



PRINCE RUPERT
PORT AUTHORITY

LINKING A WORLD OF OPPORTUNITY

May 30, 2013

Via Email: tsep-cesnc@tc.gc.ca

Captain Gordon Houston
Chair, Tanker Safety Expert Panel
Transport Canada
275 Sparks Street
Ottawa, ON K1A 0N5

Dear Captain Houston:

Re: PRPA discussion session on Canada's Marine Oil Spill Response Regime

Thank you for the opportunity to participate in a discussion session on Canada's Marine Oil Spill Response Regime.

Please find attached PRPA's Submission which will be presented to the panel by Gary Paulson, Vice President Operations and Harbour Master on June 6, 2013.

Sincerely,

PRINCE RUPERT PORT AUTHORITY

A handwritten signature in black ink, appearing to read "Don Krusel".

Don Krusel
President & Chief Executive Officer

Enclosure

Prince Rupert Port Authority (PRPA) Submission to the Tanker Safety Panel: Review of Canada's Marine Oil Spill Preparedness and Response Regime

This PRPA submission, while guided by the panel's suggested lines of inquiry, will present an overview of the Prince Rupert Gateway, its growth plans and safety initiatives and present PRPA's views and recommendations with regard to oil spill preparedness and response.

The Prince Rupert Gateway

Over the past seven years the Prince Rupert Gateway has experienced significant growth, seeing commercial ship calls double from 200 in 2006 to over 400 in 2012. In the same period, cargo volumes grew from 10 million tonnes to 23 million tonnes. Current development and growth scenarios may realize in excess of \$20 billion in capital expansion over the next decade including the expansion of existing terminals and the development of new terminals and facilities. We project that by 2020 the Prince Rupert Gateway may see up to 1400 commercial ship calls (or over 3500 harbour moves annually) and accompanied cargo levels of in excess of 90 million tonnes per annum. Based on current operations and new project developments, commercial ship make-up could include container ships, LNG Carriers/Tankers, bulkers (for coal, grain, potash and wood pellets), cruise ships, break-bulk ships, log ships and specialty cargoes.

In anticipation of this growth, PRPA embarked on a number of marine safety and security initiatives focusing on risk prevention and incident preparedness. In 2011 and 2012, PRPA engaged the services of Det Norske Veritas (DNV) to complete a marine risk assessment of the Prince Rupert Gateway and review the Port's practices and procedures. The risk analysis was intended to provide the Prince Rupert Port Authority a baseline profile of marine safety and gain an understanding of the impact of growth of ship traffic and the introduction of new types of vessels and cargo on safety to: inform the development of best in class practices and procedures for ships calling on PRPA today; and, ensure PRPA was in all respects ready to receive future projected levels of shipping safely and sustainably.

The 2012 DNV report found that the Port's open, unobstructed approaches, wide channels and deep water and traffic levels placed PRPA as one of the safer ports to receive commercial vessels, including LNG Carriers/Tankers. The direct route to berth along with the short transit time from Pilot station to the proposed berth locations on Ridley Island and Lelu Island were significant factors in the Port's high safe ratings.

The Prince Rupert Port Authority is proactively developing best in class practices and procedures, using the International Harbour Master's Association template (a DNV recommendation) where PRPA will detail safety procedures for the LNG Carriers/tankers that may call on the port in the future. Safety initiatives also include updating the port's preparedness and emergency response plans (including oil spill preparedness and response) and the adoption and exercising of the Incident Command System (ICS) as part of the Port's Emergency Operations Centre (EOC).

PRPA also invested millions in a state-of-the-art Port Security Operations Centre (PSOC), wireless camera canopy network, cameras and Automatic Identification System (AIS) receivers

to extend the Port's maritime domain picture beyond the Triple Island Pilot station to enhance safety of shipping traffic within the Port's limits and its approaches. Further expansion of surveillance capacity requires the establishment of radar, and was identified by DNV as a safety gap. PRPA is exploring options with partners such as the RCMP and the Canadian Coast Guard (CCG) to jointly establish radar capability for the gateway and its approaches.

Lack of Public Confidence in Canada's Oil Spill Response Regime Today

Canada's marine oil spill preparedness and response regime is built upon collaboration between government and industry and is based on the principal that polluters are responsible for paying for preparedness and response to damages caused by their pollution. CCG will monitor and where necessary, augment or assume management of the response when it is in the interest of the public.

Under the Canada Shipping Act, 2001 all tankers of more than 150 gross tons, and all other vessels of more than 400 gross tons must carry an approved shipboard oil pollution emergency plan to operate in Canadian waters. The CCG is the lead agency responsible for ship-source and mystery spills.

Privately funded certified Response Organizations (in BC waters, the Western Canada Marine Response Corporation or WCMRC) have the responsibility to respond to oil spills from vessels which they have contracted arrangements. WCMRC has a response capability for spills based upon a 10,000 tonnes planning standard.

With regard to the number of tanker oil spills by country per decade, Canada has a strong reputation in an industry with an improving and impressive safety record. The overall number of spills by decade declined from a high of 18 in the 1980s to six during the 1990s, to zero in the 2000s. Canada tied with the Netherlands and Sweden for having zero spills during the 2000s.

Despite this current capability, public perception of risk remains high and confidence in the current regime's response capability remains low eroding public support for continued growth in Port and shipping activities and the development of enhanced capacities to support Canada's trade in energy in the Asia Pacific region.

Summary of PRPA Recommendations

PRPA's projected growth plans help frame the lens with which the Port Authority views the importance of establishing the optimum oil spill preparedness and response regime. Namely, that the Port Authority (and by definition the marine industry) maintains its social license to grow while instilling the public's confidence that industry and government leadership will ensure the highest standards of preparedness and response will be in place to parallel that growth in a safe and sustainable manner, and thus maintain our public consent to operate.

Accordingly, when reviewing the existing oil spill preparedness and response regime, and notwithstanding Canada's impressive safety record, there appears to be an existing public perception that government and industry need to do more. For the Prince Rupert Gateway and for the increased commercial traffic (oil tankers and all other commercial shipping) expected in the region, the collaboration between government and industry must ensure that the changes to the existing regime pass the acid test with regard to the public's expectations and that it enhances our social license to operate.

These recommendations incorporate this theme of instilling confidence with the public while building/improving our social license in the areas of prevention, response and liability and compensation.

Prevention

Complete regional risk assessments. Investing in regional risk assessments and then linking best preparedness for growth into the oil spill response capacity would be considered appropriate. World class best practices in preparedness and response would be expected from government and industry partners but there must also be a focus on oil spill prevention that meets the public's high expectations.

Improve CCG Preparedness. Public perception of CCG preparedness could be greatly enhanced through clearly defined command and control responsibilities and senior leadership authorities being thoroughly trained, regularly practiced and effectively assessed.

Implement Radar Coverage for the North Coast. A safety gap identified in DNV's marine risk assessment, for the Prince Rupert Gateway and its approaches, was the lack of radar. With Coast Guard initiatives to consolidate marine communications traffic services (MCTS) on the west coast to Victoria and Prince Rupert, it would be timely and prudent to address this safety gap. MCTS Prince Rupert has excellent Automatic Identification System (AIS) coverage for the north coast. However, radar would improve the maritime domain awareness picture for the Prince Rupert MCTS trained operators and enhance marine traffic safety for vessels not equipped with AIS and/or who may choose not to participate in the Prince Rupert MCTS.

Response

Establish and Entrench a Government lead agency. A properly staffed and funded oil spill response agency, whether CCG or a division within CCG or TC or some other government agency, would seem logical. Such an agency could provide policy, regulatory oversight and other guidance to private sector response organizations such as WCMRC. CCG seems to be well placed to assume this dedicated oil spill response agency role; however, the priority here is that a dedicated and appropriately funded agency be established. Many of the recommendations that follow mention CCG as the potential lead agency, but this could be any government appointed agency.

Any spill response will draw intense public scrutiny and for that reason command and control responsibilities must be clearly established, practiced and understood. The public will expect a strong government role in leadership so if the CCG is to perform this critical command and control responsibility, they need to have a clear mandate, capability and training alongside response organizations with sufficient oversight by third party expertise such as DNV or Lloyds.

Enhance training for Coast Guard Officers. The Incident Command System (ICS) has been effectively employed to deal with emergencies of all types internationally for decades, and has well established training programs that the CCG should leverage to address the gap in expertise.

Enhance Spill preparedness and response capacity. With the current 10,000 ton response capacity perceived by the general public as too low, it would be logical to establish a strategic oil spill response capacity by three regions on the west coast. A total planning figure in the range of 30,000 to 50,000 tons response capacity pre-positioned in the south, mid and northern regions of the west coast would be prudent to build public confidence and improve the industry's

social license. The optimal response capacity amount could be guided by the completed regional risk assessments and recommendations, as well as the vast area (200 NM limit or EEZ) that WCMRC response planning must take into account.

Integrate ports and local communities in spill response. Invariably, lessons learned from oil spill emergencies include improving alignment and communications between the responsible parties (CCG and WCMRC) and the local community. First Nations peoples, as stewards to their lands and waters, should be integral to a concerted effort to include local communities as real stakeholders in oil spill preparedness and response.

Improved Response, Salvage and Fire-Fighting Preparedness. For the sake of our government and industry stakeholder's credibility, there needs to be consistent standards and regulations that require minimum ready response vessels (tugs pre-positioned to respond to stricken tankers), salvage and marine fire-fighting preparedness. It might be logical and mutually supportive to adopt similar rules that apply in U.S. waters for consistency given our close proximity.

Cross border responder indemnity. With the significant increase of marine traffic expected for the Prince Rupert Gateway, empowering both Canadian and American oil spill responders with cross border indemnity is considered essential and urgently required.

Liability, Compensation and Funding

The Ship-Source Oil Pollution Fund (SSOPF). Public perception and media attention suggest a review of the SSOPF would be both timely and offer the opportunity for government and industry stakeholders to improve our social license. Recognizing oil pollution prevention is the focus of the public attention, the Canadian Ship Source Oil Pollution Fund could be used to effectively enhance safety, response training and preparedness. This offers a tangible and proactive approach to oil pollution mitigation.

With regard to liability and compensation, this is a subject area which is typically beyond the mandate of Canadian Port Authorities and is best handled at the national level, through legislation set out within the Canada Shipping Act 2001 and Marine Liability Act.

With respect to the current regime, the liability and compensation system for oil pollution is well developed and implements the international regime established through the CLC (the International Convention on Civil Liability for Oil Pollution Damage) and Funds Conventions. An area potentially requiring further analysis is the liability and compensation regime for marine pollution from substances other than oil.