

**Trans Mountain Pipeline ULC (Trans Mountain)  
Onshore Pipeline Regulations and Filing Manuals Update  
Phase 2 – Engagement Overview  
Due Date: March 31, 2025**

**F. OPR – Management System and Contractor Management Topic Paper**

This paper describes potential amendments to the OPR and Filing Manuals to improve the CER’s oversight of management systems and contractor management. Any suggestions for improvement regarding these topics are welcome, and in particular, the CER seeks your comments on proposed improvements related to:

- interactions between the management system and other parts of the OPR, such as definitions and programs, and
- the management of contractors providing services and/or products across the pipeline lifecycle.

**Background: Management Systems**

The OPR was amended in 2013 to clarify management system requirements. Since then, the CER has conducted numerous oversight activities and has received feedback as a result of these activities about the management system provisions and their interrelation with other aspects of the OPR. In that regard, the CER would like to obtain additional feedback in relation to the management system and protection program requirements in the OPR.

Together, sections 6.1 through 6.6 of the OPR require that companies have an explicit, comprehensive, and proactive management system designed to prevent harm to people, property, and the environment. Management systems apply to all of the company’s activities related to the pipeline, and to all programs specified in section 55 of the OPR: safety management; security management; emergency management; integrity management; damage prevention; and environmental protection. The required elements of a management system are organized within a Plan-Do-Check-Act framework, enabling effective hazard identification, risk management, as well as organizational learning and continual improvement.

Guidance on sections 6.1 through 6.6 is provided in the [Management System Audit Guide](#), and the [Audit Protocol](#).

Contractor management refers to the implementation of controls to ensure that contracted services and provided products support safe, environmentally sound, and culturally sensitive, operations and safety performance goals. Contractor management should address the selection, acquisition, use, and monitoring of such contracted services and products.

**Subtopic 1: Management System Requirements**

In this phase of engagement, the CER would like to obtain feedback on additional topics that may not have been discussed in the first phase of engagement or that may require additional exploration. Based on the first phase of engagement on the OPR Review, the CER has identified areas to further explore, as it relates to sections 6.1 through 6.6 of the OPR. These include:

- rewording some provisions within sections 6.1-6.6 to make them easier to read and understand;
- maintaining scalability of requirements;
- where possible, aligning requirements with those of other jurisdictions;
- improving the connectivity between the outcomes of early engagement in the Filing Manual, and the design of management systems and protection programs in the OPR; and

- clarifying how the management system requirements in sections 6.1 through 6.6 relate to the protection programs in section 55.

### Objectives for Improvement

The objectives of new requirements will be to help ensure that:

- the CER's management system provisions are clear;
- regulated companies implement management systems, processes, and procedures that are adequate and effective;
- companies continually improve their management systems throughout the pipeline lifecycle; and
- companies are clear as to the CER's requirements regarding their respective integrated management systems, and that the protection programs mentioned in the OPR are part of, and therefore subject to, their integrated management system

### Proposed Options

The CER is considering the following options to meet the objectives. These options include potential amendments to sections 6.1 through 6.6 of the OPR, including but not limited to:

- rewording and/or restructuring some provisions to improve clarity;
- adding new management system components in areas that are absent; and
- requiring companies to keep an up-to-date list of all the policies, processes and procedures referred to in sections 6.1 through 6.6 and programs referred to in section 55 of the OPR.

### Discussion Questions

- f.1) Are there industry best practices that could inform management system related requirements in sections 6.1 through 6.6? Please be as specific as possible.

#### Response:

Trans Mountain believes that the existing management system requirements in sections 6.1 through 6.6 of the OPR are clear, robust and effective. The [Management System and Protection Program Audit Protocols](#) relay the CER's expectations for what constitutes compliance and provides guidance, and this structure allows companies of differing sizes, complexities and activities to tailor the requirements to their operations.

There are several industry standards and best practices that companies can rely on to enhance their understanding of management system structures. For example, *ISO 9001 Quality Management Systems – Requirements* serves as a primary resource for management systems, and *API 1173 Recommended Practice – Pipeline Safety Management Systems*, specifically deals with management systems in a pipeline context. Trans Mountain references these standards as best practice within its standards, specifications and management system programs, as applicable. Neither of these documents are currently referenced by the OPR but may provide additional tools to companies in the implementation and maintenance of their management systems. *CSA Z662 Oil and Gas Pipeline Systems* has a long-standing requirement for safety and loss management systems<sup>1</sup>, which is incorporated by reference through OPR section 4(1)(d).

In the case where a company is in an earlier stage of implementation of its management system, or may have been found non-compliant to a management system requirement through a compliance verification activity, the CER should provide opportunities to educate the company either through information exchange – where it can show the company what a compliant outcome looks like in practical terms, or how other companies may have implemented requirements to facilitate compliance, or both. In Trans Mountain's view, education and targeted education where appropriate, is preferred to leveraging more requirements in the OPR, which in Trans Mountain's view is unnecessary. However, to the extent

<sup>1</sup> CSA Z662 Section 3; also see CSA Z662 Annex A (informative).

that the CER is looking at establishing additional requirements in the OPR, the CER should consider a grace period of at least six months or more after the regulations are established to allow companies time to implement the requirement prior to undertaking compliance verification activities against the new requirement.

- f.2) Are there opportunities to improve alignment of sections 6.1 through 6.6 with applicable management system related requirements from other jurisdictions or technical standards? If yes, please identify the provision(s), explain the issue, and propose a solution.

**Response:**

Currently, Trans Mountain believes that there is no need to modify sections 6.1 to 6.6. These requirements are clearly understood.

- f.3) Are there any management system components you wish to see added to the OPR? Please explain.

**Response:**

As detailed in the response to request f.1), Trans Mountain believes that the management system requirements of the OPR are clear and robust, and with the expectations defined in the audit protocol, are effective in their current form. In Trans Mountain's view, there is no benefit of adding any other management system components to the OPR.

- f.4) Are there any management system provisions in the OPR that require clarification? If yes, please explain the issue, identify the provision, and propose a solution.

**Response:**

Trans Mountain has observed that within the OPR there are multiple sections that speak to inspections, audits, and effectiveness assessments:

- Section 6.5(1)(v) requires, under the management system requirements, a company to establish and implement a process for evaluating the adequacy and effectiveness of the management system and for monitoring, measuring, and documenting the company's performance in meeting its obligations under the regulations;
- Section 39 requires a company to develop a surveillance and monitoring program for the protection of the pipeline, the public and the environment;
- Section 53(1) requires a company to conduct inspections on a regular basis and audits, with a maximum interval of three years; and
- Section 55(1) requires a company to conduct audits, with a maximum interval of three years of the emergency management, integrity management, safety management, security management, environmental protection and damage prevention programs.

Trans Mountain views the above listed sections as a suite of requirements that all serve to evaluate the compliance and effectiveness of a program, however it notes that different requirements are contained in these sections, and when read within differing contexts, can be challenging to ascertain the desired outcome sought by the regulator. Trans Mountain suggests the creation of a consolidated section for audits, inspections and surveillance and effectiveness assessments to provide clarity.

Trans Mountain offers that section 6.5(q) could benefit from clarity or boundaries in its application. Section 6.5(q) requires:

*the company to establish and implement a process for coordinating and controlling the operational activities of employees and other people working with or on behalf of the*

*company so that each person is aware of the activities of others and has the information that will enable them to perform their duties in a manner that is safe and ensures the safety and security of the pipeline and protects the environment*

Trans Mountain acknowledges that it is necessary for an individual performing a specific task to be aware of the specifications needed to complete the task, and any details that may impact safety or environmental outcomes that are relevant to the task. It should be noted that considering the diverse nature of specific activities that take place during physical work, it is not necessary for individuals to understand activities unrelated to their assigned task. For example, it is unlikely that an individual operating an excavator would need to understand the manufacturing and testing process for the segment of pipe to be installed to ensure the excavation is undertaken safely and in a manner that protects the environment. For this reason, there should be a functional limit to this requirement based on the planning and sequencing of activities and interplay of work tasks.

- f.5) What is your feedback on a new potential requirement for companies to establish and maintain an up-to-date list of all the policies, processes and procedures referred to in sections 6.1 through 6.6?

**Response:**

Section 6.5(1)(n) of the OPR requires companies to establish and implement a process for identifying the documents required for the company to meet its obligations under the OPR. For this reason, a requirement to establish and maintain an up-to-date list of policies, processes and procedures is redundant.

- f.6) If establishing and maintaining the list referred to in question #5 is not recommended, what alternatives can companies employ to clearly indicate what processes, procedures, and programs make up their management system?

**Response:**

Please see the response to request f.5). Within the overarching management system documentation, companies would typically list the program areas for which the management system would apply.

- f.7) Are there any opportunities to improve scalability of management system requirements? If yes, please identify the provision, explain the issue, and propose a solution.

**Response:**

Trans Mountain is of the view that the current management system requirements are scalable which provides needed flexibility in their implementation and maintenance. Please see the response to request f.1), above.

- f.8) Are there any other additions, deletions, or other changes to the OPR's management system requirements in section 6.1 that would improve the OPR's ability to prevent harm?

**Response:**

Please see the response to request f.1), above.

- f.9) "Quality assurance program" is used in two contexts in the current OPR, once in relation to the quality assurance program that must be implemented to evaluate the adequacy of the management system in its entirety and specifically for the programs identified in section 55 [see section 6.5(1)(w)] and again in section 15 whereby the company must develop a quality

assurance program for the purpose of ensuring that the pipe and components to be used in the pipeline meet the specifications discussed in section 14 of the OPR. Do you find this confusing? If so, what solution would you propose?

**Response:**

Trans Mountain has found the requirements of section 6.5(1)(w) and section 15 to be unclear and proposes utilizing two different terms for each to provide clarity. While the requirements in section 6.5(1)(w) in relation to quality assurance for the management system, and section 55 programs are clear, section 15 could be retitled 'Materials Quality Assurance Procedure' as opposed to 'Quality Assurance Program' to clearly delineate between the scope of management system and applicable programs, and materials.

f.10) The CER has heard that some companies are unclear about how the programs referenced throughout the OPR align with management systems or are subject to the company's management system. If it is unclear how they align, what would you propose as a solution?

**Response:**

Section 6.1(1)(c) of the OPR states that the management system requirements apply to all activities involving the design, construction, operation or abandonment of a pipeline and to the programs referred to in section 55. Section 55 of the OPR lists emergency management, integrity management, safety management, security management, environmental protection and damage prevention programs. It is currently clear that the programs in Section 55 are subject to the management system requirements.

f.11) The CER has also heard that some feel a disconnect exists between the outcomes of early engagement in the Filing Manual and the design of management systems and protection programs in the OPR. If such a disconnect exists, what would you propose as a solution?

**Response:**

Trans Mountain seeks further information on any perceived disconnect, as it views early engagement under the *Filing Manual* and requirements under the OPR as working effectively and complement each other. The governance structure of the management system, overlaid onto a program such as the environment protection program, will mandate processes and procedures to ensure measures are put in place to avoid and/or mitigate environmental features.

Regardless of the location and scale of a project, Trans Mountain's policies and procedures requires it to undertake prior engagement with potentially impacted stakeholders and Indigenous groups. For construction projects under s.214 or s.183 of the CER Act, Trans Mountain follows the process steps prescribed in the [Early Engagement Guide](#). Should stakeholders or Indigenous groups provide input regarding potential adverse effects related to the proposed project, Trans Mountain will investigate ways to modify the design or execution of the project to avoid or mitigate those impacts, in alignment with the requirements of the OPR.

**Subtopic 2: Management of Contractors Providing Services and/or Products Across the Pipeline Lifecycle**

Companies are responsible for all activities related to their CER-issued regulatory authorizations, approvals, or certificates. The OPR requires a company to provide effective oversight of all personnel including contractors and subcontractors and to inform them of all safety and environmental protection requirements and obligations. These obligations apply to all programs described in OPR section 55 (i.e., emergency management, integrity management, safety management, security management, environmental protection management, and damage prevention). Learnings from assessing compliance with the current OPR have identified an opportunity to improve company contractor management (e.g.,

Inspection Officer Orders have recently been issued based on ineffective contractor oversight).

In the first phase of engagement on the OPR Review, the CER heard about the need to better define “contractor management” (and its components) in the OPR with supporting technical guidance. The CER also heard about the need to define the term “contractor” to clarify that contractor management applies to all sub-contractors. Responsive to this feedback, the CER intends to introduce new requirements to clarify and enhance its oversight of contractor management.

### **Objectives for Improvement**

The objectives of new requirements will be to help ensure that companies:

- understand CER contractor management requirements; and
- strengthen company management of contractors providing services and/or products across the pipeline lifecycle.

### **Proposed Options**

The CER is considering the following options to meet the objectives outlined above:

- adding an explicit requirement for a contractor management process within the OPR management system provisions; and
- developing technical guidance to articulate CER requirements related to contractor management.

### **Discussion Questions**

- f.12) What are the elements of an effective contractor management process? For example, one commenter provided the following list in their Phase I engagement submission:
- a. Capability assessment and selection criteria
  - b. Leadership and cultural factors considerations
  - c. Orientation and training requirements
  - d. Boundaries of authority and responsibilities
  - e. Provision of monitoring and oversight
  - f. Contingency planning and incident response
  - g. Monitoring of contractor safety and environmental performance
  - h. Auditing of contractor’s management systems
  - i. Contractor evaluation

### **Response:**

Trans Mountain believes that the elements of an effective contractor management process are currently contained within the management system requirements and construction and maintenance safety requirements within the OPR. Management system requirements in relation to competency requirements and training are located in section 6.5(1)(j), of the OPR verification of training and competency are located in s.6.5(1)(k), awareness of the activities of others are located in s.6.5(1)(l) and coordinating and controlling the operational activities of employees and others working on behalf of the company are located in s.6.5(1)(q).

Safety requirements for pipeline construction in relation to contracting services are located in section 18 and safety requirements for the pipeline maintenance are located in section.29.

By applying these existing requirements, companies have the ability to structure contractor management to be scalable to the work being performed, the nature of hazards and risks, contracting strategy (primary, sub-contractor), and in consideration of different regulatory jurisdictions for specific contractors (i.e., provincially regulated).

The list provided by the commenter referenced in question f.12) above is largely covered through the current OPR requirements, is overly prescriptive, and contains elements that may not be required for smaller activities with limited duration (i.e., contractor evaluation for a brushing activity). The items listed may not be realistic given the nature of the contractor, and its organizational structure (i.e., local, small subcontractors without sufficient resources to establish and maintain a management system).

- f.13) Should the list identified in question #1 be considered as a framework for a potential regulatory amendment and/or associated technical guidance? Are there additional elements that should be included?

**Response:**

Please see the response to request f.12). Trans Mountain suggests that the list is too granular to be included within the regulations and if required, the list would be better managed within a guidance document.

- f.14) What guidance is needed to support contractor management provisions in the OPR? Please be as detailed as possible in terms of the nature and content of required guidance (e.g., specific topics, processes, procedures, or other practical tools that might be useful).

**Response:**

In Trans Mountain's view, contractor management should not be a section 55 program, as it is a series of interrelated processes (across multiple departments in the company, starting with supply chain management). These processes are applied by the section 55 programs to ensure appropriate, risk-based oversight of contractor activities. The [OPR Management System and Protection Program Audit Protocol](#) provides sufficient guidance on requirements for persons working on behalf of the company, which Trans Mountain uses to ensure sufficient contractor management processes have been implemented.

- f.15) What is your feedback regarding how the CER verifies compliance with contractor management requirements today and in the future (e.g., potential oversight activities, assessment criteria, performance measures for all programs described in OPR section 55)?

**Response:**

Companies should be evaluated against their policies, standards and procedures that they develop to comply with OPR requirements. Trans Mountain views the current suite of CER compliance tools as appropriate for compliance verification. The CER verifies compliance in a manner that allows companies to tailor their contractor management processes with their organizational structure and accountabilities. This allows oversight activities to be spread across the company with the appropriate subject matter and process owners.