GPA Midstream Webinar

Stuart Saulters, GPA Midstream
Sam Minifie & Colin Frazier, API

Pipeline SMS

Webinar Agenda

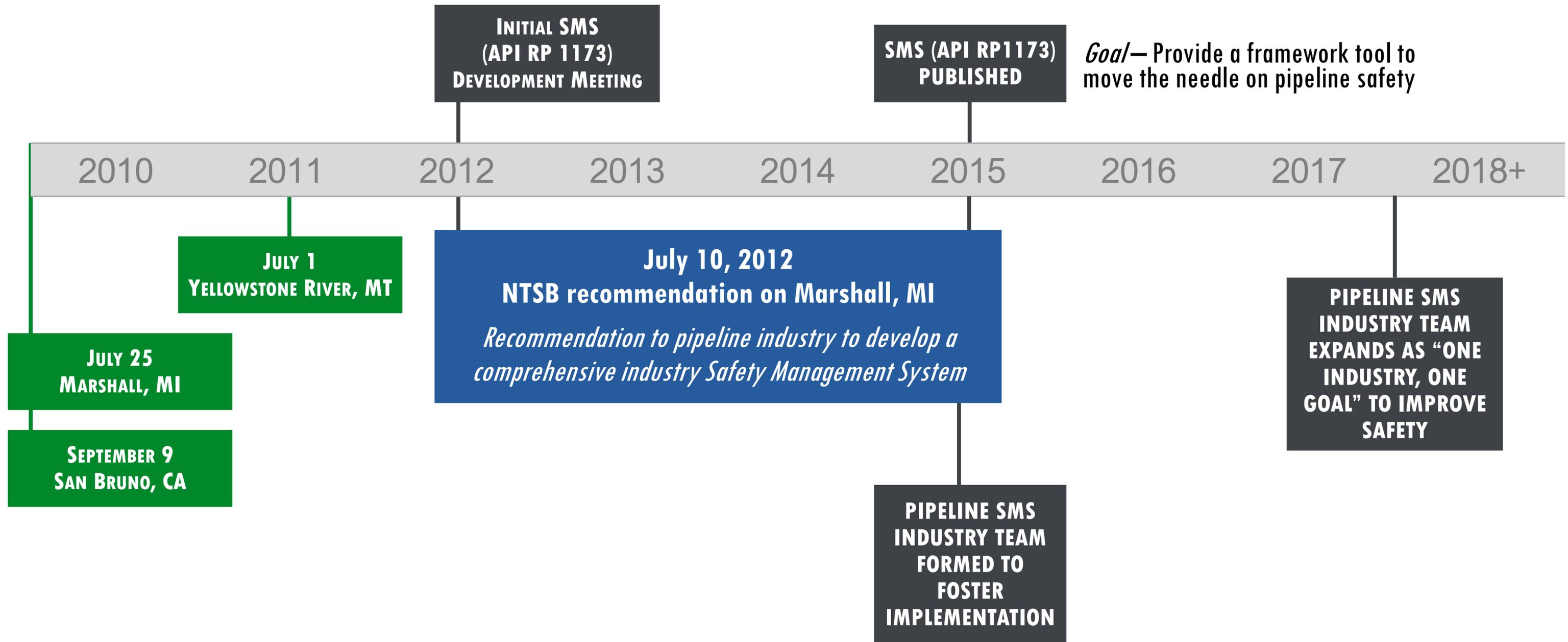- 12:00-12:05 pm ET: Stuart - opening & remarks
- 12:05-12:15 pm: Sam - 1173 background, tools & 2nd ed
- 12:15-12:25 pm: Colin - 1173 Assessment Programs
- 12:25-12:40 pm: Stuart - questions for panelists
- 12:40-12:55 pm: Audience Q&A
- 12:55-1 pm: Stuart - close out

Pipeline Industry Journey

INITIAL SMS (API RP 1173) DEVELOPMENT MEETING

SMS (API RP1173) PUBLISHED

Goal— Provide a framework tool to move the needle on pipeline safety

2010	2011	2012	2013	2014	2015	2016	2017	2018+

JULY 1 YELLOWSTONE RIVER, MT

July 10, 2012
NTSB recommendation on Marshall, MI

Recommendation to pipeline industry to develop a comprehensive industry Safety Management System

JULY 25 MARSHALL, MI

PIPELINE SMS INDUSTRY TEAM EXPANDS AS "ONE INDUSTRY, ONE GOAL" TO IMPROVE SAFETY

SEPTEMBER 9 SAN BRUNO, CA

PIPELINE SMS INDUSTRY TEAM FORMED TO FOSTER IMPLEMENTATION

APCA — American Public Gas Association — AGA — DCA DISTRIBUTION CONTRACTORS ASSOCIATION — API American Petroleum Institute — LIQUID ENERGY PIPELINE ASSOCIATION — INGAA Interstate Natural Gas Association of America — GPA MIDSTREAM ASSOCIATION

What is PSMS?

- A comprehensive way to manage pipeline risks & improve safety performance
- Built around a continuous improvement cycle of Plan-Do-Check-Act
- Focus on building and maintaining a robust safety culture
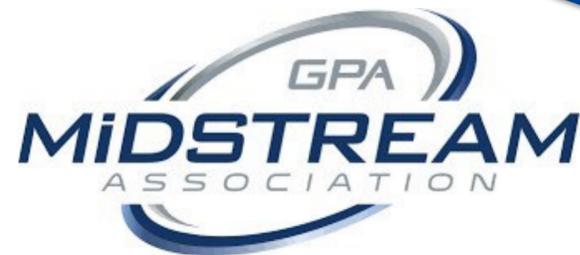- Proven successes in aviation, chemical and nuclear industries

Pipeline SMS Industry Team

Industry coming together to enhance pipeline safety performance

The purpose of the Pipeline SMS Industry Team is to enhance safe pipeline operations by supporting pipeline operators in the adoption, implementation of, and conformance to API Recommended Practice (RP) 1173, *Pipeline Safety Management Systems*

Starting the Journey

- Starting PSMS implementation, demonstrating progress and improving safety are critical to keeping SMS voluntary

- Visit www.PipelineSMS.org

- Check out the maturity model & booklets

- Do a gap analysis using the Planning Tool, measure progress with the Implementation Tool and evaluate maturity via the Evaluation Tool

- Use the training or notable practices tool

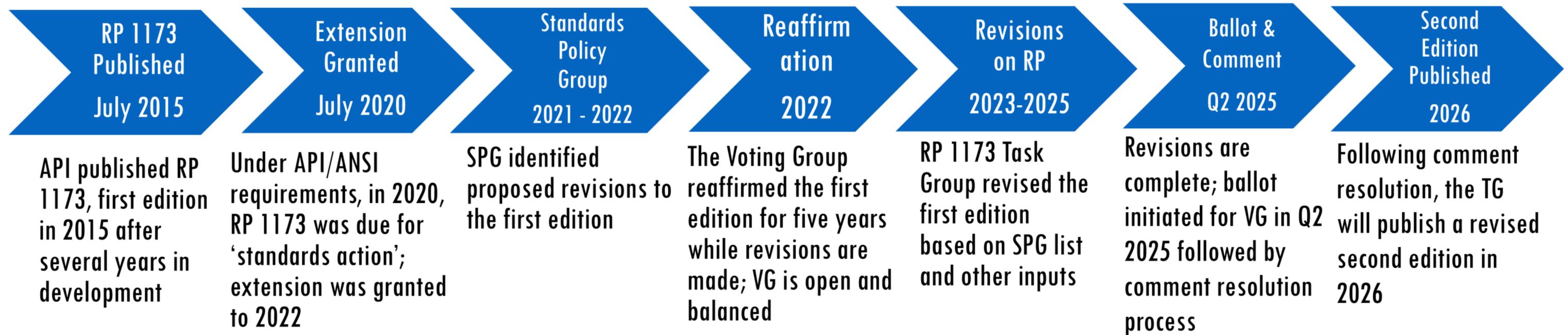- Talk with peers or association members

- Start your journey today!
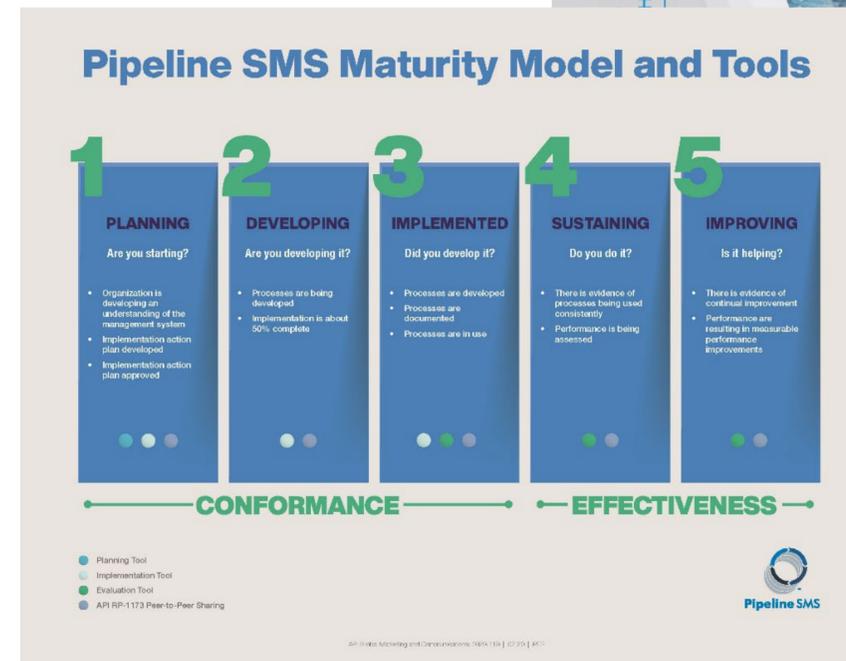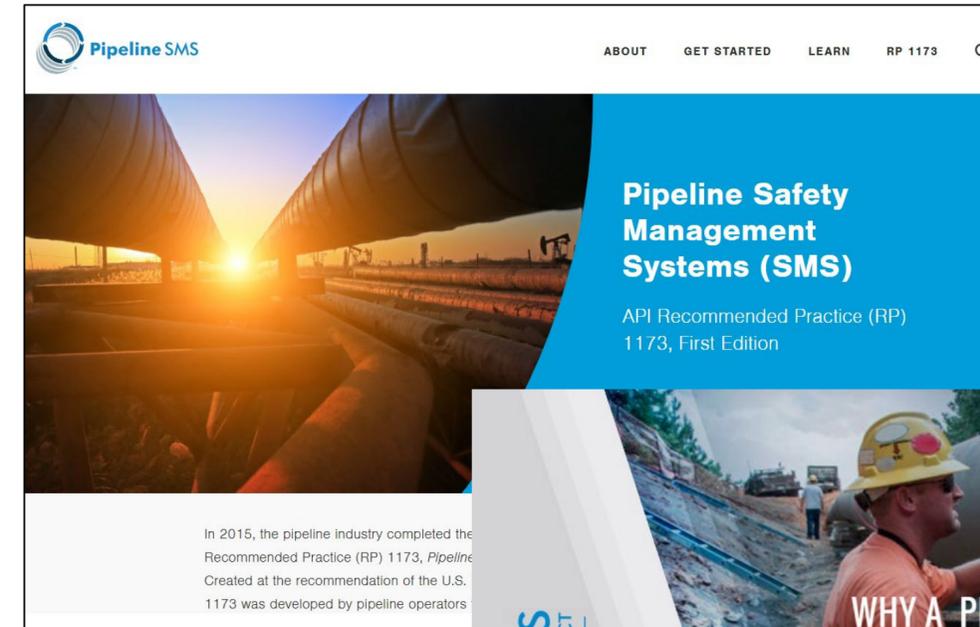
API RP 1173 Path Forward

Under API / ANSI requirements API RP 1173 is due for a "standards action" by 2027

- All standards must be extended, revised, reaffirmed within 5 years of last action

RP 1173 Published July 2015	Extension Granted July 2020	Standards Policy Group 2021 - 2022	Reaffirmation 2022	Revisions on RP 2023-2025	Ballot & Comment Q2 2025	Second Edition Published 2026
API published RP 1173, first edition in 2015 after several years in development	Under API/ANSI requirements, in 2020, RP 1173 was due for 'standards action'; extension was granted to 2022	SPG identified proposed revisions to the first edition	The Voting Group reaffirmed the first edition for five years while revisions are made; VG is open and balanced	RP 1173 Task Group revised the first edition based on SPG list and other inputs	Revisions are complete; ballot initiated for VG in Q2 2025 followed by comment resolution process	Following comment resolution, the TG will publish a revised second edition in 2026

One Industry, One Goal ... ZERO Incidents

DCA DISTRIBUTION CONTRACTORS ASSOCIATION | APCA AMERICAN PIPELINE CONTRACTORS ASSOCIATION | American Public Gas Association | AGA | API American Petroleum Institute | LIQUID ENERGY PIPELINE ASSOCIATION | INGAA Interstate Natural Gas Association of America | GPA MiDSTREAM ASSOCIATION

RP 1173, 2ⁿᵈ Ed. Inputs

- ✓ API RP 1173, 1st edition

- ✓ RP 1173, 1st Edition list of potential updates

- ✓ Learnings from API PSMS Third-Party Assessments

- ✓ Learnings from AGA Peer Review Program

- ✓ Safety Culture by PSMS Program Element

- ✓ Annex for Process Safety Guidance

- ✓ Annex/Appendix for very small operators

15 Executing a Pipeline Safety Management System Strengthens Safety Culture

15.1 General

Implementing PSMS elements strengthens an organization's safety culture. Establishing safety as a core value strengthens the overall organization's belief in its importance, acting as a unifying force to improve safety performance.

The execution of the elements depends on the actions of every individual and organizational unit at all levels of the organization. Each of the elements can be expected to contribute to different aspects of the safety culture, and these combined aspects reflect the strength of the culture. The PSMS, with all its discrete elements, supports the culture, and the culture feeds back into the management system in a continuous process, yielding an increasingly mature organization.

15.2 Contribution of Leadership and Management Commitment

Management leading and demonstrating their responsibilities as outlined in this element are essential to improved safety and a positive safety culture. While establishing pipeline safety policies is essential, it is the commitment of management in implementing the processes to meet the objectives of a PSMS that produces the desired performance outcome. Employees will understand that safety is valued if they see management in the constant practice of acting on assessments and evaluations, improving plans and processes, allocating resources, and maintaining connections between objectives of safety critical functions and findings. Further, assessing the implementation and maturity of each of the elements in this PSMS will provide indicators of how the organization's safety culture is evolving.

6.4 Contribution of Stakeholder Engagement to Safety Culture

This element demonstrates the comprehensiveness of the organization's commitment to safety by engaging all stakeholders. Through the engagement process, the operator is more thorough in its management of risk and more expansive in its partnerships for safety performance. Stakeholders can help maintain a heightened sense of vigilance in identifying risk and contribute to their own protection.

7 Element 3: Risk Management

### 7.1 General

API Assessment Programs

- API's Third-Party Pipeline SMS Operator Assessment Program provides companies with an **out-of-the-box solution** to help with their **implementation efforts and to meet the audit requirements in Section 10 of RP 1173.**

- This is a consistent assessment using third-party subject-matter experts, focused on assessing PSMS maturity and effectiveness while sharing good practices and lessons learned with participants. **It is built to be scalable for ALL SIZE operators at ALL LEVELS of PSMS Maturity.**

- Not a check-the-box audit!

- In 2024 we created the same type of **consistent, third-party assessment for *Contractors***, looking at the agreed-upon 56 Requirements in **Pipeline SMS: *A Contractor's Guide,*** derived from API 1173, and aligned with the **Contractor PSMS Implementation Tool** (available for free on pipelinesms.org).

PSMS Assessments – By the Numbers

API Pipeline SMS Assessment Participation
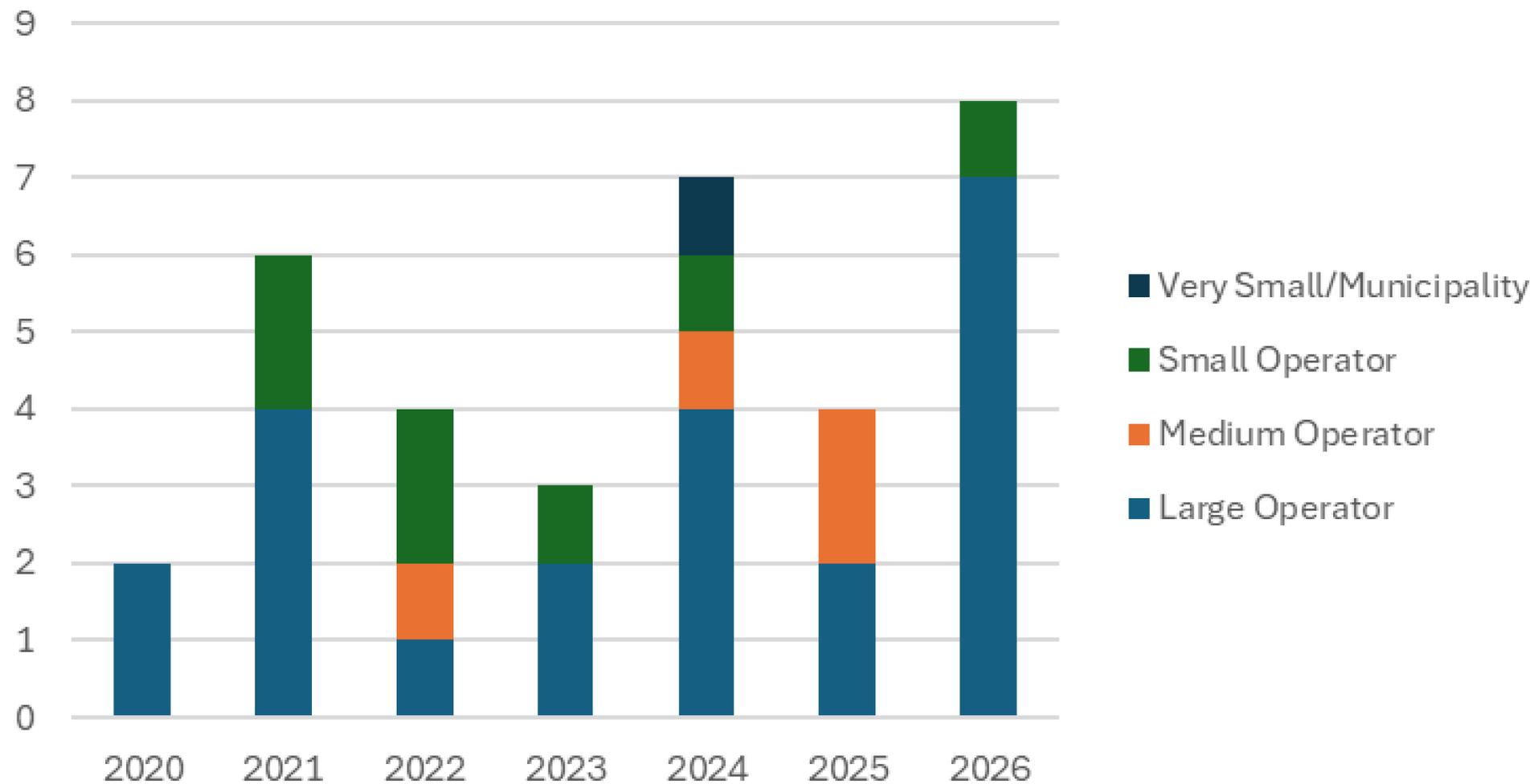
23 Operators participating, representing 25-30% of liquids operations:

24% of PHMSA HL bbl-mi

32% of FERC Crude bbls
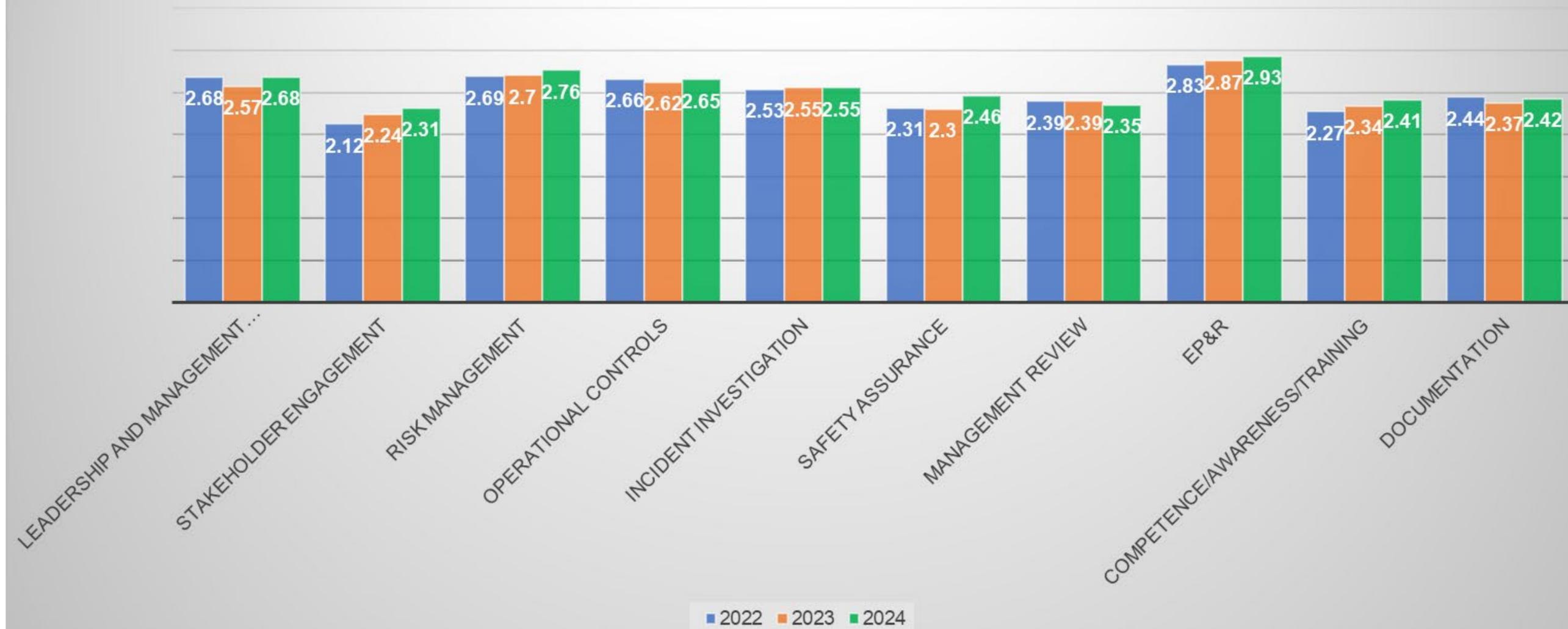
23% of FERC Product bbls

10 operators in process for 2026 (7 confirmed with assessment start dates – 3 new Operators).

Operator Assessment Average Maturity Benchmarking (Conformance)

API PSMS Assessment Conformance Benchmarking (2022: n=14; 2023: n=16; 2024: n=20)

Categories (left to right): LEADERSHIP AND MANAGEMENT..., STAKEHOLDER ENGAGEMENT, RISK MANAGEMENT, OPERATIONAL CONTROLS, INCIDENT INVESTIGATION, SAFETY ASSURANCE, MANAGEMENT REVIEW, EP&R, COMPETENCE/AWARENESS/TRAINING, DOCUMENTATION

Category	2022	2023	2024
LEADERSHIP AND MANAGEMENT...	2.68	2.57	2.68
STAKEHOLDER ENGAGEMENT	2.12	2.24	2.31
RISK MANAGEMENT	2.69	2.7	2.76
OPERATIONAL CONTROLS	2.66	2.62	2.65
INCIDENT INVESTIGATION	2.53	2.55	2.55
SAFETY ASSURANCE	2.31	2.3	2.46
MANAGEMENT REVIEW	2.39	2.39	2.35
EP&R	2.83	2.87	2.93
COMPETENCE/AWARENESS/TRAINING	2.27	2.34	2.41
DOCUMENTATION	2.44	2.37	2.42

API PSMS Contractor Program

- Based on *Pipeline SMS: A Contractor's Guide (pipelinesms.org)*
- **Subset** of requirements from API 1173 relevant to contractor safety
- Goal to help contractors get away from the 'binder-on-the-shelf' approach to safety for different operator-customers.

Assessments:

- 5 Full Assessments with Maturity Scoring (2024, 2025)
  - Organic growth from contractors put on PIPs by Operators.
- 7 Gap-Analyses in 2026
  - Walk through of requirements
  - Introduction to approach
  - Thanks to Plains All American Pipeline for donating 2 of these assessments to their contractor pool.
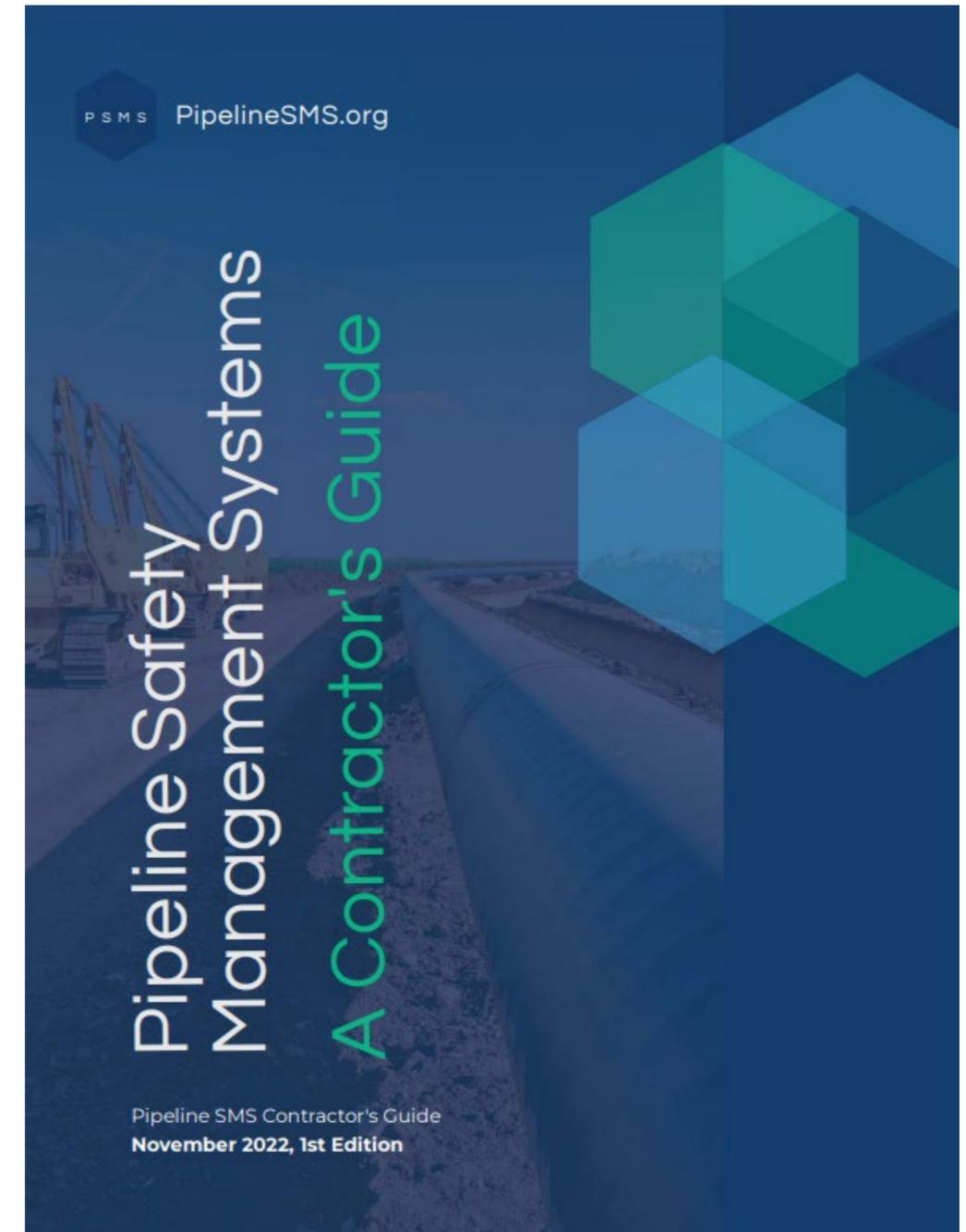
Contractor Assessment Options

Offering 1 – Guided Gap Assessment

- Contractor Prep Time: Low
  - ✓ *Virtual Only*
- Personalized Learning Sessions (QA/QC on self-assessment tools) including Q&A
- Verbal report out using a pptx and bulleted observations & discussion points for Company on completed assessment

Offering 2 – Focused Assessment

- Contractor Prep Time: Medium
  - ✓ *On-site optional (Daily Rate/Travel)*
- Assessment Plan and Document Review of predefined PSMS pick list of elements within 56 requirement statements
- Verbal report out with delivery of (1) PPTX assessment report for each selected element area(s)
- Peer Support (post-assessment)

Offering 3 – Full Assessment

- Contractor Prep Time: High
  - ✓ *On-site included*
- Review of company provided policies and procedures for full gap analysis of all 56 requirement statements
- Field verification and analysis by assessor(s) may be added for additional cost
- Maturity evaluation that aligns with the industry accepted PSMS maturity model
- Benchmarking

THANK YOU!

Visit us at: pipelinesms.org

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