

Member of Parliament Dennis Bevington delivered a speech on Bill C-22 Energy Safety and Security Act on May 29, 2014.

Mr. Speaker, after a number of years, I am glad to have the opportunity to speak to this new Bill C-22, an act that would set the terms and conditions of liability not only for nuclear issues but also for oil and gas issues. It is a little misleading in the title, as it speaks to only the offshore. I will point out later on that the title is not exactly right. First, at second reading, we deal with principles. This is when we talk about the principles of the bill. The principle I think we can all support is that liability for nuclear accidents and oil and gas spills should lie in a decent fashion with those who make those things happen. We can accept that the principle of the bill moving forward is okay. However, many of the details still remain, as they were six years ago, understated. Six years ago we talked about a \$650-million liability limit for nuclear plants. Now we are talking about \$1 billion.

What has happened in the intervening time? Well, we have seen what happened at Fukushima, and so we know quite clearly that nuclear liability is at a higher level than we ever dreamed or thought possible in a modern state, such as Japan, with the equipment we assumed would have been handled in a decent fashion. However, we found out that right from the very beginning, the opportunity for failure had been built into the system. Therefore, liability is important. It is important right from day one.

When people understand the nature of the liability, they are not going to shortchange during the construction of the facilities. They are not going to start out bean-counting how much they have to invest in a particular facility to avoid the type of unlimited liability that would apply to it. When we reduce liability, we probably end up with a lesser product to service our nuclear or offshore oil and gas industries. That, I think, is quite clear in the modern economics of today.

Most companies employ scores of accountants to examine the liability of their actions. When we set liability limits, they will determine the degree to which companies ensure that the safety of their projects is well maintained.

Is \$1 billion enough for the nuclear industry to ensure that a nuclear operator is going to put the best possible effort into creating a nuclear plant? Is it enough to ensure the best possible effort in running an existing plant? When there are conditions, such as at Fukushima, where the backup power supply could quite easily be flooded, is \$1 billion enough to ensure that someone does a careful safety analysis of the existing facilities?

Liability limits are extremely important, because they set the parameters for the industry. As we go along in this debate and see at committee the kinds of presentations about nuclear liability, the new presentations after Fukushima, I think it will become very clear to us that \$1 billion is probably not enough.

I am going to leave that subject and move over to the liability regimes for offshore oil and gas operations. Interestingly enough, we speak of offshore, but here in appendix 1,

we talk about onshore in the Northwest Territories and Nunavut. If one is onshore within 200 metres of inland water, under the current liability limits, there is no limit specified. Now it would be put at \$25 million.

What has happened recently in the Northwest Territories? Between Wrigley and Norman Wells, there was an oil spill from a buried pipeline that has easily cost that amount of money to clean up, and it still has not been dealt with completely. There are aging pipelines throughout this country, as well as in the Northwest Territories, and there are facilities that need attention.

What happens when we set a \$25 million liability limit on an oil pipeline that has existed for 30 or 40 years? How does it work out when one company sells it to another, in the nature of the oil and gas industry? Who is taking care of it? To what degree do they see the liability as being the most important part of what they are doing? To me, \$25 million on land in the Northwest Territories does not sound like a lot of money to take care of the kinds of spills that can occur from buried oil pipelines traversing the territory.

When it comes to blowouts in the High Arctic, there has actually been one. In the late 1970s in the Arctic Archipelago, there was a major blowout, but luckily it was natural gas. The flare from that natural gas blowout was visible by aviation. It was used as a navigation medium in the High Arctic because it was so large and went on for nine or ten months. We can imagine what would happen with that type of spill if that had been an oil discovery that had blown out. Within the limited number of wells that have been drilled in the Arctic, we have already had a blowout. That is the reality of it.

Now we are talking about a liability limit offshore of \$1 billion. With the spill in the Gulf of Mexico, tens of billions of dollars were involved in the cleanup. How do we quantify that in the Arctic? The National Energy Board did a study on it and determined that it does not really know how to deal with it, but it is going to just approve projects as they come up and it will see what companies are offering in terms of how to deal with blowout situations or other types of spills.

Interestingly enough, there is a clause in here. With proof of fault or negligence, there would be unlimited liability in most of these cases. What we have done is separate it out. It is \$1 billion if it is not a company's fault and it just happened to blow out. That is what it costs. If it was a company's fault, then it has to pay, pay, and pay.

How does that work, when the National Energy Board approves a project when it knows it does not have any solution for a blowout? Where does the liability land then? How does that work in a situation in the Arctic? These are questions that need examination. This is why we should talk about these things in Parliament. That is why I am standing here today taking the time that I have, which is 10 minutes. Does that cover the full knowledge we have about these situations? Does that answer any questions? Not really. That is not much. No, we are going to need some serious time in committee to do anything with this particular bill, to understand the liability.

Interestingly enough, we are setting liability limits on land in the Northwest Territories. What did we go through in Parliament just a little while ago? There was a devolution agreement, whereby the Government of the Northwest Territories is now responsible for a lot of the stuff on the land. How is that going to work? Has the Government of the Northwest Territories given its okay to this liability limit on the land for which it now has responsibility? These are questions that we need answered. These are things that are obviously going to take a long time in committee. We have been through this before. Seven years ago we started this. Many bills have been brought forward in that time and the government has thrown up its hands on more than one occasion.

We look forward to seeing this in committee. We have agreed that the principle is right, but the details in the bill need a lot of work.