



Ms. Lindsay Wild
Director, Regulatory Reviews
Regulatory Affairs Sector
Treasury Board of Canada Secretariat
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Dear Ms. Wild,

Canada's natural gas vehicle industry has long played a constructive role in codes, standards and regulatory development, with a strong emphasis on ensuring safe operations. While these components of the regulatory environment can have financial implications, much of what drives the industry is an engineer's need for safe, efficient and orderly systems.

The domestic and global markets for natural gas vehicles are relatively small and heavily focused on commercial fleet operations. Operators are comfortable in an environment made of codes, standards and regulations. However, in many cases, the use of a novel fuel like natural gas introduces new ones. Ensuring global and North American compatibility has both financial and safety implications. Standards Development Organizations like CSA Group are leading in the development of harmonized codes, standards and regulations, while also ensuring adequate information and education is available for operators and regulators. There is a general movement toward harmonization, but it is a work in progress and one that needs continued encouragement from governments.

Canada's strong outward trade agenda is now being bolstered by a growing inter-provincial trade agenda – wherein codes, standards and regulations are an important component. To be sure, there are opportunities to reduce costs for Canadians, but more importantly there are opportunities to enhance safety. These efforts are welcome.

As a consequence, Canada's regulatory regime has the potential to be extremely flexible and agile. Drafting laws and legislation in a manner that supports consultation and adoption of regulatory details is a necessary first step. Following on, ensuring codes and standards are adopted by reference renders these more agile. Finally, adopting the principle of equivalency, allows for the use of different codes and standards when appropriate interoperability is retained. All of these attributes are present in Canada's current regulatory regime. This provides Canada with a good base upon which regulatory modernization can proceed.

The Canadian Natural Gas Vehicle Alliance, in collaboration with Natural Resources Canada, is engaged in codes and standards activities. Experts from our member companies provide valuable technical knowledge to these processes. Key areas of interest for the industry in Canada include fuel handling, refueling, on-board fuel storage, vehicle safety and emissions. Significant regulatory authority for these matters rests with the Federal Government, including Transport Canada, Measurement Canada and Environment Canada; with additional regulatory authority resting with provincial governments, in areas like roadway transportation, and workplace and installation safety through technical safety authorities.

The following are a list of examples where current regulatory practices could be improved:

- Vehicle emissions regulations should migrate toward an approach that is based on the principle of either / or. Rather than just using US EPA standards, codes and testing as a basis for allowing entry of engines, other



standards such as EURO standards should be considered. There are specific examples of engines that are available in Europe that could increase choices for fleets in Canada. In one case it uses systems developed by a Canadian company but that are currently not available to Canadian fleets.

- The Canadian Registry Number (CRN), - a set of provincial regulations dealing with pressure vessels - is one example that is subject to provincial oversight and often results in 10 to 13 different regulatory variations. Some effort is being directed toward improving the CRN processes in Canada. With the aim of enhancing safety, the federal government should lead and convene the ongoing exchange of information between the provinces to ensure equivalent codes, standards and regulations, as well as ensuring equivalent capacity to oversee and inspect. The largest negative economic impact of CRN has been to consumers who may be paying more for goods and services as a result of limited choices in-market pressure vessels.
- International regulations in the marine and rail industries play a significant role in facilitating global commerce. Ensuring Canadian regulations align and support interoperability is of significant importance. CNGVA has worked in collaboration with Transport Canada in outlining the opportunities for natural gas in the marine industry, outlining several examples of regulatory, standards and codes work that are required. Ensuring ongoing support for development and adjustment to codes and standards in the marine sector is recommended. Furthermore, CNGVA also recommends that Canada look for ways to lead, as well as use principles in regulatory development that ensure easy use of international regulations such as those of the International Maritime Organization.

More detail on these regulatory issues can be found in various industry and government reports, including two reports on marine use of LNG in Canada.

As was noted, Canada is well positioned to continue supporting a modern and agile regulatory regime. In general, incremental work and effort is required to remove certain regulatory challenges - the CRN and natural gas for marine regulations are examples of these. As Canada negotiates trade agreements such as with the European Union or with jurisdictions such as India or China there will be more opportunities to use the either / or principle when updating a variety of NGV related regulations.

CNGVA applauds the Government of Canada for its leadership in regulatory modernizations, and will continue to work with all levels of government to ensure efficient regulations that support a robust safety culture.

Sincerely,

Bruce Winchester – Executive Director