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Sent via eFile

**FEI CPCN FOR INLAND GAS UPGRADE PROJECT  
EXHIBIT A2-1**

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**Re: FortisBC Energy Inc. – Certificate of Public Convenience and Necessity Application for the Inland Gas Upgrade Project – Project No. 1598988 – BCUC Staff Submission**

Dear Mr. Slater:

BCUC staff submit the following document for the record in this proceeding:

BC Oil & Gas Commission Compliance Assurance Protocol – Integrity Management Program for Pipelines  
dated April 2018, Version 1.9

Sincerely,

*Original Signed by:*

Patrick Wruck  
Commission Secretary

/aci  
Enclosure



# Compliance Assurance Protocol Integrity Management Program for Pipelines

April 2018  
Version 1.9

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# Background

Pipeline Integrity Management Programs (IMPs) provide a systematic approach for assuring pipeline integrity throughout the entire pipeline life cycle including planning, design, construction, operation, maintenance and abandonment. IMPs have been a regulatory requirement in British Columbia since they were introduced in the 1999 edition of CSA Z662 – Oil and Gas Pipeline Systems.

As required by the BC Oil and Gas Commission (Commission) under Section 7 of the Pipeline Regulation (PR), every permit holder planning, designing, constructing, operating, maintaining or abandoning pipeline infrastructure within the province of British Columbia must have a fully developed and implemented IMP. To facilitate compliance assurance, all permit holders must act in accordance with the most current version of the CSA Z662 standard.

## Safety Culture

Safety culture is the shared values, attitudes, beliefs, and behaviors that leaders and individual personnel of an organization holds in regards to safety and risk, which may positively and negatively influence safety and environmental protection outcomes (as per NARWGSC 2016<sup>1</sup>).

The Commission has been working closely on the North American Regulators Working Group on Safety Culture (NARWGSC) since 2014 to explore ways of improving safety culture. Therefore, those attributes of a safety culture have been incorporated within the compliance assurance process. A positive safety culture is indicated when an organization embraces:

- safety as a core value;
- leadership commitment to safety;
- positive attitude towards compliance (meeting and exceeding minimum standards);
- employees' engagement and ownership;
- open and honest communication at all levels;
- systemic consideration of risk; non-punitive reporting; and
- learning from events.

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<sup>1</sup> NARWGSC, North American Regulators Working Group on Safety Culture: Safety Culture Indicators Research Project: A Regulatory Perspective, 2016.

# Compliance Assurance Process

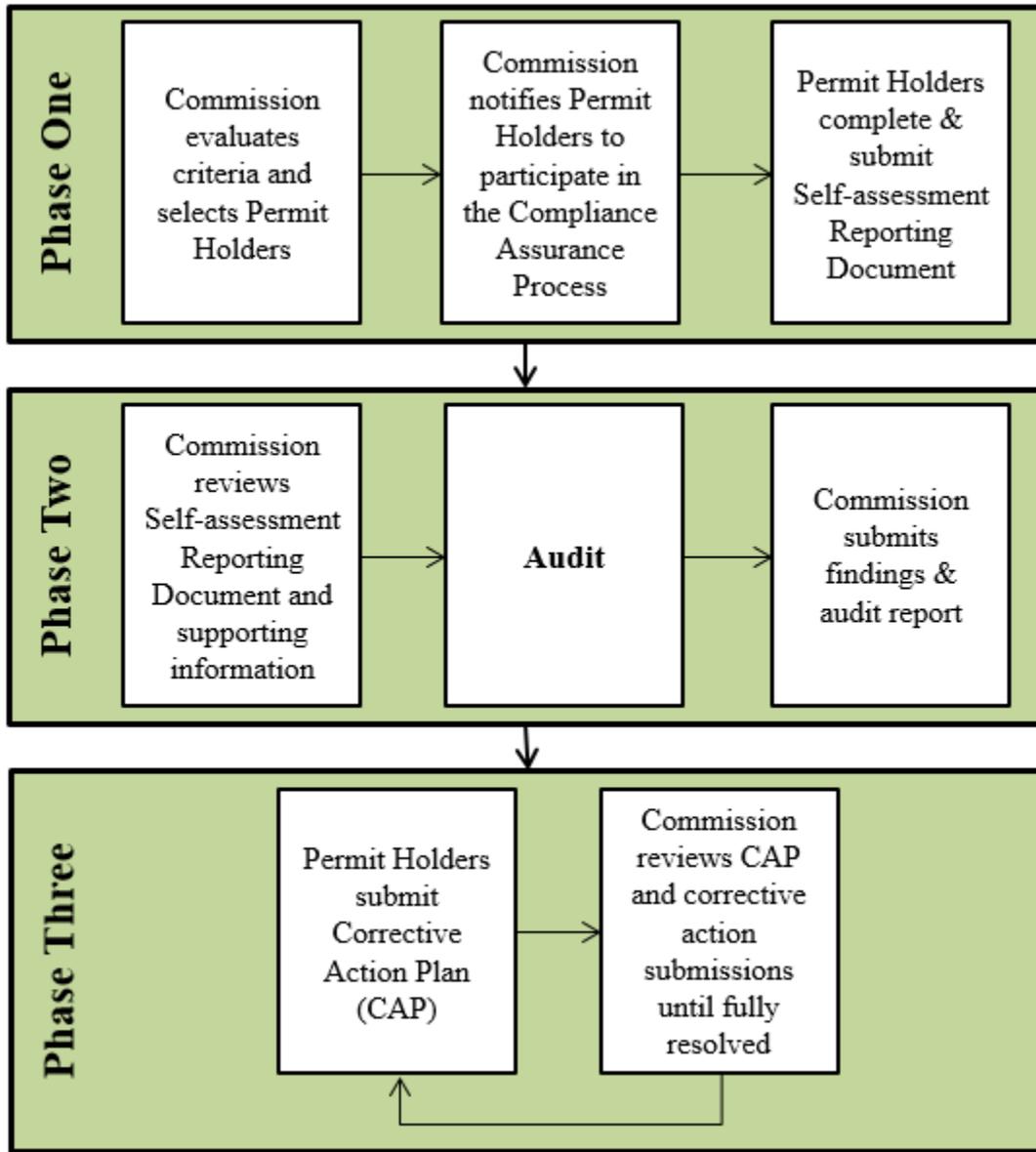
The Commission's compliance assurance protocol is based on CSA Z662 and the guidelines outlined in Annex N. The terminology used within this protocol is consistent with CSA Z662 and the Oil and Gas Activities Act (OGAA) and subordinate regulations. Where there is a difference between definitions, the definitions in the OGAA and the subordinate regulations apply. The compliance assurance process for IMPs mandates that all pipeline permit holders regulated by the Commission are required to participate in the IMP compliance assurance process. The Commission can request pipeline permit holders to participate in an IMP compliance assurance process, in part or fully, at any time based on its risk-based selection criteria.

The Commission's compliance assurance process for pipeline IMP is standardized and documented within this compliance assurance protocol. The process contains three phases as illustrated in Figure 1.

## Phase One

Each year a number of pipeline permit holders are selected based on the Commission's risk-based criteria to participate in the compliance assurance process (Figure 1). The Commission notifies these permit holders in the beginning of the calendar year to participate in the IMP compliance assurance process. During this phase permit holders are required to complete and submit self-assessment of their IMP program to the Commission within specified timelines using the Self-Assessment Reporting Document communicated by the Commission. The permit holders are given approximately two months to submit the completed self-assessment reporting document to the Commission.

Figure 1 Compliance Assurance Process – Pipeline Integrity Management Program



## Phase Two

The second phase of the assurance process involves a one-day audit that the Commission organizes with each of the selected permit holders. The audit may extend over a day if identified by the Commission. The purpose of the audit is to evaluate compliance and to determine if a permit holder's IMP complies with the applicable legislation and standards, such as CSA Z662, as well as any regulatory imposed conditions. Prior to the audit, the Commission will review the permit holder's submitted self-assessment and requested documents and records. The audit entails confirmation of audit scope, systematic review of processes, records, documents to verify compliance, and generation of audit findings. The findings include compliance and good practices along with their supporting evidence, areas where additional information may be required, opportunities for improvement, and observed non-compliances.

Findings for observed non-compliance are outlined and confirmed at the end of the audit. After the Audit, the Commission issues the audit report that includes summary of findings relating to identified non-compliances to the permit holders.

Compliance and non-compliance are defined below:

### **Compliance (C)**

A particular component fulfills the requirements outlined under the compliance assurance protocol. The permit holder has demonstrated that its IMP program, process or procedures meet the regulatory requirements.

### **Non-Compliance (NC)**

A particular component does not fulfill the requirements outlined under the compliance assurance protocol. The permit holder has not demonstrated that its IMP program, process or procedures meet the regulatory requirements.

Depending on the criticality of the findings from the second phase of the process or independent of the annual IMP process, the Commission may evaluate certain elements of a permit holder's pipeline IMP in further depth.

## Phase Three

The third phase of the compliance assurance process requires permit holders to develop and implement corrective actions (any changes needed to programs, processes, procedures, or instructions) to address identified non-compliance findings and submit a corrective action plan (CAP) to the Commission. A corrective action plan (CAP) must also outline a schedule for implementation. The Commission will continue to monitor and assess corrective actions until they are fully resolved. The Commission may arrange compliance verification activities to ensure that corrective actions defined within CAP have been proactively implemented.

The permit holders that do not provide the required documentation/records within agreed timelines for any of the phases will be subject to the Commission's compliance and enforcement actions, which can include orders or administrative penalties, as applicable.

The Commission's compliance assurance protocol is maintained by the Integrity Division. For further information please contact [integrityengineering@bcogc.ca](mailto:integrityengineering@bcogc.ca).

# Expectations and Requirements

The Commission's requirements and expectations for pipeline IMPs have been developed based on CSA Z662, particularly Annex N, and aligned with management systems, and covers the entire life cycle of pipelines. The five main components are further classified into 17 sub-components:

## 1. Planning

- **Leadership Commitment**
  - General IMP
  - Policy and Leadership Commitment
  - Goals and Objectives
  - Planning
- **Risk Assessment and Management**
  - Pipeline Description
  - Hazard Identification
  - Risk Analysis and Evaluation
  - Risk Reduction and Control
  - Risk Reassessment
  - Risk Reporting

## 2. Implementing

- Organizational Roles and Responsibilities
- Communication Process
- Competency and Training
- Managing Change
- Information Management - Record and Document Control
- Operational Control

### **Risk Management**

- Inspection, Maintenance and Monitoring
- Evaluation of Inspection, Maintenance and Monitoring Results
- Modification and Repair

3. Checking - Program Assessment and Evaluation
  - Incident Reporting, Investigation, and Learning
  - Audit
  - Performance Measurement and Analysis of Data
4. Act - Continuous Improvement
  - Management Review

# 1.0 Planning

## 1.1 General IMP

Pipeline system planning, design (including material procurement and selection) and construction (including installation, testing and commissioning) along with operations and maintenance have an impact on pipeline integrity. Permit holders shall develop, implement and maintain an integrity management program (IMP) that addresses the entire life cycle of the pipelines and associated assets, that is, planning, design, construction, operation, maintenance, and abandonment. The permit holder shall identify and ensure conformance with up-to-date regulatory and legal requirements, external standards and codes.

IMPs shall encompass all pipelines under the permit holder's authority that are regulated by the Commission. IMPs must be documented in a suitable format and outline the scope clearly. The documented IMP shall provide reference to other relevant programs, such as, Facility Integrity Management Program, Emergency Response and Health, Environment and Safety as necessary. IMP documentation must be made available to the Commission upon request.

Where a permit holder has contracted operation of a pipeline system to a third party, the permit holder's IMP must clarify whose IMP is applicable to those assets. The permit holder remains responsible for the integrity management of the entire pipeline system whether it self operates or has contracted operation to a third party.

### **Regulatory References**

- CSA Z662 – Clause 3
- Pipeline Regulation

## 1.2 Policy and Leadership Commitment

The permit holder shall establish, implement and maintain a documented policy to demonstrate senior leadership (a person or a group of people who direct and control the highest level as defined by permit holder) commitment to the IMP program and its continual improvement.

The documented policy statement shall include the scope, commitment and overarching goals of the IMP and its continual improvement. The permit holder's policy shall consider its compliance obligations and their implications. The policy statement shall be communicated within the organization.

### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

## 1.3 Goals, Objectives and Targets

The permit holder's senior management shall set goals, such as the prevention and control of incidents, to reflect the direction and desired outcomes of the policy. Additionally, the permit holder shall also define the objectives and targets for its IMP. The objectives and targets shall be measurable and must link to the high-level performance measures (key performance indicators).

### Regulatory References

- CSA Z662 - Clause 3
- Pipeline Regulation

## 1.4 Planning

The permit holder's management (a person or group of people, who directs or controls all or part of the department and has assigned responsibility and accountability for compliance with legal and other applicable requirements) shall ensure that:

- Processes and procedures are defined to support the execution of all the key components of the IMP,
- Resources (human and financial) are planned and provided to manage risk and to develop, implement, and continuously improve the IMP,
- A process to identify and ensure conformance with up to date regulatory and legal requirements, standards and code is defined,
- Methods for collection, integration and analysis of information related to the processes and mechanisms appropriate to the pipelines and operation are developed,
- Plans, processes and procedures are integrated to ensure that data and results are shared (internally and externally), across relevant elements, processes, and teams as required.

## 1.5 Risk Assessment and Management

The permit holder shall apply an ongoing risk assessment process that identifies hazards and quantifies risk, and analyses and implements appropriate risk reduction measures/controls to prevent, manage and mitigate identified hazards and risks. The permit holder shall ensure that the pipeline inventory data are gathered and integrated to support Risk Assessment. The permit holders must document and maintain an ongoing process for the identification and analysis of all possible hazards throughout the entire life cycle. The permit holder shall establish and implement a process for evaluating the risks associated with identified hazards (that is represented by probability/likelihood of occurrence of hazard and severity of resulting consequence). The permit holder shall prioritize the pipelines/segments in order of risk level and be able to evaluate and implement risk reduction measures, where the chosen threshold of risk is exceeded.

## 1.5.1 Pipeline Description

The permit holder shall perform initial collection, review, integration of relevant data and information from pipeline design, construction, operation, maintenance, patrolling, and failure investigation to support the risk assessment. A plan for collecting historical data shall be established and maintained.

A complete description of the permit holder's pipelines and associated assets, regulated by the Commission, must be developed for the IMP. The pipeline description to characterize the segments shall consider the inclusion of, but is not limited to:

- A general description of the pipeline including its age, purpose, capacity and class location
- Dimensions and material characteristics of the pipeline, the types of coating and the location and function of any ancillary equipment
- An estimate of the condition of the pipeline, its coatings and any ancillary equipment
- The operating conditions of the pipeline, including service fluids, operating pressure and temperature range
- Physical surroundings along the pipeline route
- Physical boundaries of the pipeline system

## 1.5.2 Hazard Identification

The permit holder shall have a documented and maintained process to identify and review potential hazards that can lead to failure or external interference incidents at each life cycle stage (that is planning, design, construction, operation and maintenance and abandonment). The hazards shall be regularly identified.

The hazards to be taken into consideration in the IMP shall include factors in the list below, or other factors as suggested in ASME B31.8S Managing System Integrity of Gas Pipelines and CSA Z662 - Annex H:

- Metal loss
- Cracking
- External interference

- Material, manufacturing or construction
- Geotechnical event (for example, wash-out, freeze-thaw, earthquake, slope movement, soil subsidence, construction or undermining, or other)
- Equipment failure
- Other causes (for example, improper operations, control system malfunction, and overpressure)

### 1.5.3 Risk Analysis and Evaluation

- The permit holder shall choose the appropriate risk analysis method to estimate probability of occurrence of hazardous events and the severity of resulting consequences.
- The permit holder shall also select the appropriate method for risk estimation and risk evaluation.
- The level of acceptable risk, threshold for risk analysis refinement and risk reduction must be defined.
- The permit holder shall consider how the results of risk assessment will be used for supporting decisions.

### 1.5.4 Risk Reduction and Control

The permit holder shall prioritize the pipelines/segments in order of risk level and shall implement an effective process for identifying and evaluating the available risk reduction options (CSA Z662 – Clause N.10) to prevent, manage, and mitigate risks where the chosen threshold of risk is exceeded.

### 1.5.5 Reassessment

Risk reassessment shall be carried out on a regular basis or on a specific timeline. Additionally risk reassessment shall be carried out:

- after risk reduction options are selected to ensure the risk is reduced to an acceptable level;

- when design and operation of the system changes;
- when pipeline environment changes;
- in response to incident investigation or mitigation failure; and
- when significant risk is determined in the risk evaluation process, the permit holder shall:
  - Perform a more refined level of risk analysis in an attempt to reduce the possibility of risk level overestimation. Risk analysis refinement should include, but is not limited to the following:
    - Selection of a more rigorous approach for the analyses and estimates
    - Additional observations and analysis of the operating conditions
    - Inspections to provide more accurate and detailed information about the presence, location and severity of identified hazards or imperfections

## 1.5.6 Risk Reporting

The data, methods, assumptions, limitations, rationale used, conclusions and recommendations, and the personnel responsible for risk assessment shall be documented.

### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

# 2.0 Implementation

## 2.1 Organizational Roles and Responsibilities

The permit holder shall document and keep current the assignment of roles and responsibilities associated with the development, implementation and maintenance of the IMP.

- The permit holder shall have an organizational structure that identifies the positions responsible for each and all aspects of the IMP.
- The organizational structure shall define and communicate the roles, responsibilities and authorities of positions identified relevant to the IMP.
- The permit holder shall appoint a management representative who is responsible for the overall IMP development, implementation, and maintenance.

### Regulatory References

- CSA Z662 - Clause 3
- Pipeline Regulation

## 2.2 Communication Process

A permit holder shall establish and implement an effective process for internal and external communication to coordinate information essential to the IMP. The permit holder shall promote cross-functional and interdepartmental communication for decision, analysis and reviews. The communication process should consider what, when, who and whom to communicate. The permit holder's communication can include public awareness programs, communication with external and internal stakeholders, emergency response plans and reporting on performance of the IMP. Permit holders shall evaluate the effectiveness of their communication process.

### Regulatory References

- CSA Z662 - Clause 3
- Pipeline Regulation

## 2.3 Competency and Training

The permit holder shall assess and document the training and competency requirements for its employees to ensure appropriate knowledge and skills for performing the IMP activities for which they are responsible. Training schedules and frequency must be maintained. The permit holder shall establish, implement and

evaluate a process for verifying that employees of the permit holder are competent to perform their duties in a safe manner. Methods for collection and maintenance of training records must be clearly documented.

The permit holder shall have a process in place to evaluate and select contractors on the basis of ability and qualifications to perform specified duties. The evaluation process should include review of safety and environmental policies, procedures, past performance, ability and qualification check through audits, work-site inspections, and observations of performance as appropriate.

The permit holder shall also have a process in place to ensure that the performance requirements and expectations are defined and communicated to the contractor.

The permit holder shall have a process in place to monitor and assess the contractor's performance, provide feedback and ensure that identified deficiencies are resolved.

### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

## **2.4 Managing Change**

The permit holder shall develop and implement a systemic process to ensure that prior to implementation, changes that may impact the integrity to the pipeline system at any life cycle phase are evaluated, controlled and documented for their potential risk impacts. This shall include the changes that are initiated and controlled by the operating company and also those that are not initiated and controlled by the permit holders. Changes resulting from actions for mitigation of risk or to correct nonconformance shall be appropriately evaluated and documented by the permit holder.

The changes that are initiated and controlled by the permit holder may relate to:

- Piping and control system
- System operating status
- Operating conditions
- Service fluid characteristics
- Records related to pipeline system integrity management
- Ownership of the pipeline system
- Organization and personnel
- Methods, practices and procedures

Changes that are initiated and controlled by external stakeholders may include

- Technical standards and regulation
- Environmental factors, such as, flood, fire, ground movement, if changes to the pipeline must be made to account for these factors
- Adjacent land use and development
- Legal requirements related to IMP

Not all changes are managed using the same procedure/process and therefore do not necessarily reside in the IMP. Appropriate processes, such as Management of Change (MOC), shall be developed and implemented and the scope of the MOC process shall be clearly defined. The primary focus of MOC shall be to manage risks related to proposed changes.

The MOC process shall address and document:

- Identification process for anticipated and actual changes
- Reasons for change
- Responsibilities and authorities for approving and implementing changes
- Analysis of implications of the changes
- Impact and risk of the changes
- Communication method and associated records and documents
- Timing of changes (approval and implementation)
- Close out

Programs or processes used by the permit holder outside of IMP shall be appropriately referenced. For a change to be "replacement in kind" it should meet the original technical specifications of the pipeline or equipment.

#### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

## **2.5 Information Management - Document and Record Control**

The permit holder shall establish and implement information and knowledge management process related to its IMP. The permit holder shall prepare and manage documents and records related to pipeline design,

construction, commissioning, operation, maintenance and abandonment that are needed for performing the activities included in the IMP.

## 2.5.2 Document Control

The permit holder shall document and implement a process for the identification, collection, control, review, revision, distribution, and approval of documents within its IMP. This process must include the responsibilities associated with document control and the location, for both electronic and paper-based copy, of all identified documents. The permit holder must also ensure that its documents within its IMP are legible and retrievable.

## 2.5.2 Record Control

The permit holder shall establish, implement and maintain a records management program encompassing the creation, security, updating, retention, retrieval and deletion of all information and records necessary for the implementation of IMP. It must apply to electronic and paper-based records. Permit holders are required to maintain all records as required within Annex N and within the broader context of CSA Z662.

The procedure shall consider:

- Responsibilities and procedures for the creation, updating, retention and deletion of records;
- Retrieval of records related to a particular pipeline location or segment;
- Evidence of past activities, events, changes, analyses and decisions; and
- Index describing the types, forms and locations of records.

Where records are incomplete due to asset transfers or other reasons, the permit holder should acknowledge this in their self-assessment and provide information on how the IMP manages in the absence of these records as well as what reasonable actions are taken to recover, reproduce or revalidate the needed records. Retention period of records must be developed and implemented in accordance with operational, legal, and regulatory requirements.

As a minimum, the following items shall be included:

### **Design, Construction and Commissioning**

- Survey and route, including location of the pipeline system with respect to crossings, land use and structures

- Class locations
- Design basis and calculation of the pipeline system or segments of the pipeline system, including limits on pressure, temperature, loading, and other operating conditions
- Design changes and approvals
- Material specifications and certification for the pipe, components, bolting and coating materials (material test reports)
- Inspection and test certifications and reports (joining and inspection records, coating and inspection records, inspection of terrain, soil type, backfill material, and depth of cover)
- Pressure test records and summary
- Permit to operate
- Changes, events and nonconformance during design, construction and commissioning

#### **Operational and maintenance details**

- Historical IMP plans
- Changes (operating conditions, procedures, maps, drawings, plans)
- Cathodic protection system design and performance
- Inspection, testing and monitoring records (pigging, internal corrosion control record, device control, ILIs, leak detection, P/L surveillance, geotechnical and post-seismic inspection)
- Emergency response
- Evaluation of testing and inspection
- Repair and modification
- Incidents and failure records and investigation

#### **Abandonment**

- Records of deactivation
- Records of maintenance of deactivated pipelines
- Records of abandonment
- Records of disposal of records for abandoned pipelines

### **IMP records**

- Management review
- Training and competency records,
- Approved suppliers and contractors
- Nonconformance reports
- Internal and external audits
- IMP performance analysis

### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

## **2.6 Operational Control**

The permit holder shall establish controls to ensure integrity is not compromised during design, construction, commissioning, operation and abandonment phases.

The permit holder shall establish and maintain procedures for quality control for materials and construction; manufacturing and construction inspections; and operational and maintenance activities of its pipeline system for normal operations. Operational conditions must be monitored to detect and assess any changes (such as pressure cycles, overpressure, and over temperature).

Permit holders shall also develop and implement procedures to record and identify deviations and upset operating conditions and to determine any immediate or long term implications. The permit holder must also develop and implement contingency plans for such situations.

The permit holder shall establish controls to prevent, manage and mitigate risks and develop plans and schedules for pipeline IMP-related activities which must align with risk assessment results. The method and rationale for prioritization of IMP-related activities must be documented. The planning of integrity management activities shall be reviewed and tracked to 1) verify proper completion as per methods and procedures, 2) verify changes in planned activities are reviewed and approved, 3) identify incomplete work and unresolved issues, 4) develop recommendations and plans for future work, and 5) verify that the relevant records were created and revised.

### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

## 2.7 Inspection, Maintenance, and Monitoring

The permit holder shall establish and implement the methods and procedures of inspections, maintenance and monitoring (IMM) in accordance with clauses 9 and 10, and as appropriate clause 12.

Planning, scheduling, and frequency of IMM activities should consider parameters such as risk assessment results, effectiveness of inspection method and technology, previous integrity reviews, incident history, and current condition. The permit holder shall document schedules and ensure that the planned activities are carried out using relevant methods and procedures, and that incomplete work and issues are resolved. The Permit Holder's records must provide details of actual IMM activities that have been performed versus planned, and future IMM activities schedules are planned accordingly.

The permit holder shall ensure that results of the IMM activities are integrated to its risk assessment and overall continual improvement process.

Consideration shall be given to:

- Cathodic protection (CP) systems;
- Internal corrosion monitoring systems and devices based on susceptibility to internal corrosion;
- Leak detection methods and devices;
- Shutdown devices and systems;
- Pressure-control, pressure-limiting and pressure-relieving systems;
- Size, location and operational position of pipeline system valves;
- Pipeline system patrolling;
- Inspection for geotechnical issues where applicable;
- Inspection for seismic impacts where applicable;
- Inspection of exposed piping for corrosion and other types of imperfections;
- Indirect methods (ILIs to detect internal and external corrosion, dents , cracks, and close interval surveys for CP performance); and
- Direct assessments.

Records of IMM activities must be maintained.

### **Regulatory References**

- CSA Z662 - Clauses 3, 9, 10, 12
- Pipeline Regulation

## 2.8 Evaluation of Inspection, Maintenance, and Monitoring Results

When the IMM activities results indicate the presence of conditions or imperfections that might lead to failure, the permit holder shall:

- Conduct an engineering assessment as per Clause 10.3.2.1, or
- Take corrective actions as per Clause 10.3.2.3.

The permit holder shall use detailed visual inspection, mechanical measurement, and non-destructive inspection (as appropriate) as per CSA Z662 Clause 10.10 of CSA Z662.

The permit holder shall document and implement a process for conducting engineering assessments which appropriately and effectively supports decisions for the evaluation of conditions and imperfections, and for the initiation of mitigations and repair.

### Regulatory References

- CSA Z662 - Clauses 3, 10, N-13
- Pipeline Regulation

## 2.9 Modification and Repair

The permit holder shall document and maintain procedures to modify or repair conditions or imperfections that could cause failure or damage with significant consequences. Records for mitigation and repair must be maintained.

### Regulatory References

- CSA Z662 - Clause 3
- Pipeline Regulation

# 3.0 Checking Program Assessment and Evaluation

## 3.1 Incident Reporting, Investigation and Learning

The permit holder shall document and implement its process to report, collect, investigate and trend any internal hazards, potential hazards, incidents or near misses, and incidents affecting or having the potential to affect the integrity of the pipelines. The process shall also include communication of any findings, actions and follow up on recommendations. The permit holder shall establish, implement and maintain a process for incorporating lessons learned from incidents and near-misses within the organization and from across industry where warranted, into standards, procedures, and processes to mitigate systemic development of similar circumstances and to improve the effectiveness of the IMP. Records of investigations shall be maintained and communicated as necessary.

In addition, any mitigation/repair corrections resulting from near misses and incidents that are applied locally shall be reviewed for applicability to a broader scope (either geographically or by pipeline type).

- Failure incidents shall be addressed in accordance with the requirements specified as per the latest edition of CSA Z662 (Annex H).

### **Regulatory References**

- CSA Z662 - Clause 3, Annex H
- Pipeline Regulation

## 3.2 Audit

The permit holder shall develop and implement a process for auditing to determine conformity with the standard and prescribed requirements under the IMP. A permit holder's process must define the responsibilities, scope, objectives, frequency, and schedule for audits. The process shall also ensure auditor competency and independence. An audit may be performed by external professionals or internal personnel not directly involved in the IMP or the operations being audited. The process for completing corrective and preventive actions for non-conformances identified through audits and communication of lessons learnt shall be outlined.

#### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

### **3.3 Performance Measurement and Analysis of Data**

The permit holder's management shall develop key performance indicators (KPIs) for implementing its goals and objectives and for evaluating the performance of its integrity management program. The permit holder may follow the guiding principles outlined in API RP754<sup>2</sup> for developing leading and lagging performance metrics (KPIs).

The permit holder shall establish and maintain a process for identification collection and analysis of data generated from operations, maintenance, integrity management, audits, and management review. The permit holder shall periodically review, evaluate, and trend KPIs to measure and analyze performance of pipeline IMP. The permit holder shall take corrective actions when adverse trends are identified and shall update KPIs as required.

The performance review through KPIs should also link to the management review process.

#### **Regulatory References**

- CSA Z662 - Clause 3
- Pipeline Regulation

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<sup>2</sup> API Recommended Practice 754

# 4.0 Act - Management Review

The permit holder shall establish and implement a regular management review process to determine the adequacy, implementation and effectiveness of its integrity management program. The management shall, periodically review the performance of the integrity management program to evaluate where the goals and objectives have been met, where Management is a person or group of people who directs or controls all or part of the pipelines and has assigned responsibility and accountability for compliance with legal and other applicable requirements. The management review process must define the inputs, review methods, and responsibilities. Focus shall be on evaluating, adequacy and effectiveness of the IMP to meet its stated goals and targets (through review of performance indicators), implementation of the IMP, compliance to company and regulatory requirements, and identification of corrective actions for continual improvement.

For inputs, consideration shall be given to the following:

- Goals and objectives
- Effects of changes in the operating company, pipelines, and/or external factors
- Results of the risk management process
- Findings, status, and trends of corrective actions identified during internal and external audits
- Status and trends of integrity performance indicators related to the frequency and consequences of external interference incidents and failure incidents, and the completion of integrity-related work
- Status and trends of integrity-related issues and recommendations identified during previous review and evaluations, operation, maintenance, or integrity-related work
- Root causes of recent failure incidents
- Successes and problems experienced in detecting and preventing potential failure incidents

Outputs from the management review shall consider the following:

- Summary of assessment of the effectiveness of IMP and risk management process
- Decisions and actions
- Changes to required resources, and
- Improvements to processes and procedures to meet the requirements

Senior leadership (a person or a group of people who direct and control the highest level as defined by permit holder) shall at least annually review and approve the output of management reviews, which shall be documented.

## Regulatory References

- CSA Z662 - Clause 3
- Pipeline Regulation