

# Canada raising liability for nuclear, offshore oil & gas operators to \$1 billion

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The Chalk River nuclear reactor.

**Photograph by:** FRED CHARTRAND, THE CANADIAN PRESS

OTTAWA - The Conservative government has introduced legislation that would dramatically bump up the amount of liability coverage required for nuclear plants and offshore oil and gas operations.

The new \$1-billion liability replaces the current \$75-million minimum for nuclear operators, and liability thresholds of between \$30 million and \$40 million for energy companies and offshore shippers, depending on where they operate.

Natural Resources Minister Joe Oliver called the billion-dollar target "a very significant, robust amount which is comparable to international standards."

And he stressed the \$1 billion limit only applies to no-fault liabilities.

"But the responsibility at fault is unlimited," said the minister. "In other words, if it's the fault of the operator, there is no limit at all."

Oliver also said the chosen liability figure is high enough to protect the public but not so high as to discourage investment and development.

The move is part of an orchestrated government effort to get ahead of widespread environmental concerns about Canada's energy regulation with a series of national pipeline decisions in the works.

Several policy announcements on issues such as rail regulation and oil tanker safety are expected over the next two months.

"This is not an image issue at all," Oliver said outside the House of Commons.

"This is an issue of having world-class safety. That's what this is about. Now, a consequence of having world-class safety will, I hope, be greater confidence on the part of the population."

Green party Leader Elizabeth May, who had already pored over and annotated the hefty piece of legislation by mid-afternoon Thursday, said whatever else the bill may do, it does not make Canadians safer.

"This is entirely post facto — what you do after spills and accidents," said May.

"So the claim this is going to make anything safer is, on the face of it, absurd."

And while the new billion-dollar liabilities mark a significant jump over the current, outdated coverage, they remain a fraction of the monumental remediation costs of recent disasters in both the nuclear and offshore oil industries.

The March 2011 meltdown of Japan's Fukushima Daiichi nuclear plant, and the April 2010 explosion, sinking and blowout of BP's Deepwater Horizon drill rig in the Gulf of Mexico, shocked both industry and the public with worst-case scenarios.

Japan's National Institute of Advanced Industrial Science and Technology has estimated it will cost at least US\$31 billion over 30 years to clean up the site of the Fukushima plant, which was destroyed by an earthquake and tsunami and remains a radiation-rich, no-go zone. The government institute reported that clean-up costs could rise as high as \$58 billion.

British Petroleum says it has set aside as much as \$42 billion for the Deepwater Horizon, including environmental cleanup, compensation to Gulf residents and fines related to the death of 11 employees on the rig.

The numbers made liability coverage requirements in Canada look woefully inadequate.

"Nothing that they've done to date shows that they're actually interested in world-class standards," NDP energy critic Peter Julian said of the Conservative government.

"What they seem to want to do is spin and put forward legislation," without following up, he charged.

The new government bill will conform to an international nuclear accord on supplementary compensation and will allow Canada to ratify the convention it signed late last year.

It will also boost coverage for exploratory drilling operations offshore, production operations, the loading of tankers for transport and undersea pipelines, such as a natural gas line from Sable Island to the mainland in Atlantic Canada.

Coupled with new safety regulations for tanker construction and operation, the Conservatives hope to blunt some of the worries raised by two proposed new pipelines to the B.C. coast.

An internal government risk assessment has found that the Northern Gateway pipeline to Kitimat and the proposed tripling of Kinder Morgan's existing Trans Mountain pipeline into Vancouver will heighten marine oil spill risks in an area that is already among the most vulnerable in Canada.

As with so many pieces of legislation, the liability devil is in the details.

May pointed to a clause dealing with non-conforming oil and gas companies that she said she's never seen in another bill.

"The purpose of the (proposed) penalty is to promote compliance with this Act and not to punish," states the legislation.

The Green leader also questioned why the bill states that only a nuclear operator, "and no person other than an operator," can be held liable for nuclear accidents, when accidents are often the result of a chain of mistakes.

For nuclear operators, the bill expands the range of damages that can be claimed and will triple to 30 years the length of time a person can wait to make a claim for latent illnesses.

The bill will also set up a quasi-judicial claims tribunal, if needed, to handle damage claims in the event of an accident.

Only half the billion-dollar liability coverage for nuclear operators will have to be covered using traditional insurance. Operators will be allowed to put up other forms of financial security for the remaining \$500 million.

And the government of Canada will provide some of the coverage for lower-risk nuclear facilities, such as smaller research reactors.