



File OF-Surv-Fins-T241 04
17 August 2012

Mr. Declan Russell
TransCanada Pipelines Limited
450, 1 Street S.W.
Calgary, AB T2P 5H1
Facsimile 403-920-2347

Dear Mr. Russell:

**TransCanada PipeLines Limited (TransCanada) on behalf of TransCanada
Keystone Pipeline GP Limited (Keystone) Request for Relief from Subsection
12 (a) of the *Onshore Pipeline Regulations, 1999 (OPR-99)* and Clause 4.14.3.3 of
CSA Z662-11**

On 6-9 June 2011, National Energy Board (NEB or Board) staff conducted an inspection of Keystone's Portage La Prairie, Rapid City, Moosomin and Richardson pump stations located in Manitoba and Saskatchewan. The inspection revealed that the pump stations on the Keystone system are not equipped with an alternate source of power capable of operating each station's Emergency Shut-Down (ESD) system and NEB staff identified this as a non-compliance with subsection 12 (a) of the OPR-99.

NEB staff proposed to address this non-compliance with an Assurance of Voluntary Compliance but TransCanada replied on 22 July 2011 that it considered itself compliant with subsection 12 (a) of the OPR-99 and explained the mitigation measures in place. NEB staff sent an Information Request (IR) to obtain further information on the mitigation measures and TransCanada responded to the IR on 26 September 2011. On 23 April 2012, NEB staff informed TransCanada that the status of non-compliance with subsection 12 (a) of the OPR-99 remained unchanged. On 7 May 2012, TransCanada applied for a relief from the requirements of the OPR-99 subsection 12 (a) and CSA Z662-11 Clause 4.14.3.3.

The Board has considered TransCanada's request and has decided to deny the relief from the requirements of the OPR-99 subsection 12 (a) and of CSA Z662-11 Clause 4.14.3.3. The Board finds that TransCanada has not demonstrated that its current mitigation measures provide a level of safety that is equivalent to that provided for by the OPR-99 subsection 12 (a) and CSA Z662-11 Clause 4.14.3.3.

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The Board finds TransCanada to be in non-compliance with the OPR-99 subsection 12 (a) due to the lack of an alternate source of power capable of operating the ESD system at the Keystone pump stations. Accordingly, the attached Order SO-T241-002-2012 directs TransCanada to submit a corrective action plan by 17 September 2012 to address the non-compliance with the OPR-99 subsection 12 (a).

If you have any questions concerning this matter, please contact Ken Fortin, Engineer, Integrity Management - Oil Team, at (403) 299-3195.

Yours truly,

A handwritten signature in cursive script that reads "Sheri Young". The signature is written in black ink and includes a long horizontal flourish extending to the right.

Sheri Young
Secretary of the Board

Attachment

National Energy
Board



Office national
de l'énergie

ORDER SO-T241-002-2012

IN THE MATTER OF the *National Energy Board Act* (the Act) and the regulations made thereunder, and

IN THE MATTER OF TransCanada PipeLines Limited (TransCanada) on behalf of TransCanada Keystone Pipeline GP Limited (Keystone) request for relief from subsection 12 (a) of the *Onshore Pipeline Regulations, 1999* (OPR-99) and clause 4.14.3.3 of CSA Z662-11 filed with the National Energy Board (the Board) under File OF-Surv-FIns-T241 04.

BEFORE the Board on 16 August 2012.

WHEREAS the Board regulates the operation of the Keystone system on which a non-compliance with the OPR-99 subsection 12 (a) was identified during the 6-9 June 2011 inspection of the Portage La Prairie, Rapid City, Moosomin and Richardson pump stations located in Manitoba and Saskatchewan;

AND WHEREAS TransCanada operates the Keystone system;

AND WHEREAS TransCanada filed on 22 July 2011 a letter indicating it considered Keystone pump stations to be compliant with subsection 12 (a) of the OPR-99 and explaining the mitigation measures in place;

AND WHEREAS TransCanada filed on 26 September 2011 its responses to the NEB staff information request dated 12 September 2011, providing more details about the mitigation measures in place and a risk analysis on coincidental power failure and loss of containment;

AND WHEREAS TransCanada filed on 7 May 2012 a request for relief from subsection 12 (a) of the OPR-99 and clause 4.14.3.3 of CSA Z662-11;

AND WHEREAS the Board has denied the request for relief and determined that the Keystone pump stations do not comply with subsection 12 (a) of the OPR-99;

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NOW THEREFORE, pursuant to sections 12 and 48 of the Act, the Board hereby orders the following:

1. By 17 September 2012, TransCanada shall submit to the Board a corrective action plan to install, at all of the Keystone pump stations under the Board's jurisdiction, an alternate source of power capable of operating the station's emergency shut-down system. This includes being capable of providing a means to block the liquids out of the stations as per CSA Z662-11 clause 4.14.3.3. The corrective action plan shall provide the locations, timelines and details of the work to be completed. The corrective action plan shall ensure that the corrective actions are fully implemented by 17 September 2013.

NATIONAL ENERGY BOARD

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Sheri Young
Secretary of the Board