



Canada's Largest Offshore  
Industry Association

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July 11, 2018

Dear Ms. McNeil:

**Re: Noia's Comments on the Frontier and Offshore Regulatory Renewal Initiative's (FORRI) Revised Policy Intentions of the Framework Regulations.**

Thank you for the opportunity to provide comment on the Revised Policy Intention Document for the development of the FORRI Framework Regulations released on May 28th, 2018. Noia continues to advocate for development of performance-based regulation, consistent with other international jurisdictions that achieve high levels of environmental and safety performance and support a more competitive frontier and offshore sector. Given that the Framework Regulations will apply to any company authorized to explore, drill, produce or transport oil & gas in Newfoundland and Labrador's offshore areas, it is critically important that regulatory efficiency, effectiveness and international competitiveness be achieved and maintained. As Noia has previously indicated, achievement of the objectives to reduce redundancy, bring standards up to date and the move to performance-based regulation is only possible by limiting the use of jurisdictional-specific codes and standards and the prescription of specific technologies/approaches.

**Performance Based Regulation**

Performance-based regulation can provide industry with the flexibility to determine the most appropriate manner to meet or exceed the goals or outcomes and to adopt technology, standards, programs and procedures that best suit their specific business and operating demands as required over time. We see in the current and past policy intent documents a shift to a hybrid regulatory approach with both prescriptive and performance-based requirements. Noia is concerned that this is not conducive to creating a modern and efficient system. While we recognize that governments have committed to a hybrid model of performance regulations when possible and prescriptive regulations where necessary, Part 6 (Installation analysis, design, construction and maintenance) and Part 7 (Systems and equipment design, operations and maintenance) still include prescriptive language and contain codes and standards with the risk of the regulations becoming quickly dated.

**Regulator Guidance Development**

The objective of performance-based regulations can be undermined and diluted if regulators subsequently produce guidelines that are prescriptive. It is critically important now that government provide some transparency and clarity on how it determined which specific areas require prescriptive requirements

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versus a performance-based approach and how the performance-based approach will be maintained in guidance. Noia recommends a strategy be developed for the parallel development of guidelines along with the Framework Regulation in advance of the pre-publication of the draft regulations in the spring of 2019.

Regulations are often interpreted differently by operators and the boards and the framework regulations and guidance must be developed in consultation with industry to reduce potential for differing interpretation and ensure effective implementation. Regulators and the industry must have consistency of interpretation to build industry confidence in the regulatory system to enhance regulatory competitiveness. As well, flexibility must be ensured within the guidance to allow the industry to take a responsive approach to choosing the best methods or equipment available, incorporate new technologies, techniques or work practices more rapidly to enhance safety, environmental protection and resource conservation.

### **Codes and Standards**

It's important that regulation make minimal references to codes and standards to allow industry to propose standards for meeting the performance requirements. The new regulations should permit the adoption of codes and standards (as referenced in regulator guidance) that have been accepted by flag states and classification societies. This is particularly important since foreign flagged vessels are common in the Newfoundland and Labrador offshore and were not designed or constructed to the Canadian or North American codes and standards. This has presented problems in the past with respect to vessels meeting the requirements of outdated and prescriptive OHS regulations.

Lastly, and as we have stated before, given the importance of the petroleum industry to Canada and to Newfoundland and Labrador now and for decades to come, the regulatory environment needs to foster an internationally competitive oil & gas industry. Regulatory efficiency and effectiveness is crucial for both increased and continued exploration and development. Newfoundland and Labrador's offshore undiscovered resources in only two of 20 basins include potentially 37.5 billion barrels of oil and 133 trillion cubic feet of natural gas, and this yet-to-be-discovered resource already rivals other major offshore areas of the world. The exploration for, and the development of, these potential resources must take place within a regulatory context that recognizes and understands the global nature of the industry, its technologies and systems, and its use of global best practices and standards.

Once again, we thank Natural Resources Canada for the opportunity to provide feedback and we look forward to continued discussion on this important initiative.

Sincerely,

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CEO

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