



ECRC~SIMEC



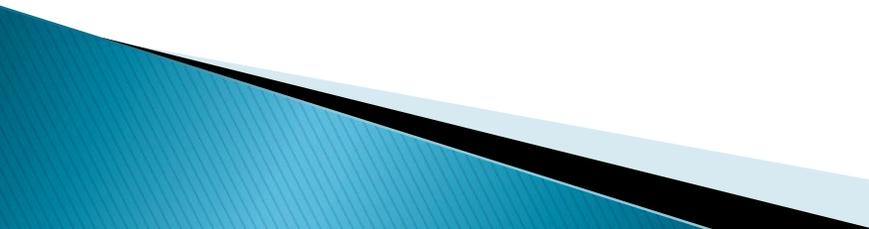
Canada's Marine Oil Spill Preparedness Regime Presentation Tanker Safety Expert Panel



Discussion Topics

- ▶ Disclaimers
 - ▶ Current Regime
 - ▶ Capacity
 - ▶ Government
 - ▶ Technical/Science/Research
 - ▶ Compensation/Funding/Governance
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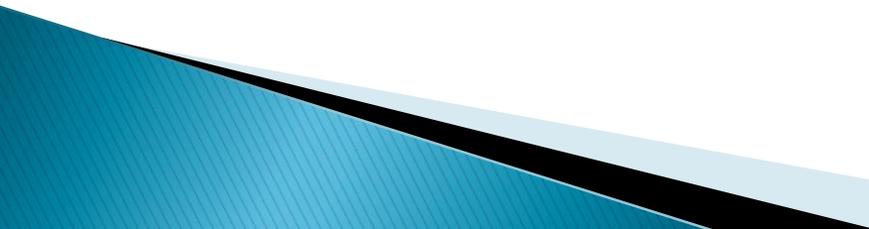
Disclaimers

- ▶ ECRC's comments and opinions are those of its management and not of the oil industry. However comments and opinions are consistent with our shareholders unless otherwise noted.
 - ▶ ECRC operates at arms' length from its shareholders.
 - ▶ ECRC's preparedness and response services are offered to clients other than ships and oil handling facilities governed by the CSA.
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Current Regime

- ▶ Canada's oil spill preparedness and response regime model is world class.
 - ▶ The regime has met Canada's needs over the past 18 years.
 - ▶ Future effort and focus should be on prevention.
 - ▶ Future regime changes should be included in regulation.
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Current Regime

- ▶ Government must consider and compare future west coast requirements against existing east coast oil movement activity.
 - ▶ Canada needs to have one overall marine based regime that covers spills from all sources; ships, off-shore, pipelines, land, etc.
 - ▶ Any changes in capacity must be based on justifiable criteria.
 - ▶ The arctic will require a separate model for funding, equipment and placement of resources.
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Capacity

- ▶ Equipment alone does not make capacity.
 - ▶ Capacity = equipment + personnel + a management system.
 - ▶ Based on 18 years of spill history, 10,000 tonnes has been sufficient, cost effective and sustainable.
 - ▶ Capacity increases for Canada has limits; set too high and it is unsustainable.
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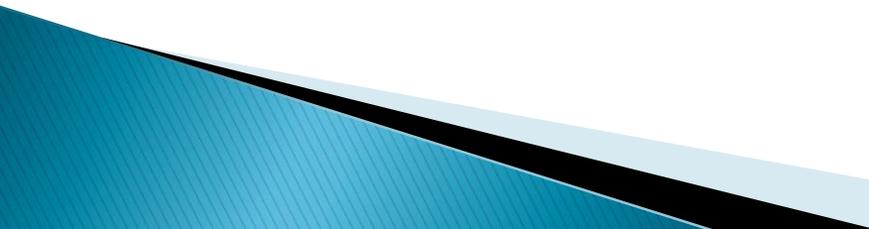
Capacity

- ▶ Capacity is not related to risk; the most likely spill volume and desired response duration should determine capacity.
 - ▶ Increased vessel traffic results in higher risk but does not impact capacity.
 - ▶ The fee structure for the current capacity is widely accepted by stakeholders. With increased capacity comes higher fees which may force stakeholders to change the way they move product.
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Capacity

- ▶ The current regime covers unconventional oil products such as asphalt, a sinking product.
 - ▶ The effectiveness and efficiency of a response is mostly influenced by environmental conditions at the time of the spill and for the duration of the response.
 - ▶ We need to differentiate between preparedness and response.
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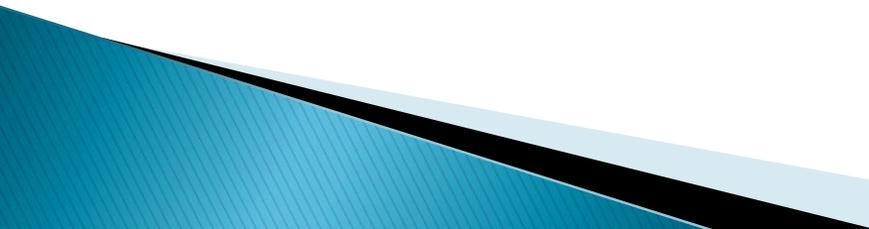
Government

- ▶ Industry's role is clear in spill situations, government agencies require clarification.
 - ▶ RAC's/NAC require focus and need to develop a sense of partnership within the regime.
 - ▶ Certification of RO's should be an ongoing process rather than a 90 day process every 3 years.
 - ▶ CCG's "monitoring" role is appropriate within the regime.
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Government

- ▶ Regime oversight requires a high level of technical and operational experience and expertise.

Technical/Science/Research

- ▶ Response Organizations have invested in new technology and will continue to follow any new developments.
 - ▶ The use of dispersants, shoreline cleaners and in-situ burning should become standard strategies for defined areas.
 - ▶ Currently R&D is primarily carried out by equipment manufacturers.
 - ▶ Often the most effective strategy is to use low-tech approaches and avoid overly specialized recovery equipment.
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Compensation / Funding / Governance

- ▶ Current funding mechanism is fair, reasonable, transparent and is meeting the regime's preparedness requirements.
 - ▶ Currently RO's have no means of recovering response costs where a client is insolvent or under creditor protection.
 - ▶ Consider RO's having access to the SOPF for recovery of response costs.
 - ▶ Placement of response assets is determined by risk and logistical/infrastructure considerations.
 - ▶ Cascading of resources is fundamental to the regime.
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