

Comments on the Draft Pipeline Financial Requirements Guidelines

NEB Act	Draft Pipeline Financial Requirements Guidelines	Husky Comment
<p>Financial Requirements Financial Resources 48.13 (1)</p> <p>Continuing obligation</p> <p>(6) A company that is authorized under this Act to construct or operate a pipeline shall maintain the amount of financial resources referred to in subsection (1) and shall comply with any order made under subsection (2) and any regulation made under subsection (7) only until it obtains leave from the Board to abandon the operation of its pipeline.</p>	<p>Authorized – The Regulations note that authorized, in respect of a pipeline, describes a pipeline whose construction and operation have been authorized under Part III of the Act, but not</p> <p>(a) a pipeline whose construction has not begun or a pipeline under construction that does not contain any commodity;</p> <p>(b) a pipeline that, by order of the Board, has been deactivated or decommissioned; or,</p> <p>(c) a pipeline that, with leave of the Board, has been abandoned;</p> <p>Accordingly, the Board does not require Companies to maintain Financial Resources under the Financial Resource provisions of the NEB Act and Regulations for pipelines as described in the above paragraphs (a), (b), or (c).</p>	<p>Deactivation</p> <p>The Guidelines suggest that deactivated pipelines are not required to maintain financial resources.</p> <p>The Act does not include the deactivated pipelines.</p> <p>Based on the NEB interpretation of the Deactivation in the OPR, it is implied that pipeline should not have the capacity and that the pipeline may never return to service.</p> <p>Husky Comment</p> <p>When Pipeline is properly deactivated as per CSA Z662 requirements, it should not contain commodity nor capacity. Therefore, it should not require liability assessment. Can the NEB elaborate and provide clarity on the discrepancy between Act, OPR and Guidelines?</p>
		<p>Reactivation and Liability Clarification Needed</p> <p>Assuming that deactivated pipelines are exempted from the liability calculation; the question is:</p> <p>If pipeline is being reactivated back into service, what are the triggers for calculation of liability?</p> <p>If a recalculation is required, does industry wait until the annual confirmation or submit immediately.</p>

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<p>Section 4 Financial Resources Plan</p>	<p>There are no details on the filing a sensitive type of documents such as insurance certificates, agreements etc. Clarity is needed or elaboration on filing confidential/sensitive documents.</p>
<p>8.1 Annual Reporting Each Company must file annual updates to its Financial Resources Plan the Board, by 31 March each year. The annual filing must include the following:</p> <ol style="list-style-type: none"> 1. An updated table, completed as per the format in Table 1 – Financial Resources Plan, in section 4.1 of the Guidelines above. The table should be updated with figures reflecting the Company’s Financial Resources as at its most recent year ended Audited Financial Statements. 2. An updated certificate of insurance, if insurance is maintained as part of the Company’s Financial Resources Plan, detailing: 3. The Board may require other annual or periodic filings, as the Board may direct, if is of the view that such filings are necessary. 	<p>Clarity needed on submitting sensitive or confidential documents (e-fling or mailed in).</p> <p>What would be considered as other annual or periodic filings or under which circumstances this would be required?</p>
<p>8.2 Material Changes to Financial Resources Plan Each Company has an ongoing obligation to notify the Board in writing if there are, or if a Company has reason to believe that there will be, any material revisions to its Financial Resources or its Financial Resources Plan. This includes changes to a Company’s financial position, significant draws of credit, or cancellation/amendments to insurance policies that may put at risk a Company’s ability to maintain Financial Resources equal to its Absolute Liability limit or higher if ordered by the Board. These developments must be reported to the Board within five (5) business days. This also includes any reported change to a Company’s ability to continue to operate as a going concern. This also includes changes to a parent Company financial position, or corporate structure, such that a parent Company’s ability to provide any pledged guarantee or funds via a line of credit may be impaired. As part of its authority to conduct Financial Regulatory Audits, the Board may monitor, request information, and audit companies at any time to verify that the financial resource information reported is accurate.</p>	<p>The five (5) business days for reporting may not be enough depends on the level of details needed. Clarity is needed to what level of notification is required (just a notification of change or full filing of updates and updated financial resource plan). How notification should be submitted (e-filing, e-mail, mail etc.)?</p>