Kinder Morgan Delivers on EHS Compliance, Transparency and Accountability for Operational Excellence

Kinder Morgan prides itself on being a different kind of energy company. As one of the largest pipeline transportation and energy storage providers in North America – with 37,000 miles of pipelines and 180 terminals to transport and store energy products such as natural gas, refined petroleum products, crude oil, ethanol, coal and carbon dioxide (CO₂) – Kinder Morgan is committed to operational excellence and demonstrates that commitment by voluntarily reporting on its environmental, health and safety (EHS) performance to the public.¹

“We’ve strived to create a culture here at Kinder Morgan that is dedicated to compliance with all applicable rules and regulations. Safety and protection of the environment top priorities throughout the company,” said Dirk Cockrum, Director of Compliance in Kinder Morgan’s EHS department. “If you look at our website and our annual report, EHS compliance is listed as one of the keys to our success. We believe that having this culture of compliance gives us a number of competitive advantages, starting with the ability to get and maintain the permits that we need to operate our business.”

But managing compliance for 918 facilities in hundreds of jurisdictions across North America was complicated. Kinder Morgan’s facilities are subject to 3,482 environmental permits and sets of safety requirements. Those permits mandate reporting and other requirements for government regulations associated with air emissions, hazmat transportation, water, hazardous waste, spill prevention and more.

“In 2007, our leadership was looking for ways to significantly improve compliance across the company. Our leadership wanted regular compliance status reports like they get for budget and financial status, which we couldn’t produce it at the time,” according to Cockrum. “We had several different compliance systems, including a variety of different compliance calendars in spreadsheets or documents, but we didn’t have the ability to quickly retrieve data out of these systems or generate all of the reports we needed. As a result, we couldn’t look at compliance across the enterprise or quickly zero in on problem areas as easily as we wanted to.”

At the same time that Kinder Morgan was seeking to improve its reporting capabilities, there was a huge leap in the number of

Challenge
- Maintain compliance with 3,482 environmental permits and proliferating regulatory requirements at multiple sites
- Rigorous, comprehensive EHS reporting – equivalent to financial reporting capabilities
- Ability to provide both enterprise “big picture” and extremely detailed perspectives
- Reduce risk of non-compliance due to personnel changes

Solution
Environmental Performance and Compliance Assurance Solutions
- Air & GHG Emissions
- Compliance Assurance
- Task Management

Results
- EHS compliance information management for 918 company facilities across N. America
- Compliance reporting from 2,200 employees allows quick drill down to see details of open tasks and maintains accountability
- More than 66,000 compliance actions tracked in 2009 with a compliance rate of 99.5% and an on-time completion rate of 99.9%
- Mitigated compliance risks due to staff changes by tracking ownership of tasks and enabled operational excellence by standardizing language, calculations, metrics, reporting, etc.
Kinder Morgan’s EHS staff set out to find a unified system to manage massive quantities of data across their enterprise while providing a high level of security and expandability. The team evaluated various systems that were already deployed inside the company as well as new software alternatives on the market.

They selected Sphera opsInfo software, which had been in successful use at Kinder Morgan since 1996. By late 2010, use of opsInfo had been extended to 918 of the company’s facilities and over 2,000 employees.

“We chose Sphera opsInfo because it gives us the ability to report across the whole enterprise – to see the big picture – as well as the ability to get extremely granular when needed,” Cockrum said. “With opsInfo we can spot exceptions easily, and then get right down to the details of an individual exception - to the who, what, where and why.”

Kinder Morgan’s leaders also pride themselves on providing stakeholders with extraordinary transparency into the company’s performance. They post their corporate responsibilities, financial goals and EHS reports directly on their website. They also report their EHS compliance results in their investor presentations as proof points of commitment. Compliance reports are even directly tied to staff and management reviews and bonuses.

The Kinder Morgan EHS team’s effectiveness in tracking compliance actions with opsInfo has been remarkable. For example, of the 66,000+ EHS compliance action items tracked in opsInfo for 2009 – since then it’s grown – the company achieved a compliance rate of 99.5% and an on-time completion rate of 99.9%. Cockrum says, “In those 0.5% of exceptions, the exceptions have often been de minimus, or they alert us to areas where permits don’t accurately reflect our operations and permitting updates are needed.”

Today, the EHS team uses the Sphera software to provide senior managers and executives at Kinder Morgan with monthly updates on compliance status and so they can see at a glance how the company as a whole and their operations in particular, are performing.

“We consider Sphera opsInfo software to be a backbone of our EHS compliance program,” remarked Cockrum. “It’s been an important part of our EHS systems since 1996 and we’ve been able to expand our implementation at a very low cost so it is now enabling us to execute more effectively across almost a thousand facilities. Assigning activities to individuals in a compliance system highlights any misunderstandings about who was responsible for any given task. It makes people better operators and stronger team members.”

In this way, Kinder Morgan’s EHS team has been able to drive operational excellence while also minimizing potential risks. One of the most challenging issues they faced was that of tracking personnel changes and potential compliance ramifications at so many different and geographically dispersed facilities. When personnel changes occur at one of their plants, the Kinder Morgan EHS team catches it quickly with opsInfo – typically in less than 30 days – rather than risk a task slipping through the cracks for 6 months or a year.

Finally, says Cockrum, “Sphera opsInfo helps us drive operational excellence by providing consistent language, calculations, metrics and work processes across our company. It allows us more time and helps us develop our vision, plans and decisions while also helping us execute day by day. With opsInfo’s dashboard, I can have a graph that shows me precisely what’s overdue out of thousands action items. Let’s say ten items are overdue. I can click on each exception to see immediately who is responsible and correct the problem. It’s a unique ability we have to drive compliance.”

1 Kinder Morgan website, www.kindermorgan.com/ehs/ehs_performance/