

**Speaking Notes for Scott Tessier, CEO, C-NLOPB**  
**Regulatory Considerations in Achieving Net Zero**  
**2023 Energy NL Conference, May 31, 2023**

Thank you to Energy NL for inviting me to present on behalf of the C-NLOPB, as well as to my fellow panelists. I'd also like to thank Minister Wilkinson for his support, and for joining us today.

It's a pleasure to offer the regulator's perspective, and to hear from so many people who are stakeholders in, and shapers of, the future of a sector that is fundamental to our quality of life.

For those who are not familiar with the Board, our mandate is to serve as the independent, arm's length regulator of offshore petroleum activities on behalf of the federal government, and the Government of Newfoundland Labrador.

That mandate will expand to include the regulation of offshore renewable energy projects once the required legislative amendments come into force.

I've been the C-NLOPB's CEO for just over ten years.

Today, I'll offer some thoughts on what the past ten years might tell us about what's to come, reflecting on some things that have changed and some things that never should.

Ten years ago today, I gave my first speech as the newly minted CEO (and at the time, Chair) of the C-NLOPB to the St. John's Rotary Club. I spoke for the first time at the NOIA Conference in 2014.

In my remarks at that conference, I highlighted five focus areas with respect to offshore safety. They were:

- training and competency;
- dropped objects and near misses;
- aging offshore facilities;
- improved information sharing; and
- global standards.

Climate change and the energy transition, or in the case of Newfoundland and Labrador it might be better characterized as an expansion, were not mentioned in either of those speeches. The hot topics of the day with respect to the environment were environmental assessment and oil spill response, which continue as priorities today.

Low carbon, carbon capture, emissions reduction, hydrogen and energy security, were not issues I spoke much about ten years ago.

They are, however, issues that today are at the forefront of the public interest, in which we regulate.

We are preparing on a number of fronts for the aforementioned expansion of our mandate to include regulatory oversight of offshore renewable energy projects, including:

- work with the federal and provincial governments, our counterparts in Nova Scotia, and our regulatory colleagues around the world;
- joining the Global Offshore Wind Regulators Forum;
- opportunistically and systematically expanding our training and competency;

- advising governments on the legislative amendments and associated regulations;
- supporting the Regional Assessment of Offshore Wind, led by the Impact Assessment Agency of Canada; and
- developing our own regulatory processes and toolkit, in this area.

It is a really exciting time.

The place of oil and gas in the energy transition/expansion is a topic that is too often polarized, politicized and overly simplified.

Regulators must tune out the noise and focus on science, evidence and credible voices to determine what is in the public interest.

The International Energy Agency's (IEA) net-zero emissions by 2050 scenario predicts the world will still use about 24 million barrels of oil per day, in 2050. That's about a quarter of current consumption.

Oil and gas will be needed in non-combustible applications, such as plastics, solvents, lubricants, and waxes, according to the IEA's scenario and common sense.

Last month, the Public Policy Forum released a study that found that even a gradual phase out of Canadian oil and gas production as a means of achieving net-zero in this country would introduce greater costs to the economy without a corresponding environmental benefit, when compared to investments to decarbonize oil and gas, such as carbon capture.

Earlier this year, we published our inaugural Annual Emissions Reductions Initiatives Report, which described work undertaken by the local oil and gas industry and others towards the reduction of upstream Greenhouse Gases and achieving Net Zero emissions.

Let me take a moment to quantify those emissions.

In 2020, Newfoundland and Labrador's offshore upstream oil and gas production accounted for 0.22% of Canada's total emissions, and 16% of the province's total.

Oil and gas production here accounted for 1% of Canada's upstream oil and gas sector emissions.

But that oil and gas extraction accounted for almost 20% of the province's GDP in 2021, at close to \$7 billion – still the largest of any sector.

And of course, the oil industry directly employs thousands in our province at any given time, with significant indirect economic benefits as well.

So what does all of that data mean for the public interest as it relates to the C-NLOPB's mandate today, and how do we view the future?

At the 2014 NOIA Conference, I talked about our new Scheduled Land Tenure System, with promises of improved transparency, predictability and industry input, with additional time for exploration companies to conduct geoscientific assessments in the lesser explored basins.

I think people familiar with such matters would support the view that these things did happen and the results were fairly positive.

However, we have definitely not seen a decade of unchecked growth of petroleum-related activities in the Canada-Newfoundland and Labrador Offshore Area, which has an important role to play in meeting the world's energy needs for many decades to come.

We are looking ahead in our scheduled land tenure regime to consider how to best reflect global and domestic energy sector realities and needs, including energy security considerations and the drive for Net Zero Emissions.

So in April, we announced Calls for Bids for 47 parcels in our Eastern and Southeastern land tenure regions, which will close this November.

A perpetual topic of discussion over my first ten years with the Board, and for a number of years that predated me, is what is proving to be a very gradual move to performance-based regulation.

We are preparing on a number of fronts as we await the transition to new Framework Regulations under the Frontier and Offshore Regulatory Renewal Initiative.

We will use best practices and lessons learned from other jurisdictions and from the earlier transition to new *Occupational Health and Safety Regulations* that followed, from legislative changes in that area.

We have also worked very well to implement the *Impact Assessment Act*, particularly through the regulation arising from the Regional Assessment of Exploratory Drilling off Eastern Newfoundland. The resulting timelines and environmental practices will stand among the world's best.

We have modernized the C-NLOPB's regulatory toolkit across our mandate through a number of updated guidance documents, innovative digitalization initiatives and transparency measures.

Kris recently shared a report online that highlights the importance of safety remaining paramount through the energy transition/expansion.

I'll gladly quote him because I could not have said it better myself: "As the maritime and offshore oil and gas industries move into new technologies and processes that help reduce carbon emissions, we must recognize and control any additional hazards and risk that are introduced into the operation that affect the safety of those working on these installations."

In the report he referred to, Knut Orbeck-Nilssen, DNV's CEO Maritime, said "New technologies, alternative fuels and more advanced digital systems offer many solutions, but they also bring increased uncertainty and new risks. Rules, procedures and guidelines continue to be essential elements, but they mean less if they are not embraced by crew, or if they don't become ingrained in the safety culture of a company. This will lead to a deeper awareness of the safety hurdles, and a more comprehensive understanding of new technologies."

Earlier, I listed the five offshore safety priorities of 2014. If we were to create a new top five today, it would look very similar.

Many of these same concerns are still shared by regulators around the world. At the Annual Meeting of the International Regulators Forum (IRF) this past October, the agenda included familiar topics: training and competency, incident investigations and learnings, and asset integrity.

Member regulators "called upon the industry to ensure worker physical and psychological safety, proper ongoing and long-term asset integrity through effective maintenance management, prevention of loss of containment events, effective and timely decommissioning...and ensuring a trained and competent workforce".

In a recent public statement, the head of Norway's Petroleum Safety Authority, Anne Myhrvold, referred to rising reported hydrocarbon leaks and structural damage on the Norwegian continental shelf in asking, "Why has progress ceased, and what can the companies do to improve further?...This stagnation has prevailed for a long time, and it's not good enough any more."

In addition to many of the same safety issues that we have been talking about for ten years, regulators are increasingly challenged today with abandonment and decommissioning, global supply chain weaknesses arising from the pandemic, and energy security concerns highlighted by Russia's invasion of Ukraine.

There is a lot of important work ahead for all of us.

As the global focus expands to the transition/expansion to renewable energy, we can't lose sight of the fundamentals of safe and environmentally responsible offshore petroleum production.

Before I conclude, I'd like to recognize the recent passing of one of our C-NLOPB family members. Ed Lannon served as a safety officer for many years and then continued his career as an advisor to the industry. Ed left a lasting legacy in offshore safety and will be remembered fondly by all who knew him.

I would also like to quickly pay tribute to two of my colleagues at the C-NLOPB, one recently retired and one soon to be.

John Kennedy retired as our Director of Operations a couple of months ago, and Tim Murphy has begun the transition from his role of Director of Regulatory Coordination and Public Engagement in preparation for retirement this fall.

John and Tim are well known to many of you. They have been instrumental in the success of the C-NLOPB and by extension, the success of the local petroleum sector for many years. Tim is also a recent inductee into the Newfoundland and Labrador Softball Hall of Fame!

Both are absolute role models in what they do and how they do it, and they will be missed.

I thank John and Tim, and I wish them well.

And I would like to thank you for your attention. I welcome your questions.