



File OF-Surv-OpAud-T260-2017-2018 0101
27 August 2018

Mr. Ian Anderson
President and Accountable Officer
Trans Mountain Pipeline ULC
Suite 2700, 300-5th Avenue SW
Calgary, AB T2P 5J2
Email [REDACTED]

Dear Mr. Anderson:

**National Energy Board Closure of the 2017 Pre-Construction Audit of
Trans Mountain Expansion Project**

The National Energy Board (NEB or Board) completed a pre-construction audit of Trans Mountain Pipeline ULC (TMPU) Trans Mountain Expansion Project following the NEB's *Onshore Pipeline Regulations* management system requirements. The Board issued its draft audit report to TMPU on 3 August 2017 and TMPU responded with comments and a proposed corrective action plan (CAP) to address the non-compliant findings on 11 August 2017. The Board issued its final audit report and directed TMPU to submit revisions to its CAP on 21 August 2017, which the company did on 1 September 2017. The Board approved the revised CAP on 5 September 2017.

Over the 2017-2018 CAP review period, TMPU has demonstrated that it has addressed the non-compliances outlined in the audit findings, with the exception of audit protocol question AP-TMPU-01, in a manner consistent with the approved CAP. The protocol question is as follows:

AP-TMPU-01: *Can the company demonstrate that they have integrated the pipeline construction project's safety and environmental protection considerations into their management system?*

The Board is of the view that the deficiencies as described in the report have been addressed in accordance with the legal requirements and the commitments and the actions described in the approved CAP. This includes addressing all protocol questions that were previously unassessed at the time of the original audit.

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The following Board direction is provided to TMPU to ensure that AP TMPU-01 is fully implemented for the Trans Mountain Expansion Project:

- TMPU will ensure the Kinder Morgan Canada Quality Assurance Program document is finalized and transitioned from its current draft status to a fully implemented program at the company;
- TMPU will ensure the Trans Mountain Expansion Project Quality Assurance Program is in alignment with the Kinder Morgan Canada Quality Assurance Program and that the project level document does not override or take precedence over the company's overall management system;
- TMPU will finalize and implement its Project Execution Plan and ensure it is in alignment with the Kinder Morgan Canada Quality Assurance Program and the Trans Mountain Expansion Project Quality Assurance Program;
- TMPU will ensure management review of the overall Trans Mountain Expansion Project is conducted within a time frame that is appropriate for a project of this scale and magnitude;
- TMPU will ensure a risk management approach, which is not considered in the management system section of the *Onshore Pipeline Regulations*, is not applied to the application and usage of quality assurance activities for the Trans Mountain Expansion Project;
- TMPU will ensure that the company's management of change process is appropriately applied to all aspects of the project, including the quality assurance program; and
- TMPU will ensure that training is provided to all necessary company employees and others working on behalf of the company on the implementation of these documents.

With the issuance of this letter, the Board considers the pre-construction audit of TMPU's Trans Mountain Expansion Project to be closed. The Board reminds TMPU that once CAPs are closed, they are considered to be implemented, and TMPU is accountable to maintain compliance. The Board will continue to monitor the implementation and effectiveness through targeted compliance verification activities as a part of its on-going regulatory mandate.

Yours truly,

Original signed by L. George for

Sheri Young
Secretary of the Board

cc:

