



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on February 6, 2019

Minutes of the Natural Gas Advisory Council meeting of the Technical Standards and Safety Authority (TSSA) held in the Ontario Boardroom, 345 Carlingview Drive. Toronto, Ontario at 9:00 a.m. on the 6th day of February 2019.

Present: Martin Luymes (Chair), Heating Refrigeration and Air Conditioning Institute of Canada (HRAI); Mike Wagle representing Michelle George, Enbridge; Dave Hammond, A.O. Smith (on Skype); Elizabeth Nielsen, Consumers Advisory Council; Alper Ozdemir, Reliance Home Comfort (on Skype); Greg St. Louis, Kitchener Utilities (on Skype); Ron Vanhevel, Rheem Canada Ltd. (on Skype); Andy Vella, Canadian Standards Association.

Bonnie Rose, President and CEO; Tom Ayres, Vice President, General Counsel and Legal (item 7); Nancy Webb, Vice President, Communications and Stakeholders; Dan Brazier, Chief Financial Officer (item 14); John Marshall, Director, Fuels Safety Program; Zenon Fraczkowski, Engineering Manager, Fuels Safety Program; Sandra Cooke, Ombudsman (item 8); Marek Kulik, Engineer, Fuels Safety Program; Robert Wiersma, Manager, Public Safety Risk Management (item 9); Kristian Kennedy, Manager, Government Relations; Consuelo Esquivel, Council Coordinator.

Guests: Nathan Fahey and Sarah Jeffrey-Hampton, Ministry of Government and Consumers Services; Neil Waugh, NPL Canada Ltd.; Raj Bharati, Assistant General Counsel.

Regrets: Alan Reitzel, Reitzel Heating & Sheet Metal Ltd.

1. Welcome and Constitution of Meeting

The Chair called the meeting to order and welcomed everyone including those participating through Skype.

For the Safety Moment, a video on the safety risks of confined spaces was presented.

2. Adoption of February 6, 2019 agenda.

Council approved the agenda for the February 6, 2019 meeting.

3. Adoption of the minutes of September 20, 2018 meeting

Council approved the minutes of the September 20, 2018 meeting.

4. Review Action Items from the last meeting

Referring to the material shared in advance of the meeting, J. Marshall provided a status of the completed and pending action items, three of which will be discussed today: Bill 59 and Contractor Partnership; contractor audit challenges; and the NGAC membership matrix.

Regarding contractor partnership, the Chair said that the Heating Refrigeration and Air Conditioning Institute of Canada (HRAI) had met with the Ministry of Government and Consumer Services (MGCS) about contractor issues. He reminded Council that Bill 59 appears to pose challenges for the obligations of contractors' duties during interactions with customers. The government is reviewing the legislation to see what changes can be made to lessen the burden on industry. Recommendations are being drafted, which will be followed by public consultations, possibly in two months' time. S. Jeffrey-Hampton added that another meeting will be held with HRAI prior to consultations.



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on February 6, 2019

5. Chair's Update

The Chair, on behalf of the NGAC, expressed appreciation for David Scriven's commitment to safety and excellence, and his support to Council through the years.

6. TSSA President & CEO's quarterly report

The President treated her report to Advisory Councils, distributed with the advance materials, as read. There were no questions from Council.

7. Action Plan in response to the Auditor General's Report

T. Ayres spoke to the item. He provided a general description of the Auditor General's (AG) report and TSSA's response to the findings. Consistent throughout the report is the risk-based approach that TSSA is encouraged to continue to implement and accelerate. He made note that there are common themes in the report that are addressed in TSSA's Outcome-based Regulator model which will be highlighted for Council today in the next agenda item.

There are 19 recommendations, 17 for TSSA and 2 for the MGCS. Forty-two action items were incorporated in the 19 recommendations, 38 of which are for TSSA to carry out. TSSA has already partially addressed 25 of them through the Outcome-based Regulator.

T. Ayres spoke about the general recommendations in the AG's report as well as those areas that may have a peripheral impact on the natural gas sector. The AG recommended that TSSA focus on improving safety reporting which will entail using data from TSSA or from members of the natural gas group to identify areas of non-compliance and areas that are of greatest risk to safety. The actions that relate to the natural gas industry were separation of safety data reporting by sector, inspection consistency, continuing education for certificate-holders, adoption of risk and safety management plans across fuel types, enhanced authorizations and audits, and scoring of contractors based on their compliance with the regulations.

There was extensive discussion between Council and TSSA, a summary of which follows:

- Consumers' insights are important as they are the main beneficiaries of technical safety. Council would like their input in the process. T. Ayres reiterated that TSSA's paramount goal will always be safety for the public. Council suggested that contractors ask consumers' opinion through a survey. TSSA welcomed the suggestion.
- In a limited scope, the AG had compared performance of Ontario with other provinces for specific industries, for example pipeline regulation in Alberta. There was no consistent or overarching theme arising from the comparison. The AG had suggested that TSSA look at other jurisdictions' best practices and regulatory initiatives.
- A Council member commented that it would appear that TSSA needs to do a lot more for public safety and yet there is no benchmark on how well TSSA is performing relative to other regulatory bodies. In his opinion, the use of the risk-based regulation has been a TSSA mantra for a number of years. He wondered whether the Outcome-based Regulator is in response to the AG's report or is it no different from what TSSA has had in place already.

T. Ayres confirmed that public safety risk management (PSRM) is not new. It was launched in the past but had lost focus over the years due to insufficient allocation of resources. What is important now is for TSSA to reinvigorate its commitment to risk-based regulation.



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on February 6, 2019

- There was a question of accountability and competing priorities in view of political and economic realities. While the AG wants TSSA to do more, the measures may run counter to the government's objective of lessening burden on industry. TSSA asked Council and other stakeholders to voice their opinions – to give credit to TSSA where it is due and to give constructive criticism where needed. The Chair reaffirmed the NGAC's commitment to help TSSA in this regard.

B. Rose thinks that the Outcome-based Regulator model is achievable. The enforcement focus will be on high risk deliberate non-compliant offenders and less on those who are compliant. There will be compliance support to help companies with compliance.

- Recognizing the government's theme of balancing burden reduction with doing more as recommended by the AG, N. Fahey stated that a new audit and accountability committee has been established within Treasury, headed by the Treasury Board President and the Vice Chair of Finance. Through this exercise, the government has affirmed its commitment to the AG. According to the AG, about 80% of the recommendations must be achieved in the first year.

8. TSSA's Transformation to an Outcome-based Regulator

S. Cooke spoke to this item, referring to the slide presentation which had been shared with Council in advance of the meeting. Since September 2018 when the new model was introduced to NGAC, an external advisory group has been organized. The group held its first meeting on January 21, 2019 to provide input, guidance and support.

There were a couple of comments from Council which S. Cooke addressed.

- Compliance policy, checklists and other useful information for the industry and public will be posted on the website, including names of top performing contractors. Caution should be exercised in publishing a rating system as this is a potential liability.
- TSSA is amenable to working with associations like the HRAI with regard to compliance support programs.
- Going forward, the NGAC would prefer to receive updates on the Outcome-based Regulator, with a summary of key findings relevant to the fuels sector.

Action: At the next NGAC meeting, S. Cooke to provide key findings relevant to the fuels sector on the Outcome-based Regulator.

9. Safety and Compliance Report

R. Wiersma elaborated on the slides shared with Council in advance of the meeting.

There were a couple of questions which R. Wiersma addressed pertaining to: risk rating and threshold for Risks of Injury or Fatality (RIFs). Council requested that a graphic illustration of non-compliance and risks, similar to that published in the Annual State of Public Risk Report, be provided in the future.

Action: R. Wiersma to provide a graph of non-compliance and risks statistics at the next NGAC meeting.

10. Incidents/Issues Report

J. Marshall said that there were 4 incidents (3 explosions and 1 carbon monoxide release) since he last reported to NGAC: a cross bore situation where the connection between a gas pipe and sewer was compromised; a CO release in Toronto due to lack of equipment maintenance; an explosion due to improper gas piping; and a house explosion in Caledon which resulted in one fatality. The latter incident is under investigation by TSSA and the Fire Marshal.

J. Marshall was asked about the safety risks of planting election signs on front yards. He does not think reposting of the advisory is warranted at this time, but a reminder would be good.



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on February 6, 2019

11. Strategy for Fuel Risks in Schools

J. Marshall reminded Council that this remains one of TSSA's highest priorities. This has been an ongoing project which TSSA would like to enhance. In the last quarter, our analytics have shown that of the 33 incidents, 10% of them were high risk. TSSA aims to meet with school boards and contractors who service the schools to reinforce improved maintenance and safety standards. Where incidents have occurred, the plan is to visit the schools almost immediately and identify the root cause, following inspection by TSSA.

12. Strategic discussion on Contractor Audit Challenges

The Chair spoke about the contractor audit challenges faced by TSSA. The feedback from HRAI is that the problem has to do with contractors having to contact homeowners about home inspection appointments with the off-chance that TSSA would be present at the appointment. It has impacted on customer relations and resulted in considerable staff time for administrative matters. HRAI contractors have agreed to meet with TSSA to address the issues and improve the process. A.Ozdemir offered to be part of the discussions.

J. Marshall added that TSSA has allowed completion of the administrative component of the audits before audit inspections.

A Council member inquired about the appetite for a permit system as an alternative to the audit system. J. Marshall said that the agenda item on the Fee Review will be explained by D. Brazier today. TSSA is moving towards a fee structure that is more compliance-oriented as opposed to billing in the next couple of years, but that there are no specific plans for a permit system.

13. Future Emerging Trends

a) Climate Change

Referring to the *Pan-Canadian Framework on Clean Growth and Climate Change* (PCF) report of August 2018, the Chair said there is not much to update Council on except that the federal government remains strongly committed to electrifying all forms of space and water heating by 2030 and all homes and buildings by 2050. A new governance framework and action plan will be discussed at the Steering Committee meeting on February 7, 2019, which he will be attending.

He noted the Ontario government's pushback to the plan as Ontario, in contrast, has widely promoted access to natural gas in Ontario. He added the potential reduction in market share of heating appliances and the implication for TSSA.

Action: M. Luymes to update Council on discussions of the Steering Committee.

b) New building activations

The Chair reminded Council that this item had been discussed in previous Council meetings. The group of manufacturers who had voluntarily raised concerns about restricting the use of their products during construction has not arrived at a consensus as there was one manufacturer who believed there was no evidence of the negative effects on furnaces. Not wanting to lose access to the markets, other manufacturers opted to revise their position on the restriction.

For the time being, the practice is being monitored during the heating season. The Chair said the heating and building manufacturers will have to deal with the matter themselves and develop an industry position on the matter. The Chair will apprise Council if there are any developments.



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on February 6, 2019

c) Increased use of alternative fuels

The Chair noted that in the interest of carbon reduction, gas utilities have been feeding biogas in natural gas distribution systems. He inquired about the chemical makeup of biogas, and whether it creates technical problems in the field.

Z. Fraczkowski responded that he is unable to comment on the technical effect on distribution systems as the impacts continue to be studied. He spoke about renewable sources of energy and alternate sources of energy, such as landfill gas and hydrogen generated using electricity produced by solar panels.

Due to competitive taxing incentives and support by the government, the practice of injecting landfill gas into pipelines is popular in western Canada and the United States. In Europe, hydrogen and landfill/bio gas injection are used extensively. In Canada the practice will most likely increase.

As for the use of landfill, digester and biogas, he noted the increased use by steel companies while CNG is being delivered to large volume users to replace conventional oil and propane systems.

The Chair inquired about Enbridge's renewable gas. M. Wagle said that Enbridge has two R&D projects. It has established gas specifications. An immediate shutdown will be enforced if they exceed the threshold. Enbridge has also embarked on elaborate testing protocols. Standards of the Canadian Gas Association (CGA) were followed and those of Canadian provinces and the United States. He confirmed that the project is sustainable as observed from one landfill's ability to supply the City of Toronto's fleet.

The Council queried about liquefied natural gas (LNG) and TSSA's approach to it. Z. Fraczkowski said that he is aware of advanced plans to build an LNG facility in the Niagara region but plans for the plant did not materialize. There is a consortium that is considering a facility in northern Ontario, although this is in the planning stage.

14. Fee Review

D. Brazier spoke to the item, referring to the slides which had been distributed to Council in advance of the meeting. He stressed that TSSA continues to update its financial projections. Since the last report to Council in September 2018, a decision was made to revoke the Upholstered and Stuffed Articles Regulation. With the deferral of the 20/20 program timeline, the same costs in the 20/20 program have been spread out in the present fiscal year and over a longer period in the next fiscal years.

Council inquired about operational management and the implications of the AG's report. TSSA is reviewing the fee structure through the lens of the Outcome-based Regulator model and continues to closely monitor costs, leveraging budget resources with efficient strategies. The long-term goal is to break even in the fuels sector, although this is hard to accomplish at the present.

D. Brazier clarified that the fee increase is for the current fiscal year and for the next fiscal year. He doubts that the fee increase will be applied in the third year because by that time a new fee structure may be in place.

A Council member expressed a desire for the public to be consulted about the fee structure. The Chair believes consultation should focus on how fees are applied to industry as opposed to discussion about the amount of fee increases which would not be productive. The Chair added that it is critical for TSSA to communicate about the fee increases to industry as soon as possible.



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on February 6, 2019

15. Ministry of Government and Consumers Services' update

N. Fahey provided an overall update from MGCS.

- The Honourable Bill Walker is the new Minister of Government and Consumer Services.
- The results of the Office of the Auditor General of Ontario's report were released in December 2018. MGCS is now reviewing TSSA's action plan.
- With respect to the Boilers and Pressure Vessels Regulation, the ministry will work with the TSSA, relevant stakeholders and the Ministry of Agriculture, Food and Rural Affairs to review the existing agricultural exemption and will consider a revision to the existing policy.
- A Reconciliation Agreement for the Canadian Registration Number (CRN) is nearing approval across jurisdictions in Canada.
- TSSA commissioned an elevator availability study at the request of MGCS. The report, which was conducted by former Superior Justice Douglas Cunningham, was completed in December 2017 and contained recommendations for improving elevator availability. The Auditor General concurs that TSSA will need more enforcement tools to achieve compliance.
- In December 2018, Bill 66, Restoring Ontario's Competitiveness Act, 2018, was introduced in the Legislative Assembly. If passed, the Bill would amend the Technical Standards and Safety Act, 2000 to authorize the Minister to approve alternate rules for compliance relating to operating engineers.
- In December 2018, the government revoked the Upholstered and Stuffed Articles Regulation to remove burdens to business and trade and to reduce duplication with federal regulations. Despite the revocation, upholstered and stuffed articles sold in Ontario will continue to be subject to applicable federal legislation, including the Canada Consumer Product Safety Act and the Textile Labelling Act. Upholstered and stuffed articles in Ontario will continue to be subject to the Ontario's Consumer Protection Act, 2002.

16. RRG and FS Engineering update

M. Kulik referred to the RRG update which had been shared in advance of the meeting and considered read. Most RRGs will be convening in the next couple of months.

Z. Fraczkowski said that since early January, TSSA had focused on older projects and data accuracy. In turn, some RRG work had been put on hold. With the AG's report, TSSA will work on how to process information and ask input from industry.

17. Council Administration

The Chair referred to the Briefing Note on the Membership Matrix Review. It was part of the advance reading materials for this meeting. He asked Council to consider the current sector representation on the NGAC as well as possible new categories that may be added. The review will be deferred to the next NGAC meeting.

With the resignation of Rick Delaney from Council, Neil Waugh from NPL Canada Ltd. has been nominated. N. Waugh spoke about his experience. Following a motion by Council to confirm N. Waugh's membership on NGAC, Council approved it.

With the resignation of Paul Goddard, Council suggested that a Call for Nominations be posted on the website for the vacancy.



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on February 6, 2019

Action: C. Esquivel to include Membership Matrix Review on the agenda of the next NGAC meeting, and to post a Call for Nominations on the website.

18. In camera meeting

Council met in camera with the CEO. Later, Council held a separate in camera session among themselves.

19. Adjournment

The meeting adjourned at 12:20 p.m.