

---

## Building Blocks to a Social License for Oil & Gas Shipments

### 1. Spill preparedness and response capacity

While it is improbable that the full contents of a double hulled tanker would ever be exposed in the event of an incident, a minimum of 10,000 tons response capacity representing only 3% of the capacity of a Very Large Crude Carrier (VLCC) is understandably perceived by the general public as too low a requirement.

### 2. Identification of geographical areas having the potential for an increased level of risk and ensuring the appropriate level of preparedness

Proposed new northern tanker and LNG routes and increased frequency of traffic elsewhere requires revised oil spill preparedness risk assessments. A one size fits all level of spill response preparedness is not considered by the marine industry to be a reliable model and should rather be replaced by a level of response preparedness determined by risk.

### 3. Cross border responder indemnity

A legislative amendment in Canada unintentionally eliminated the previous indemnity for cross border responders. As a result, responders from Washington State and Alaska cannot be relied upon beyond protecting their own waters and shorelines. This represents a significant potential loss of available resources in the event of a major incident and should be addressed.

### 4. Integration of ports and local communities in spill preparedness and response

Taking one example, following the Exxon Valdez spill in 1989 the State of Alaska established the Prince William Sound Regional Citizens' Advisory Council. The council is governed as an independent non-profit organization whose mission is to promote the environmentally safe operation of *Alyeska Pipeline's Valdez Marine Terminal* and oil tankers calling at the terminal.

Elsewhere, other forms of engagement have been developed, the recommendation being that Canada identifies a model that meets our needs for social license. This could also extend to major ports assuming an extended traffic monitoring role in support of Canada's MCTS.

### 5. The role of CCG as on scene commander

Canadian legislation provides for the "responsible party" to assume responsibility for spill response. The Canadian Coast Guard (CCG) is only required to assume responsibility for response if the

2/ .....

responsible party cannot be identified, or is unwilling or unable to accept the responsibility. While it is entirely appropriate for the responsible party to assume response costs within limitations of liability, the public is likely to expect and demand that Coast Guard demonstrate more active control over events.

The lack of a clear mandate for CCG to engage in response to spills involving the off-shore industry should similarly be addressed.

In a wider context, the lack of an overall National Plan that integrates the capabilities of the Federal Government, Provincial Governments, Response Organizations and the Responsible Party should be addressed.

## **6. Non ship based oil spills**

Due to an apparent oversight in legislation, WCMRC is only mandated to respond directly to a ship based spill. In order to maintain responder immunity, WCMRC must await direction from CCG before response to a land based spill which impacts, or threatens to impact, the marine environment. This restriction should be reviewed with a view to expanding the role of Response Organizations to having clear authority to also respond to spills originating from pipelines, oil handling facilities, rail transportation and off-shore platforms.

## **7. Enhanced training for Coast Guard Officers**

CCG announced in 2012 that it will full adopt the Incident Command System (ICS) approach to spill response. We would recommend that this be expedited and enhanced to ensure that senior officers of CCG have the necessary training, experience and communications skills to act effectively as an on scene commander.

## **8. CCG Preparedness**

In 2010, the Office of the Auditor General of Canada issued a report following an extensive audit into the preparedness of CCG to respond to a major environmental emergency such as an oil spill. The report was highly critical of CCG preparedness and other than a commitment to adopt ICS, industry is unaware of any other steps taken to address the shortcomings identified in the report.

## **9. Reciprocity of coverage for vessels transiting the Juan de Fuca Strait**

An interim agreement between Associations was established in 1995 pending formalization of a formal government to government agreement ensuring reciprocity of oil spill response coverage for vessels transiting the Juan de Fuca Strait in either direction. No such agreement has been concluded.

## **10. The Role of Canada's Treasury Board**

The Treasury Board does not permit CCG to sign a single source agreement with Canadian response organizations.

In the event of a spill where the polluter is either unwilling or unable to initiate a response, or in the event of a mystery spill, it would be CCG that must assume responsibility for response.

## 11. Limitations of Oil Spill Liability

The International Conventions which limit a ship owner's liability in the event of an oil spill are well documented. From a social license perspective even allowing for the Canadian Ship Source Oil Pollution Fund which has not been increased for more than 30 years, there can be a strong argument that the level of tax payer protection in the event of a spill should be reviewed.

Whilst international conventions are difficult for Canada to influence, industry would advocate:

- A full review of the capacity of funding within the Canadian Ship Source Oil Pollution Fund.
- An examination of the mechanisms by which the fund can be strengthened.
- A review of the terms and scope under which the fund can be accessed in a timely manner in the event of an emergency

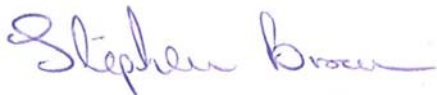
## 12. Salvage and Fire-Fighting Preparedness

Prevention of an oil spill also requires that contingencies are in place in the event of an incident involving fire-fighting and possibly salvage operations, the first law of salvage being to remove the threat of pollution.

In 2008, the USCG issued the final rule for salvage and marine fire-fighting (SMFF) under the Oil Pollution Act 1990 (OPA-90). The rule requires tankers and barges carrying oil as cargo to contract with qualified salvors to respond to a marine casualty in U.S. waters within stringent time-lines. Vessels operating in U.S. waters must include this component within their Vessel Response Plans (VRP).

A final rule extending this requirement to non tankers over 400 GRT is expected in the very near future for implementation in 2014.

The question therefore is whether, in the interest of cross-border consistency, such a requirement should be considered by Canada.



Stephen Brown  
President  
Chamber of Shipping of British Columbia