2019-20 represent planned spending.

The overall trend in the graph above illustrates a decrease in spending from 2014-15 to 2019-20 with a slight increase for 2016-17. The spending in 2016-17 reflects our enhanced safety and oversight activity, including enhanced engagement, announced in Budget 2015.

From 2017-18 to 2018-19 and 2019-20, overall departmental spending is planned to decrease by \$9.6M, which is attributed to sunsetting temporary funding for the anticipated costs of the PFP related to the Energy East and Eastern Mainline process, a reduction in temporary funding provided for the review of mega-hearings (Energy East and Eastern Mainline), and a reduction in temporary funding related to pipeline safety.

Budgetary performance summary for Programs and Internal Services (dollars)

Programs and Internal Services*	2016–17 Main Estimates	2016–17 Planned spending	2017–18 Planned spending	2018–19 Planned spending	2016–17 Total authorities available for use	2016–17 Actual spending (authorities used)	2015–16 Actual spending (authorities used)	2014–15 Actual spending (authorities used)
Energy Regulation	58,584,596	61,322,894	48,368,248	44,081,267	61,255,420	40,961,325	43,185,092	45,310,493
Energy Information	7,307,066	7,648,605	7,632,498	5,015,468	7,542,996	6,125,216	9,018,344	6,567,390
Subtotal	65,891,662	68,971,499	56,000,746	49,096,735	68,798,416	47,086,541	52,203,436	51,877,883
Internal Services	23,533,785	24,633,776	23,839,240	21,094,497	24,358,500	37,530,277	30,193,132	35,443,200
Total	89,425,447	93,605,275	79,839,986	70,191,232	93,156,916	84,616,818	82,396,568	87,321,083

*The NEB has transitioned to a new DRF structure for 2017–18. Planned Spending/ FTEs in 2017-18 and 2018-19 have been calculated under the former PAA structure for this report, to enable historical and trending comparisons. The NEB's Departmental Plan 2017-18 reflects the calculations as they will be represented going forward, under the DRF structure.

Variance between 2016-17 Planned Spending and 2016-17 Actual Spending

The NEB's Actual Spending for fiscal year 2016-17 was \$9.0M less than the Planned Spending. The decrease is primarily due to the following:

- a lapse of \$3.5M in Participation Fund Program, due to delays in the Energy East hearing, that will be needed in future years to make payments;
- a frozen allotment of \$0.5M in support of back-office Transformation and Professional Services, advertising and travel; and
- the remaining lapse of \$5.0M relates to a shift in the planned spending profile of major project reviews (e.g., Energy East and Eastern Mainline), and a realignment of resources related to the adoption of the new Department Results Framework.

Variance between 2015-16 Actual Spending and 2014-15 Actual Spending

The NEB's Actual Spending for fiscal year 2015-16 was \$4.9M less than the prior fiscal year due, in large part, to the increased spending in 2014-15 related to the one-time costs of moving the NEB offices (which took place in June 2014).

Variance between 2016-17 Actual Spending and 2015-16 Actual Spending

The NEB's Actual Spending for 2016-17 was \$2.2M higher than the prior year primarily due to increased spending on activities supported by temporary funding announced for safety and enhanced public engagement activities.

Actual human resources

Human resources summary for Programs and Internal Services
(full-time equivalents)

Programs and Internal Services*	2014–15 Actual	2015–16 Actual	2016–17 Forecast	2016–17 Actual	2017–18 Planned	2018–19 Planned
Energy Regulation	292.3	251.6	294.2	276.7	268.93	264.1
Energy Information	46.2	48.1	42.4	37.3	38.78	38.1
Subtotal	338.5	299.7	336.6	314	307.71	302.2
Internal Services	102.1	157.9	158.8	160.5	145.14	142.4
Total	440.6	457.6	495.4	474.5	452.85	444.6

*The NEB has transitioned to a new DRF structure for 2017–18. Planned Spending/ FTEs in 2017-18 and 2018-19 have been calculated under the former PAA structure for this report, to enable historical and trending comparisons. The NEB's Departmental Plan 2017-18 reflects the calculations as they will be represented going forward, under the DRF structure.

Analysis

Expenditures by vote

For information on the National Energy Board's organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2017](#).^{xxv}

Alignment of spending with the whole-of-government framework

Alignment of 2016–17 actual spending with the [whole-of-government framework](#)^{xxvi} (dollars)

Program	Spending area	Government of Canada activity	2016–17 Actual spending
Energy Regulation	Economic Affairs	Strong economic growth	40,961,325
Energy Information	Economic Affairs	Strong economic growth	6,125,216

Total spending by spending area (dollars)

Spending area	Total planned spending	Total actual spending
Economic affairs	68,971,499	47,086,541
Social affairs	-	-
International affairs	-	-
Government affairs	-	-

Financial statements and financial statements highlights

Financial statements

The National Energy Board's financial statements for the year ended 31 March 2017 are available on the [National Energy Board's website^{xxvii}](#).

Financial statements highlights

The National Energy Board operates on a full accrual accounting basis according to Treasury Board's policy for reporting based on generally accepted accounting principles (GAAP). The tables below provide highlights from the NEB's Statement of Operations and Statement of Financial Position, as presented in its 2016-17 financial statements. As such, differences do exist between these tables and those presented in other sections of the Departmental Results Report, which are prepared on the modified cash basis of accounting.

Condensed Statement of Operations for the year ended March 31, 2017 (dollars)

Financial information	2016–17 Planned results	2016–17 Actual	2015–16 Actual	Difference (2016–17 actual minus 2016–17 planned)	Difference (2016–17 actual minus 2015–16 actual)
Total expenses	109,365,899	97,987,071	98,624,642	(11,378,828)	(637,571)
Total revenues	-	-	-	-	-
Net cost of operations before government funding and transfers	109,365,899	97,987,071	98,624,642	(11,378,828)	(637,571)

Difference between 2016-17 actual and 2016-17 planned

The department's actual net cost of operations before government funding and transfer in 2016-17 was \$11.4M less than the planned results for the same fiscal year. The decrease is primarily due to a lapse of \$9.0M in expenditures (previously referenced), as well as a decrease of \$2.4M in planned expenses due to a change in capitalization costs of planned software development and other differences between our planned and actual expenses.

Difference between 2016-17 actual and 2015-16 actual

The department's actual net cost of operations before government funding and transfer in 2016-17 was \$0.6M less than the previous year, with relatively minor differences in actual expenses in each program area between the two fiscal years.

Condensed Statement of Financial Position as at March 31, 2017 (dollars)

Financial Information	2016–17	2015–16	Difference (2016–17 minus 2015–16)
Total net liabilities	28,287,217	19,031,783	9,255,434
Total net financial assets	22,656,539	13,189,146	9,467,393
Departmental net debt	5,630,678	5,843,637	(212,959)
Total non-financial assets	22,793,552	22,873,096	(79,544)
Departmental net financial position	17,162,874	17,029,459	133,415

Total net liabilities and total net financial assets have an increase of \$9.3M and \$9.5M, respectively when compared to 2015-16. The increases are mainly due to overbilling adjustment reflected in liabilities in 2016-17, and an under-billing adjustment reflected in assets in 2015-16.

Supplementary information

Corporate information

Organizational profile

Appropriate minister: The Honourable Jim Carr, P.C., M.P.

Institutional head: C. Peter Watson, P. Eng. FCAE

Ministerial portfolio: Natural Resources

Enabling instrument[s]: National Energy Board Act

Year of incorporation / commencement: 1959

Reporting framework

The National Energy Board's Strategic Outcome and Program Alignment Architecture of record for 2016–17 are shown below.

1. Strategic Outcome: The regulation of pipelines, power lines, energy development and energy trade contributes to the safety of Canadians, the protection of the environment and efficient energy infrastructure and markets, while respecting the rights and interests of those affected by NEB decisions and recommendations.

1.1 Program: Energy Regulation Program

1.1.1 Sub-Program: Energy Regulation Development

1.1.2 Sub-Program: Energy Regulation Implementation, Compliance Monitoring and Enforcement

1.2 Program: Energy Information Program

Internal Services

Supporting information on lower-level programs

Supporting information on results, financial and human resources related to the National Energy Board's Program Inventory is available in the [TBS InfoBase](#)^{xxviii}.

Supplementary information tables

The following supplementary information tables are available on the [National Energy Board's website^{xxix}](#):

- ▶ Departmental Sustainable Development Strategy
- ▶ Internal audits and evaluations
- ▶ Response to parliamentary committees and external audits
- ▶ User fees, regulatory charges and external fees

Federal tax expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures each year in the [Report on Federal Tax Expenditures^{xxx}](#). This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational contact information



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Appendix: definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (Plan ministériel)

Provides information on the plans and expected performance of appropriated departments over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

A Departmental Result represents the change or changes that the department seeks to influence. A Departmental Result is often outside departments' immediate control, but it should be influenced by program-level outcomes.

Departmental Result Indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a Departmental Result.

Departmental Results Framework (cadre ministériel des résultats)

Consists of the department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (Rapport sur les résultats ministériels)

Provides information on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

Evaluation (évaluation)

In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine

questions related to relevance, effectiveness and efficiency. Depending on user needs, however, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2017–18 Departmental Plan, government-wide priorities refers to those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada's Strength; and Security and Opportunity.

horizontal initiatives (initiative horizontale)

An initiative where two or more federal organizations, through an approved funding agreement, work toward achieving clearly defined shared outcomes, and which has been designated (for example, by Cabinet or a central agency) as a horizontal initiative for managing and reporting purposes.

Management, Resources and Results Structure (Structure de la gestion, des ressources et des résultats)

A comprehensive framework that consists of an organization’s inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (indicateur de rendement)

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (production de rapports sur le rendement)

The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

plans (plans)

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (priorité)

Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (programme)

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (architecture d'alignement des programmes)

A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

results (résultat)

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (résultat stratégique)

A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (programme temporisé)

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (cible)

A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Endnotes

- i National Energy Board Act, <http://laws-lois.justice.gc.ca/eng/acts/N-7/page-1.html>
- ii Canadian Oil and Gas Operations Act, <http://laws-lois.justice.gc.ca/eng/acts/O-7/page-1.html>
- iii Canadian Petroleum Resources Act, <http://laws-lois.justice.gc.ca/eng/acts/C-8.5/page-1.html>
- iv NWT Oil and Gas Operations Act,
<https://www.justice.gov.nt.ca/en/files/legislation/oil-and-gas-operations/oil-and-gas-operations.a.pdf>
- v Petroleum Resources Act, http://www.assembly.gov.nt.ca/sites/default/files/14-02-25_bill_11.pdf
- vi Canadian Environmental Assessment Act, 2012, <http://laws-lois.justice.gc.ca/eng/acts/c-15.21/page-1.html>
- vii Mackenzie Valley Resource Management Act, <http://laws-lois.justice.gc.ca/eng/acts/m-0.2/page-1.html>
- viii Inuvialuit Final Agreement, <https://www.aadnc-aandc.gc.ca/eng/1100100027701/1100100027705>
- ix Nunavut Land Claims Agreement, <http://nlca.tunnngavik.com/?lang=en>
- x Canada Labour Code, <http://laws-lois.justice.gc.ca/eng/acts/l-2/FullText.html>
- xi The Minister's mandate letter, <http://pm.gc.ca/eng/mandate-letters>
- xii Review of Environmental and Regulatory Processes,
<https://www.canada.ca/en/services/environment/conservation/assessments/environmental-reviews.html>
- xiii Pipeline Safety Act, http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2015_21/page-1.html
- xiv Report 2—Oversight of Federally Regulated Pipelines, http://www.oag-bvg.gc.ca/internet/English/parl_cesd_201601_02_e_41021.html
- xv NEB Departmental Results Framework; <http://www.neb-one.gc.ca/bts/whwr/gvrnnc/dprtmntlrltfrmrk/index-eng.html>
- xvi Participant Funding Program, <http://www.neb-one.gc.ca/prtcptn/hrng/pfp/prtcptntfndngprgrm-eng.html>
- xvii NEB RegDocs, <https://apps.neb-one.gc.ca/REGDOCS/Home/Index>
- xviii National Energy Board web page, <http://www.neb-one.gc.ca/index-eng.html>
- xix TBS InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- xx NEB Energy Information page, <http://www.neb-one.gc.ca/nrg/index-eng.html>
- xxi NEB Interactive Pipeline Map, <http://www.neb-one.gc.ca/sftnvrnmnt/sft/dshbrd/mp/index-eng.html>
- xxii NEB Pipeline Profiles, <http://www.neb-one.gc.ca/nrg/ntgrtd/pplnprtl/pplnprfls/index-eng.html>
- xxiii NEB Safety and Environmental Performance Dashboard,
<http://www.neb-one.gc.ca/sftnvrnmnt/sft/dshbrd/dshbrd-eng.html>
- xxiv Canada's Action Plan on Open Government,
<http://open.canada.ca/en/content/canadas-action-plan-open-government-2014-16>
- xxv Public Accounts of Canada 2017, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- xxvi Whole-of-government framework, [https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#tag-nav/~\(current_branch~'GOCO~sort_key~'name~sort_direction~'asc~open_nodes~\(~'tag_SA0001~'tag_SA9999~'tag_SA0002~'tag_SA0003~'tag_SA0004~'tag_SA0005\)\)](https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#tag-nav/~(current_branch~'GOCO~sort_key~'name~sort_direction~'asc~open_nodes~(~'tag_SA0001~'tag_SA9999~'tag_SA0002~'tag_SA0003~'tag_SA0004~'tag_SA0005)))
- xxvii NEB Departmental Performance Report – Financial Statements
<http://www.neb-one.gc.ca/bts/pblctn/dprtmntlprfrmncrprt/index-eng.html>
- xxviii TBS InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#startl>
- xxix National Energy Board web page, <http://www.neb-one.gc.ca/index-eng.html>
- xxx Report on Federal Tax Expenditures, <http://www.fin.gc.ca/purl/taxexp-eng.asp>