

**Speaking Notes for Scott Tessier, CEO, C-NLOPB**  
**Competitiveness Through Regulatory (Un)Certainty**  
**2024 Energy NL Conference, June 4, 2024**

Thank you to Energy NL for inviting me, as well as to Caron and my fellow panelists. It is a pleasure to be here.

To begin, I will note that we will be using an app to enable questions and answers today, although the answers will not be immediately available due to the conference format.

You can use the Slido app or [slido.com](https://www.slido.com), enter event code: 2252439, to ask questions related to my presentation or whatever else might be on your mind, following today's session. Questions or comments can be submitted anonymously and this live Q&A session will remain open for the next seven days. I will answer your questions for all to see as time permits but certainly before the close of the Slido session in seven days.

A quick reminder or introduction for those unacquainted with the C-NLOPB: we are the independent, arms-length regulator of the local offshore petroleum industry, with a mandate that includes safety, environmental protection, resource management and local benefits.

Our mandate will expand to include offshore renewable energy once the required legislation is in place, specifically Bill C-49 federally, along with mirror provincial legislation.

While Bill C-49 is under review by the Senate, we continue to provide technical assistance to governments as they develop the regulatory framework for offshore renewable energy, while we train our staff and prepare to rebrand as the Canada-Newfoundland and Labrador Offshore Energy Regulator, or C-NLOER.

It is important to note that while we regulate on behalf of the federal and provincial governments, we do not set government policy, regulations or legislation. Governments, their critics and industry participants can all speak for themselves on matters of competitiveness and certainty.

I'm offering the regulator's perspective on this morning's theme.

## **Regulating in the Public Interest**

We regulate with a healthy measure of trust where it has been earned and maintained, but the public and governments always expect us to verify compliance through rigorous pre-authorization engagement, audits and inspections once programs are underway, and post campaign follow up work.

As someone whose signature has been on C-NLOPB approvals and authorizations for over 11 years, I have a unique, unapologetic perspective about the level of appropriate engagement and verification by our organization.

And so, my diagnosis of the root causes of and factors contributing to regulatory uncertainty likely differs from "industry-centric" narratives.

I'm naturally more sympathetic to the obligations and challenges of regulating and more focused on the roles and responsibilities of regulatees.

For example, I tell you with the certainty that comes from experience that lack of clarity or completeness in operator submissions can often be a significant contributor to the "churn" and back-and-forth that drags out our regulatory reviews and approvals.

It is important to recognize that the public interest is broader than competitiveness or how quickly things can get approved.

There is even a significant, vocal and influential constituency that believes the only real regulatory uncertainty worth talking about is how long it will take to get a rubber stamp from "industry-captured", "toothless", "lap dog" regulators.

They are usually the same ones who are quick to blame the regulator following an incident, regardless of industry responsibilities.

So, where you stand on regulatory uncertainty depends on where you sit with respect to the activities and projects that are being proposed and regulated, and perhaps how you feel about the industry in general and the role of regulators.

I would suggest that it's also important to not conflate public subsidies with regulatory certainty, although they are undoubtedly a factor in global competitiveness.

So against that backdrop, I'll turn to:

- some of the other reasons for our high regulatory thresholds
- the evolving nature of the public interest in which we regulate; and
- some of the activities underway to enhance certainty.

## **Highest Regulatory Thresholds**

Let's start with the question of why there are such high regulatory thresholds?

In my time with the C-NLOPB, I have had many conversations with people in this room regarding the regulatory environment here.

Other jurisdictions – usually the Gulf of Mexico, Norway and more recently Guyana – are often cited as having more flexible, efficient and competitive regulatory processes.

Obviously, the industry here operates in one of the harshest environments on earth.

We have had awful tragedies, incidents and near misses that are formative and hard-wired into our culture and perspectives.

The worst things imaginable can and have happened here. We all realize that certainty cannot come through complacency.

Newfoundlanders and Labradorians and the rest of Canada demand that if our energy resources are to be developed, it must be done safely and more than ever, in an environmentally responsible manner.

The industry is also obligated to provide optimal benefits to the country as a whole and to Newfoundland and Labrador in particular.

The legislative and regulatory framework under the Atlantic Accord is broad by design, robust and has stood the test of time.

That framework and the C-NLOPB are undergoing the modernization necessary to adapt to the changing public interest, while also undertaking to enhance certainty and competitiveness.

But the world is changing, seemingly more rapidly than ever before.

My time with the C-NLOPB has seen an unprecedented public focus on climate change and the transition to lower-carbon energy, concerns about energy security and cyber security, an awakening to the obligation of reconciliation with Indigenous peoples, the lingering effects of the global pandemic in supply chain disruptions and a changing and seemingly disappearing workforce, a cost of living affordability crisis, and the opportunities and challenges of digitalization and Artificial Intelligence.

We also have to start getting real about decommissioning and abandonment planning.

Oh, and by the way, the fishing sector would also like a word about being displaced by oil and gas expansion, marine conservation and renewable energy.

But more certainty and competitiveness, please. Well, we're working on it.

## **What We Are Doing**

Many of you are familiar with the Frontier and Offshore Regulatory Renewal Initiative (FORRI), which is being led by Natural Resources Canada.

FORRI was established with the objective of regulatory modernization.

19 years ago.

It has taken a long time but later this year new Framework Regulations will modernize our regulatory requirements, moving us from a prescriptive regime to a hybrid one, that will have more of a performance-based approach.

The new regulations will come into force in October and will enable a more flexible and competitive approach to operating and regulating. We have a related suite of guidance out for public consultation right now, which I would encourage you to review if you have not already done so and submit comments should you see fit.

Under a performance-based regulatory regime, it will be more important than ever for operators to clearly demonstrate to us how they will comply with regulations, meet their commitments post-authorization, and tell us when they change the approaches they have committed to as the basis for their authorizations.

Performance-based regulation means operators need to be prepared to be regulated based on their commitments and their performance. They need to “say what they will do” and “do what they say”.

If they deliver on those obligations, regulatory certainty and competitiveness will follow.

Transparency and access to data and information are keys to success in performance-based regulation.

Accordingly, we have worked hard on transparency, data and information accessibility tools and policies in recent years and are now embarking upon a significant upgrade to our digital data management system.

We are also engaged with our Canadian and international counterparts to remain current on best practices and lessons learned from around the world in areas including well control, incident investigation and reporting, digitalization, cyber security, asset integrity, spill preparedness and response, decommissioning and abandonment and more recently, renewable energy regulation.

Last year, we joined the Global Offshore Wind Regulators Forum in anticipation of our new mandate, and we continue frequent bilateral engagements with regulators in the US, UK, Norway and Australia on a wide range of topics.

I'm proud to say that in September of this year, we will host the International Upstream Forum here in St. John's and in the fall of 2025, we will also host the global International Regulators Forum biannual safety conference.

In fact, we look forward to a meeting here with Norwegian regulators next week.

Engagement with our international counterparts leads to increased efficiency and effectiveness, which enhances the certainty and competitiveness of our regulatory regime.

Beyond compliance, industry must work hard to earn and retain public confidence to maintain their social licence to operate. Shareholders are demanding it.

Regulators must also work hard to build public confidence to keep our social licence to regulate. Our shareholders -- the general public -- also demand it.

If either the industry or regulators lose public confidence, regulatory certainty will be the least of our concerns.

You can form your own opinions on how the industry is doing these days with respect to social licence but I know that a steady, experienced and trusted regulator is essential to providing certainty.

A regulator that gets caught flat-footed as the world changes is definitely not what you need and it is not what the public demands.

So I will close with an invitation.

We demonstrated an open mind and a willingness to act in response to the recommendations of the Industry Task Force that was struck by the province during the pandemic. Many of you know we took that seriously and we leaned into the topics that involved us.

Now we need to move into our next phase of innovation, with a new set of challenges to address.

Digitalization and artificial intelligence will enable a change in offshore operations as well as regulatory approvals, authorization and oversight, provided we are all cognizant of the associated challenges, which include:

- cyber security;
- training and competency;
- local content;
- data management; and
- standards

The C-NLOPB is focused on enabling the integration of technological innovations and digitalization that leads to improvements in safety, security, environmental protection, local content, resource management and the availability of data and information.

So if you have an idea you think might work in providing regulatory certainty and enhancing competitiveness while respecting the public interest, please contact me directly and let's talk about it.

Thank you for your attention and a reminder to submit any questions you may have through [slido.com](https://www.slido.com), event code: 2252439 and we'll commit to responding within the next seven days. I'll also be around and available throughout the conference if you would like to chat.