

WORLD-CLASS PIPELINE SAFETY



JOBS, GROWTH AND LONG-TERM PROSPERITY



Canada

CANADA'S ECONOMIC
**ACTION
PLAN**



INTRODUCTION

Every day, pipelines in Canada safely and reliably deliver the energy Canadians need to heat their homes, drive their cars and run their businesses. Petroleum products are also used to make everything from the electronics we use to the clothes we wear.

Canadians rightly expect their energy transportation systems to be world-class. Few countries come close to matching Canada's experience and track record in safely transporting oil and gas, and especially by pipeline. The Government of Canada recognizes that the standard for world-class pipeline safety systems is constantly evolving and that the responsible development of our resources requires an ongoing effort to make the system even safer and more secure.

Through its plan for Responsible Resource Development, the Government is ensuring we can develop the energy infrastructure essential to our prosperity in a manner that is safe – safe for Canadians, safe for the environment.

As part of this effort, the Government is taking action to strengthen marine, pipeline and rail safety that will result in stronger prevention, enhanced preparedness and response, and improved liability and compensation in the unlikely event of an incident.

The Government is also committed to working in partnership with Aboriginal Peoples to engage them in all aspects of energy resource development – from jobs and business opportunities to harnessing their unique knowledge of and expertise in the safety systems for transporting energy.

CANADA'S PIPELINES

The oil and gas sector contributes to the strength of Canada's economy, directly employing approximately 190,000 people and generating almost 7.5 percent of Canada's GDP in 2013. The sector also pays about \$23.5 billion in taxes, royalties and fees to government – money that helps to support public pensions, provide health care and build schools, hospitals, housing and highways.

Canada's pipelines are among the safest in the world. Between 2011 and 2013, for example, 99.999 percent of oil deliveries on federally regulated pipelines took place safely. In fact, over the past three years, 100 percent of the liquids released by federally regulated pipelines have been recovered.

The Government believes it is crucial to keep improving the technology and updating our regulations related to pipelines. Over the past few years, the Government has instituted a number of measures to enhance pipeline safety. Through its plan for Responsible Resource Development, the Government introduced new compliance and enforcement mechanisms, including new monetary penalties for violations of the *National Energy Board Act*.

The Pipeline Safety Act commits to establishing even higher standards for Canada's pipelines. No other country is strengthening pipeline safety in such a manner.

WORLD-CLASS PIPELINE SAFETY

The Government of Canada's plan for world-class pipeline safety is built on three pillars:

- strengthening prevention;
- enhancing preparedness and response; and
- increasing the liability of pipeline companies and improving compensation in the unlikely event of an incident.

PREVENTION

Establishing our world-class pipeline safety system begins by doing all we can to prevent incidents from occurring. This plan does that by:

- seeking guidance from the National Energy Board (NEB) on the use of the best available technologies in federally regulated pipeline projects. This includes materials, construction methods and emergency response techniques;
- increasing the number of annual oil and gas pipeline inspections;



- doubling the number of annual comprehensive audits to identify issues before they occur;
- establishing new provisions for sentencing offenders; and
- making pipeline safety documents more available to the public.

PREPAREDNESS AND RESPONSE

Should an incident occur, it is important that the appropriate response be made – and made quickly. The Government’s plan for world-class pipeline safety does this by:

- requiring pipeline operators to hold a minimum level of ready cash to ensure they can respond quickly in the event of an incident;
- compelling companies to repay any cleanup costs incurred by federal, provincial, Aboriginal and municipal governments;
- enabling the NEB to take control of incident response in exceptional circumstances; and
- developing a strategy with industry and Aboriginal communities to increase Aboriginal participation in pipeline safety operations.

LIABILITY OF PIPELINE COMPANIES AND IMPROVING COMPENSATION

Companies operating pipelines should be held accountable – and 100 percent liable – for taking immediate action to contain and clean up any incident. Taxpayers should not be on the hook for incident costs. The Government’s plan for world-class pipeline safety does this by:

- requiring companies operating major oil pipelines be absolutely liable, without proof of fault or negligence, for \$1 billion for costs and damages resulting from a release from a pipeline. All other companies will be liable, without proof of fault or negligence, for an amount prescribed by regulation;
- requiring all companies to maintain, at a minimum, the financial resources required to pay the amount of absolute liability they are subject to;
- holding companies liable for the actions of their contractors;

- in cases when the NEB takes control of incident response from a company, ensuring that the NEB has the resources it needs for spill cleanup and that these costs are recovered from industry to ensure that taxpayers are protected;
- authorizing the establishment of a Pipeline Claims Tribunal in extraordinary circumstances to examine and adjudicate claims for compensation and to recover all costs from industry;
- improving the functioning of arbitration committees to settle compensation disputes with landowners; and
- holding pipeline companies responsible for the costs and damages related to abandoned pipelines so that landowners will not have to pay if there is damage to their property, even after the pipeline is abandoned.

ABORIGINAL PARTICIPATION IN PIPELINE SAFETY

One of the key goals of Responsible Resource Development is to create new opportunities for Aboriginal Peoples. The Government is working with Aboriginal communities, as well as the Canadian Energy Pipeline Association and the NEB, to enhance Aboriginal participation in pipeline safety operations. These efforts include:

- working with industry and Aboriginal communities to enhance the involvement of Aboriginal communities in planning, monitoring, incident response, emergency and preparedness measures;
- supporting early and ongoing engagement of Aboriginal communities through the Strategic Partnerships Initiative to help build awareness and the capacity of Aboriginal communities to meaningfully engage with various partners and enhance their economic participation in energy developments;
- assisting Aboriginal entrepreneurs, small businesses and communities to take advantage of opportunities for jobs and business development, including training and skills development; and
- engaging specific Aboriginal communities with interests or concerns relating to Canada's pipeline safety regime.

The Government recently established the Major Projects Management Office - West to help facilitate early engagement and ongoing dialogue with Aboriginal communities on the West Coast. The Office is coordinating the involvement of multiple federal departments while working with industry and the Government of B.C. It is also supporting the progress of a tripartite forum with the federal and provincial governments and B.C. First Nations to better understand the concerns of Aboriginal communities and identify concrete actions that will help support their involvement in West Coast energy development.

Further details

This document is meant to provide a concise overview of the Government's plan for a world-class pipeline safety system. Further details are available at nrcan.gc.ca.

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