



Canada Energy
Regulator

Régie de l'énergie
du Canada

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File OF-Surv-OpAud-T241-2018-2019 01
12 March 2020

Ms. Leslie Kass
Senior Vice President
Technical Centre, Accountable Officer
TransCanada Keystone Pipeline GP Ltd.
450 1st Street SW
Calgary, AB T2P 5H1
Email: [REDACTED]

Dear Ms. Kass:

**TransCanada Keystone Pipeline GP Ltd (Keystone)
Pre-Construction Audit - Keystone XL Project
Corrective and Preventative Action Plan
Review by the Canada Energy Regulator**

The Canada Energy Regulator (CER) has completed its review of Keystone's Corrective and Preventive Action Plan (CAPA Plan) submitted on 3 March 2020. This CAPA Plan is required in response to the Pre-Construction Audit of the Keystone XL Project completed on 6 February 2020. The CER approves the CAPA Plan.

The CER has determined that Keystone's proposed approach to address the deficiencies is acceptable for the majority of the corrective and preventive actions. Additional CER direction and guidance is provided in the attached table where required.

The CER notes that Keystone has committed to implement all corrective actions directly associated with the Keystone XL Project by 16 March 2020. The CER will monitor and assess these commitments and related milestones. Once the CER has verified that the corrective actions related to the Keystone XL Project have been implemented, Keystone will be permitted to resume construction on the Keystone XL Project.

The preventative actions provided in the CAPA plan relate to broader management system improvements and require action from TC Energy, Keystone's parent company. Those actions will apply to existing and future projects. The resumption of construction on the Keystone XL Project is not contingent on the implementation of the preventative actions.

The CER expects Keystone and TC Energy to apply its Management of Change process as the various preventive actions are completed and implemented. The CER also expects Keystone to provide adequate training in the new or revised processes to all applicable personnel to ensure they are competent in their roles and responsibilities.

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Throughout its CAPA Plan submission, Keystone frequently refers to the low level of risk posed by the non-compliances, and the likelihood of those non-compliances leading to a significant impact to safety, security, the environment or compliance. For clarification, all non-compliances require the company to implement steps to rectify all non-compliant findings in a timely manner, regardless of their level of risk.

The CER will continue to monitor and assess all of Keystone's corrective and preventive actions with respect to this audit until they are fully implemented. The CER will also continue to monitor the implementation and effectiveness of TC Energy's management system in association with the implementation of Keystone's construction and operational phases through targeted compliance verification activities as a part of its on-going regulatory mandate.

If you require any further information or clarification, please contact Darryl Pederson, Lead Auditor, at 403-461-9953.

Yours sincerely,

Original signed by

Darryl Pederson
Lead Auditor
Inspection Officer Number: 2541

Attachment

cc: [REDACTED], Regulatory Compliance Specialist & Emergency Preparedness
Coordinator – Canadian Regulatory Compliance, TC Energy
Email: [REDACTED]

Canada Energy Regulator (CER) Direction and Guidance

During the Implementation Assessment meetings, the CER will review the deliverables as outlined by Keystone’s CAPA submission. Each finding will be considered resolved when all of the deficiencies as described in the report have been addressed in accordance with the legal requirements, the commitments and the actions described in the CAPA.

In the coming days, the Lead Auditor will contact Keystone’s representative whom we have copied on this letter to arrange the document review for the CAPA. If you require any further information or clarification during the review, please contact Darryl Pederson Lead Auditor, at 403-461-9953.

Finding Number	Keystone’s Corrective / Preventive Action	CER Direction or Guidance
2, 11	Section (i) of the CAPA document, states “ <i>Verify that all corrective actions for [2, 11] are complete in their entirety. Milestone Date: January 20,2021</i> ”.	The CER expects the preventive actions for these audit protocol CAPA’s to be fully implemented 90 days after the last listed milestone has been achieved, if not sooner. The dates between the completion of the last milestone and the date of January 20, 2021, for verification of completion, is longer than 90 days for these two CAPA’s. Please ensure it does not extend beyond 90 days.
3, 4, 5, 6	Section (e) of the CAPA document states the following “ <i>Define the intent for an integrated risk approach across the Project functional groups that includes the Contractor</i> ”.	The CER has concern with the words “ <i>Defining the intent for an integrated risk approach...</i> ”. Using the word <i>intent</i> does not necessarily translate to full implementation will be achieved. The company will ensure that <i>defining the intent</i> for these CAPA’s includes fully meeting the CER’s requirements to be both established and implemented to be considered compliant.