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Pipeline Performance: Building Trust & Raising the Bar

Jim Donihee, OMM CD
June 19th, 2014

Outline

- ◆ Relevance & Background
- ◆ CEPA – Who are we & What do we stand for?
- ◆ Defining Moments – Catalyst for Change
- ◆ How CEPA / Industry is responding
- ◆ Social License and Trust
- ◆ Concluding Thoughts



CEPA – Who we Are & What we Stand For

CEPA – Canadian Energy Pipeline Association

- ◆ Funded by Industry
- ◆ Quasi-Independent, Credible and Trusted Voice
- ◆ Not a Lobby Group
- ◆ Focused very directly on:

A Safe, Socially and Environmentally Sustainable Energy
Pipeline Industry for Canadians.

CEPA – Who we Are & What we Stand For

Integrity First Principles - We are committed to:

Safety

- ◆ Ensuring safe communities and workplaces

The Environment

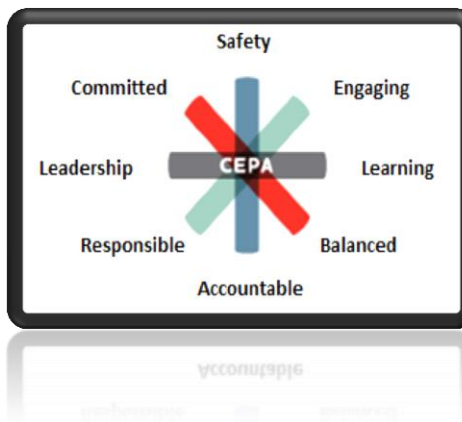
- ◆ Minimizing the impact of our operations on the environment and biodiversity throughout every phase of pipeline operations (design, construction, operations and retirement)

Socio-Economic Benefits

- ◆ Creating lasting social and economic benefits to communities, regions and countries where we operate

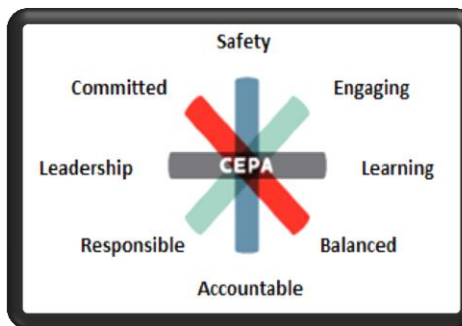
CEPA is Committed to:

We are committed to *advancing a safety culture* throughout our industry based on a strong foundation of leadership and continual improvement *leading to zero incidents.*



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Prevention, Preparedness, Response

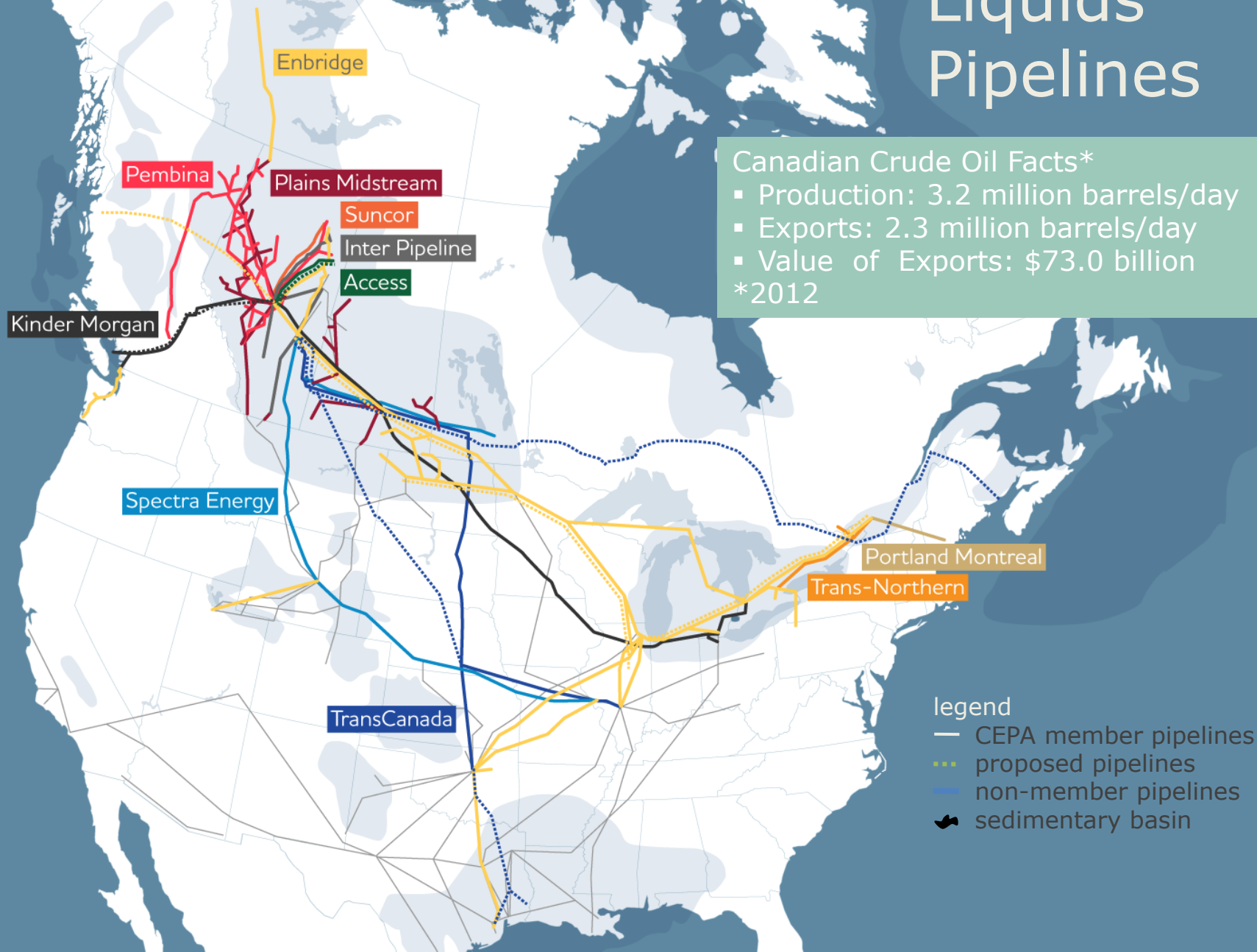
Pipeline Industry Vitals

- ◆ Over 60 years of operating history in Canada
- ◆ Safety record that is enviable around the world & which continues to improve
- ◆ Highly regulated industry with strict federal and provincial requirements
- ◆ Operate 115,000 kilometres of pipeline in Canada
- ◆ Transport 97% of the natural gas and onshore crude oil produced in Canada
- ◆ Substantial economic benefits across Canada
- ◆ Pipelines are a safe and environmentally sound way to transport large volumes of oil and gas over land

Liquids Pipelines

Canadian Crude Oil Facts*

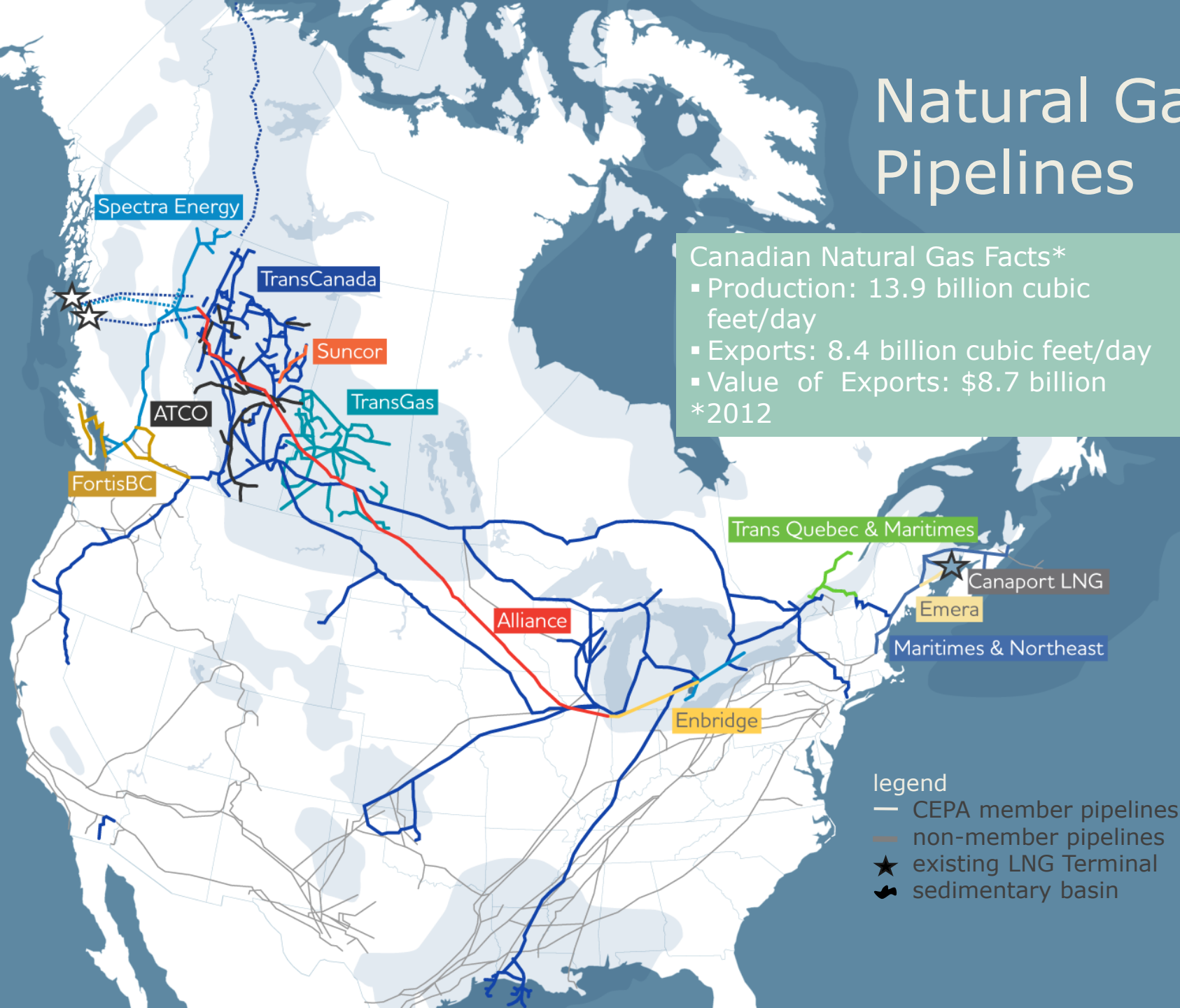
- Production: 3.2 million barrels/day
 - Exports: 2.3 million barrels/day
 - Value of Exports: \$73.0 billion
- *2012



Natural Gas Pipelines

Canadian Natural Gas Facts*

- Production: 13.9 billion cubic feet/day
 - Exports: 8.4 billion cubic feet/day
 - Value of Exports: \$8.7 billion
- *2012



CEPA Members



Trans-Northern Pipelines Inc.
Pipelines Trans-Nord Inc.





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Defining Moments

Catalyst for Change -

What did these occurrences all have in common?



Why Safety Culture -

What did these occurrences all have in common?

- Great Technology.....
- Strong Management Systems.....
&
- Flawed or Absent Safety
Cultures!!!





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Industry Response – Raising the Bar

Getting to Zero

Accountability, Performance & Execution

Leadership & Governance

Integrity First

Management Systems & Operating Practices

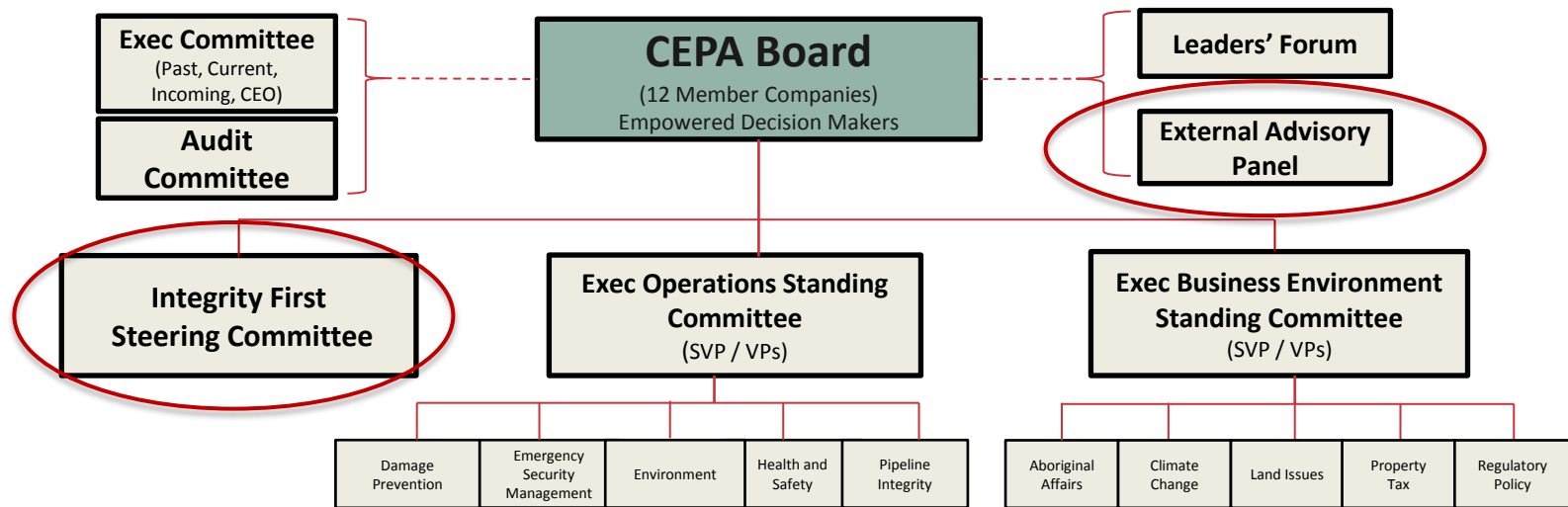
Safety Culture

Technology & Innovation

Continual Improvement
Leading to Zero Incidents

CEPA Board / Governance Structure

Accountability, Performance & Execution



- ◆ Key Changes in Governance Structures
 - ◆ External Advisory Panel; and
 - ◆ Integrity First Steering Committee



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CEPA Integrity First®

CEPA Integrity First®

Priority Issues

Pipeline performance: Ensure pipelines are designed, constructed and operated reliably; well-maintained; and closely monitored.

Safety

Ensuring safe communities and workplaces

PRIORITY ISSUES

- Employee safety
- Pipeline integrity
- Emergency management
- Control room management
- Damage prevention

2013 – 14 Priorities

The Environment

Minimizing the impact of our operations on the environment and biodiversity throughout every phase of pipeline operations (design, construction, operations and shutdown)

PRIORITY ISSUES

- Land management
- Air emissions
- Water impacts
- Wildlife
- Noise

Socio-Economic Benefits

Creating lasting social and economic benefits to communities, regions and countries where we operate

PRIORITY ISSUES

- Land use and access
- Economic benefits
- Aboriginal relations
- Workforce

Driven by Continual Improvement – Management Systems Approach

Essential Factors

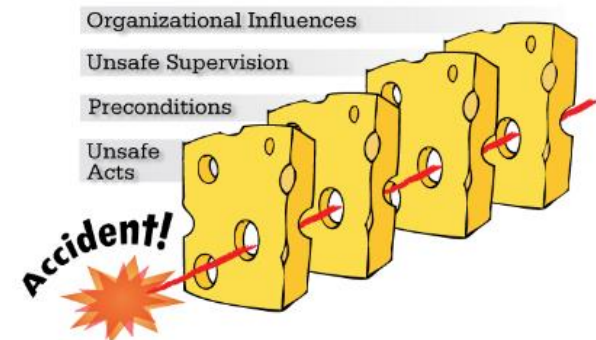
CEPA Integrity First® ...growing forward...

- ◆ Materiality Analysis – Stakeholder driven, focused priority areas
- ◆ Accountability – Common Metrics & Industry Recommended Practices (IRPs)
- ◆ Components - Management Systems, Self-Assessment & 3rd Party Verification
- ◆ Transparency – Evolution towards Dis-Aggregated Reporting
- ◆ Condition of Membership

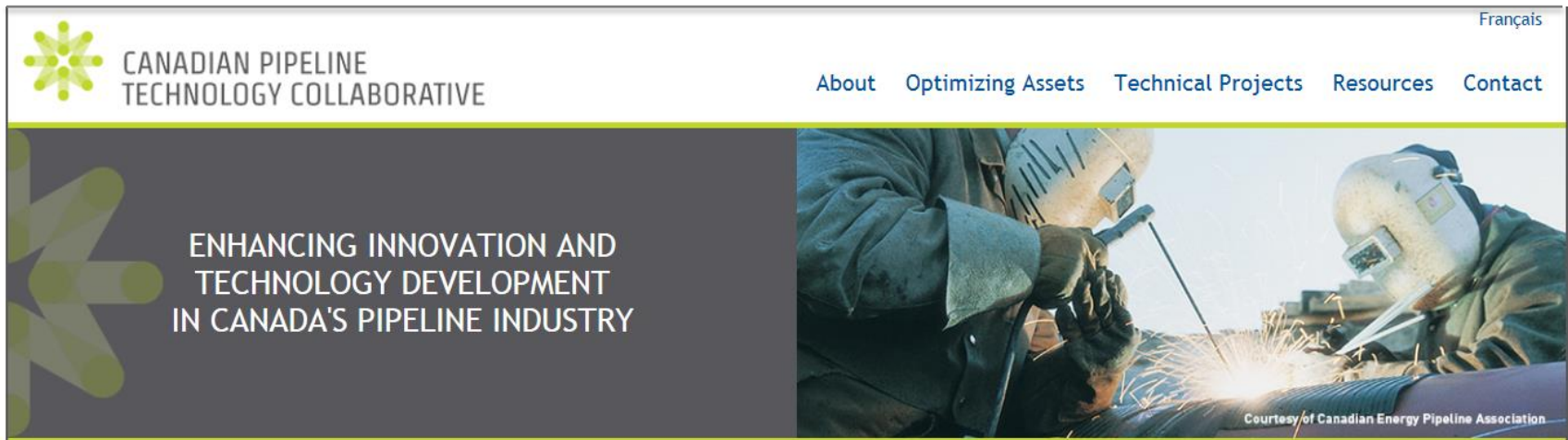
Safety Culture – Rationale & Approach

- ◆ Leadership – consistent, mindful and focused
- ◆ Reward success, investigate failure
- ◆ Information is actively communicated
- ◆ New ideas are sought, welcomed and, where appropriate, implemented promptly
- ◆ Learning and training is ongoing and continuous
- ◆ All employees are empowered and accountable for safety, and every supervisor is personally involved

Mindset - The Goal is beyond compliance...



Pipeline Technology



Technology Roadmap & Focused Research to Increase
Innovation and Technology

The Essential Foundation - TRUST

$$\text{Trust} = \frac{\text{Credibility} + \text{Reliability} + \text{Intimacy}}{\text{Self-Interest}}$$

Trust

*Credibility ~ Technical Competence / Expertise +
Reliability ~ Perceptions of Dependability, Consistency & Predictability +
Intimacy ~ Closeness & Depth of the Relationship / Mutual Understanding*

Self-Interest ~ Perceived or Real - focus on Personal Gain / Power



Recent Progress - CEPA Board Task Forces

Emergency Management – Task Force

- ◆ Mutual Emergency Aid Agreement
- ◆ BC Land Based Spill Response

Prevention Technology – Task Force

- ◆ Technology Roadmap – now positioned to focus

Current Progress

- ◆ Guidance Documents & Practices completed / underway:
 - ◆ Pipeline Integrity ✔
 - ◆ Emergency Management ✔
 - ◆ Control Room Management (piloted)
 - ◆ Land Agent Code of Conduct ✔
 - ◆ Pipeline Watercourse Management ✔



Concluding Thoughts:

- ◆ CEPA members have always worked to deliver the strongest possible performance to Canadians ~ we continue to step up & raise the bar!
- ◆ CEPA believes in and supports strong regulatory oversight;
- ◆ We are committed to working with First Nations, governments and regulators; and
- ◆ CEPA is committed to listening and to sustaining your Trust.





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Questions

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