

Terms of Reference

PTAC Petroleum Technology Alliance Canada Pipeline Abandonment Research Steering Committee

Objective

To address knowledge gaps in the area of pipeline abandonment for the pipeline industry in Canada.

Purpose

Research findings from the studies will be shared on a broad scale throughout the oil and gas industry, as well as with regulators, government agencies, and other stakeholders.

Key Values

The facilitation and administration of the studies will reflect the following values:

- Transparency – Final results of studies will be shared publicly.
- Collaboration – Involvement of members from the Steering Committee.
- Strategic – Focused on finding projects that address knowledge gaps/issues in high priority areas.
- Focused – Research must be applicable to the enhancement of Innovation, Research and Technology Development, Demonstration and Deployment (IRD3) for the energy pipeline industry in Canada.
- Broad Industry Interest – Research must be applicable to a broad spectrum of industry.

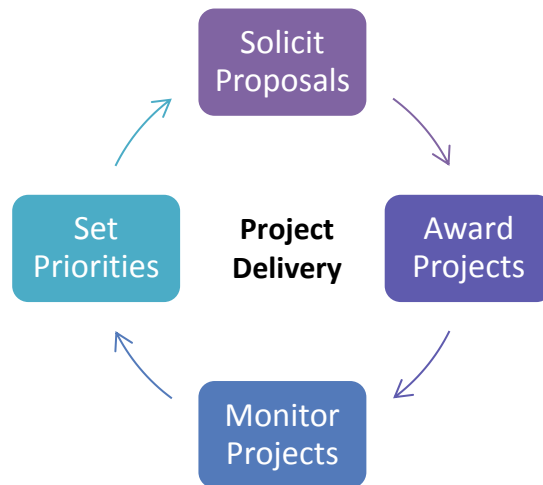
Key Principles

1. Collaboration between organizations including the sharing of information and open technical discussions.
2. Organizations have flexibility to retain internal priorities and strategies.
3. Direction and oversight provided by the Steering Committee for all projects.
4. Seek consensus decision making – except where a vote is necessary.
5. Collaboration and partnering with others will be the norm.
6. Final results will be publically shared.
7. R&D will be scientifically reviewed by independent recognized experts.

Process

The research work follows the following process:

1. **Identifying high priority issues** – Long-term cross-pipeline issues and opportunities are identified (rather than company-specific issues). Members of the Steering Committee work together to identify research priorities to address these issues.
2. **Solicit proposals to address issues** – Through Call for Funding Applications and Requests for Proposals, proposals are collected and thoroughly reviewed for selection.
3. **Launch of focused technical projects** – Projects are awarded once a final review is completed by the Steering Committee, resulting in targeted scientific and knowledge based research projects.
4. **Monitoring Projects** – Projects are managed by PTAC and directed, overseen by the Steering Committee.
5. **Communicate Results** – Dissemination of relevant findings to industry, regulators, government agencies, and other stakeholders. PTAC facilitates and manages this process with direction provided by the Steering Committee.
6. **Peer Review** – The Steering Committee will consider the need for peer review on an ad-hoc basis.



Management Strategy

PTAC works closely with the Pipeline Abandonment Research Steering Committee (PARSC) to align research priorities and criteria. Projects are solicited through request for proposals (RFP) and then evaluated and selected by the Steering Committee which is composed of representatives from the Canadian Energy Pipeline Association (CEPA), CEPA members, the National Energy Board (NEB), the NEB Land Matters Group and PTAC. PTAC is a nonvoting member of the Steering Committee. This approach results in immediate results that address

needs which are specified, identified, supported, and of benefit to the pipeline industry and its stakeholders. The resulting research will be used by governments and regulators to set or revise environmental guidelines based on scientific and engineering facts.

CEPA ensures that sufficient seed funding is provided annually. The Steering Committee identifies cross-pipeline issues that require addressing. It will also foster linkages between CEPA Committees, other industry advisory panels and government organizations to assist in providing specific research priorities to PTAC. PTAC will facilitate the identification of the “best ideas” to solve the addressed research issues, and will perform the functions of advocacy and lobbying for funding related to the project.

PTAC leverages significant technical expertise by engaging, coordinating, and aligning with technical experts who provide input on technical project direction and assist with identification of issues.

PTAC manages the process for facilitating projects and administers the funding. PTAC is also responsible for managing the projects that are awarded and works with the Steering Committee and project performers to ensure projects are on task, schedule, and budget.

The Steering Committee

The Steering Committee will be responsible for overseeing the management and administration of the research projects and providing direction and guidance to PTAC. The Steering Committee is comprised of the following 8 voting members:

- CEPA;
- Four CEPA member companies;
- The NEB; and
- Two organizations from the Land Matters Group.

Changes in membership are subject to approval by the Steering Committee.

Each member recommends a representative for approval by the Steering Committee. Representatives are appointed for a renewable 2-year term. Appointments are made for specific individuals. If a representative is unable to attend a meeting, he or she may not delegate representation to an alternate representative, unless approved by the Steering Committee. If a representative resigns, a new candidate will be submitted by the subject member organization for review and approval by the Steering Committee. The renewal process for the 2-year term of each representative will proceed as follows: the representative will confirm his or her intention to renew and will obtain confirmation from his or her organization. The Steering Committee will endorse the renewal.

The Chair of the Steering Committee is the CEPA representative. Should the Chair be unable to attend a scheduled meeting, the Chair or the Committee will appoint a Steering Committee representative to act as Chair in his or her absence.

Decisions are made by majority vote (50% plus 1 of the representatives in attendance). In the event of a tie, the Chair will facilitate a resolution but will have the right to cast an additional deciding vote to keep the Committee functioning in good order. The quorum for a duly constituted meeting is 6 representatives. PTAC is a nonvoting member of the Steering Committee and PTAC representatives do not count for the purpose of determining quorum.

The Steering Committee is responsible for the following:

- Approval of budgets related to CEPA projects.
- Approval of the scope of work and terms and conditions for each project.
- Approval of bidders list for each project.
- Award of project contracts.
- Review and acceptance of project deliverables.

The Steering Committee representatives will observe the following practices to ensure effective meeting proceedings and decision:

- Understand and adhere to the Objective, Purpose, Key Values and Key Principles of these Terms of Reference.
- Attend meetings in person whenever possible.
- Hold confidential Steering Committee deliberations, minutes and other documents related to its operation or to studies commissioned by the Steering Committee, with the exception of documents approved for publication by the Steering Committee; however, a representative can share with other colleagues within his or her organization confidential information on a need-to-know basis, for purposes of seeking advice from subject matter experts and management reporting.
- Obtain Steering Committee approval before making public statements about the Steering Committee and its studies.

The Steering Committee Chair, with PTAC's assistance, is responsible for ensuring the overall good order of the Steering Committee and will provide guidance to members regarding the above practices. Only a majority vote by the Steering Committee on a motion brought forward by the Chair can result in the termination of a representative's term.

PTAC is responsible for the tasks listed below. Additional details are provided in the Project Delivery Processes section:

- PTAC to act as a neutral facilitator to establish and maintain sound and consistent business processes, principles, and tools for project delivery and fund administration;
- Lead and manage the project delivery processes—including facilitating the setting of funding priorities, soliciting proposals, and issuing recipient agreements;
- Provide support to Steering Committee on delivery of projects results;
- Lead and conduct fund administration processes—including developing and maintaining the business plan and leading and carrying out extension activities regarding the research projects;
- Monitor the direction of industry and government, and proactively adjust its mandate in order to provide services to stakeholders as new directions develop;
- Keep abreast of the changing composition of the industry and adjust strategies to ensure continued involvement of emerging pipeline companies;
- Contract administration;
- Facilitating invoice approval and processing (e.g., accounts payable);
- Financial management and reporting including tracking commitments and expenditures on each project; and
- Quarterly and annual financial reports to the CEPA Controller.

PTAC will provide an invoice template for project performers to use in preparation of their invoices. PTAC will receive invoices and submit to Steering Committee for their approval and process invoice accordingly. PTAC will track all project financial accounting and provide periodic reports to CEPA. Each report will include amount approved per project, invoices received and processed to date and amount remaining to be spent by the end of the year.

Managing finances follows PTAC's accounting policies and includes the following:

- Track commitments and expenditures by project;
- Maintain financial records for research projects including accounts payable and receivable;
- Contract administration—prepare recipient agreements and amendments; and
- Produce financial reports on the financial status and activities to CEPA.

Communication/Extension Strategy

Upon direction from the Steering Committee, PTAC can use the following mechanisms to ensure study results are widely publicized:

- Hosting all project updates and final reports on PTAC's website;
- Sending out a bi-monthly newsletter featuring project updates and event notices;

- Coordinating the review of draft reports and issuing Final Reports; and
- Hosting technical forums each year with presentations from researchers on project results and providing those who attend the event with links to all presentation materials.

PTAC also works with other associations, industry groups, and media to further disseminate project results and outcomes.

Project Delivery Processes

Set Fund Priorities

PTAC facilitates technical discussions to identify and upgrade research priorities annually. The Steering Committee representatives are responsible for identification of key current policy issues facing industry and stakeholders. The Steering Committee representatives will identify knowledge gaps/research questions to adequately address policy issues. These priorities are finalized and contribute to the Request for Proposal

Solicit Proposals

PTAC will issue Request for Proposal which includes specific priorities and knowledge gaps. The approach for soliciting proposals will follow a two-step process.

Step 1. Interested project proponents/researchers are invited to submit a Letter of Intent (LOI) in response to the call. The LOI application is a short summary of the opportunity, how it will be addressed, the impact to industry, and the approximate costs and timeframes. The Steering Committee will review LOIs based on the consideration of potential funding available and the consistency of the LOI against research identified policy issues/knowledge gaps.

Step 2. If appropriate a full proposal will be requested from selected candidates and will then go through a rigorous review process.

This process may include asking the researchers to tweak their proposal to better meet the needs of industry perspective. The Steering Committee will finalize which projects should proceed based on the current industry climate of issues and priorities and what is appropriate for the anticipated budget.

PTAC has an online review and voting system for the ease of review by the Steering Committee. This web platform also serves for access to information on project applications for historical purposes, i.e. Access to technical comments on why project was not selected for further review, etc.

Award Projects

The Steering Committee will be responsible for assessing proposals and accepting/declining proposals based on the generic and proposal specific evaluation criteria and parameters

defined in the approved business plan (e.g., budget). PTAC will be responsible for completing the process including notifying proponents for accepted proposals and debriefing unsuccessful proponents. PTAC will also conduct any negotiations with researchers for changes to proposals requested by the Steering Committee.

PTAC will prepare and issue a project award letter and enter into agreements when necessary.

Project Tracking

A project award letter will initiate the project monitoring process. The project will be managed through PTAC with the support of the members of the Steering Committee who will provide technical direction and oversight to the project. The project status will be reported at quarterly technical meetings or as directed by the Steering Committee.

PTAC will monitor and track approved projects including monitoring milestones, deliverables and financial activities to ensure commitments are met on schedule and budget in an efficient, effective and accountable manner. Issues and progress updates will be discussed at PTAC quarterly Steering Committee meetings. Urgent issues that need to be addressed before the next Committee meetings will be addressed through conference calls and emails.

Project deliverables must be developed and submitted according to the terms of the Recipient Terms and Conditions document. Project extension activities will also be monitored by PTAC to ensure project results are disseminated to members and other applicable stakeholders.