



Technical Standards and Safety Authority Minutes of the Natural Gas Advisory Council Meeting on September 20, 2018

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 20th day of September 2018.

Present: Martin Luymes (Chair), Heating Refrigeration and Air Conditioning Institute of Canada (HRAI); Rick Delaney, Link-Line; Michelle George, Enbridge; Dave Hammond, A.O. Smith; Elizabeth Nielsen, Consumers Advisory Council; Alper Ozdemir, Reliance Home Comfort; Peter Pavlinich, representing Greg St. Louis of Kitchener Utilities; Alan Reitzel, Reitzel Heating & Sheet Metal Ltd; Ian Ross, Union Gas Limited; Ron Vanhevel, Rheem Canada Ltd.; Andy Vella, Canadian Standards Association.

By Skype:

Paul Goddard, Consumers Water Heater Income Fund; Sarah Jeffrey-Hampton, Ministry of Government and Consumer Services.

Bonnie Rose, President and CEO; David Scriven, Vice President, Safety and Strategy; Peter Wong, Vice President, Operations; Nancy Webb, Vice President, Communications and Stakeholders; John Marshall, Director, Fuels Safety Program; Dan Brazier, Interim Chief Financial Officer (item 14); Zenon Fraczkowski, Engineering Manager, Fuels Safety Program; Sandra Cooke, Ombudsman (item 7); Marek Kulik, Engineer, Fuels Safety Program; Robert Wiersma, Manager, Public Safety Risk Management (items 8-9); James Ban, Policy Advisor, Stakeholder Relations; Consuelo Esquivel, Council Coordinator, Corporate Secretariat.

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 dangers of texting while driving was presented.

2. Adoption of September 20, 2018 agenda.

A member would like to add an item to agenda number 19 regarding information provided by Enbridge for consumers. Council approved the revised agenda for the September 20, 2018 meeting.

3. Adoption of the minutes of February 22, 2018 meeting

The Chair requested that the minutes be amended to clarify in paragraph 10 that there is no lobbying effort by a competing energy industry. A motion to approve the suggested change in the minutes of the February 22, 2018 meeting was raised. Council approved the motion.

4. Review Action Items from the last meeting

Council discussed the status of an action item related to Bill 59 and its effect on contractors. S. Jeffrey-Hampton encouraged Council to contact her directly regarding this matter.

5. Chair's Report

The Chair referred to his report to TSSA's President and CEO at the completion of FY18. This was shared with Council beforehand and was treated as read. He expressed appreciation for Council's work and continued engagement. There were no comments from Council.

6. TSSA President & CEO's quarterly report



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The President treated her Q1 FY19 report, distributed with the advance materials, as read. There were no questions from Council.

7. Regulatory Modernization Initiative – Plan and Roadmap

S. Cooke spoke to this item, referring to the slide presentation which had been shared with Council in advance of the meeting. TSSA would like to transition to a modern regulatory model that is less adversarial, more collaborative-focused and partnership-oriented. The plan is in its infancy. This is the first step in involving/communicating to stakeholders.

Council found the concept interesting. There was extensive discussion. Council proffered comments to which TSSA responded. A summary follows:

- The premise for the need to modernize TSSA's regulatory model was borne out of statistical evidence; for example, why is there a low compliance rate in the elevating sector and a relatively good safety record. B. Rose cited the experience at the Retirement Homes Regulatory Authority (RHRA) where improved compliance support to its stakeholders resulted in cost efficiency and improved compliance with regulations.
- The public will be impacted by the new model and should be included in the consultations. There are many best practices and literature materials on modernized regulatory practices from Health Canada and the Organisation for Economic Co-operation and Development (OECD).
- TSSA will place continued emphasis on evidence-based decision-making and continue using Risk Informed Decision Making (RIDM) to manage safety risk. Sophisticated data analysis and data management will be prerequisites for this transition to a modern regulator.
- There will be greater importance in demonstrating improved efficiency and reduced burden.
- TSSA will assemble an external advisory group to provide ongoing input as the model is developed in the new year.

8. Safety and Compliance Report – The Annual State of Public Safety Report (ASPR)

R. Wiersma elaborated on the slide presentation which had been shared with Council prior to the meeting. It was a summary of the ASPR, the full report of which will be available at the time of the Annual General Meeting in October. R. Wiersma responded to Council members' questions.

In response to Council member questions, J. Marshall confirmed that TSSA regulates gas distribution companies under Pipeline Code Z662. Ontario had adopted the national standard of Canada. It was also noted that gas utilities in Ontario are accountable and audited to ensure safe practices are used for gas distributions.

Council discussed the safety and compliance results, and in particular a recent incident in Massachusetts. TSSA advised that, while the investigation is not yet complete, we have communicated with gas distributors to ensure gas lines in Ontario are secure.

9. Incidents/Issues Report

J. Marshall said that there were five incidents since the last meeting. Three were due to explosions (mainly due to faulty oven ignition) and two were due to carbon monoxide release. He underscored the importance of equipment maintenance and asked partners to focus on the same.

10. Priorities Setting



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D. Scriven spoke to the item and referred to the slide presentation. In line with a desire to meet and exceed stakeholder expectations, TSSA's leadership has identified a need to prioritize a growing list of initiatives as a means of ensuring delivery of its commitments to stakeholders. In particular, he noted that while many priorities stemming from Advisory Councils, ASPR, Operations, and regulatory renewal have been prioritized, this has happened in isolation which has led to competing priorities. With the limited resources, the effect was an over-commitment and under-delivery of the various priorities. As a result, TSSA has conducted a process to assess priorities against a weighted rubric methodology with the goal of identifying three main priorities for each program.

There were no questions from Council.

Action: C. Esquivel to send the Fuels Priorities to Council.

11. Council Issue – Carbon Monoxide

J. Marshall reported that TSSA continues to work with key stakeholders in the apartments and condominiums industry, such as the Building Owners and Managers Association (BOMA). They have been receptive to our information sessions.

With regard to private dwellings, due to restricted access, TSSA has decided to re-energize The Silent Killer campaign with a new virtual reality app. Virtual Reality experience stations will be on display at various fire houses. The member from Union Gas added that information has been incorporated in the company's pamphlets. The member representing consumers commented favourably about the safety information inserts provided by Enbridge in their customers' mail.

The goal is to engage the public health sector to recognize that CO is a public health issue and that we need to mitigate the risk. For this reason, we are scaling down investment in "awareness" initiatives.

With respect to schools, TSSA has been working with the schoolboard's council for maintenance control regarding the importance of equipment maintenance. J. Marshall noted that the school boards had planned on replacing their boilers, but due to the new government's diversion from the Green Plan, this has now been put on hold.

12. Council Issue – New Building Activations

The Chair spoke to the item. He provided an update of efforts to address the problem of new home builders utilizing furnaces during construction and leaving these furnaces for homeowners. This can result in leaving significant construction residue in the furnaces, the impact of which can reduce the lifespan of the furnace and trigger a need for replacement during the warranty period. While the construction industry succeeded in establishing an agreement to discontinue the practice, certain recent events have put this agreement at risk. Whether the problem will escalate to a need for a new regulatory approach cannot be determined at this time.

From TSSA's regulatory point of view, J. Marshall wondered whether this is a consideration of regulatory tools or change of focus. It may require modifying protocols and information on the proper use of appliances. There needs to be evidence of faulty practices leading to safety concerns to justify regulation of appliance manufacturers.

The Chair confirmed that HRAI is in discussions with homebuilders. It is vital that the group be educated about the potential adverse effects.

Should discussions be opened up with other stakeholders, Elizabeth Nielsen would like to be invited as she considers this to be a consumer protection issue.



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13. 20/20 Customer Portal Focus Groups

D. Scriven thanked Advisory Councils for responding to a request to participate in focus groups to provide input in TSSA's development of a customer facing portal, as part of the 20/20 business transformation initiative. Recognizing a desire to align the timing of receiving this input and the delivery of the portal and given that the 20/20 initiative has currently been put on pause to re-plan its critical path, the focus groups have been put on hold. We remain committed to working with Advisory Councils and will start the process once the specifics of the TSSA 20/20 Program re-plan is finalized.

14. FY 19 Fee Review

D. Brazier spoke to his slide presentation, which had been distributed to Council prior to today's meeting. As noted in past advisory council meetings, the financial projections for FY20 and beyond indicate a need for fee changes as TSSA will be in a regulatory deficit. TSSA is looking to maintain the current fee structure with percentage increases in the Fuels, Elevating, Amusement, Ski Lifts, and Boilers and Pressure Vessels and Operating Engineers, except in the Upholstered and Stuffed Articles, which TSSA assumes will derive no contribution to the net margin. The effective date for fee increases is July 1, 2019. TSSA considers this a prudent approach as calculations of a new fee structure can only be realized following completion of the 20/20 project and a better idea of the Modern Regulatory Model. The review of the business model and fee structure is planned in FY22.

For the Fuels program, the increase is 3.5% per year. This should reduce the fuels deficit from -11% to -5%.

There were a number of questions which D. Brazier addressed.

- The Fuels deficit is primarily due to unrecovered Licensing, Registration, Certification (LRC) costs which include allocated Inspection and Engineering costs (about half of total LRC costs) associated with non-billable activities. With respect to LRC cost recovery, the MOU (Schedule "I") states that LRC should recover safety infrastructure costs which include standards and codes work, investigation, prosecution, and reinvestments in public safety. This is generally all the non-billable activities which also includes public education and advocacy.
- In response to a comment about finding ways for efficient use of resources, J. Marshall provided an example of such measures already at work. TSSA has continued its CO campaign by utilizing existing collateral without reducing its budget, nor compromising its focus on public safety.

B. Rose noted that there is an incorrect perception that TSSA is driven by inspection revenue. The "Modern Regulator" initiative will require a review of our fee model.

- A member suggested that it makes good sense for TSSA to look at the fee structure early on in the Modern Regulatory review. An ad hoc increase of fees at yearly or multi-year intervals will only prolong the notion of TSSA as an organization that is "constantly increasing fees," one which belongs to the pre-modern regulator era.

15. Contractor Audit challenges

J. Marshall spoke about TSSA's challenges with the audit of contractors. There has been a lack of response from contractors to schedule their audits. The process that was initially established was for the client to provide administrative-related information (e.g. confirming the licensing status of certified staff) ahead of time; or administrative-related review conducted on site during the audit. We heard back that an inordinate amount of time is spent on paper work/administrative matters.



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Subsequently, TSSA provided contractors the option of completing documentation in advance of the audit or at the time of the inspector's visit. A letter similar to an attestation was distributed. To date, the response has been disappointing. J. Marshall asked for suggestions from Council.

The Chair said that he had spoken to a contractor group as HRAI often takes on a leadership role with them. A lot of constructive feedback was received, most of which were process-oriented. He has offered to facilitate a committee meeting of 10-15 contractors to discuss the issue and perhaps find a solution.

Action: M. Luymes will invite TSSA to discussions with the committee of contractors.

16. Future Emerging Trends

The Chair spoke to the item. He referred to the Report from the Energy and Mines Ministers' Conference which had been shared with Council in advance of the meeting. Based on this report and other interactions, it appears that the federal government is shifting its focus from carbon fuels in home, space, and water heating and has set aggressive target timelines. In an effort to work with industry, the federal government held many consultations to talk about R&D constraints, market transformation, including training needs for new equipment installation. The report has been approved by all provincial ministers of energy. In the spring of 2019, a new governance framework and action plan for the new strategy will be rolled out.

He added that there is a trend towards the use of new refrigerants. He wanted Council to be aware of these emerging trends which may have significant implications for TSSA and the fuels sector in the next decade.

There was some discussion.

It was decided to keep the topic as a standing item on the agenda.

Action: C. Esquivel to maintain Emerging Trends as a standing item.

17. Ministry of Government and Consumers Services' (MGCS) update

S. Jeffrey-Hampton spoke to the bi-annual report of MGCS which had been distributed to Council prior to the meeting and was considered read. She briefly talked about completing the review of the Boilers and Pressure Vessels regulation, the Elevator Availability study, and expert panel's report on Operating Engineers. There were no questions from Council.

18. RRG and FS engineering update

M. Kulik spoke to the item. An update from the Risk Reduction Groups had been shared with Council in advance of the meeting and was considered read. In particular, he provided an update to the Council on the status of certain plastic vents used in water heaters.

Z. Fraczkowski advised that in addition to compressed natural gas (CNG) being used as a motor fuel, CNG is also emerging as an alternative fuel for remote areas of the province where pipeline infrastructure does not exist or is being repaired. For example, it is proposed to transport CNG to mining operations in northern Ontario and it is being used right now to supply gas to a community served by an existing pipeline that needs to be repaired. Ontario Regulation 214/01 requires licensing of bulk containers but does not prescribe any other oversight or licensing of companies who supply compressed natural gas to end users.

19. Questions and Answers / Other Business

The consumer-related matter was discussed under item 11.



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20. Council administration

The Chair was pleased to welcome new members on Council and to affirm the term renewal of Rick Delaney, Paul Goddard, Alan Reitzel, and himself (Martin Luymes).

Two vacancies remain (First Responders and Insurance representatives). Council was requested to put names forward from these areas.

With regard to the Membership Matrix, D. Scriven said that a review is to be carried out on an annual basis mainly to see whether all sectors are represented on Council. The Chair suggested that the review be deferred to the next meeting. It would be helpful if TSSA provides a summary note beforehand.

Action: C. Esquivel to prepare a summary note of the Natural Gas membership matrix and include the review at the next NGAC meeting.

21. Adjournment

Council held a brief *in camera* meeting without TSSA staff and guests. The meeting adjourned at around 1:00 pm.