

## GOVERNMENT OF SASKATCHEWAN INTRODUCES AMENDMENTS TO EXPAND AND UPDATE *THE PIPELINES ACT, 1998*

### *Discussion of the amendments to The Pipelines Act, 1998 in Saskatchewan.*

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In response to this summer's high-profile oil spill into the North Saskatchewan River caused by Husky Energy, and a 2012 provincial auditor's report criticising Saskatchewan's regulation of oil pipelines, on November 28, 2016, the Saskatchewan Minister of Energy and Resources introduced **Bill No. 43 An Act to amend The Pipelines Act, 1998** (cited as **The Pipelines Amendment Act, 2016**), which seeks to expand and update pipeline regulation in Saskatchewan.

### **Licensing of Flowlines and Previously Exempt Pipelines**

Presently, flowlines – a pipeline connecting a wellhead with an oil battery facility, a fluid injection facility or a gas compression or processing facility, and includes a pipe or system of pipes for the transportation of fluids within any of those facilities – are exempt from licensing under **The Pipelines Act, 1998**. **The Pipelines Amendment Act, 2016** will repeal the current exemption from licensing and require all flowlines be constructed, altered, operated, abandoned or discontinued in accordance with a licence. The effect of the previous exemption was to leave the Government of Saskatchewan without record of the location of flowlines and documentation supporting the design, construction and operation of flowlines in accordance with regulations. In addition to the licensing of flowlines, **The Pipelines Amendment Act, 2016** will require all previously exempt pipelines (as that term is defined) to be licensed by a date which will be prescribed by regulation when the amendments come into force.

Particulars of the licensing application process are not yet fully disclosed and will be prescribed by regulation when **The Pipelines Amendment Act, 2016** comes into force. It is notable that applicants will be required to provide evidence satisfactory to the minister that the applicant meets the prescribed eligibility requirements, similar to requirements of **The Oil and Gas Conservation Act** and **The Oil and Gas Conservation Regulations, 2012**.

### **Transfer of Licences**

Currently under **The Pipelines Act, 1998** minister approval of a transfer of a licence is required. This approval requirement will be repealed and replaced with a fulsome application process similar to the requirements of **The Oil and Gas Conservation Act** and **The Oil and Gas Conservation Regulations, 2012**, including requiring a transferee meet the prescribed eligibility requirements and a transfer be in the public interest.

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### Modernization of Compliance and Enforcement Powers

*The Pipelines Amendment Act, 2016* will greatly modernize the ministry's compliance and enforcement powers providing fulsome inspection and audit powers, including:

- determining whether a licence holder is in compliance with the Act, the regulations, a directive or the terms or conditions of a licence;
- conducting compliance audits of the practices of the licence holder in relation to the construction, alteration, operation or abandonment of pipelines, or discontinuation of the operation of pipelines, owned by the licence holder that are subject to the Act; and
- determining the cause of any incident required to be reported to the minister pursuant to the Act, the regulations, a directive or the terms or conditions of a licence.

In support of carrying out these powers, the inspector has a full suite of incidental powers including accessing land, records and employees, using equipment, searching computers and other data storage devices and conducting sampling.

*The Pipelines Amendment Act, 2016* will also serve to expand the scope offenses, increase fines from a maximum of \$50,000 to \$500,000, allow for additional fines equal to monetary benefits derived from a contravention, include a clear statement on vicarious liability and provide new administrative penalties in amounts to be prescribed. The amendments also include new regulation-making power which will permit the minister to enact regulation requiring financial assurance in the form and manner acceptable to the minister.



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