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Final Audit Report

Minell Pipeline Ltd.
Emergency Management
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Executive Summary

The Canada Energy Regulator (**CER**) expects pipelines and associated facilities within the Government of Canada's jurisdiction to be constructed, operated and abandoned in a safe and secure manner that protects people, property, and the environment. To this end, the CER conducts a variety of compliance oversight activities, such as audits.

Section 103 of the *Canadian Energy Regulator Act* (S.C. 2019, c.28, s.10) (**CER Act**) authorizes inspection officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the CER Act and its associated Regulations.

The purpose of operational audits is to ensure that regulated companies have established and implemented both a management system and its associated programs, as specified in the *Canadian Energy Regulator Onshore Pipeline Regulations* (SOR/99-294) (**OPR**).

The CER conducted an Emergency Management (**EM**) operational audit of Minell Pipeline Ltd. (**the company or Minell**) between 15 August 2024 and 18 December 2024. The CER expects companies to have a fully established and implemented EM program. This program is expected to proactively address the various scenarios, contingencies, and related actions that are necessary to be taken to protect the public, workers, and the environment during all potential upset or abnormal operating conditions experienced by the company.

The objective of this audit is to verify that the company has developed and implemented specific elements of an EM Program in accordance with the requirements of the OPR related to:

- Hazard identification;
- Risk assessment;
- Making employees and others aware of their responsibilities;
- Internal and external communication;
- Contingency planning; and
- Management of documentation.

The EM audit assessed Minell's compliance with the requirements of seven audit protocols (**AP**) and all seven were deemed non-compliant, resulting in a score of zero percent.

The non-compliant findings relate primarily to management system process deficiencies found across all audit protocols due to inadequate company processes or because no documented process existed at all. These process issues raised concerns about Minell's understanding of the OPR management system requirements, leading to inefficiencies and non-compliances at the program level such as hazards not being properly analyzed and assessed for risk and no explicit methods for managing EM documentation.

CER auditors noted that Minell staff performs many activities to prepare for and respond to emergencies, however, they are not properly proceduralized or documented as required by the OPR. Minell's operations appeared to rely heavily on employees' knowledge rather than documented processes to ensure safe operations.

The audit revealed that Minell's Safety and Loss Management System (**SLMS**), which encompasses the EM Program, does not clearly demonstrate compliance with the OPR.

The CER expects Minell to address all non-compliant findings and perform a continual improvement cycle to ensure compliance across its entire management system.

The findings from the audit are summarized in [Table 2](#) and explained in detail in Appendix 1 of this report.

Within 30 calendar days of receiving the final audit report, the company shall file with the CER a corrective and preventive action (**CAPA**) plan that outlines how the non-compliant findings will be resolved. The CER will monitor and assess the implementation of this CAPA plan to confirm that it is completed in a timely manner.

Note that all findings are specific to the information assessed at the time of the audit as related to the audit scope.

The final audit report will be made public on the CER website.

Table of Contents

Executive Summary	2
1.0 Background	5
1.1 Introduction	5
1.2 Description of Audit Topic	5
1.3 Company Overview	5
2.0 Objectives and Scope.....	7
3.0 Methodology.....	7
4.0 Summary of Findings.....	8
5.0 Discussion.....	10
6.0 Next Steps.....	12
7.0 Conclusion	12
Appendix 1: Audit Assessment.....	13
AP-01 Hazard Identification	13
AP-02 Hazard Inventory	16
AP-03 Risk Assessment	18
AP-04 Making Employees and Others Aware fo their Responsibilities	21
AP-05 Internal and External Communications	24
AP-06 Document Management	26
AP-07 Contingency Planning.....	28
Appendix 2: Terms and Abbreviations.....	31

List of Tables and Figures

Table 1. Audit Scope.....	7
Table 2. Summary of Findings	8

1.0 Background

1.1 Introduction

The CER expects pipelines and associated facilities within the Government of Canada's jurisdiction to be constructed, operated, and abandoned in a safe and secure manner that protects people, property, and the environment.

Section 103 of the CER Act authorizes inspection officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the CER Act and its associated Regulations.

The purpose of operational audits is to ensure that regulated companies have established and implemented both a management system and its associated programs, as specified in the OPR.

The CER conducted an **Emergency Management** operational audit of Minell between 15 August 2024 and 18 December 2024.

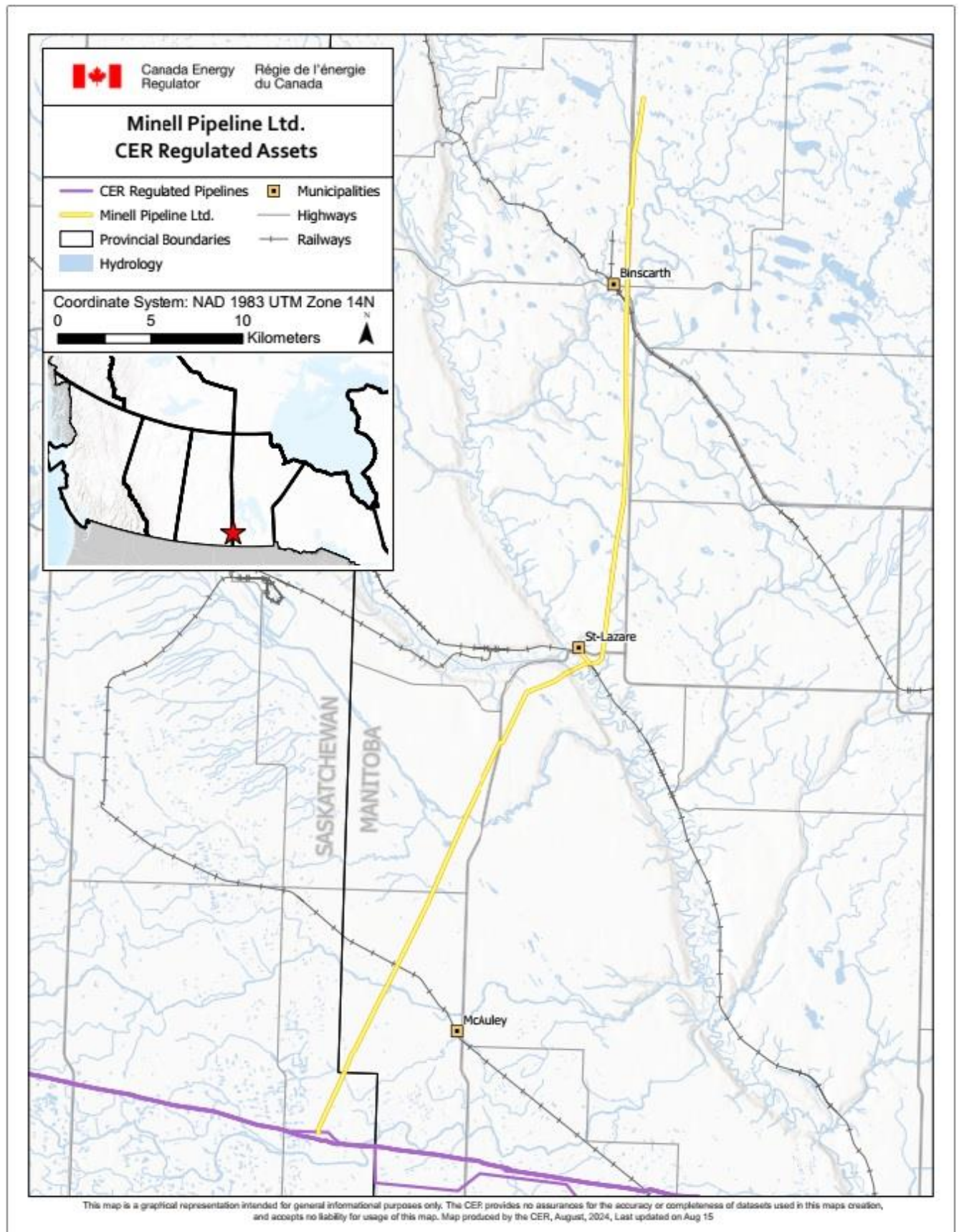
1.2 Description of Audit Topic

The CER expects companies to have a fully established and implemented EM program. This program is expected to proactively address the various scenarios, contingencies, and related actions that are necessary to be taken to protect the public, workers, and the environment during all potential upset or abnormal operating conditions experienced by the company. These upset or abnormal operating conditions can take place at any point during a pipeline or facility's lifecycle and in any season or weather event. As part of the establishment and implementation of the Emergency Management program, the CER expects the company's management system to be integrated into this program and linked to other OPR section 55 programs as necessary to have robust controls in place to manage and mitigate any upset or abnormal conditions that may occur.

1.3 Company Overview

Minell is a wholly owned subsidiary of Manitoba Hydro and is operationally integrated with Manitoba Hydro. The Minell Pipeline is a 6-inch natural gas transmission pipeline that originates at an interconnection with the TC Energy mainline system near Moosomin, Saskatchewan. It is approximately 70 kilometres in length, crossing the Saskatchewan-Manitoba border on its way to Russell, Manitoba. The land use is primarily agriculture, crops and pasture, along its right-of-way.

The map below depicts the company's CER-regulated assets.



2.0 Objectives and Scope

The objective of this audit is to verify that the company has developed and implemented specific elements of an emergency management program in accordance with the requirements of the OPR related to:

- Hazard identification;
- Risk assessment;
- Making employees and others aware of their responsibilities;
- Internal and external communication;
- Contingency planning; and
- The management of documentation.

The table below outlines the scope selected for this audit.

Table 1. Audit Scope

Audit Scope	Details
Audit Topic	Emergency Management
Lifecycle Phases	<input type="checkbox"/> Construction <input checked="" type="checkbox"/> Operations <input type="checkbox"/> Abandonment
Section 55 Programs	<input checked="" type="checkbox"/> Emergency Management <input type="checkbox"/> Integrity Management <input type="checkbox"/> Safety Management <input type="checkbox"/> Security Management <input type="checkbox"/> Environmental Protection <input type="checkbox"/> Damage Prevention
Time Frame	Open

3.0 Methodology

The auditors assessed compliance through:

- Document reviews;
- Record sampling; and
- Interviews.

The list of documents reviewed, records sampled, and the list of interviewees are retained on file with the CER.

An audit notification letter was sent to the company on 15 August 2024 advising the company of the CER's plans to conduct an operational audit. The lead auditor provided the audit protocol and initial information request (**IR**) to the company on 26 August 2024 and followed up on 28 August 2024 with a meeting with company staff to discuss the plans and schedule for the audit. Minell formally requested a time extension to respond to the initial information request due to the availability of staff and other time-sensitive duties making it unlikely for the company to meet the initial IR response

deadline. The request was granted by CER auditors and as such, document review was delayed and began on 28 October 2024. Interviews were conducted between 21 November 2024 and 12 December 2024.

In accordance with the established CER audit process, the lead auditor shared a pre-closeout summary of the audit results on 18 December 2024. The company did not provide additional information to help resolve the identified compliance issues or to assist the lead auditor with making their final assessment of compliance. Therefore, the findings from the pre-closeout meeting remained unchanged and the pre-closeout meeting served as the close out meeting.

4.0 Summary of Findings

The lead auditor has assigned a finding to each audit protocol. A finding can be either:

- No Issues Identified – No non-compliances were identified during the audit, based on the information provided by the company and reviewed by the auditor within the context of the audit scope; or
- Non-compliant – The company has not demonstrated that it has met the legal requirements. A CAPA plan shall be developed and implemented to resolve the deficiency.

All findings are specific to the information assessed at the time of the audit, as related to the audit scope.

The table below summarizes the findings. See [Appendix 1: Audit Assessment](#) for more information.

Table 1. Summary of Findings

Audit Protocol (AP) Number	Regulation	Regulatory Reference	Topic	Finding Status	Finding Summary
AP-01	OPR	6.5(1)(c)	Hazard Identification	Non-compliant	In summary, CER auditors found that Minell did not have a compliant hazard identification process as required by this AP. The company has not comprehensively identified and analyzed all relevant hazards and potential hazards, and the methods used for hazard identification were not comprehensive.
AP-02	OPR	6.5(1)(d)	Hazard Inventory	Non-compliant	CER auditors determined that the hazard inventory for EM is not considered “established” and Minell does not have a compliant hazard inventory as required by this AP.

Audit Protocol (AP) Number	Regulation	Regulatory Reference	Topic	Finding Status	Finding Summary
AP-03	OPR	6.5(1)(e)	Risk Assessment	Non-compliant	CER auditors found that the company does not have a compliant risk assessment process as required by this AP. The company did not demonstrate that it has assessed all EM hazards for risk, and the absence of any risk tolerance criteria was also identified. Lastly, it was unclear to the CER auditors how abnormal operating conditions were addressed by the Enterprise Risk Management (ERM) program.
AP-04	OPR	6.5(1)(l)	Making Employees and Others Aware of their Responsibilities	Non-compliant	CER auditors found that the company does not have a compliant process as required by this AP. Minell's current practices for making employees and others aware of their responsibilities in the case of an emergency does not include external stakeholders such as the fire departments and police located in Saskatchewan.
AP-05	OPR	6.5(1)(m)	Internal and External Communications	Non-compliant	CER auditors found that the company does not have a compliant communication process as required by this AP. While there was evidence that internal and external communication is occurring, these activities are not done by following a process.

Audit Protocol (AP) Number	Regulation	Regulatory Reference	Topic	Finding Status	Finding Summary
AP-06	OPR	6.5(1)(o)	Document Management	Non-compliant	CER auditors determined that Minell does not have a compliant document management process as required by this AP and while evidence was provided to demonstrate that EM documents are managed, this was not done by following a process. In addition, CER auditors found that the existing applicable procedures were not followed for preparing, reviewing, revising, and controlling the Minell Emergency Procedures Manual.
AP-07	OPR	6.5(1)(t)	Contingency Planning	Non-compliant	CER auditors determined that Minell does not have a compliant contingency planning process as required by this AP. The company does not address abnormal events or abnormal operating conditions in the development of contingency plans. Relying on emergency response exercises to comprehensively determine what contingency plans are required is not enough to demonstrate compliance.

5.0 Discussion

Minell's management system is composed of three primary systems to achieve the goal of protection of people, environment, and property. Employee safety requirements are managed through its Safety Management System and protection of the environment is primarily managed by its Environmental Management System. The SLMS is intended to compliment these two systems, Safety and Environment Management, with coordination in overlapping areas. The SLMS is the umbrella management system that the Emergency Management program falls under. CER auditors must point out that subsection 6.1(1) of the OPR states that "*A company shall establish, implement, and maintain a management system that [...]*" (emphasis added) which is singular and addressed by CER-regulated pipeline companies by having one integrated management system rather than a mixture of multiple management systems. The CER expects the management system and its protection programs referred to in section 55 of the OPR to be coordinated, which can be difficult by having separate management systems that are not integrated. While the focus of this audit was on the EM program and its integration within the management system, Minell should evaluate how all of

its protection programs and the management system work together, making sure that the connection points are strong and done in an integrated fashion.

CER auditors noted that Minell's SLMS was neither comprehensive nor explicit. The CER expects the management system to be explicit such that it doesn't take further explanation to understand how it works and how it is applied to the company's activities. The CER auditors observed that Minell's SLMS was often ambiguous or too vague to be properly followed or understood by EM staff. For example, applicable procedures or processes were either missing or lacked detail, making it difficult to know what to do, or resulting in tasks being carried out in a haphazard or ad hoc manner. The audit revealed that some OPR requirements were not comprehensively addressed by the SLMS, even though it states that it has been developed to conform to the requirements of Canadian Standards Association (CSA) Z662:23 and the OPR. A company may follow CSA Z662:23, however, compliance with CSA Z662:23 does not equate or guarantee compliance with the OPR.

Many non-compliant findings relate to process deficiencies found across all APs due to either missing process requirements, or by failing to be comprehensive, explicit, established, and implemented. Generally, linkages between required processes were also missing or not evident. There are several components to a process that CER auditors looked for when conducting this audit, guided by the definition available in [Appendix 1 of the CER Management System Requirements and CER Management System Guide](#). A process is defined as a documented series of interrelated actions that take place in an established order and are directed toward a specific result. A compliant process must:

- Describe the purpose, scope, objective, and specific results that the process is intended to achieve;
- Describe the series of interacting actions or steps that take place in an established order;
- Define the roles, responsibilities, and authorities of staff to ensure the process is appropriately applied;
- Where required, reference other relevant processes, procedures, and work instructions; and
- Describe how it is integrated with each section 55 program.

As such, where a paragraph under subsection 6.5(1) of the OPR calls for a company to "establish and implement a process", it is not enough for a company to state in its documentation that it commits to meeting the requirement. It is also not sufficient for a company to commit to meeting the OPR requirements by completing several activities without a documented process that is established and implemented. Therefore, while Minell demonstrated that it conducts ad hoc activities to prepare for and respond to emergencies as part of its EM program, CER auditors noted that they were not done systematically via a process, resulting in non-compliant findings.

Minell's operational activities appeared to rely on employees' extensive individual knowledge and performance and were based on how things have always been done, rather than on purpose or by design. While Minell representatives demonstrated openness to learn, were experienced, and knowledgeable in their respective field, CER auditors noted that not having adequate processes in place led to issues for staff in developing and implementing the overall EM program. A lack of management system expertise within the company was also noted by CER auditors, which may have contributed to misunderstandings of OPR requirements resulting in non-compliances.

Overall, CER auditors found that the process deficiencies identified at the management system level caused several issues for the development and implementation of Minell's EM program, as validated by the company's low audit score. Considering the non-compliances identified during this audit, the CER auditors expect Minell to go beyond the scope of the audit by taking a deliberate approach to achieving compliance with all OPR management system requirements. Based on the constructive discussions with Minell's staff during the audit, CER auditors anticipate that Minell's continual

improvement activities will apply the learnings from the audit and commit to making substantial improvements to its management system and EM program.

6.0 Next Steps

The company is required to resolve all non-compliant findings through the implementation of a CAPA plan. The next steps of the audit process are as follows:

- Within 30 calendar days of receiving the final audit report, the company shall file with the CER, a CAPA plan that outlines how the non-compliant findings will be resolved.
- The CER will monitor and assess the implementation of the CAPA plan to confirm that it is completed:
 - on a timely basis; and
 - in a safe and secure manner that protects people, property, and the environment.
- Once implementation is completed, the CER will issue an audit closeout letter.

7.0 Conclusion

In summary, the CER conducted an operational audit of Minell related to Emergency Management. Out of a total of seven APs, zero were classified as no issues identified, resulting in an audit score of zero percent.

The audit findings revealed several process deficiencies and issues at the management system level impacting the development and implementation of the company's EM program. While the scope of the audit was limited to seven APs, Minell needs to ensure it complies with all management system requirements in accordance with the OPR as it relates to its EM program and other impacted protection programs.

Minell is expected to resolve these deficiencies through the implementation of a CAPA plan. The CER will monitor and assess the implementation of this CAPA plan and issue an audit closeout letter upon its completion.

Appendix 1: Audit Assessment

AP-01 Hazard Identification

Finding status	Non-compliant
Regulation	OPR
Regulatory reference	Paragraph 6.5(1)(c)
Regulatory requirement	A company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for identifying and analyzing all hazards and potential hazard.
Expected outcome	<ul style="list-style-type: none"> • The company has a compliant process that is established and implemented. • The methods for identification of hazards and potential hazards are appropriate for the nature, scope, scale, and complexity of the company's operations, activities and section 55 programs. • The identification of hazards and potential hazards must include the full lifecycle of the pipeline. • The company has comprehensively identified and analyzed all relevant hazards and potential hazards. • The hazards and potential hazards have been identified for the company's scope of operations through the lifecycle of the pipelines. • The identified hazards and potential hazards have been analyzed for the type and severity of their consequences.
Relevant information provided by the company	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> • SLMS • Corporate Policy P30 <i>Emergency Preparedness</i> (Corporate Policy P30) • Corporate Emergency Management Program (CEMP) inventory of hazards for the Minell Pipeline • EM Program hazard list – 2019 Exercise • Business Continuity Planning (BCP) - 24 Month Continuity Planning Cycle • Pipeline System Integrity Management Program (P-SIMP) • Presentation: Manitoba Hydro ERM Program • ERM Standardized Risk Categorization and Assessment Criteria (ERM standardized risk matrices) • Procedure for responding to incidents at high pressure natural gas facilities • Minell Pipeline 2024 Functional Emergency Operations Centre (EOC) Simulation Exercise - After Action Report <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> • CER EMP Audit Interview - AP01: Identify and Analyze Hazards • CER EMP Audit Interview with staff for the Minell Pipeline - All Audit Protocols

Finding summary

In summary, CER auditors found that Minell did not have a compliant hazard identification process as required by this AP. The company has not comprehensively identified and analyzed all relevant hazards and potential hazards, and the methods used for hazard identification were not comprehensive.

Detailed Assessment

Minell indicated it has a threat assessment methodology to identify and analyze hazards and potential hazards that pipelines, including Minell, could be exposed to. CER auditors noted that Minell staff uses the terms hazard and threat interchangeably in its EM documentation, while only the term hazard is used in the OPR. The use of different terminology is acceptable if it is properly documented, however, Minell does not have a documented definition of hazard or threat. CER auditors used both terms throughout this audit report to align with the information provided by Minell in written documentation and during interviews.

The threat assessment methodology is based on the BCP cyclical process which was mandated by the Government of Manitoba. The 10 pillars described in the Corporate Policy P30 form the basis for the information collected and analyzed. Some of the pillars that support the EM program include Hazard Risk Assessment, Prevention, Mitigation, and Emergency Response Plans, etc. Minell staff uses a spreadsheet-based hazard and risk analysis tool known as the Hazards Risk Assessment Tool (**HRA Tool**) to capture and analyze different information associated with the identified pipeline-related hazards of the various divisions within the organization. The HRA Tool utilizes the ERM standardized risk matrices to assess risk for each hazard and score them.

The company indicated that its EM program has taken an all-encompassing, “all hazards” approach to emergency management that includes potential hazards. The current CEMP inventory of identified threats for the Minell Pipeline was provided for review. Minell also provided the list of threats that was derived from its 2019-2021 biennial BCP cyclical process to demonstrate that it has used the threat assessment methodology for EM. Minell indicated that the BCP cyclical process was not performed since 2021 as EM program oversight committees were disbanded in 2020 to allow time to focus on responding to pandemic-related issues. The process for maintaining and updating the list of threats was solely assumed by Emergency Response Coordination Department (**ERCD**) staff, with oversight being transferred to the Director of Safety, Health, and the Environment. In 2024, Manitoba Hydro re-established committees with oversight and input into the EM program, and a draft process is under development.

Methods used to identify hazards rely primarily on the input of staff from various departments within Manitoba Hydro’s operations and threat research discussions. Hazard identification for EM also occurs as part of annual emergency exercises where post-exercise reviews identify concerns or hazards that may have not been considered in the past. Minell provided a copy of its most recent EM exercise, performed in May 2024, which identified a new hazard related to the potential loss of telecom services which has since been added to the CEMP inventory of hazards for the Minell Pipeline.

Deficiencies:

- Minell did not demonstrate that it has a compliant hazard identification process that is established and implemented:
 - During interviews, Minell staff indicated that the BCP cyclical process which was previously legislated by the province of Manitoba is no longer in use as the province stopped mandating its use. Minell staff added that a draft process for the 2025-2027 continuity planning cycle is currently under development and was not yet approved. CER

auditors determined that the threat assessment methodology currently in use for the EM program was not established or implemented.

- Although Minell was able to demonstrate that it is identifying hazards as part of its EM program, these activities were not done through a process. Linkages to other applicable OPR processes were not evident, such as the process for the internal reporting of hazards, potential hazards, incidents, and near-misses as required by paragraph 6.5(1)(r) of the OPR.
 - The hazard identification process also requires that potential hazards be included, but this was not evident as Minell did not differentiate hazards from potential hazards in its documentation.
- CER auditors noted a deficiency regarding the methods used for hazard identification. While researching literature and brainstorming with other groups for hazards and potential hazards is a good approach, it's not the only one that should be considered. The methods for hazard identification need to include a thorough examination of the pipeline, including the right-of-way and adjacent land, to identify those things, situations, and activities that can cause harm. CER auditors therefore found that the methods for hazard identification were not comprehensive.
 - Minell indicated that it analyzes its identified threats by rating them for likelihood and impact as per the ERM standardized risk matrices. This approach results in a numerical score for identified threats, resembling a risk assessment rather than hazard analysis. CER auditors noted that Minell's hazard analysis approach also does not evaluate hazards for the purpose of ensuring that proper controls can be put in place. Therefore, CER auditors are of the opinion that the rating used by Minell was not acceptable in demonstrating that the hazards and potential hazards are comprehensively analyzed in accordance with this AP.

In summary, CER auditors found that Minell did not have a compliant hazard identification process as required by this AP. The company has not comprehensively identified and analyzed all relevant hazards and potential hazards, and the methods used for hazard identification were not comprehensive.

AP-02 Hazard Inventory

Finding status	Non-compliant
Regulation	OPR
Regulatory reference	Paragraph 6.5(1)(d)
Regulatory requirement	A company shall, as part of its management system and the programs referred to in section 55, establish and maintain an inventory of the identified hazards and potential hazards.
Expected outcome	<ul style="list-style-type: none"> • The company has a compliant inventory that is established and maintained. • The inventory includes hazards and potential hazards associated within the company's scope of operations and activities through the lifecycle of the pipelines. • Hazards and potential hazards are identified across all section 55 programs. • The inventory has been maintained, it is current, and is up-to-date including changes made to company operations and activities. • The inventory is being used as part of the risk evaluation and controls processes.
Relevant information provided by the company	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> • CEMP inventory of hazards for the Minell Pipeline • BCP - 24 Month Continuity Planning Cycle • Annual Review of P-SIMP for Minell • Presentation: Manitoba Hydro ERM Program • ERM Standardized risk matrices <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> • CER EMP Audit Interview - AP02: Inventory of hazards • CER EMP Audit Interview with staff for the Minell Pipeline - All Audit Protocols
Finding summary	CER auditors determined that the hazard inventory for EM is not considered "established" and Minell does not have a compliant hazard inventory as required by this AP.

Detailed Assessment

Minell provided the CEMP inventory of hazards for the Minell Pipeline which contains a list of 47 threats. The inventory also displays a score for likelihood and impact (consequence) for those threats by utilizing the ERM program approach to assess risk for each threat and score them. The associated contingency plans, if applicable, are also recorded in the inventory and are discussed later in this report (AP-07).

The Emergency Response Coordinator is responsible for maintaining the CEMP inventory of hazards and related information on the CEMP internal site. Minell staff explained the inventory is to be reviewed annually and approved by the Emergency Program Advisory Subcommittee (**EPAS**) which reports to the Vice President of Human Resources, Safety, Health, and Environment. In addition to the annual review, new hazards that are identified during the year are added to the hazard inventory as staff becomes aware of new threats. For example, extreme cold and extreme heat were identified through threat research and therefore added to the inventory.

Deficiencies:

- CER auditors noted that the current hazard inventory was not approved, although it was recently reviewed by the EPAS in September 2024. Using the CER's definition of established, CER auditors determined that the hazard inventory currently in use by EM does not meet this requirement.
- Other hazard inventories for Minell exist and it's unclear how they relate. For example, the inventory for the P-SIMP contained broad hazard categories with the associated controls whereas the inventory for the EM program contained threats with a higher resolution as well as risk assessment scores, but no controls. Minell could not demonstrate that inventories for the different program areas were coordinated or could come together as a cohesive list of hazards to ensure a systemic approach and allow management to identify where its greatest hazards exist. Therefore, CER auditors determined that the company does not have a compliant hazard inventory.

In summary, CER auditors determined that the hazard inventory for EM is not considered "established" and Minell does not have a compliant hazard inventory as required by this AP.

AP-03 Risk Assessment

Finding status	Non-compliant
Regulation	OPR
Regulatory reference	Paragraph 6.5(1)(e)
Regulatory requirement	A company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for evaluating the risks associated with the identified hazards and potential hazards, including the risks related to normal and abnormal operating conditions.
Expected outcome	<ul style="list-style-type: none"> • The company has a compliant process for evaluating risks that is established and implemented. • The method(s) for risk evaluation confirm that the risks associated with the identified hazards (related to normal and abnormal operating conditions) are based on referenced regulatory standards and are appropriate for the nature, scope, scale, and complexity of the company's operations, activities, and are connected to the purposes and intended outcomes of the section 55 programs. • Risks are evaluated for all hazards and potential hazards and include normal and abnormal conditions. • Risk levels are monitored on a periodic basis and as needed and re-evaluated for changing circumstances. • Risk tolerance/acceptance criteria is determined for all hazards and potential hazards.
Relevant information provided by the company	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> • BCP - 24 Month Continuity Planning Cycle • Standardized risk matrices • Manitoba Hydro's ERM Program presentation • CEMP inventory of hazards for the Minell Pipeline <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> • CER EMP Audit Interview - AP03: Risk Assessment • CER EMP Audit Interview with staff for the Minell Pipeline - All Audit Protocols • Additional interview for AP03 - Risk Assessment Processes for Programs
Finding summary	CER auditors found that the company does not have a compliant risk assessment process as required by this AP. The company did not demonstrate that it has assessed all EM hazards for risk, and the absence of any risk tolerance criteria was also identified. Lastly, it was unclear to the CER auditors how abnormal operating conditions were addressed by the ERM program.

Detailed Assessment

When asked to make available its documented process under paragraph 6.5(1)(e) of the OPR, Minell initially pointed CER auditors to its process for hazard identification and risk assessment (threat assessment methodology) provided in AP-01. Minell also presented, during interviews, its ERM program which has the mandate to provide an Enterprise-wide view of risks faced by the entire organization. The ERM program includes a 7-step process for managing risks at Manitoba Hydro, which includes Minell. Each risk is assessed based on impact and likelihood, and a numerical score is determined based on the ERM standardized risk matrices.

CER auditors noted that other program areas such as safety management were using a different risk assessment methodology. Minell staff explained that the company is aware of those areas that are using a different risk assessment methodology and that the plan is to have the entire organization following the ERM program, but this transition has not yet been completed.

Deficiencies:

- Minell did not demonstrate that it has a compliant risk assessment process that is established and implemented:
 - Some components of a process were addressed in the ERM program such as roles and responsibilities, authorities of staff (governance), objectives, and what it is aiming to achieve. However, linkages to other processes were not evident, along with other process requirements missing.
 - CER auditors noted that EM staff was using the ERM standardized risk matrices to evaluate risks related to the threats identified. However, it was not evident whether all steps of the ERM process were being performed as required. This raised confusion with CER auditors as to which process EM staff was following between the threat assessment methodology discussed in AP-01 and the ERM program. Also, training is still being developed for the ERM program which means that training was not provided to staff on how to use it. Therefore, CER auditors determined the company's process was not considered established or implemented.
 - Minell assesses risk levels without any controls in place to determine the inherent level of risk for the hazards identified. However, there is no assessment performed with controls in place to determine residual risk levels and if the risk levels are reduced to an acceptable level or not.
- The ERM program outlines the company's approach to risk management at a high level, including the notion of setting the level of risk that the organization is willing to accept. Minell staff explained during interviews that the company used to have risk tolerance thresholds, but that those were phased out as they were no longer appropriate. Currently, the ERM program does not have established thresholds for risk tolerance, and risk evaluations must go to the People & Safety Committee for decision. The CER auditors noted there were no criteria about risk tolerance available at the EM program level either.
- Risk assessment scores are recorded in the CEMP hazard inventory, but there were a few threats such as dam breach, weir breach, drought, and extreme heat and cold for which the likelihood and impact scores were marked as "TBD" or "N/A". Minell staff indicated that hazard identification results were shared with the EPAS on 19 September 2024, with approval of the risk scores planned for the end of October 2024, but that some hazards were not planned to be evaluated at all. CER auditors are of the opinion that having hazards unassessed for risk was a non-compliance.

- It was unclear how abnormal operating conditions were addressed by the ERM program because there was no information specific to normal and abnormal conditions in the documentation provided for this AP.

In summary, CER auditors found that the company does not have a risk assessment compliant process as required by this AP. The company did not demonstrate that it has assessed all EM hazards for risk, and the absence of any risk tolerance criteria was also identified. Lastly, it was unclear to the CER auditors how abnormal operating conditions were addressed by the ERM program.

AP-04 Making Employees and Others Aware of their Responsibilities

Finding status	Non-compliant
Regulation	OPR
Regulatory reference	Paragraph 6.5(1)(l)
Regulatory requirement	A company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for making employees and other persons working with or on behalf of the company aware of their responsibilities in relation to the processes and procedures required by this section.
Expected outcome	<ul style="list-style-type: none"> The company has a compliant process for making employees and other persons aware of their responsibilities. Responsibilities are defined for employees and those other persons working on behalf of the company in relation to the processes and other requirements under paragraphs 6.5(1)(a to x) of the OPR.
Relevant information provided by the company	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> Minell Emergency Procedures Manual (M-EPM) SLMS Procedure for the quality control of contracted pipeline construction Minell Pipeline Functional Exercise After Action Report (August 2023) Procedure for responding to outdoor odour and gas leak complaints Procedure for quality control of contracted pipeline construction work <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> CER EMP Audit Interviews - AP04: Making employees and others aware of their responsibilities CER EMP Audit Interview with staff for the Minell Pipeline - All Audit Protocols
Finding summary	CER auditors found that the company does not have a compliant process as required by this AP. Minell's current practices for making employees and others aware of their responsibilities in the case of an emergency does not include external stakeholders such as the fire departments and police located in Saskatchewan.

Detailed Assessment

Minell indicated written job descriptions, employee orientations, and training are the primary methods in which the company makes employees aware of their job responsibilities.

Senior management-approved job descriptions outlining primary responsibilities are included with all internal and external job postings. Employees may be verbally informed by their supervisor of new projects, tasks, or committees assigned after starting their position. For unionized roles, performing tasks outside job descriptions may require agreement between the union and the company. Job descriptions are updated over time to reflect changes in duties due to organizational shifts,

technological advancements, or new requirements. Examples of job descriptions and qualifications were provided to CER auditors.

Employee training is tailored to specific job responsibilities. Employees must complete senior management-approved training and meet experience criteria to qualify for certain roles. Strict rules ensure tasks are performed only by properly trained employees. Detailed, management-approved gas operations procedures and standards are in place to guide staff and to ensure consistent task performance in compliance with federal and provincial regulations. Examples of these operating procedures for gas operations-related tasks were provided.

With respect to contractors that perform work on behalf of Manitoba Hydro, the SLMS describes the measures in place for contractor selection and performance monitoring that ensures services are performed in a manner that conforms to the requirements of the SLMS. For example, contracts are tailored to suit the work undertaken, and contractor training is provided as outlined in the contract and is based on skill assessments or certifications required for the work. An example of a procedure for quality control of contracted pipeline construction work was provided.

When describing its activities for making employees and others aware of their responsibilities as they relate to EM, CER auditors noted that Minell included external stakeholders such as fire departments, police, and landowners. This inclusion is acceptable, and CER auditors therefore evaluated Minell's process considering this interpretation.

Staff responsible for EM on the Minell system receive training in accordance with their role in the program or based on their responsibilities during an emergency response. Training is provided by the ERCD in addition to other certified staff. Minell provided a breakdown of the different training requirements and delivery methods for each stakeholder group including First Responders (i.e., field employees first on scene), EOC members, and external stakeholders such as fire departments, police, and landowners. For example, internal EOC members are required to undergo annual EOC simulation emergency exercise training and external stakeholders are asked to attend a full-scale Minell Pipeline simulation emergency exercise training event which takes place on a three-year cycle. These events allow participants to test their ability to respond to various scenarios.

Minell explained that roles and responsibilities within the CEMP are clearly defined. The ERCD identifies required skill sets for emergency responses and collaborates with management to assign employees to participate in exercises and events. Emergency simulations provide an opportunity to train staff and increase their comfort operating an EOC and navigating the M-EPM. A list of employees, such as the EOC Director and the Operations Lead, and their responsibilities is maintained on the CEMP internal site and reviewed biannually by ERCD staff to account for staffing changes.

Deficiencies:

- While primarily located in Manitoba, the Minell Pipeline begins in Saskatchewan with its interconnection with the TC Energy mainline system near Moosomin, Saskatchewan. Minell stated that the pipeline does not distribute gas to communities or customers in Saskatchewan. During interviews, it was discussed whether Minell has included external stakeholders in Saskatchewan as part of its EM training plan. The company explained that should Saskatchewan municipalities or service entities need to be involved in an emergency, that it is the responsibility of the Manitoba Emergency Management Organization to ensure coordination with interested or impacted parties, not Minell's. CER auditors are of the opinion that failure to consider stakeholders in Saskatchewan who could be involved in a pipeline incident was a non-compliance.

- While Minell provided evidence that training and other related activities are occurring for employees and other persons to make them aware of their responsibilities, it is not done through a process as Minell did not provide a documented process for review.

In summary, CER auditors found that the company does not have a compliant process as required by this AP. Minell's current practices for making employees and others aware of their responsibilities in the case of an emergency does not include external stakeholders such as the fire departments and police located in Saskatchewan.

AP-05 Internal and External Communications

Finding status	Non-compliant
Regulation	OPR
Regulatory reference	Paragraph 6.5(1)(m)
Regulatory requirement	A company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for the internal and external communication of information relating to safety, security, and protection of the environment.
Expected outcome	<ul style="list-style-type: none"> The company has a compliant process that is established and implemented. The methods for both internal communication and external communication are defined. The company is communicating internally and externally related to safety, security and protection of the environment. Internal and external communication is occurring and it is adequate for the management system and section 55 program implementation.
Relevant information provided by the company	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> SLMS M-EMP Spring 2024 Letter to Landowner Emails regarding Procedure Update Notification Manitoba Hydro Environmental management policy Letter to landowner regarding Notification of shallow pipeline cover Communication to contractors regarding Hazardous materials Inter-office memorandum regarding environmental compliance recommendations <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> CER EMP Audit Interview - AP05: Internal and external communication of information CER EMP Audit Interview with staff for the Minell Pipeline - All Audit Protocols
Finding summary	CER auditors found that the company does not have a compliant communication process as required by this AP. While there was evidence that internal and external communication is occurring, these activities are not done by following a process.

Detailed Assessment

Minell indicated that it does not have a single process for the internal and external communication of information relating to the safety, security, and protection of the environment. However, Minell did provide a documented approach described in its SLMS which applies to the EM program. After

review of the SLMS, CER auditors noted that it provided high level guidance and only summarized the different forms or methods of communication used by Minell to communicate with internal and external stakeholders. During interviews, Minell staff explained when Corporate Communications would get involved versus communication that the program areas are responsible for.

Minell provided examples of its communication practices to demonstrate that internal and external communication is occurring for the safety, environment, and damage prevention program areas. Additional information was provided on how it is using the methods described in the SLMS. Specific to EM, the M-EPM contained direction and guidance for the notification of appropriate authorities both within Manitoba Hydro and external authorities in the event of a natural gas related emergency.

Deficiencies:

- The process for defining roles and responsibilities or governing the use of those methods listed in the SLMS along with other process components is missing. As such, the documented approach described in the SLMS was found to be insufficient in demonstrating that the company has a compliant process.
- There was no documented process that was followed in preparing the M-EPM for use.

In summary, CER auditors found that the company does not have a compliant communication process as required by this AP. While there was evidence that internal and external communication is occurring, these activities are not done by following a process.

AP-06 Document Management

Finding status	Non-compliant
Regulation	OPR
Regulatory reference	Paragraph 6.5(1)(o)
Regulatory requirement	The company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for preparing, reviewing, revising, and controlling those documents, including a process for obtaining approval of the documents by the appropriate authority.
Expected outcome	<ul style="list-style-type: none"> • The company has a compliant process that is established and implemented. • The methods for preparing, reviewing, revising, and controlling those documents are defined for the management system and the section 55 programs. • Company personnel, who have a defined need, have adequate access to the identified documents. • Documents are managed and controlled using the defined process.
Relevant information provided by the company	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> • SLMS • M-EPM • P30 Policy on Emergency Preparedness • Natural Gas Procedure - Creation and Revision of Documents • Corporate policies – Issuing New, Reviewing, Revising or Deleting – P11 (Corporate Policy P11) <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> • CER EMP Audit Interview - AP06: Developing Contingency Plans for Abnormal Events • CER EMP Audit Interview with staff for the Minell Pipeline - All Audit Protocols
Finding summary	CER auditors determined that Minell does not have a compliant document management process as required by this AP and while evidence was provided to demonstrate that EM documents are managed, this was not done by following a process. In addition, CER auditors found that the existing applicable procedures were not followed for preparing, reviewing, revising, and controlling the Minell Emergency Procedures Manual.

Detailed Assessment

Minell indicated that there is no singular process for the control and distribution of documents for the different program areas. Minell pointed CER auditors to its SLMS which summarizes the various document systems for those documents that support the pipeline system. Each of these document

systems has its own procedures that are designed for specific documents, and each system has a method of identifying the current revision or version of each document.

Minell was able to demonstrate that employees who may be involved in emergency response such as EOC members have access to the applicable EM documents via the CEMP internal site, noting the ease of accessibility for employees requiring this information. The M-EPM along with guidelines, processes, and procedures are maintained in the CEMP internal site which has controls in place to ensure that only select employees can edit the information. The M-EPM is reviewed on an annual basis and the copy provided to CER auditors showed it was approved by the Director of Distribution Operations and Maintenance – Rural Division.

Deficiencies:

- While Minell provided evidence that many documents related to EM are being prepared, reviewed, revised, and controlled, documentation management is not done through process, and a documented process was not provided for review. In addition, the list of document systems in the SLMS was not comprehensive or exhaustive.
- Natural gas procedures and policies for document management were provided for review. Minell indicated that Corporate Policy P11 was followed for preparing Corporate Policy P30, which is a key document for the EM Program. However, Minell was not able to demonstrate that its existing document management procedures were followed for its M-EPM.

In summary, CER auditors determined that Minell does not have a compliant document management process as required by this AP and, while evidence was provided to demonstrate that EM documents are managed, this was not done by following a process. In addition, CER auditors found that the existing applicable procedures were not followed for preparing, reviewing, revising, and controlling the Minell Emergency Procedures Manual.

AP-07 Contingency Planning

Finding status	Non-compliant
Regulation	OPR
Regulatory reference	Paragraph 6.5(1)(t)
Regulatory requirement	A company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for developing contingency plans for abnormal events that may occur during construction, operation, maintenance, abandonment, or emergency situations.
Expected outcome	<ul style="list-style-type: none"> • The company has a compliant process that is established and implemented. • The company has methods for developing contingency plans for abnormal events that include construction, operations, maintenance, abandonment, and emergency situations. • The company's contingency plans are developed, maintained, and apply to all section 55 programs. • The company has the ability to implement contingency plans when required, for one or all section 55 programs at the same time.
Relevant information provided by the company	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> • Procedure for responding to incidents at high pressure natural gas facilities • SLMS • Corporate Policy P30 • CEMP inventory of hazards for the Minell Pipeline <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> • CER EMP Audit Interview - AP07: Developing Contingency Plans for Abnormal Events • CER EMP Audit Interview with staff for the Minell Pipeline - All Audit Protocols
Finding summary	CER auditors determined that Minell does not have a compliant contingency planning process as required by this AP. The company does not address abnormal events or abnormal operating conditions in the development of contingency plans. Relying on emergency response exercises to comprehensively determine what contingency plans are required is not enough to demonstrate compliance.

Detailed Assessment

When asked to make available its documented process under paragraph 6.5(1)(t) of the OPR, Minell provided a copy of its Corporate Policy P30 which applies to ensuring contingency plans for abnormal events are in place. The policy states that:

To the extent possible and practical, Manitoba Hydro will have business continuity, emergency, preparedness and response management plans for reasonably foreseeable emergencies and risks arising from natural or manufactured events that pose real or potential threat to the:

- *Safety and health of employees, contractors, and the general public;*
- *Physical assets of the corporation and related environmental protection;*
- *Ability to generate, transmit, and distribute electricity, distribute natural gas, and provide related services;*
- *Ability of the corporation to continue business in the normal course; and*
- *Ability to maintain essential services and critical functions.*

Minell staff added that while the policy does not explicitly mention “abnormal” events, the company identifies abnormal events as specific hazards as part of its overall hazard identification process or its threat assessment methodology. Risks associated with these hazards are assessed, and emergency plans are developed accordingly. The name of the emergency plans is recorded in the hazard inventory, linking them to the specific hazard(s) they were developed to address. Minell informed CER auditors that they develop contingency plans for its top five hazards based on risk assessment scores.

The M-EPM adopts an “all-hazards” approach to emergency response for the Minell Pipeline. The M-EPM is to be followed for incidents such as leaks, any damages, and ruptures, and includes emergency instructions, checklists, internal and external contacts, as well as notification and reporting lists. Among other things, the M-EPM addresses the risks associated with contact with the pipeline causing rupture or explosion and includes information to assist with addressing other risks. To supplement the M-EPM, Minell has other plans for specific threats such as wildfires, floods, tornadoes, and criminal threats. These plans are tailored by Manitoba Hydro’s overall operation type, be it either electric or gas, and region, considering factors like plant assets, geography, and customer loads.

Deficiencies:

- Minell did not demonstrate that it has a compliant contingency planning process that is established and implemented:
 - While there was evidence of contingency plans being developed, this was not done by following a process. The Corporate Policy P30 provided for review is a policy document and, while important, it does not contain the same level of detail or information as a process document would.
 - It was unclear to CER auditors what the inputs or triggers are for determining when contingency plans are required. Minell staff indicated that it develops these plans based on risk for the top 5 hazards only, but plans were also developed for lower risk hazards based on participant feedback from emergency exercises. As a result, not all plans could be linked to the company’s risk evaluation process, or it wasn’t clear what triggered the company to develop them.
- CER auditors noted that developing contingency plans based on hazards or threats was not sufficient to demonstrate that the company is addressing abnormal events or abnormal operating conditions. While abnormal events may come from hazards, there may be other situations that require contingency plans. Minell was unable to demonstrate how “reasonably foreseeable emergencies and risks” in its Corporate Policy P30 encompass abnormal events.
- Minell staff explained during interviews that it relies extensively on emergency exercises to determine what situations would require contingency plans to be developed, identify new

hazards to the EM program, evaluate existing plans, etc. CER auditors noted that while EM exercises are a good way to test the company's system and plans, the starting point should be looking at its operations as a whole and taking a thoughtful and deliberate approach to assessing what contingencies are reasonable to anticipate. Relying solely on emergency exercises is not considered a comprehensive approach for developing contingency plans in accordance with this AP.

In summary, CER auditors determined that Minell does not have a compliant contingency planning process as required by this AP. The company does not address abnormal events or abnormal operating conditions in the development of contingency plans. Relying on emergency response exercises to comprehensively determine what contingency plans are required is not enough to demonstrate compliance.

Appendix 2: Terms and Abbreviations

For a set of general definitions applicable to all operational audits, please see Appendix I of the CER Management System Requirements and CER Management System Audit Guide found on the CER's public website www.cer-rec.gc.ca.

Term or Abbreviation	Definition
CER	Canada Energy Regulator
CER Act	<i>Canadian Energy Regulator Act</i> (S.C. 2019, c.28, s.10)
OPR	<i>Canadian Energy Regulator Onshore Pipeline Regulations</i> (SOR/99-294)
EM	Emergency Management
Minell	Minell Pipeline Ltd.
The company	Minell Pipeline Ltd.
AP	Audit protocol
M-EPM	Minell Emergency Procedures Manual
CAPA	Corrective and preventive action
IR	Information request
CSA	Canadian Standards Association
Corporate Policy P30	Corporate Policy P30 <i>Emergency Preparedness</i>
CEMP	Corporate Emergency Management Program
BCP	Business continuity planning
P-SIMP	Pipeline System Integrity Management Program
ERM	Enterprise Risk Management
ERM standardized risk matrices)	ERM Standardized Risk Categorization and Assessment Criteria
EOC	Emergency Operations Centre
HRA Tool	Hazards Risk Assessment Tool
EPAS	Emergency Program Advisory Subcommittee
ERCD	Emergency Response Coordination Department
Corporate Policy P11	Corporate policies– Issuing New, Reviewing, Revising or Deleting – P11