

Public Statement

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Shining a light on pipeline performance: AER president and CEO Jim Ellis

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For immediate release.

Calgary, Alberta (May 10, 2018)... Today, the Alberta Energy Regulator (AER) released its annual [Pipeline Performance Report](#), which shines a light on how pipeline companies in Alberta are performing.

While the report is specific to AER-regulated pipelines, which operate solely within Alberta's borders, it provides valuable insight into the overall trends on pipeline safety; the AER regulates more than half of all the pipelines in Canada, which span over 840 000 kilometres from coast to coast.

Research shows that pipelines are the safest way to transport oil and gas, and each year safety improves. As the head of Alberta's energy regulator, my job is not to promote pipelines. It is to ensure they are safe and to share what we are seeing as a science-based regulator. Our data indicate that pipeline incidents continue to decline each year due to improved requirements, industry education, better inspection programs, and greater focus on pipeline safety within industry.

Over the past decade, pipeline incidents in Alberta dropped by almost half—from 800 incidents in 2008 to 417 in 2017. At the same time, the total length of pipelines grew by 11 per cent to more than 426 000 kilometres.

In 2017 alone, pipeline incidents declined by six per cent over the previous year. To put it into perspective, for every 1000 kilometres of pipelines, there was less than one incident.

About 80 per cent of incidents that occurred in 2017 had little to no impact to the public, wildlife, or the environment. Such incidents include pipeline failures that had little or no liquid released, dripped product from loose valves, or hits on pipelines during digging that caused no leaks. Incidents that had moderate impacts occurred 14 per cent of the time, while the most serious incidents—where spills affect a large area or waterbody—made up 6 per cent of all incidents.

Regardless of the consequence, one thing we know for sure is that all pipeline incidents are preventable. Our data prove it. In almost every case, pipeline incidents are caused by problems that could have been avoided had the pipeline been properly maintained.

Internal corrosion remains the leading cause of all pipeline failures, representing 37 per cent in 2017. Most of the pipelines we regulate are made of steel. The substances they carry are corrosive, such as salt

water, produced water, or oil well effluent (a mixture of oil, gas, and salt water). Over 90 per cent of the most serious incidents occurred on pipelines carrying these products, and most of them occurred on smaller lines, six inches in diameter or less.

Incidents are not occurring on larger pipelines that move valuable resources, such as crude oil, across Canada. In fact, no incidents have been reported on such pipelines in Alberta over the past 10 years.

From what we've seen in our audits and inspections, the companies that operate these larger pipelines generally take greater care of their lines, perform regular maintenance, and have the proper systems in place to identify, manage, and address the risks. These companies can't afford to spill the valuable resources they are moving because it would affect their business—lost product means lost profit. If other companies adopted this same approach, there would be significantly fewer incidents.

However, knowing that pipeline incidents continue to happen, and based on the trends we are seeing, what is our path forward? Does it mean we need to rip out pipelines or change our requirements?

The answer is no.

Alberta's pipeline requirements are among the most stringent anywhere and have been evaluated against regulators around the world to ensure we follow best practices. However, as new trends about pipeline incidents emerge, or as changes and standards are introduced by other regulators or organizations like the Canadian Standards Association, we review our requirements and make the necessary adjustments. This ensures they continue to achieve the outcomes Albertans expect—public safety, environmental protection, resource conservation, and economic benefit.

We also use information on pipeline incidents to take a targeted approach with pipeline companies. We focus on companies that have had more incidents or those with a history of poor compliance by conducting more frequent inspection and audits, educating them about our requirements and expectations, and working with them to ensure they have the right systems in place.

While the AER can provide regulatory oversight to help prevent incidents, pipeline companies are accountable for their actions and must do their part to improve performance, something we know won't happen overnight.

That said, we also know that incidents are declining each year and that company performance is improving. Our work is making a difference, we are delivering outcomes that matter to Albertans, and we will continue to do all we can to keep that trend going.

The debate around pipeline safety in Canada has become very emotional and divisive on each side. At the AER, we will live out our commitment to taking a science-based approach to evaluating risks and being transparent in reporting the facts on pipeline performance. I encourage you to examine the evidence and judge for yourself.

Jim Ellis
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