
TO: CITY MANAGER **DATE:** 2009 March 30
FROM: DIRECTOR ENGINEERING **FILE:** 1030 01
SUBJECT: NATIONAL ENERGY BOARD
PROPOSED DAMAGE PREVENTION REGULATIONS
PURPOSE: To provide comments on the Proposed Damage Prevention Regulations and Draft Guidance Notes, 2009 February prepared by the National Energy Board (NEB)

RECOMMENDATIONS:

1. **THAT** Council approve the submission of the comments on the proposed NEB regulation changes as outlined in this report.
2. **THAT** A copy of this report be forwarded to:
 - a) Claudine Dutil-Berry
Secretary of the Board
National Energy Board
444 Seventh Ave SW
Calgary AB T2P 0X8
 - b) All Burnaby MP's

REPORT**1.0 BACKGROUND**

The National Energy Board (NEB) is an independent federal agency established in 1959 by the Parliament of Canada to regulate international and interprovincial aspects of the oil, gas and electric utility industries. The objective of the NEB is to promote safety and security in the Canadian public interest. The NEB is accountable to Parliament through the federal Minister of Natural Resources.

While the NEB has exclusive responsibility for regulating the safety of oil and gas pipelines under federal jurisdiction, it shares the responsibility for investigating pipeline incidents with the Transportation Safety Board (TSB). In the case of the 2007 July 24 Kinder Morgan oil pipeline rupture incident on Inlet Drive in Burnaby, TSB was the lead investigating agency and the results of TSB's investigations were published in a report which was released to the public on 2009 March 18.

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The NEB recognized the varying degrees of risk to pipeline damage and public safety and has put in place Pipeline Crossing Regulations to regulate work in and around pipelines under their jurisdiction. To meet the changing safety and environmental requirements, the NEB has been working on the Proposed Damage Prevention Regulations in the past several years to replace the existing Pipeline Crossing Regulations. The proposed regulations are now complete and written comments from regulatory agencies, local governments and the public on the proposed regulations are invited and may be submitted to NEB before 2009 April 20. The purpose of this report is to present staff's comments on the proposed regulations for Council's consideration taking into account the lessons learned from the 2007 Inlet Drive oil spill incident and the recently released TSB investigation findings.

2.0 CURRENT NEB PIPELINE CROSSING REGULATIONS

NEB has put in place the Pipeline Crossing Regulations, Part I and Part II to maintain pipeline safety and to reduce the likelihood of damage to pipelines for excavation work in close proximity to the pipelines. The current regulations apply to anyone (contractors or landowners) who will be excavating using power-operated equipment within 30 metres of the limits of the pipeline right-of-way.

Burnaby has several oil and jet fuel pipelines within the City including the KMC oil pipeline from Alberta to the Burnaby Mountain Tank Farm and from the Farm to the Westridge terminal, and the jet fuel line to Vancouver Airport. The oil pipeline is regulated by NEB whereas the jet fuel line is regulated by the Province under the Pipeline Act as the jet fuel line does not extend beyond the Province of British Columbia.

Under the current regulations, Burnaby is required to seek permission from the oil pipeline company (KMC) for the installation of a facility within the 30 metre safety zone on either side of the oil pipeline.

3.0 PROPOSED NEB DAMAGE PREVENTION REGULATIONS

As the NEB continues to update its regulations to improve pipeline safety and integrity, the Board is working on replacing the existing crossing regulations with new regulations focussing on damage prevention. The proposed regulations will continue to regulate activities on or adjacent to pipeline rights-of-way to incorporate a greater emphasis on damage prevention and safety.

Highlights of the proposed regulations are:

- Pipeline companies are required to be a member of a one-call centre where one exists. The one-call system promotes the need to "Call Before You Dig". KMC and Burnaby currently are members of the one-call centre.

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- Pipeline companies are required to develop, implement and maintain a damage prevention program that includes public awareness and ongoing monitoring of the land on which the pipeline is located.
- Pipeline companies are required to develop, implement and maintain standards for locates of pipelines including marking of the pipelines at regular intervals.
- No person shall undertake a ground disturbance within 3 metres of the buried pipe unless a prior locate request has been made and the location of the pipe has been established.
- Pipeline companies are required to maintain a record of all pipeline field verification work.
- Further clarification on the process and requirements for locate request arising from planned ground disturbance work.

STAFF COMMENTS:

While the proposed regulations have many positive changes toward improving public safety and awareness, and pipeline locate, staff have several comments with respect to pipeline records, condition assessment and coordination with local jurisdictions. These comments are further described in the following:

- a) Pipeline Record
Pipeline companies should be required to keep a current and complete record of all their facilities to replaced outdated record drawings that may or may not accurately reflect the actual location of the pipelines. The standards for locates of pipelines as prescribed in the proposed regulations should be used in part to develop the book of records.
- b) Pipeline Conditions
Pipeline companies should be required to follow a set of standards to assess the condition of the buried pipes and to develop best management practices and strategies for replacement of aging assets. The KMC oil pipelines were constructed in the 1950's. The proposed regulations should include requirements with respect to assessment methods, frequency and record keeping.
- c) Public Awareness
In an urban setting such as the City of Burnaby where the oil pipelines traverse through populated commercial and residential neighbourhoods, pipeline companies should consult with local jurisdictions to establish the public awareness program and strategies and to include the neighbourhoods as part of the target audience. Pipelines carrying potentially volatile products and traversing through densely populated urban centres should be given greater importance than pipelines that are located in non-populated or undeveloped areas. Pipeline companies shall be mandated to provide annual update to local communities on pipeline related information, including maintenance, replacement and inspection activities.

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d) Emergency Readiness

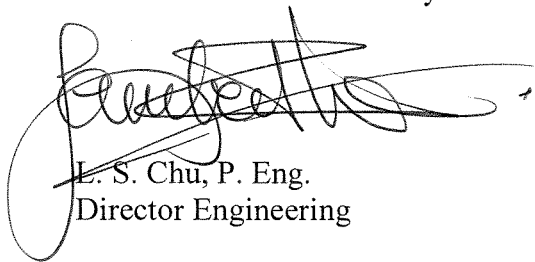
Pipeline companies should undertake regular emergency readiness exercises to ensure their employees and operators are familiar with emergency shutdown procedures and protocols. Joint exercises with local authorities should be considered to ensure all parties concerned understand the proper emergency response protocols and the different communication plans.

e) Liaison with Local Communities

Pipelines located in densely populated areas should be given a higher level of monitoring, public and local jurisdiction communications, and inspection. Pipeline companies should be encouraged to develop a local communication program and strategies to better inform the local jurisdiction and neighbourhoods where the pipelines are located of upcoming activities that may impact the local neighbourhoods.

4.0 CONCLUSION

Staff have reviewed the Proposed Damage Prevention Regulations prepared by the NEB. The proposed regulations will provide an enhanced level of public safety and security through better practices and education. In reviewing the proposed regulations, staff are mindful of the lessons learned from the 2007 Inlet Drive oil spill incident and the results of the subsequent TSB investigation, and therefore have identified additional areas of concerns for Council's considerations. These additional concerns are related to the needs for a current and complete record keeping, pipeline condition assessment, emergency readiness and training, local community communication and liaison. It is recommended that Council approve the submission as outlined in this report and a copy of this report be forwarded to NEB and to all Burnaby MP's.



L. S. Chu, P. Eng.
Director Engineering

LSC:br

Copied to: Director Finance
Director Parks, Recreation and Cultural Services
Director Planning & Building
City Solicitor

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