



# Pipeline Safety

## Canada's Pipeline Safety System

Pipelines are a safe, efficient and reliable way to move Canadian energy to consumers. In 2015, almost 1.3 billion barrels of crude oil and petroleum products were safely transported by Canada's federally regulated pipelines. On average each year, 99.999 percent of the oil transported on federally regulated pipelines moves safely.

The *Pipeline Safety Act* received Royal Assent on June 18, 2015. The Act strengthens Canada's pipeline safety system based on prevention, preparedness and response, and liability and compensation.

### Prevention

The National Energy Board (NEB) is the federal agency responsible for regulating the more than 73,000 kilometres of pipelines that fall under federal jurisdiction.

The NEB's regulatory oversight supports the Government of Canada's objective of zero incidents by aiming to prevent incidents from ever occurring. In this regard, the NEB received funding to increase the number of pipeline inspections and comprehensive audits it conducts each year to identify issues before they arise.

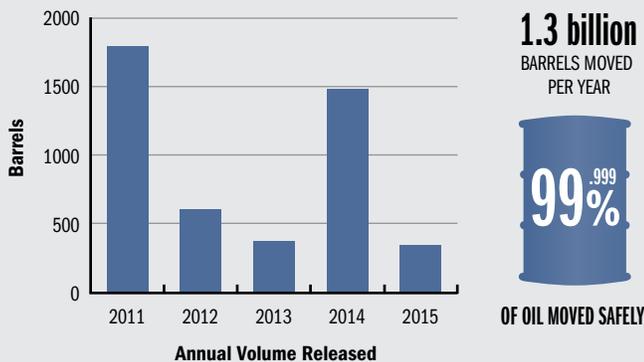
Companies operating pipelines are required to anticipate, prevent and manage potentially dangerous conditions associated with their pipelines. They must design safety, security, emergency, integrity management and environmental protection programs, which are reviewed and audited by the NEB.

In response to a request from the Minister of Natural Resources, the NEB is developing guidance on the "best available technology," including materials, construction methods and emergency response techniques. The NEB has taken steps to make pipeline safety documents more readily available to the public to ensure the process is transparent and publicly accountable.

Through the *Pipeline Safety Act*, the polluter pays principle has been enshrined in Canadian law to ensure polluters are held financially responsible for any costs and damages they cause. Companies operating pipelines will be responsible for them from their construction until they are abandoned, including any related costs.

To protect against unintentional damage to pipelines, updated NEB regulations will be harmonized with the provinces.

**Total Volume of Oil Released Annually From Federally Regulated Pipelines**



Source: National Energy Board

The regulations set a 'prescribed area' where any digging or building is prohibited without first contacting the company operating the pipeline. This safeguard will help prevent damage to pipelines from occurring.

## Preparedness and response

In the unlikely event that an incident does occur, federal and provincial regulators must be notified immediately by law and the NEB will exercise its authority to protect the public, workers, property and the environment. The NEB can issue orders to companies with respect to response, cleanup and remediation. Companies can be fined or prosecuted for violations of the *National Energy Board Act*, with fines ranging from \$100,000 to \$1 million and penalties including imprisonment from one to five years.

The NEB can also issue Administrative Monetary Penalties ranging from \$25,000 for individuals to \$100,000 for companies per infraction, per day.

Under new safety measures introduced by the *Pipeline Safety Act*, all companies operating a pipeline will be required to hold a minimum level of financial resources to ensure they can respond quickly in the unlikely event of an incident. For companies operating major oil pipelines, this level is established at \$1 billion. If the operator is unwilling or unable to shoulder its responsibilities, the Government of Canada will provide the NEB with the resources to take control of spill response, cleanup and remediation, and the NEB will be authorized to recover any costs incurred from the industry.

## Liability and compensation

Companies operating pipelines are liable on an unlimited basis if they are at fault or negligent. The *Pipeline Safety Act* introduces absolute liability for all pipelines; this is established at \$1 billion for companies operating major oil pipelines, with other classes of operators and limits set out in regulations. The NEB will also be able to order companies to reimburse individuals and governments for costs incurred in relation to an incident.

If the cost of an incident exceeds the limit of absolute or "no fault" liability of a company operating a pipeline, the company is still accountable for cleanup and remediation based on NEB-approved emergency response plans.

## Enhancing Indigenous engagement in pipeline safety

Indigenous participation is a key part of Canada's pipeline safety system. The Government of Canada is undertaking outreach with Indigenous groups to provide information and better understand concerns related to the pipeline life cycle. Canada is also developing focused options to better integrate Indigenous peoples in pipeline development, safety and operations, including in construction, emergency response planning, pipeline monitoring and related employment and business opportunities.

## Safer pipeline system

The Government of Canada is committed to protecting both the safety of Canadians and the environment. No development will proceed unless rigorous environmental and regulatory reviews have indicated it to be safe for Canadians and the environment. The Government is committed to restoring public confidence in Canada's environmental assessment and modernizing the National Energy Board. The goal is to have a robust system that protects Canada's rich natural environment, respects the rights of Indigenous peoples, and supports a resilient and sustainable energy sector.

By emphasizing prevention, responding quickly in the event of an incident and making sure that the companies – not Canadians – are liable for any costs, these measures create a strong pipeline safety system.

*Aussi disponible en français sous le titre : La sécurité des pipelines : Le système de sécurité des pipelines au Canada*

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